BONHEUR ASA

Updated effects of the transition to IFRS on 1 January 2004:

Bonheur ASA (BON) has reworked the Group accounts according to the new international accounting standards (IFRS) with effect from 1 January 2004. The interim reports in 2005 have been prepared according to IAS 34, based upon accounting standards, statements and interpretations applicable at the time of reporting. An update of the effects of the transition to IFRS as per 1 January 2004 is specified in this memorandum which is appended to the preliminary annual report 2005.

In connection with quality assurance, further clarifications and a new understanding of the framework (IFRS), some modifications have been made to the adjusted figures for 2004, as well as for the three first quarters of 2005. This concerns primarily the treatment of financial instruments in connection with an investment in convertible bonds issued by Fred. Olsen Energy. This has been explained in a separate stock exchange report of 8 February 2006 and is also described in item 1 below.

IFRS is still under a certain development, and the company makes reservation against further changes as a result of new interpretations and understanding of the different standards, still can influence the financial accounts for 2005. In connection with the accounting treatment of the investment in Ganger Rolf ASA, the company is reviewing its appraisal of IAS 27 "Consolidated and Separate Financial Statements" in light of newly published statements and comments.

Financial assets

1. "Other shares and bonds" were according to NGAAP valued at cost, including possible write-downs if fair value was lower than book value. According to IAS 39, "other shares and bonds" are classified as "available for sale" and valued at fair value. The value adjustments are booked directly against equity.

   In 2004, BON invested 149.8 million in a convertible loan, issued by the associated company Fred. Olsen Energy ASA (FOE). BON has formerly booked the investment in question partly as a receivable (the coupon element of the bonds) and partly as a derivative (the conversion element). Both elements were originally accounted for according to IAS 39. As regards the coupon element, it was booked as "Financial instruments available for sale", where value adjustments were booked directly against equity. The conversion element has been treated in accordance with IAS 39 "Value changes of derivatives" and value changes consequently booked against results. The related tax effect was reported as tax revenue / cost.

   A revised understanding of IAS 39 has resulted in a correction of the accounting treatment of the investment to be altered into treating the conversion element as an investment in an associated company (and not as an IAS 39 derivative). The background being primarily that the convertible bonds in this instance have been issued by a BON associated company. This implies that earlier accounting effects are reversed. This has been incorporated in the comparable accounts for 2004, as well as for the first, second and third quarter of 2005. As for the coupon element, this will still be treated in accordance with IAS 39, but only with a minor effect on the result . The new accounting treatment entails a positive equity effect of NOK 6.4 million as per 31 December 2004, of which NOK 2.6 million is booked against results, while NOK 3.8 million is booked directly against equity.

According to NGAAP, forward exchange contracts and interest swaps were recognized in line with the principle of the lowest value. According to IFRS, such derivatives should be recognized at fair value and booked against profit and loss. Fair value for shares and bonds is based upon listed prices in an active market, or the last known price in a non active market. Fair value for exchange and interest contracts is based upon calculations from external banks.

Tusenfryd ASA has been consolidated according to the equity capital method under NGAAP as from 1 September 2004. According to IFRS, the Group's indirect ownership in Tusenfryd is excluded, as indirect ownerships are not to be considered when consolidating. The investment in Tusenfryd is therefore recognized as "financial instruments available for sale", yielding a positive equity effect of NOK 15.4 million as per 1 January 2004 and NOK 20.5 million as per 31 December 2004.

Summing up, the differences between IFRS and NGAAP entail the following transition effects related to securities and derivatives (NOK 1,000):

	1 January 2004	Result 2004	Equity 2004	31 December 2004
Shares	166,839	-45,460	15,862	137,241
Bonds	7,555	2,606	-3,221	6,940
Financial assets	**174,394**	**-42,854**	**-12,641**	**144,181**
Interest swap	5,839	-2,976	0	2,863
Other receivables	**5,839**	**-2,976**	**0**	**2,863**

2. Some Group companies have defined benefit pension liabilities connected with own pension fund and other life insurance companies. When converting to IFRS, the Group has chosen to make use of the exception clause in IFRS 1, i.e. that all non-capitalized estimate differences are entered directly against equity as per 1 January 2004. In total, this entails a negative equity effect of NOK 10.0 million against the opening balance. The effect on the 2004 result is positive with NOK 0.6 million, so that the accumulated equity effect as per 31 December 2004 is negative with NOK 9.4 million.

Investments in associated companies

3. The equity capital in associated companies has also been converted to IFRS as per 1 January 2004.

However, the associated company Fred. Olsen Ltd. (FOL) has prepared accounts according to IFRS also before 1 January 2004, and may, therefore, not make use of the transitional regulations in IFRS 1, as the rest of the Group has chosen to do.

In connection with the conversion to IFRS, the Group has also reassessed the accounting for the ownership in Ganger Rolf ASA. Before the inclusion of Bonheur's share of Ganger Rolf's equity capital, Ganger Rolf's investment in Bonheur has been deducted in order to avoid an artificial inflation of Group equity. The change is due to the fact that we according to NGAAP applied another principle in order to eliminate cross ownership effects.

The ownership is now being consolidated with 49.45% compared with 44.47% according to NGAAP. The negative effect on the opening balance per 1 January 2004 of the consolidation of Ganger Rolf with a higher ownership has been calculated at NOK 315.6 million (including the share of Ganger Rolf's IFRS adjustments) and a negative effect of NOK 233.6 million against the equity as per 31 December 2004. The consolidation according to the equity method yields a positive effect of NOK 72.5 million on results for 2004.

In 2004, the companies Fred. Olsen Shipping II AS (FOS), Fred. Olsen Cruise Lines Ltd. (FOCL) and the Borgå group (Borgå) have been gross consolidated into the Group. Because of reorganization, these companies are consolidated as associated companies according to the equity method as from 1 January 2005. In connection with the work on the notes for the 2005 annual report and the preparation of comparable figures, the Group accounts for 2004 were reworked. Accordingly, FOS, FOCL and Borgå have been consolidated as associated companies according to the equity method. This implies that some of the IFRS effects earlier presented as separate items in the IFRS document are now presented as under the item concerned with IFRS effects in the associated companies.

Under NGAAP, indirect ownership should be included when applying the equity method. This is not the case under IFRS. The Group's indirect ownership in FOE has therefore been excluded, entailing a reduction of the Group share of result and equity in FOE by 1.29 percentage point.
For the same reason, the Group indirect ownership in Tusenfryd has been excluded, the investment being carried as "financial instruments available for sale". This entails a negative equity effect of NOK 20.5 million from associated companies as per 31 December 2004. The effect on the parent company has been described under item 1.

Under NGAAP, the rig Bulford Dolphin was valued at cost after deduction of accumulated ordinary depreciation and write-downs. When converting to IFRS, the Group has chosen to apply IFRS 1, which offers the opportunity of using fair value for the rig. Fair value was based on two independent external broker valuations as per 31 December 2003. The effect of the value adjustment is negative with NOK 74.9 million on the opening balance, which entails depreciation charges reduced by NOK 9.8 million in 2004. Bulford Dolphin was transferred from AS Borgå to the associated company First Olsen Ltd. as per 31 December 2004.

By 31 December 2003, the cruise vessels Black Prince, Black Watch and Braemar had a remaining economic life of two, four and twenty years, respectively. When transferring to IFRS, a component accounting of the cost price of the vessels has been carried out. The remaining economic life for each component representing a substantial value (like hull, engines, hotel facilities, safety equipment, etc.) has been estimated on 1 January 2004. This has led to an increase in the average remaining depreciation time for the vessels. The component accounting does not produce any equity effect on the opening balance, but entails a reduction of depreciation charges in 2004 by NOK 21.0 million.

Deferred tax for companies subject to tonnage tax is payable either upon withdrawal from the tonnage tax system or upon withdrawal of a dividend. Because of their financial structure, the owner companies have no requirement for dividends in the foreseeable future and have no plans to withdraw from the tonnage tax system. Under NGAAP, the deferred taxcost on temporary differences is estimated to a present value of 5%. IFRS does not permit the use of present value when estimating deferred tax. As the tax is conditional on withdrawal or dividend disbursement, none of which is considered probable, the company has estimated deferred tax liabilities at zero.

The company Fred. Olsen Shipping II AS (FOS) used Norwegian kroner (NOK) as a functional currency under NGAAP. When converting to IFRS, there has been a reappraisal of the company's functional currency. The company's most important transactions are carried out in British pounds (GBP). The vessels owned by the company are operated from England. The operating company is English with accounts in GBP. Against this background, the FOS accounts were converted from NOK to GBP with effect from 1 January 2004. There are no conversion effects on the equity in the opening balance. The effect on 2004 results was negative with NOK 2.4 million, while the total equity effect as per 31 December 2004 was negative with NOK 2.9 million.

The total equity capital effects under IFRS can be summed up as follows for associated companies (NOK 1,000):

	1 January 2004	Result 2004	Equity 2004	31 December 2004
Share of adjustments in FOE	-913,480	70,817	15,155	-827,508
Accounting for Ganger Rolf ASA according to the equity method	-315,599	72,540	9,425	-233,634
Change in calculated owner-ship in FOE	-64,240	-2,445	2,940	-63,745
Other associated companies	-73,452	50,624	18,139	-4,689
Total effect	**-1,366,771**	**191,536**	**45,659**	**-1,129,576**

Current liabilities

4. A provision for dividend has been made for the financial year 2003 with NOK 51.0 million as per 31 December 2003, based on NGAAP. According to IFRS, the equity shall not be reduced by dividend before the annual general meeting has passed such dividend resolution. The provision for dividend has therefore been reversed against equity per 1 January 2004. As per 31 December 2004, it had been provided for dividend with NOK 102.0 million. This dividend has equally been reversed with a positive equity effect as per 31 December 2004.
   Based upon NGAAP, Bonheur's ownership in Ganger Rolf was consolidated with 44.47%. According to IFRS, the corresponding figure is 49.45%. Dividend received from Ganger Rolf ASA in 2004 was recorded as financial revenue in the mother company, but reversed in the consolidated accounts. The transition to IFRS will, therefore, yield a write-back of a further NOK 5 million under financial revenue (please refer to comments under item 3).

Immaterial assets / provisions for liabilities

5. Because of the adjustments to the opening balance related to financial assets and liabilities under IFRS, the Group has recalculated its deferred tax liabilities.
   The total effect is (NOK 1,000):

	1 January 2004	Result 2004	Equity 2004	31 December 2004
Shares	-23,338	23,338	0	0
Bonds	-2,115	1,232	-1,059	-1,943
Pension	2,796	-167	0	2,629
Net variation	**-22,657**	**24,402**	**-1,059**	**686**

Bonheur ASA
Transition to IFRS

Reconciliation of the opening balance 1 January 2004

BALANCE SHEET

Note		NGAAP 31.12.2003	IFRS adjustments	IFRS 01.01.2004
		Opening balance 1/1/04		
	ASSETS			
	Fixed Assets			
	Tangible fixed assets	41.339		41.339
5	Intangible fixed assets	11.855	680	12.535
3	Investments in associated companies	3.741.648	-1.366.771	2.374.877
1, 2	Financial fixed assets	731.117	171.257	902.374
	Total Fixed Assets	4.525.959	-1.194.834	3.331.126
	Currents Assets			
	Receivables	11.531		11.531
1	Other receivables	34.230	5.839	40.069
	Bank deposits	49.854		49.854
	Total Currrent Assets	95.615	5.839	101.454
	TOTAL ASSETS	**4.621.574**	**-1.188.994**	**3.432.580**
	EQUITY AND LIABILITIES			
	Equity			
	Share Capital	50.987		50.987
	Other equity	3.730.002	-1.168.194	2.561.808
	Total Equity	3.780.989	-1.168.194	2.612.795
	Liabilities			
2	Pension Commitments	9.024	6.849	15.873
5	Deferred tax	15.207	23.338	38.544
	Total Provisions	24.231	30.186	54.417
	Long term interest bearing debt	737.997		737.997
	Other long term debt	100		100
	Total other long term debt	738.097	0	738.097
	Short term interest bearing debt	211		211
4	Other short term liabilities	78.047	-50.987	27.060
	Total short term liabilities	78.257	-50.987	27.271
	Total liabilities	840.585	-20.800	819.784
	TOTAL EQUITY AND LIABILITIES	**4.621.574**	**-1.188.994**	**3.432.580**

BONHEUR ASA

Transition to IFRS

Reconciliation of profit and loss and balance sheet for 2004

INCOME STATEMENT

Note		NGAAP 2004	IFRS adjustments	IFRS 2004
	Revenues	1.369		1.369
2	Operating costs	-12.604	597	-12.008
	Depreciation	-3.420		-3.420
	Operating result	-14.655	597	-14.059
3	Result from associated companies	658.190	191.536	849.726
1, 4	Financial revenues	161.308	-45.295	116.014
1	Financial costs	-48.840	-5.505	-54.345
	Net financial items	112.469	-50.800	61.669
	Result before tax from continuing operations	756.003	141.333	897.336
5	Estimated tax income/-cost	-20.432	24.402	3.970
	Result after tax from continuing operations	735.571	165.735	901.306
	Net result from discontinued operations	-67.647		-67.647
	Net result after estimated tax	667.924	165.735	833.659

BALANCE SHEET

Note		NGAAP 31.12.2004	IFRS justeringer	IFRS 31.12.2004
	ASSETS			
	Fixed Assets			
	Tangible fixed assets	39.339		39.339
5	Intangible fixed assets	151	2.483	2.634
3	Investments in associated companies	3.593.229	-1.129.576	2.463.653
1, 2	Financial fixed assets	929.642	141.242	1.070.884
	Total Fixed Assets	4.562.361	-985.851	3.576.510
	Currents Assets			
	Receivables	13.510		13.510
1	Other receivables	15.360	2.863	18.223
	Bank deposits	36.256		36.256
	Total Currrent Assets	65.126	2.863	67.989
	Share of equity from discontinued operations	9.000		9.000
	TOTAL ASSETS	**4.636.487**	**-982.988**	**3.653.499**
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	50.987		50.987
	Other equity	3.964.574	-889.261	3.075.313
	Total equity	4.015.561	-889.261	3.126.300
	Liabilities			
2	Pension commitments	9.137	6.450	15.587
5	Deferred tax	23.934	1.798	25.732
	Total provisions	33.072	8.247	41.319
	Long term interest bearing debt	409.027		409.027
	Total other long term debt	409.027	0	409.027
	Short term interest bearing debt	69.846		69.846
4	Other short term liabilities	108.981	-101.973	7.008
	Total short term debt	178.827	-101.973	76.854
	Total liabilities	620.925	-93.726	527.199
	TOTAL EQUITY AND LIABILITIES	**4.636.487**	**-982.988**	**3.653.499**