ANNUAL REPORT **2005**

Press to continue

ODFJELL

Contents

FINANCIAL CALENDAR

4 May 2006	Annual General Meeting
4 May 2006	Report First Quarter 2006
24 August 2006	Report Second Quarter 2006
7 November 2006	Report Third Quarter 2006
2 February 2007	Preliminary Result 2006

Supplementary information on Odfjell may be found on the Internet at: www.odfjell.com

Front page shows M/T Bow Cardinal in Antwerp

Mission Statement

Odfjell shall be a leading, preferred and profitable global provider of transportation and storage of bulk liquid chemicals, acids, edible oils and other special products. We shall be capable of combining different modes of transportation and storage. We shall provide our customers with reliable and efficient services. We shall conduct our business to high quality, safety and environmental standards.

Profile

Odfjell is a leading company in the global market for transportation and storage of chemicals and other speciality bulk liquids. Originally set up in 1916, the company pioneered the development of the parcel tanker trades in the middle of the 1950s and the tank storage business in the late 1960s. Odfjell owns and operates parcel tankers in global and regional trade as well as a network of tank terminals.

Odfjell's strategy is to continue developing our position as a leading logistics service provider with customers worldwide. We are aiming at maintaining this position through efficient and safe operation of deep sea and regional parcel tankers and tank terminals. Our long-term newbuilding program consists of altogether 27 new ships with deliveries through 2013. Scale is needed to offer an efficient trading pattern in a global transportation context, thereby optimising fleet utilization. Our size also allows us to obtain significant purchasing benefits.

PARCEL TANKERS

The deep-sea transportation of chemicals and other liquids is our core business. Odfjell has unprecedented experience in this complex field of transportation. Our operations are fully integrated, with in-house functions for chartering, operation and ship management. The major trade lanes are from the US and Europe to Asia, India, the Middle East and South America. In addition there is a considerable bilateral trade between the US and Europe. Seagoing transport from the Arabian Gulf to destinations both in the East and in the West is increasing as new production capacity is being developed in this area. Over the last years there has also been a large production increase in the Far East, and a considerable share of this volume goes to overseas markets.

Volumes shipped regionally are steadily increasing, particularly in the Asia Pacific region. As end-users of petrochemicals require products delivered on shorter notice and with less lead-time, the major petrochemical producers are building production complexes closer to their markets. Our largest regional operation is in Asia, where fourteen ships are operated out of Singapore. Furthermore we have nine ships employed in the inter-European trade and nine ships along the coasts of South America. In May 2006 we will take delivery of our first ship to be operated within China.

Odfjell's specialised fleet consists of 92 ships and 27 newbuildings with a total capacity of about 3.3 million dwt. A turnover of USD 915 million was generated in 2005.

TANK TERMINALS

Our terminal operations yield synergies with our transportation activities and improve quality and efficiency control throughout the transportation chain. Our tank terminal operations also offer opportunities to develop new markets where the infrastructure for specialised bulk liquids has been limited to date. Odfjell has direct investments in fully owned tank terminals in Rotterdam and Houston as well as in partially owned terminals in Singapore, Onsan in Korea, and two in China. We also work closely with seven terminals in South America through associated companies. We are currently expanding our tank terminal activities with new facilities under construction in China and Oman. The terminal business generated a turnover of USD 132 million in 2005.

Odfjell Management

TERJE STORENG
President/CEO
Born 1949. Board Member since 1994. President/CEO since 2003. Previously Managing Director of AS Rederiet Odfjell. 72,672 shares. No options.

JAN A. HAMMER
President, Parcel Tankers and Terminals
Born 1957. Mr. Hammer has been with the company since 1985. He has previously held various management positions within Odfjell, both in chartering and terminal activities. No shares and no options.

TRYGVE ARNESEN
President, Ship Management
Born 1957. Mr. Arnesen joined Odfjell in April 2005. Previous position as President of Prosafe Offshore Ltd. in Aberdeen. No shares and no options.

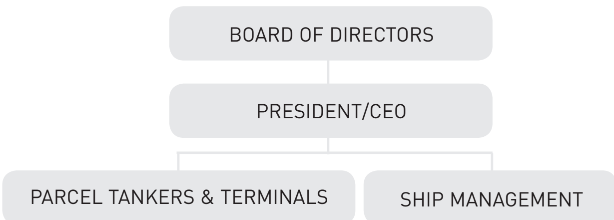
ATLE KNUTSEN
Senior Vice President, Asia Pacific
Born 1950. Mr. Knutsen has been with the company since 1972. He has held various management positions within Odfjell and has been in his current position since April 2003. 14,048 shares. No options.

TORE JAKOBSEN
Senior Vice President, Corporate Investments
Born 1951. Mr. Jakobsen joined Odfjell in October 2005. Previous position as President/CEO of Westfal-Larsen & Co A/S in Bergen. No shares and no options.

HAAKON RINGDAL
Senior Vice President/CFO
Born 1954. Mr. Ringdal joined Odfjell in 2001. He has previous experience from the finance/accounts area within shipping, banking, property and insurance. No shares and no options.

BRIT A. BENNETT
Vice President, Human Resources.
Born 1951. Ms. Bennett joined the company in 2000. She has previously held the position as Personnel Manager in the bank and oil industry, and Executive Manager in Bergen Municipality. No shares and no options.

JAN DIDRIK LORENTZ
Senior Vice President, Quality Management
Born 1947. Mr. Lorentz joined Odfjell in 1996 and has held his current position since April 2005. He previously held the position as SVP Ship Management. No shares and no options.



ASIA PACIFIC – CORPORATE INVESTMENTS – CFO/IR/ICT – HUMAN RESOURCES – QUALITY MANAGEMENT

Building for the Future

"Our orderbook is unique in the parcel tanker industry"

Terje Storeng,
President/CEO, Odfjell ASA

The parcel tanker concept is relatively new to the shipping industry. The first parcel tanker for the chemical industry was built in the 1960s, but it was not until the mid 1970s that the market saw substantial ordering of parcel tankers with many segregations and stainless steel tanks. Stainless steel gave greater flexibility to carry a variety of cargoes and also made tank cleaning and operations easier and less labour intensive.

For Odfjell this innovation led us to embark on our first major newbuilding program. Twelve stainless steel parcel tankers were delivered from the Stocznia Szczecinska yard in Szczecin, Poland between 1975 and 1978. These tankers were among the most sophisticated in the industry, and I am proud to say that they have served us and our customers very well for the last 30 years. However, time is about to run out for these ships. Although they have been well maintained and could technically trade for many years, we realise that regulations and customer imposed age restrictions encourage owners to retire ships above a certain age.

While the parcel tanker fleet has continuously grown with minimal scrapping, we believe that we are now at a stage where renewal of the fleet is becoming necessary.

At Odfjell we have a long-term perspective on what we do. The short-term financial results from one quarter to the next are of course important indicators and milestones on the way, but in our industry it is of vital importance to be able to have a broader view; to really look at the business in a long-term perspective.

Within our tank terminal business we are also investing for the future. We are expanding and modernizing our existing facilities, and we invest in new tank terminals in areas where we see future growth for our type of business, like for instance in China and in the Middle East.

In 2005 we took delivery of the fourth and the fifth large parcel tankers in a series of eight 39 500 dwt newbuildings from Stocznia Szczecinska Nowa in Szczecin, Poland. These are highly sophisticated ships that only experienced shipyards can deliver. Due to their degree of specialisation and complexity, such ships have become very expensive to build.

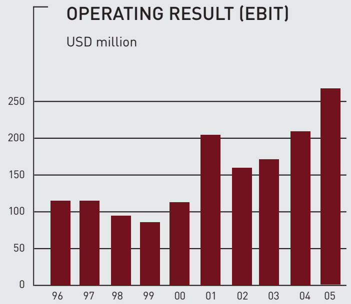
In total, our current newbuilding programme comprises 27 ships including options, either as owned tonnage or as long term timecharters with rights to purchase. Our orderbook is unique in the parcel tanker industry. We are fortunate enough to have contracted these ships at relatively favourable prices. In a longer perspective, however, we can never be sure that the increase in newbuilding prices that we have seen during the last two years will be reflected in satisfactory earnings, to justify continued building of these large and sophisticated parcel tankers that the market wants.

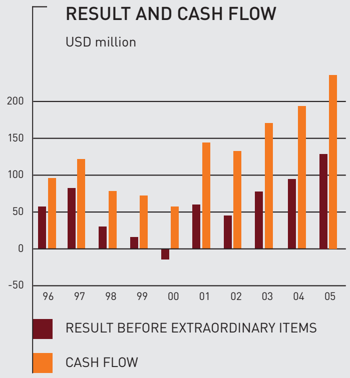
Our business is indeed a capital intensive service industry in a market that is exceedingly difficult to predict. The landscape of the chemical industry is constantly changing and we have to try to get all these changes into our calculations and scenarios. A flexible fleet and an agile organisation will therefore be critical factors to secure future success.

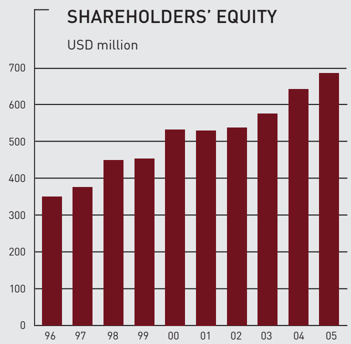
Increasing capital expense through higher newbuilding prices is not the only cost driver. Bunker fuel cost and the actual day–to-day operations and management of ships such as ours are also increasingly expensive. Performing our operations in a safe, reliable and efficient manner requires substantial investments in crewing, training and maintenance. To Odfjell there is no other alternative than to perform to the highest standards. These standards are also widely recognized by our customers and by authorities throughout the industry.

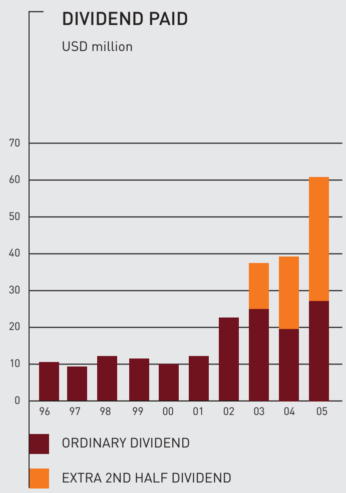
The M/T Bow Summer, Odfjell's latest delivery from Poland, leaving Szczecin in October 2005.

Highlights 2005









FINANCIAL PERFORMANCE

- Gross Revenue of USD 1 045 million.
- EBITDA of USD 264 million.
- EBIT of USD 170 million.
- Net result of USD 127 million.
- Cash flow of USD 235 million.

MACRO VARIABLES

The main engine of world economic growth continued to be China, but the other BRIC-countries (Brazil, Russian Federation and India) also maintained healthy economic growth rates.

Another good year for shipping with increased earnings and ship values

Record high bunker prices.

ASSET DEVELOPMENT

Delivery of M/T Bow Sky and M/T Bow Summer, the fourth and fifth ships in a series of eight 39 500 dwt newbuildings from Stocznia Szczecinska Nowa in Szczecin , Poland.

Delivery of M/T Bow Europe 19 700dwt, M/T Bow Architect 30 000 dwt and M/T Bow Rio 20 000 dwt, on long term time-charter from Japanese owners.

Acquisiton of four 5 870 dwt ships, M/T Bow Balearia, M/T Bow Bracaria, M/T Bow Brasilia and M/T Bow Bahia.

Sale of M/T Petros 39 700 (1984) og M/T Transporter 39 700 (1983) as part of our fleet renewal programme.

M/T Bow Princess 32 300 (1976) sold for demolition

SHAREHOLDER ISSUES

The Odfjell shares were split two for one as per 6 May 2005. The number of shares thus doubled and par value was reduced to NOK 2.50 per share. The Odfjell A-share rose 29.2% to NOK 137 (USD 20).

The market capitalisation of Odfjell increased by close to NOK 2.4 billion (USD 184 million) in 2005. During 2005 an ordinary dividend of NOK 2 per share was paid out in May and an extra dividend of NOK 2.50 per share was paid out in October.

Key Figures/Financial Ratios

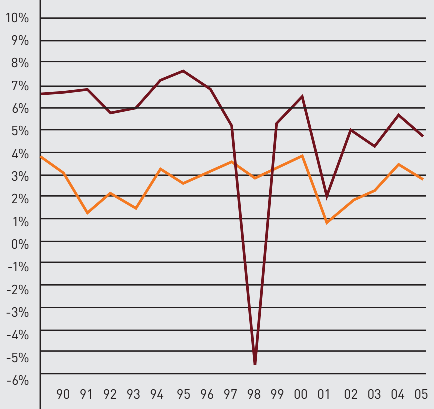
ODFJELL GROUP	**Figures in**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
From Profit and Loss Statement											
Gross revenue	USD mill.	**1 045**	943	907	850	852	696	551	533	547	546
EBITDA (1)	USD mill.	**264**	207	170	159	203	112	86	94	113	114
Depreciation	USD mill.	**(107)**	(100)	(92)	(87)	(83)	(69)	(56)	(48)	(39)	(38)
Capital gain (loss) on non-current assets	USD mill.	**14**	7	(0)	1	4	-	16	12	32	-
EBIT (2)	USD mill.	**170**	114	78	72	124	44	46	58	106	76
Net financial items	USD mill.	**(28)**	(9)	7	(12)	(55)	(54)	(30)	(26)	(24)	(19)
Net result allocated to shareholders' equity before extraordinary items	USD mill.	**127**	94	77	45	60	(12)	16	30	82	57
Net result allocated to shareholders' equity	USD mill.	**127**	94	22	45	60	(12)	16	30	82	57
Net result	USD mill.	**128**	95	22	46	60	(12)	16	30	82	57
Dividend paid	USD mill.	**60**	53	24	22	11	10	11	12	9	7
From Balance Sheet											
Total non-current assets	USD mill.	**1 656**	1 568	1 482	1 314	1 301	1 292	990	892	712	595
Current assets	USD mill.	**300**	260	233	315	299	321	281	274	272	245
Shareholders' equity	USD mill.	**692**	639	578	535	526	530	451	447	373	349
Minority interests	USD mill.	**-**	4	4	4	4	5	-	-	-	-
Total non-current liabilities	USD mill.	**1 010**	951	949	981	968	961	749	648	543	445
Current liabilities	USD mill.	**253**	244	184	110	103	117	71	70	69	45
Total assets	USD mill.	**1 956**	1 872	1 715	1 630	1 601	1 613	1 271	1 166	985	839
Profitability											
Earnings per share - basic/diluted - before extraordinary items (3)	USD	**1.5**	1.1	0.9	0.5	0.6	(0,1)	0.2	0.3	0.9	0.6
Earnings per share - basic/diluted (4)	USD	**1.5**	1.1	0.3	0.5	0.6	(0.1)	0.2	0.3	0.9	0.6
Cash flow per share (5)	USD	**2.7**	2.2	2.0	1.5	1.4	0.6	0.8	0.9	1.4	1.1
Return on total assets - before extraordinary items (6)	%	**8.6**	6.9	6.3	5.0	7.0	3.3	4.8	6.2	12.4	10.9
Return on total assets (7)	%	**8.6**	6.9	3.0	5.0	7.0	3.3	4.8	6.2	12.4	10.9
Return on equity - before extraordinary items (8)	%	**19.2**	15.4	13.8	8.6	11.4	(2.4)	3.6	7.4	22.7	19.2
Return on equity (9)	%	**19.2**	15.4	4.0	8.6	11.4	(2.4)	3.6	7.4	22.7	19.2
Return on capital employed (10)	%	**11.6**	8.4	6.0	5.7	9.8	3.8	4.9	7.4	16.5	14.3
Financial Ratios											
Average number of shares	mill.	**86.77**	86.77	86.77	89.73	98.75	95.02	87.39	87.39	87.39	87.39
Basic/diluted equity per share (11)	USD	**7.98**	7.36	6.66	6.17	5.75	5.13	5.16	5.11	4.27	3.99
Share price per A-share	USD	**20.26**	17.54	5.54	3.95	3.74	3.79	3.11	1.91	4.41	4.81
Cash flow (12)	USD mill.	**235**	194	170	132	143	57	72	78	121	95
Interest-bearing debt	USD mill.	**1 037**	1 000	943	957	960	954	749	647	542	444
Bank deposits and securities (13)	USD mill.	**190**	233	203	230	213	232	218	213	219	205
Debt repayment capability (14)	Years	**3.8**	4.1	4.4	5.5	5.4	12.7	9.4	6.5	3.6	2.5
Current ratio (15)		**1.2**	1.1	1.3	2.9	2.9	2.7	4.0	3.9	3.9	5.4
Equity ratio (16)	%	**35**	34	34	33	33	33	35	38	38	42
Other											
USD/NOK rate at year-end		**6.76**	6.04	6.68	6.96	9.01	8.90	8.04	7.60	7.32	6.44
Employees at year-end		**3 296**	3 416	3 316	3 201	3 088	2 755	1 743	1 667	1 667	1 711

Figures from profit and loss statement are according to International Financial Reporting Standards (IFRS) as from 2004 and for balance sheet as from 2003. As from financial year 2000, the reporting currency was changed from NOK to USD. USD-figures for 1998-2005 reflect "true" USD-accounting as presented in the official accounts.The conversion from NOK to USD for the years 1996-1997 has been simplified by using the average rate per year for the profit and loss statement and the year-end rate for the balance sheet. Net financial items for these years do not include unrealised currency items. As a result of the conversion from NOK to USD, the various ratios have been recalculated. Historical figures per share have been adjusted for past bonus share issues and the share-splits in 2004 and 2005.

1. Operating result before depreciation and capital gain (loss) on non-current assets.
2. Operating result.
3. Net result allocated to shareholders' equity before extraordinary items divided by the average number of shares.
4. Net result allocated to shareholders' equity divided by the average number of shares.
5. Net result allocated to shareholders' equity plus depreciation and extraordinary items divided by the average number of shares.
6. Net result plus interest expenses and extraordinary items divided by average total assets.
7. Net result plus interest expenses divided by average total assets.
8. Net result plus extraordinary items divided by average total equity.
9. Net result divided by average total equity.
10. Operating result divided by average total equity plus net interest-bearing debt.
11. Shareholders' equity divided by number of shares per 31.12.
12. Net result allocated to shareholders' equity plus depreciation and extraordinary items.
13. Bank deposits and securities includes cash and cash equivalents and available-for-sale investments.
14. Interest-bearing debt less bank deposits and securities, divided by cash flow (12) before capital gain (loss) on non-current assets.
15. Current assets divided by current liabilities.
16. Total equity as percentage of total assets.

The Directors´ Report

GDP GROWTH



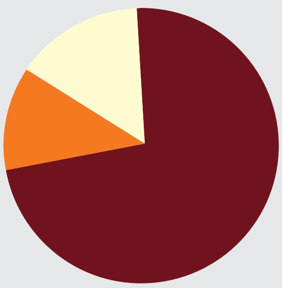
ASIA EXCL. CHINA AND JAPAN

OECD AREA

source: DnBNOR

FLEET DISTRIBUTION

Parcel Tankers



(73%) ODFJELL OWNED SHIPS

(12%) SHIPS ON FLOATING RATE TIME-CHARTER

(15%) SHIPS ON FIXED RATE TIME-CHARTER

Odfjell's consolidated net result for 2005 was a profit of USD 127 million compared with USD 94 million in 2004. Despite revenue having been reduced by payments and provisions in connection with the antitrust case and related matters of USD 37 million, the net result for 2005 was one of the strongest ever for Odfjell. Gross revenue increased by USD 101 million to USD 1 045 million.

The greatest contribution to the result came from our increased parcel tanker operations. During 2005, we continued to experience increasing freight rates, but high fuel costs had a dampening effect on the result. In the aftermath of the hurricanes Katrina and Rita in September and October, a number of refineries in the US Gulf temporarily stopped or reduced production, which led to lower volumes of chemicals being available for export from the US. Although the demand for transportation of clean petroleum products into the US increased, the net effect was that the results in the second half of the year were lower than in the first half.

Our fleet renewal program continued in 2005. We took delivery of two newbuildings from Poland and entered into option agreements for a further two such ships to be delivered in 2009 and 2010. We acquired four smaller parcel tankers for the European trade and also took delivery of three ships, two of about 20 000 dwt. and one of 30 000 dwt. on long-term charters from Japanese interests. We entered into new long-term time-charters for two 19 000 dwt. and five 33 000 dwt. fully stainless steel parcel tankers for delivery in 2007 and 2008. In addition, we entered into an agreement with Ahrenkiel, Switzerland, whereby Ahrenkiel will bring six 19 900 dwt. parcel tankers into a pool with the same number of similar ships controlled by Odfjell. In 2005 one ship was sold for demolition, one to a 50% joint venture company and, towards year-end, two older coated ships were sold to third parties for further trading. These sales yielded a capital gain of USD 10.5 million. The sale of our tank container business, Hoyer-Odfjell B.V., was completed with profit of USD 4.4 million. Our new tank terminal projects in China, Iran and Oman are progressing. In connection with the relocation and expansion of the tank terminal in Dalian, China, we have reduced our ownership from 64% to 50% by selling 14% of the company's shares to our partner Dalian Port Authorities resulting in a capital gain of USD 3.7 million.

During 2005 the Odfjell share price increased by about 29% expressed in Norwegian kroner, and the market capitalisation at year-end was about NOK 11.5 billion (USD 1.7 billion).

The year saw considerable organisational changes better reflecting our strategy. The Ship Management department has been reorganised and strengthened. Henceforth fewer, if any, owned ships will be left to third party service providers. Our Ship Management unit in Singapore is fully up and running with responsibility for a total of 16 ships. Odfjell Seachem has been subdivided into two separate units, Chartering and Operations. In order to enhance logistics coordination, the tank terminals will be included in Odfjell Seachem's organisational structure. The terminals in the Far East will report to our regional head office in Singapore, whilst the terminals in Rotterdam and Houston will report to our headquarters in Norway.

In 2005 a new organisational unit was also set up to focus on and strengthen the areas of Health, Security, Safety and Environmental Protection, Risk Management and Quality Assurance.

BUSINESS SUMMARY

We remain committed to our long-term strategy of enhancing our position as a leading specialty bulk liquids logistics provider. Through a substantial newbuilding program and the safe and efficient operation of global and regional parcel tankers, we continue to consolidate our position; one which will further benefit from our expanding tank terminal activities. The fleet operates with complex and extensive trading patterns and our demanding customers use our transportation and storage services either on a stand-alone basis or as a combined logistical package. Our critical mass enables us to maintain efficient trading patterns, optimise fleet utilisation and maximise purchasing benefits.

Effective 1 January 2005 we are presenting results for all shipping activities under the same segment; Parcel Tankers.

Parcel Tankers

Gross revenue from our parcel tanker activities was USD 915 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) came to USD 216 million. The operating result (EBIT) was USD 138 million. At year-end total assets amounted to USD 1.6 billion. Time-charter income expressed in USD per day increased by 19% compared to last year. The positive development was primarily due to better freight rates within our worldwide services and in the regional trades, especially within Asia.

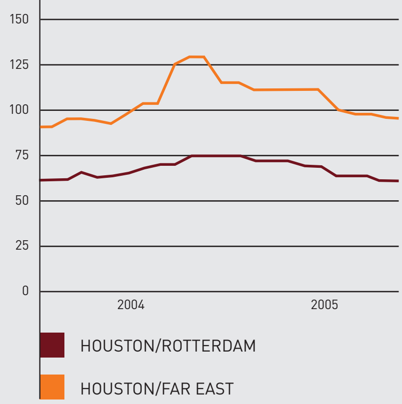
The average cost of bunkers in 2005 was USD 227 per ton (including compensation related to bunker escalation clauses), compared to USD 165 per ton last year. This increase amounted to a more than USD 30 million higher bunkering cost in 2005 compared to 2004. Operating expenses on a comparable fleet basis were 18% higher in 2005 than in 2004. As a result of a greater focus on safety in ship management we decided to internally manage the technical operation and crewing of our owned fleet. We have incurred one-time expenses for the change of management and general upgrading of certain ships.

At year-end 2005 our parcel tanker fleet consisted of 68 ships over 12 000 dwt. of which 45 were owned, and 25 smaller ships of which 13 were owned. Our current most significant newbuilding program is with the Russian shipyard CEB-MAW Sevmash Production Association at Severodvinsk near Archangelsk where we are building a series of eight to twelve large, sophisticated product/chemical carriers, for delivery 2007 onwards. These will be IMO type II fully coated vessels of about 45 000 dwt. and are intended to replace some of our older parcel tankers. We expect a good commercial demand for this type of ships due to recently enacted, stricter IMO rules for the shipping of vegetable oils and certain other bulk liquid products by double-hulled tankers. The Russian project is on schedule, and the milestone keel laying for the first ship was reached in December 2005.

In April 2005 we took delivery of the 40 005 dwt. M/T Bow Sky from Stocznia Szczecinska Nowa in Poland. She is the fourth ship in a series of eight fully stainless steel, very high specification newbuildings from the Polish yard. In October 2005 we took delivery of the fifth ship in the series, the M/T Bow Summer of 40 036 dwt. The remaining three ships

FREIGHT RATES

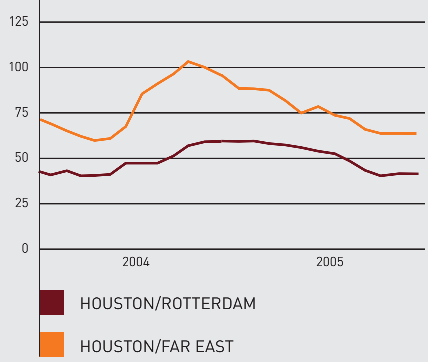
1 000 mts stainless steel grade chemicals
USD/Mt



Source: Quincannon Associates, Inc.

FREIGHT RATES

3 000 mts easy grade chemicals
USD/Mt



Source: Quincannon

will be delivered with six months intervals from April 2006 to March 2007. In 2005 we entered into new contracts with the yard for options of two further ships in the series with deliveries in 2009 and 2010. These options must be declared by the end of 2006.

In 2005 we entered into long-term time-charter agreements with Japanese owners for seven stainless steel tanker newbuildings, of which five are 33 000 dwt. and two are 19 000 dwt. In total Odfjell has now committed to thirteen long-term time-charter newbuildings from Japan ranging in size from 19 000 dwt. to 33 000 dwt. Three ships were delivered in 2005 and the remaining ten will be delivered between 2006 and 2009. We have agreed purchase options on most of these ships.

During 2005 we acquired four modern second-hand tankers of 5 870 dwt. each from the Ahrenkiel Group. These ships operate primarily in European trades as part of a larger pool.

Capital gain on assets includes gains of the sale of M/T Bow Princess (32 362 dwt./built 1976) for demolition and the sale of the two fully coated tankers M/T Bow Transporter (39 738/1983) and M/T Bow Petros (39 722/1984).

In combination with our worldwide transoceanic services, our regional business activities encompass four different geographical areas. Our largest regional operation is in Asia, where we employ 14 ships on several trade lanes within the Singapore – Japan/Korea – Australia/ New Zealand range. Asia represents a growth area for our business, as a result of significant new chemical production that is expected to come on stream within the near future. In October 2005 our 49%

owned joint venture company Odfjell Dong Zhan Shipping (Shanghai) Co Ltd signed a contract for a parcel tanker to be delivered in May 2006 from Yangzhou Kejin Shipyard in JianDu, close to Shanghai. The ship is a 3 860 dwt. coated parcel tanker with 10 fully segregated tanks. The ship will be registrered under Chinese flag and will be the first to be operated by our joint venture in Chinese trade. Odfjell Ahrenkiel currently operates nine parcel tankers in inter-European trades. In South-America, five ships are employed by Flumar, a 50/50 joint venture company primarily transporting chemicals along the Brazilian coast, where local flag is a requirement. Finally, we have a 50/50 joint venture with CSAV in Chile employing two vessels in the coastal transportation of sulphuric acid.

Tank Terminals

The gross revenue from the tank terminal activities increased to USD 132 million, EBITDA was USD 48 million and EBIT was USD 33 million. Included in EBIT is a gain on the sale of 14% in Odfjell Terminals (Dalian) of USD 3.7 million. Our total tank terminal assets were USD 393 million at year-end 2005.

Odfjell's tank terminal activities consist of owning and operating tank terminals in Rotterdam, Houston, Singapore, Onsan in Korea, and Dalian and Ningbo in China. We also co-operate closely with a group of tank terminals in South America owned by members of the Odfjell family.

We are currently expanding our tank terminal activities, with a relocation and expansion in Dalian, China and new projects in Jiangyin, China and at Bandar Iman Khomeini, Iran. In conjunction with Oiltanking GmbH we have also been awarded the operational management of the jetties in the port of Sohar in Oman. The strategy of Odfjell Terminals is to continue to grow along Odfjell's major shipping lanes and at important petrochemical logistics junctions around the world. Odfjell Terminals is investing in emerging market countries and enhancing the development of efficient infrastructure in these areas.

Discontinued Operations - Tank Containers

Since 1999 Odfjell has been transporting chemicals and liquids in tank containers through Hoyer-Odfjell BV, a joint venture company. Due to differing views as to the further strategic development of this joint operation, we agreed to sell our 50% shareholding to our partner, Hoyer GmbH of Germany, with effect from 1 January 2005. Our 50% share of the turnover was USD 57 million in 2004. The sale was concluded in February 2005 and the gain on the sale was USD 4.4 million.

2005 RESULT

Gross revenue for 2005 was USD 1 045 million, up 11% from the preceding year. Earnings before interest, tax, depreciation and amortisation (EBITDA) were USD 264 million compared to USD 207 million in 2004. Operating result (EBIT), including a USD 14 million capital gain on assets, came to USD 170 million compared to USD 114 million in 2004. EBITDA and EBIT in 2005 included bonuses of USD 4 million and reduced revenue due to payments and provisions in relation to the antitrust case and related matters totalling USD 37 million.

The net result for 2005 came in at a profit of USD 127 million compared to USD 94 million in 2004. The cash flow continued to be strong at USD 235 million compared to USD 194 million the year before.

Operating expenses were substantially higher than last year. The increase was partly due to a higher number of owned ships and initial one-time costs related to the takeover of management of ships previously under external ship management. During 2005 we have made substantial technical and operational upgrading of our fleet in order to meet the increasingly strict industry requirements. Operating expenses include bonuses to mariners of USD 2 million and a positive result from currency hedging of USD 12 million. General and administrative expenses in 2005 of USD 64 million included bonuses of USD 2 million and a positive result from currency hedging of USD 9 million. In 2004 such expenses included bonuses and expenses for the antitrust case and related matters of altogether USD 32 million. Net financial expenses in 2005 were USD 28 million, compared to USD 9 million in 2004.

The average USD/NOK exchange rate in 2005 was 6.45, compared to 6.74 last year. The USD strengthened against the NOK from 6.04 at year-end 2004 to 6.76 at 31 December 2005. The currency gain was reduced from USD 17 million in 2004 to USD 2 million in 2005. Due to the implementation of hedge accounting, currency gains of USD 21 million in 2005 have been reclassified from financial items to the underlying hedged exposure (operating expenses and general and administration expenses).

Taxes were USD 19 million in 2005, compared to USD 11 million in 2004. The increased tax cost was due to a write-off of deferred tax assets following an evaluation of current and future tax positions in certain companies, with the conclusion it no longer is probable that there will be sufficient future taxable profits to utilise the tax losses carried forward due to reduced activity in the relevant companies.

The parent company recorded a profit for the year of NOK 160 million. The Board is recommending a dividend of NOK 260 million for 2005. The dividend will be covered by this year's profit and a transfer from other equity of NOK 100 million. Total distributable reserves after this year's profit and payment of the dividend is NOK 386 million. In order to maintain future flexibility to pay dividend and/or purchase treasury shares the Board is proposing to the Annual General Meeting to transfer NOK 500 million from share premium fund to other equity (distributable reserves).

The Odfjell shares were split two for one as per 6 May 2005. The number of shares thus doubled and par value was reduced to NOK 2.50 per share. At year-end 2005 the A-shares were trading at NOK 137 (USD 20.26), up 29.2 % compared to NOK 106 (USD 17.54) a year earlier. The B-shares were trading at NOK 117 (USD 17.30) at year-end, up 13.6% from NOK 103 (USD 17.04) a year earlier. During 2005 a 2004-dividend of NOK 2 per share was paid out in May. Consistent with the Board's policy, another dividend of NOK 2.50 per share was paid out in October. Adjusted for dividend, and expressed in NOK, the A- and B- shares yielded 33.5% and 18.0%, respectively. By way of comparison, the Oslo Stock Exchange benchmark index rose by 41%, the marine index rose by 29% and the transportation index improved by 34% during the year. Market capitalisation of Odfjell increased by NOK 2.4 billion (USD 184 million) in 2005, from NOK 9.1 billion (USD 1.5 billion) as per 31 December 2004 to NOK 11.5 billion (USD 1.7 billion) as per 31 December 2005.

The Annual General Meeting will be held 4 May 2006 at 16:00 hours at the company's headquarters. The Board recommends a dividend of NOK 3 per share for 2005, equal to a payout of NOK 260 million (about USD 0.44 per share, equal to USD 38.5 million). In line with a recently established dividend policy, the Board will consider another dividend later this year. Based on the average share price in 2004 the direct yield, through dividend payments in 2005, equals about 7.1%.

According to § 3.3 in the Norwegian Accounting Act we confirm that the accounts have been prepared on the assumption of a going concern.

We have applied the EU approved International Financial Reporting Standards (IFRS) for the consolidated accounts as from 1 January 2005. The main effects on Odfjell's accounts arising from this change of accounting principles were positive, by increased asset values and equity as well as improved net results due to lower depreciations, primarily caused by a revaluation of residual values for ships and terminals. In order to present comparable figures in the 2005 accounts, an opening balance according to IFRS has been prepared as of 1 January 2004, and the profit and loss account for 2004 has been recalculated accordingly.

LIQUIDITY AND FINANCING

The company's cash reserves including available-for-sale investments, which are low risk and highly liquid bonds, continue strong. Cash and cash equivalents and available-for-sale investments as of 31 December 2005 was USD 190 million, down from USD 233 million at year-end 2004. Interest bearing debt increased from USD 1 000 million year-end 2004 to USD 1 037 million per 31 December 2005. This increase in debt is due to investments in ships and yard instalments towards newbuildings. The equity ratio was 35% as per 31 December 2005 and the current ratio was 1.2. Since our fleet consists of speciality ships, in a market with limited relevant sale and purchase activity, we have not attempted to calculate value-adjusted shareholders' equity. The company should be evaluated based on earnings multiples rather than based on asset valuations.

Long-term financing of six newbuildings from the Szczecin yard in Poland was established in 2004. This financing is at attractive terms through Polish export credit arrangements. In February 2005 we launched a bond issue in the Norwegian market with a maximum amount of NOK 600 million. The first tranche was for NOK 300 million (USD 47 million). This issue was Odfjell's inaugural participation in the Norwegian bond market and has a tenure of three years with a coupon based upon the 3 months NIBOR + 1.10%. The bonds are listed on the Oslo Stock Exchange. Furthermore, in 2005 we entered into two long-term secured loan facilities in the total amount of USD 115 million, partly to refinance unsecured debt and partly to finance ship investments.

KEY FIGURES

Return on equity in 2005 was 19.2%, and return on total assets was 8.6%. Return on capital employed (ROCE) was 11.6% in 2005.

Earnings per share amounted to USD 1.47 (NOK 9.47) in 2005, compared to USD 1.09 (NOK 7.33) in 2004. Cash flow per share was USD 2.71 (NOK 17.46), compared to USD 2.24 (NOK 15.10).

As per 31 December 2005 the Price/Earnings ratio (P/E) was 13.3 and the Price/Cash flow ratio was 7.2. Based on book value the Enterprise Value (EV)/EBITDA multiple is 5.8 whilst, based upon market value as per 31 December 2005, the EV/EBITDA multiple is 9.6. Interest coverage ratio (EBITDA/Net interest expenses) improved to 9.3 in 2005, compared to 8.3 last year.

LEGAL MATTERS

We have previously reported on our actions related to the antitrust situation in the parcel tanker industry. At the end of 2005 we had settled antitrust issues with most of our major US based customers. We are continuing the dialog with other customers. At this point in time it is not possible to estimate the total financial impact of future settlements, but we believe that such settlements now have peaked and that they will not have a material impact upon future net result or cash flow. These negotiations have not prevented us from doing business with our customers on market terms.

Odfjell has continued to cooperate with the EU Commission with the objective of resolving the antitrust issue in Europe.

Since the investigations began, Odfjell ASA has strengthened its internal competition compliance program and has conducted training of all relevant personnel.

PRESIDENT/CEO

Terje Storeng was appointed interim President/CEO with effect from 30 September 2003. In May 2005 the Board announced the permanent appointment of Terje Storeng as President/CEO.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Odfjell shall conduct its business to high safety, quality and environmental standards. Continuous training of personnel on ships, at terminals and ashore is a permanent and important feature. Stringent environmental and safety requirements guide all our operations. In this context we have further increased our engagement towards regulatory bodies like IMO for the implementation of new rules to improve safety. The shipping industry in general, and Odfjell specifically, strongly support reduced risk. Clearly both customers and ship owners are concerned that rules and regulations shall, to the extent possible, take care of safety without deteriorating operational efficiency. We strive for a regulatory regime where rules are easy to understand, implement, monitor, enforce and globally applied.

A focus area in 2005 has been Oily Water Separators (OWS). OWS efficiency is a general problem in shipping and Odfjell is now testing various new types to establish best practice for the future in order to avoid such pollution to sea.

Our terminals in Rotterdam and Houston have for some years been certified to the environmental standard ISO 14001 and in 2005 our ship management activities were also certified to the same ISO 14001. In 2005 Odfjell Terminals (Houston) was recognised by the American Chemistry Council to be the first Responsible Care® Partner company to be certified to the new Responsible Care® standard RC 14001 (including ISO 14001). In our terminals more tanks have been connected to vapour return and recovery systems to reduce emissions to air.

Last summer "NCC Madinah", owned by our pool partner National Chemical Carriers Ltd. Co. of Saudi Arabia and managed by Odfjell, was involved in a collision

with a small Indonesian tanker. Regrettably one person on the Indonesian tanker died and four were injured. The "NCC Madinah" sustained minor structural damage in her bow area, but no pollution occurred. Apart from the abovementioned incident no fatal accidents occurred in 2005.

In September 2005 the hurricane "Rita" threatened the Houston area where Odfjell Terminals (Houston) is located. We shut down operations and evacuated the terminal according to our emergency procedures. The hurricane diverted away from the Houston area and there was no serious damage to the terminal, which was the first in the area to become operational following the hurricane.

The Lost Time Injury Frequency (LTIF) decreased to 2.87. After a negative development in 2004, we are pleased to note that the LTIF is improving, which is an indicator of our efforts towards a zero accident operation.

The recorded absence rate within our shore-based organisation was 3.3%, which is lower than the general absence rate in Norway.

The Safety and Quality Systems at our terminals are certified to the ISO 9000 and ISO 14000 standards while Ship Management is certified to the ISM Code. In addition to the annual DNV audit of our ship management office in Bergen, we were also audited at our new ship management branch office in Singapore. Odfjell audited three of the major time-charter managers in East Asia. External and internal ship audits are performed to maintain the ships' Safety Management Certificates. In addition to inspections by class, port states and the Chemical Distribution Institute (CDI) our customers conduct on average two inspections per ship per year. Odfjell appreciates this close follow-up by the industry, despite the fact that the vast number of inspections per ship prolongs port time and thereby increases costs.

The working environment is considered good. We carry out employee's satisfaction surveys and do ergonomics inquiries. We maintain our policy of providing all employees with the same opportunities to develop skills and find new challenges within our company. Unfortunately there are few women applying for positions within our core business, such as ship operation, chartering, ship inspection and seafarers. At headquarters in Bergen 147 employees are men and 66 women.

The Board uses this opportunity to thank its employees for their contribution to our progress in 2005; another challenging year behind us.

CORPORATE GOVERNANCE

The Board has dealt with the topic of corporate governance and a separate section can be found on page 70 in this annual report.

WORLD SHIPPING CONTEXT

For tankers and dry-cargo vessels alike, 2005 proved to be another extraordinary year. Earnings and ship values peaked during May/June, but fell again somewhat during the third and fourth quarter. The very high prices of crude oil throughout the year resulted in record bunker prices, which undermined industry profitability.

The main engine of growth continued to be China, but the other BRIC-countries (Brazil, Russian Federation and India) also maintained healthy economic growth rates. In nominal terms however, the major economies of the US, Europe and Japan continue to dominate in terms of demand and world trade, and will likely continue to do so at least for the next 10-15 years.

World prices of steel products and other metals stayed high, despite decreasing somewhat during the autumn. New ship prices reached their highest levels since the early 1970s, compounded by steel prices and fierce competition for shipyard capacity by a shipping industry with access to favourable financing opportunities. The relatively weak US Dollar further underpins the impact of high metal prices and ship values. With capacity filled well into 2008 and even 2009 most shipbuilders are still reluctant to commit to fixed prices for non-standard designs. The consensus, however, is that shipbuilding prices have now peaked.

The shipping industry is experiencing ever stricter regulations. The combined impact of regulatory outphasing of single hull vessels, age requirements and other restrictions by oil companies and port states alike, are translating into a general repricing of most transoceanic tanker services. Of course, there are variations in different sectors, and one must always keep in mind the cyclical nature of this industry. Whilst parcel or chemical tankers represent only a small percentage of the total world fleet of ocean-going ships, there is however a constant interplay between the various markets. In our specific case, with parcel tankers, there is an important overlap with socalled handysize tankers, primarily those employed within the clean petroleum segment. In accordance with new MARPOL regulations, several products previously transported by handysize product tankers will be reserved for IMO II type chemical tankers, as from 2007. Accordingly we are upgrading five of our single-skin coated tankers with double sides in 2006.

CHEMICAL INDUSTRY CONTEXT

Most of the chemical industry continued to see good demand for its products throughout 2005, although increasing costs of energy and raw materials have undermined earnings in many sectors of the industry. The general outlook for chemicals seems to be developing a two-tier economic split, with Asia and the US expressing optimism for continued growth, and Europe caution. With high energy prices, the production of commodity chemicals is shifting towards the Middle East, supported by a stronger-for-longer outlook, given the possible further delay in Iranian capacity.

The rapid build-up of new chemical production capacity is continuing, mainly in the Middle East and in China. The Middle East, sustained by easy access to low-cost feedstock and energy, is strengthening its market share for certain basic chemicals, mainly glycols, methanol and MTBE. Although the traditional production centres of the world, US, Northwest Europe and Japan, are still dominant in terms of capacity, the Middle Eastern countries are steadily capturing a growing share of world exports, and now dominate the trade to the Asia Pacific region. Chinese producers are currently mainly serving their domestic market and displacing overseas imports, but over time they will likely expand to serve also other economies in the region.

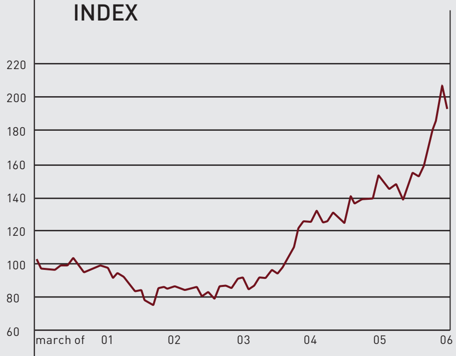
The speciality chemicals segment that produces more complex and expensive products, traditionally located in the US and in Europe, is also beginning to feel the effects of increasing competition, not only in the Asian markets, but also increasingly in their domestic western markets. Also these producers face the high energy and feedstock costs.

With large domestic and foreign investments in the Middle East and in Asia, it appears reasonable to expect increasing import substitution, which may reduce the demand for long-distance transportation of chemicals. However, the production capacity of the Middle East and Asia is far from being sufficient to satisfy global demand, neither with regards to range of products nor volume, and also in this region the marginal profitability of new projects will likely decrease. Thus, the chemical industry may well develop towards more product specialisation, allowing manufacturers to reap more economies of scale. Such a development would open up for more cross-trading of products, which might increase the demand for chemicals transportation worldwide.

COMPANY STRATEGY AND PROSPECTS

We shall, as a leading niche player, strive to provide safe, efficient, and cost effective parcel tanker services to our customers worldwide. We shall continue to expand tank terminal operations along Odfjell's major shipping lanes and at important petrochemical logistics junctions around the world. We consider terminals to be a stabilizing factor in the overall financial performance of the company, as their earnings are less volatile than our larger shipping activities. We strive to stay competitive and flexible through a modern, versatile and safe fleet. We shall adjust to changing trade patterns through organisational competence.

INDUSTRIAL METAL COMMODITIES INDEX

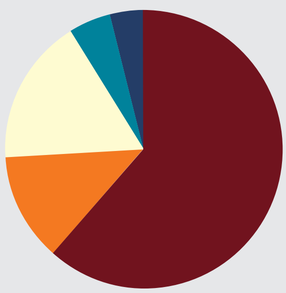


ECONOMIST COMMODITY INDUSTRY/METALS

Source: Datastream and DnBNOR

EMPLOYEES

per 31 December 2005



(1988) SHIP CREW INTERNATIONAL

(373) SHIP CREW NORWEGIAN

(543) TANK TERMINALS

(215) HEAD OFFICE

(177) BRANCH OFFICES ABROAD

3296 TOTAL

Global economic growth remains strong. The current upward trend in the chemical industry started late 2003 and continues today. Furthermore, we believe recently introduced legislation from the European Union and the International Maritime Organisation (IMO) may favourably impact the supply/demand balance of quality chemical tankers in the coming few years. We also note that far fewer shipyards are keen to build specialised chemical tankers and those that are, quote historically high prices. Accordingly, we expect a robust chemical tanker market the next years, as well as a continued solid result from our tank terminal business. Through efficiencies we aim for lower operating expenses in 2006, compared to 2005.

Based on the above assumptions we anticipate an improved operating result in 2006.

Bergen, 7 March 2006

THE BOARD OF DIRECTORS OF ODFJELL ASA

Terje Storeng

B.D. Odfjell
CHAIRMAN

Peter G. Livanos

Reidar Lien

Marianna Moschou

Terje Storeng
PRESIDENT/CEO

Stein Pettersen

Laurence W. Odfjell

PROFIT AND LOSS STATEMENT

(USD 1 000)	Note	IFRS * 2005	IFRS * 2004	NGAAP * 2004	NGAAP * 2003
Gross revenue	3	1 044 847	943 481	1 001 189	907 264
Net income from associates	3,4	101	86	-	-
Voyage expenses		(340 905)	(296 595)	(341 943)	(320 810)
Time-charter expenses	5	(156 354)	(158 105)	(158 105)	(166 059)
Operating expenses	6,8	(219 577)	(190 273)	(207 951)	(188 738)
Gross result		**328 112**	**298 593**	**293 189**	**231 657**
General and administrative expenses	7,8	(64 449)	(91 244)	(98 958)	(61 584)
Operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)	**3**	**263 663**	**207 350**	**194 232**	**170 073**
Depreciation	3,9	(107 449)	(99 959)	(97 790)	(89 948)
Write-down of goodwill		-	-	-	(2 417)
Capital gain (loss) on non-current assets	3	14 210	6 645	9 291	(15)
Operating result (EBIT)	**3**	**170 424**	**114 036**	**105 733**	**77 692**
Interest income		7 892	4 056	4 303	4 647
Interest expenses		(36 206)	(28 931)	(30 565)	(27 408)
Other financial items	10	(1 372)	(888)	(729)	(358)
Currency gains (losses)	11	1 783	16 887	17 649	29 796
Net financial items	**3**	**(27 903)**	**(8 876)**	**(9 342)**	**6 677**
Result before taxes		**142 521**	**105 160**	**96 391**	**84 370**
Taxes on result before extraordinary items	3, 12	(18 628)	(11 278)	(10 723)	(7 175)
Result before extraordinary items		**123 893**	**93 882**	**85 668**	**77 194**
Extraordinary expenses		-	-	-	(60 246)
Taxes on extraordinary expenses		-	-	-	5 017
Extraordinary items		**-**	**-**	**-**	**(55 229)**
Net result from continuing operations		**123 893**	**93 882**	**85 668**	**21 965**
Net result discontinued operations	13	4 376	695	-	-
Net result	**3**	**128 269**	**94 577**	**85 668**	**21 965**
Allocated to:					
Minority interests	3	777	157	157	(104)
Shareholders		127 492	94 420	85 511	22 069
Earnings per share (USD) - basic/diluted - continuing operations	14	**1.42**	**1.09**	**0.99**	**0.26**
Earnings per share (USD) - basic/diluted - discontinued operations	14	**0.05**	**0.01**	**-**	**-**

* IFRS - International Financial Reporting Standards
NGAAP - Norwegian Generally Accepted Accounting Principles

BALANCE SHEET

(USD 1 000)	Note	IFRS 2005	IFRS 2004	NGAAP 2004	NGAAP 2003
ASSETS AS PER 31.12.					
NON-CURRENT ASSETS					
Goodwill	15	9 470	10 251	8 261	10 344
Real estate	9	27 368	21 509	24 172	20 594
Ships	9	1 218 923	1 110 295	1 070 858	997 694
Newbuilding contracts	9	102 329	36 024	36 024	24 217
Tank terminals	9	286 292	311 838	305 945	292 908
Tank containers		-	-	25 106	20 951
Office equipment and cars	9	8 642	9 756	10 381	7 326
Investments in associates	3,4	1 241	1 140	-	-
Available-for-sale-investments	16	-	63 590	-	-
Non-current receivables	17	1 746	3 845	4 383	6 246
Total non-current assets		**1 656 012**	**1 568 248**	**1 485 131**	**1 380 281**
CURRENT ASSETS					
Current receivables	18	94 019	79 171	95 415	82 648
Bunkers and other inventories	19	16 083	11 414	11 414	10 911
Available-for-sale investments	16	81 013	40 885	-	-
Bonds and certificates		-	-	120 745	88 293
Cash and cash equivalents	20	108 840	128 862	-	-
Cash and bank deposits		-	-	112 424	114 895
Total current assets		**299 954**	**260 333**	**339 999**	**296 747**
Assets of discontinued operations	13	-	43 145	-	-
Total assets	3	**1 955 966**	**1 871 725**	**1 825 129**	**1 677 028**

EQUITY AND LIABILITIES AS PER 31.12	Note	IFRS 2005	IFRS 2004	NGAAP 2004	NGAAP 2003
EQUITY					
Share capital	21	29 425	29 425	29 425	29 425
Share premium	21	109 955	109 955	109 955	109 955
Other equity		552 862	499 311	433 461	391 361
Minority interests		-	4 107	-	-
Total equity		**692 241**	**642 798**	**572 841**	**530 742**
Minority interests		-	-	4 107	3 951
NON-CURRENT LIABILITIES					
Deferred tax liabilities	12	34 397	25 262	25 047	18 689
Pension liabilities	22	14 172	15 777	6 097	5 603
Non-current interest bearing debt	23	941 740	880 922	1 026 341	943 629
Other non-current liabilities	24	18 029	28 612	25 300	33 900
Total non-current liabilities	3	**1 008 338**	**950 574**	**1 082 785**	**1 001 820**
CURRENT LIABILITIES					
Current portion of interest bearing debt	23	95 558	119 111	-	-
Taxes payable	12	5 468	3 202	3 202	2 798
Employee taxes payable		6 238	6 351	6 351	3 907
Dividend payable		-	-	28 712	32 464
Derivative financial instruments	25	1 311	-		
Other current liabilities	26	146 811	114 969	127 131	101 347
Total current liabilities	3	**255 387**	**243 633**	**165 396**	**140 515**
Liabilities of discontinued operations	13	-	34 720	-	-
Total equity and liabilities		**1 955 966**	**1 871 725**	**1 825 129**	**1 677 028**

Bergen, 7 March 2006

THE BOARD OF DIRECTORS OF ODFJELL ASA

B.D. Odfjell
CHAIRMAN

Terje Storeng

Peter G. Livanos

Reidar Lien

Marianna Moschou

Stein Pettersen

Laurence W.Odfjell

Terje Storeng
President/CEO

CASH FLOW STATEMENT

(USD 1 000	Note	IFRS 2005	IFRS 2004	NGAAP 2004	NGAAP 2003
CASH FLOW FROM OPERATING ACTIVITIES					
Operating result		170 424	114 036	105 733	77 692
Net result discontinued operations		-	694	-	-
Depreciation		107 449	99 959	97 790	89 948
Depreciation of capitalised dry-docking expenses		-	-	17 609	18 608
Capital (gain) loss on non-current assets		(14 210)	(6 645)	(9 292)	15
Inventory (increase) decrease		(4 669)	(503)	(503)	(1 095)
Trade debtors (increase) decrease		(6 353)	(6 817)	(6 817)	(8 460)
Trade creditors increase (decrease)		9 204	2 989	2 989	(136)
Difference in pension cost and pension premium paid		(242)	(125)	(125)	508
Other current accruals		(15 332)	34 959	32 846	89 068
Interest paid		(36 028)	(28 931)	(30 565)	(27 408)
Extraordinary expenses		-	-	-	(60 246)
Taxes paid		(5 999)	(3 928)	(3 928)	(3 595)
Net cash flow from operating activities		**204 243**	**205 688**	**205 737**	**174 898**
CASH FLOW FROM INVESTING ACTIVITIES					
Sale of non-current assets		34 724	26 935	26 935	223
Sale of discontinued operation	13	13 176	-	-	-
Investment in non-current assets	9	(315 628)	(228 204)	(228 204)	(177 599)
Investment in trading shares		-	-	-	115
Available-for-sale investments		23 998	(19 485)	-	-
Changes in non-current receivables		2 100	1 863	1 863	12 423
Interest received		7 890	4 056	4 303	4 647
Net cash flow from investing activities		**(233 739)**	**(214 835)**	**(195 103)**	**(160 192)**
CASH FLOW FROM FINANCING ACTIVITIES					
New interest bearing debt		313 320	419 775	419 775	271 355
Payment of interest bearing debt		(240 350)	(350 089)	(350 089)	(292 014)
Other financial expenses		(1 372)	895	(729)	(358)
Dividend		(59 896)	(52 956)	(52 956)	(23 817)
Net cash flow from financing activities		**11 703**	**17 625**	**16 001**	**(44 834)**
Effect on cash balances from currency exchange rate fluctuations		(2 229)	2 184	3 343	3 397
Net change in cash balances		**(20 022)**	**10 662**	**29 979**	**(26 731)**
Cash balances as per 01.01		128 862	118 200	203 191	229 922
Cash balances as per 31.12		**108 840**	**128 862**	**233 170**	**203 191**

As per 31 December 2005 the company had no available credit facilities.

STATEMENT OF CHANGES IN EQUITY

(USD 1 000)	Attributable to shareholders' equity								
	Share capital	Share premium	Exchange rate differ-ences	Fair value and other reserves	Retained earnings	Total other equity	Total share-holders´ equity	Minority interests	Total equity
Equity as at 01.01.2004, NGAAP	29 425	109 955	-	-	391 361	**391 361**	**530 742**	3 951	**534 692**
Effect of transition to IFRS						**-**	**-**		
Residual value ships	-	-	-	-	28 383	**28 383**	**28 383**	-	**28 383**
Dividend	-	-	-	-	19 478	**19 478**	**19 478**	-	**19 478**
Pensions	-	-	-	-	(6 610)	**(6 610)**	**(6 610)**	-	**(6 610)**
Other	-	-	1 426	-	4 435	**5 861**	**5 861**	-	**5 861**
Equity as at 01.01.2004, IFRS	**29 425**	**109 955**	**1 426**	**-**	**437 047**	**438 473**	**577 853**	**3 951**	**581 804**
Net result 2004	-	-	-	-	94 420	**94 420**	**94 420**	157	**94 576**
Dividend	-	-	-	-	(40 710)	**(40 710)**	**(40 710)**	-	**(40 710)**
Exchange rate differences on translating foreign operations	-	-	7 127	-	-	**7 127**	**7 127**	-	**7 127**
Equity as at 31.12.2004	**29 425**	**109 955**	**8 553**	**-**	**490 757**	**499 311**	**638 691**	**4 107**	**642 798**
Effect of implementing IAS 39	-	-	-	28 406	-	**28 406**	**28 406**	-	**28 406**
Equity as at 01.01.2005	**29 425**	**109 955**	**8 553**	**28 406**	**490 757**	**527 717**	**667 097**	**4 107**	**671 204**
Cash flow hedges changes in fair value	-	-	-	478	-	**478**	**478**	-	**478**
Cash flow hedges transferred to profit and loss statement	-	-	-	(27 975)	-	**(27 975)**	**(27 975)**	-	**(27 975)**
Available-for-sale investments recorded in shareholders' equity	-	-	-	(536)	-	**(536)**	**(536)**	-	**(536)**
Net result 2005	-	-	-	-	127 492	**127 492**	**127 492**	777	**128 268**
Dividend	-	-	-	-	(61 016)	**(61 016)**	**(61 016)**	-	**(61 016)**
Deconsolidating minority interests	-	-	-	-	-	**-**	**-**	(4 884)	**(4 884)**
Exchange rate differences on translating foreign operations	-	-	(13 298)	-	-	**(13 298)**	**(13 298)**	-	**(13 298)**
Equity as at 31.12.2005	**29 425**	**109 955**	**(4 745)**	**373**	**557 233**	**552 862**	**692 241**	**-**	**692 241**

Notes to the Group Financial Statement

1 CORPORATE INFORMATION

Odfjell ASA, Conrad Mohrsv. 29, 5072 Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell ASA is a public limited company incorporated in Norway and traded on the Oslo Stock Exchange. The consolidated financial statements of Odfjell for the year ended 31 December 2005 were authorised for issue in accordance with a resolution of the Board of Directors on 7 March 2006. The Odfjell Group includes Odfjell ASA and wholly owned or controlled subsidiaries incorporated in several countries (see note 30 and 31 for an overview of consolidated companies).

Odfjell is a leading company in the global market of transportation and storage of chemicals and other speciality bulk liquids as well as providing related logistical services. Through its various subsidiaries and joint ventures Odfjell owns and operates parcel tankers and tank terminals. The principal activities of the Group are described in note 3.

Unless otherwise specified the "Company", "Group", "Odfjell" and "we" refer to Odfjell ASA and its consolidated companies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.1 Basis for preparation

The Odfjell Group prepared its accounts according to International Financial Reporting Standards (IFRS) for the first time for the year-ended 31.12.2005 with comparable figures for 2004. See note 33 for changes made in the transition from Norwegian Generally Accepted Accounting Principles (NGAAP) to IFRS in the 2004 figures. All items in the financial statements have been reported, valued and accounted for in accordance with IFRS, which are comprised of standards and interpretations adopted by the International Accounting Standards Board (IASB). These include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) formerly the Standing Interpretations Committee (SIC).

The consolidated statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments (note 2.14) and financial investments (note 2.15).

2.2 Application of judgment

Certain of our accounting principles require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their very nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on historical experience, terms of existing contracts, observance of trends in the industry, information provided by customers and where appropriate, information available from other outside sources.

2.3 Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and information on potential liabilities. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the realisability of certain assets, the useful lives of assets, pension liabilities, provisions, income taxes and others. Although these estimates are based on management's interpretations of current events and actions, future events may lead to these estimates being changed and actual results may ultimately differ from those estimates. Such changes will be recognised when new estimates can be determined.

2.4 Changes in accounting principles

The following changes in accounting principles have been implemented in 2005 as a result of requirements stipulated in the accounting standards:

The IFRS standards IAS 32 "Financial instruments: disclosure and presentation" and IAS 39 "Financial instruments: recognition and measurement" were effective as from 1 January 2005 and were adopted by Odfjell from that date. In this respect we have documented hedge relationships and effectiveness between the derivative instruments and the hedged exposures, and we have designated each of the derivative instruments to exposures that are hedged. Upon initial application, all derivatives have been stated in the balance sheet as either assets or liabilities measured at fair value. Due to the implementation of hedge accounting, currency gains of USD 21 million in 2005 have been reclassified from financial items to the underlying hedged exposure (operating expenses and general and administration expenses).

2.5 Basis of consolidation

The same accounting principles are applied to all companies in the Odfjell Group. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated.

Investment in subsidiaries

The consolidated statements consist of Odfjell ASA and companies where Odfjell ASA directly or indirectly controls more than 50% of the votes (see note 30). Minority interests are included as a separate item under the shareholders' equity, and are recorded as a separate allocation of the net result. The minority interests include the minority's share of the equity of the subsidiary, including the share of identified excess value on the date when a subsidiary is acquired.

The Odfjell Group is using the purchase method when consolidating subsidiaries that have been acquired. Companies are consolidated from the time when control is obtained and up to the time of disposal. Identified excess values have been allocated to those assets to which the value relates. The excess values are based on exchange rates on the reporting date and are depreciated over the estimated economic lives, except for goodwill that is periodically tested for impairment (see note 2.12).

Investment in joint ventures

Joint ventures are entities over which the Group has contractually agreed to share the power to govern the financial and operating policies of the entity with another venturer(s). Our share of activities under joint control (see note 31) is included according to the gross method. Under this method the Group's proportionate share of revenues, costs, assets and liabilities are recognised with similar items in the financial statements on a line-by-line basis. A review of the carrying values in joint ventures is carried out when there are indications that there is a need to recognise impairment losses or when the need for previously recognised impairment losses is no longer present.

Investment in associates

Associated companies are entities over which the Group generally holds less than 50% of the voting rights or over which the Group has significant influence but not overall control. Associated companies (see note 4) are included according to the net method. Under this method the Group's share of the associated company's net result for the year is recognised in the profit and loss statement. The Group's interest in an associated company is carried on the balance sheet at an amount that reflects its share of the net assets of the associated company. Accounting for the associate is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred or guaranteed obligations in respect of the associated company.

2.6 Currency

Functional and presentation currency

The consolidated financial statements are presented in USD as the Group operates in an international market where the functional currency is mainly USD. The majority of the consolidated subsidiaries are regarded as independent entities since they are financially, economically and organisationally independent. Foreign subsidiaries' functional currencies are normally the local currency, except for our major shipping companies.

Transactions and balances

Transactions in foreign currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the profit and loss statement.

Foreign subsidiaries

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the profit and loss statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in the equity. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the profit and loss statement.

2.7 Revenue recognition

Revenue is recognised when it is probable that a transaction will generate a future economic benefit that will accrue to the company and the size of the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Total revenues and voyage related expenses in a period are accounted for as the percentage of completed voyages. Voyage accounting consists of actual figures for completed voyages and estimates for voyages in progress. Voyages are normally discharge-to-discharge. Ballast time, if any, is allocated to the approach voyage. Except for any period a ship is declared off-hire due to technical or other owner's matters, a ship is always allocated to a voyage.

Revenues from the storage of products in tank terminals are recognised in the profit and loss statement when the products are in the tank, the risk has been transferred and the company has established a receivable.

2.8 Income tax

The Group's income taxes include income taxes of Group companies based on taxable profit for the financial period, together with tax adjustments for previous periods and the change in deferred income taxes. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Deferred tax liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognise formerly unrecognised deferred tax assets to the extent that it has become probable that we can utilise the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilise these.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax and deferred tax assets are recognised irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognised at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under the Norwegian shipping tax regime will not be taxed on their net operating profit prior to distribution of profits to their shareholders. A portion of net financial income is taxed at the ordinary applicable tax rate. Income tax rate for undistributed profits is, under current conditions, zero and hence deferred taxes are to be calculated based on this zero tax rate. The income tax consequences of dividends are recognised when a liability to pay the dividend is recognised. Taxation under the shipping tax regime requires compliance to certain requirements, and voluntary or forced exit of the regime will result in taxation of undistributed profits.

Tax payable and deferred taxes are recognised directly in equity to the extent that they relate to factors that are recognised directly in equity.

2.9 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense (income) item, it is recognised as reduction (increase) of the expense (income) over the period necessary to match the grant on a systematic basis to the expense (income) that it is intended to compensate. Where the grant relates to an asset, the fair value is reduced and the grant is released to the profit and loss statement over the expected useful life of the relevant asset on a straight-line basis.

2.10 Non-current assets

Non-current assets are stated at historical cost, which includes purchase price, capitalised interest and other expenses directly related to the investment. The carrying value of the non-current assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts, capitalised interest and other costs directly associated with the newbuilding program and are not depreciated until the asset is available for use.

We estimate residual value at the expected time of disposal for assets, which is generally at the end of their useful life. To assess the residual value of ships we use the market value for scrapping. For terminals we use a best estimate for the value of the tank asset less dismantling expenses. The residual values are evaluated on a regular basis and any changes have an effect on future depreciations.

Each component of a non-current asset that is significant to the total cost of the item shall be depreciated separately. The company allocates the amount initially recognised in respect of an item of non-current asset to its significant components and depreciates separately each such component over their useful lives. The book value of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the profit and loss statement during the financial period in which they are incurred.

The cost of major renovations and periodic maintenance is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the asset. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance. The investment is depreciated over the remaining useful life of the asset and for the periodic maintenance part over the period until the next periodic maintenance.

Expected useful lives of non-current assets are reviewed at each balance sheet date and where they differ significantly from previous estimates, depreciations are adjusted accordingly.

Depreciation of the above mentioned assets appear as depreciation in the profit and loss statement.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating result. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less selling costs.

2.11 Leases

Assets financed under finance leases are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the net present value of the minimum lease payments. Lease payments consist of a capital element and finance cost, the capital element reduces the obligation to the lessor and the finance cost is expensed. Capitalised leased assets are depreciated over the estimated useful life in accordance with note 9.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss statement on a straight-line basis over the lease term, see note 5 and note 29.

2.12 Goodwill

Excess value on the purchase of operations that cannot be allocated to fair value of assets or liabilities on the acquisition date is shown in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.
Goodwill is not amortised, but goodwill is allocated to the relevant cash generating unit and an assessment is made each year as to whether the carrying amount can be justified by future earnings, see note 2.13 impairment of assets.

2.13 Impairment of assets

The values of non-current assets are reviewed for impairment periodically and when events or changes in circumstances indicate that the book value may not be recoverable. The recoverable amount is the highest of the fair market value of the asset and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use"). The NPV is based on an interest rate according to a weighted average cost of capital ("WACC"). The WACC reflects the company's long term borrowing rate and a risk free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognised in the profit and loss statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows. We have made the following assumptions when calculating the "value in use" for material assets:

Ships

Future cash flow is based on an assessment of what is a normal timecharter earning and a normal level of operating expenses for each type of ship over the remaining useful life of the ship. All parcel tankers are interchangeable and are therefore seen together as a portfolio of ships.

Tank terminals

Future cash flow is based on a normalised result for each terminal. We have calculated the "value in use" based on five years' EBITDA and a residual value after five years.

Goodwill

An assessment is made as to whether the carrying amount of the goodwill can be justified by future earnings from the cash generating unit (CGU) to which the goodwill relates. If the "value in use" of the CGU is less than the carrying amount of the CGU, including goodwill, goodwill will be written down first. Thereafter the carrying amount of the CGU will be written down.

With the exception of goodwill, impairment losses recognised in the profit and loss statements for previous periods are reversed when there is information that the basis for the impairment loss no longer exists or is not as great as it was. This reversal is defined as revenue as an impairment reversal. A reversal is limited to the total previous impairment loss allowance for the asset.

2.14 Derivative financial instruments

Derivative financial instruments are on the transaction date recognised on the balance sheet at cost and thereafter revalued at their fair value. The method of recognising the gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, we designate certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecasted transaction (cash flow hedge) or of a firm commitment (fair value hedge).

Changes in the fair value of derivatives that qualify as fair value hedges and that are highly effective both prospectively and retrospectively are recorded in the profit and loss statement under finance cost, along with any changes in the fair value of the hedged asset, liability or firm commitment that is attributable to the hedged risk.

Changes in the fair value of derivatives that qualify as cash flow hedges and that are highly effective both prospectively and retrospectively are recognised in equity. Amounts deferred in equity are transferred and classified in the profit and loss statement when the underlying hedged items impact net result in a manner consistent with the underlying nature of the hedged transaction.

If a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction is ultimately recognised in the profit and loss statement. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss statement.

Certain derivative transactions, while providing effective economic hedges under the Group risk management policy, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of derivative instruments that do not qualify for hedge accounting under IAS 39 are shown immediately in the profit and loss statement. This also applies to any ineffective parts of a derivative financial instrument that qualifies as a hedge.

At the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions is documented. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions, are highly effective in offsetting changes in fair values or cash flows of the hedged items. The derivative instruments used by the Group are not leveraged, and are not held for speculative arbitrage or investment purposes.

Derivative financial instruments are recorded at fair value, determined by reference to market values estimated by banks etc.

2.15 Financial investments

Financial investments have been classified into trading, held-to-maturity and available-for-sale categories. The classification is dependent on the purpose for which the investments were acquired. Financial investments with less than 12 months to maturity or if they are being regularly traded are classified as current assets, otherwise as non-current.

Purchases and sales of financial investments are recognised on the settlement date, which is the date that the asset is delivered to or by the Group. The cost of purchase includes transaction costs. Financial investments are subsequently carried at fair value.

The fair values of financial investments are based on quoted closing prices when available or at fair value if otherwise determinable. If fair values cannot be measured reliably, such investments are recognised at cost less impairment.

Unrealised gains and losses arising from changes in the fair value of financial investments classified as available-for-sale are recognised in equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity are included in the profit and loss statement as gains and losses from financial investment.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the profit and loss statement.

A previously recognised impairment loss is reversed when the impairment loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred which reverse the effect of that event

2.16 Trade receivables

Trade receivables are recognised at the original invoiced amount less provision for bad debts if there is any objective evidence of a fall in value.

2.17 Inventories

Bunkers and other inventories are accounted for at the lower of purchase price and net realisable value on a first-in, first-out basis.

2.18 Cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalent in the cash flow statement does not include available credit facilities.

2.19 Discontinuing operations

A discontinuing operation arises from a decision to divest an operation comprising a separate major line of business for which the assets less liabilities and net financial results may be distinguished physically, operationally and for financial reporting purposes. Assets and liabilities of discontinuing operations are specified on the balance sheet from the period in which the decision is taken and the sale is highly probable until the divestment takes place. Net result from discontinuing operations in the profit and loss statement is restated for previous periods. The post-tax gain or loss on disposal of discontinuing operation is shown as a separate item on the consolidated profit and loss statement.

2.20 Equity

Paid in equity

(i) Share capital

The portion of the paid-in-capital equalling number of shares at their nominal value.

(ii) Share premium

The excess value of the total paid-in-capital not reflected in the nominal value of the shares.

Other equity

(i) Exchange rate differences

Exchange rate differences arise in connection with currency differences when foreign entities are consolidated. When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and appear in the profit and loss statement in the same period as the gain or loss on the sale is recognised.

(ii) Fair value and other reserves

The fair value and other reserves include the total net change in the fair value of the cash flow hedge and financial investment. When the hedged cash flow matures or is no longer expected to occur the net change in fair value is transferred to the profit and loss statement. When financial investments are sold or impaired, the accumulated fair value adjustments in equity are included in the profit and loss statement as gains and losses from financial investment.

(iii) Dividends

Dividends are recorded as a deduction to other equity in the period in which they are approved by the shareholders.

(iv) Retained earnings

The net result attributable and available for distribution to the shareholders.

2.21 Dismantling liabilities

If there is legal or constructive obligation to dismantle a tank terminal at the end of its useful life, liabilities for future dismantling expenses are accrued at discounted values. The dismantling liability is included in the asset value. The liabilities are regularly evaluated, and adjusted when there are material changes in interest rates, inflation or in other dismantling expenses. The adjustments are recognised as financial expenses.

2.22 Interest bearing debt

Interest bearing debt is classified as non-current liabilities and appears initially as the amount of proceeds received, net of transaction costs incurred. In subsequent periods, transaction costs are deferred and charged to the profit and loss statement over the life of the underlying debt according to the effective yield method.

Interest bearing debt are generally non-current liabilities, while instalments within the next 12 months are classified as current liabilities.

2.23 Provisions
Provisions are made when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and the level shall reflect the best estimate of the liability.

2.24 Pension cost and liabilities
The Group operates a mixture of pension plans in accordance with the local conditions and practices in the countries in which it operates. Such pension plans are defined benefit plans or contribution plans according to the customary pension plans prevailing in the country concerned.

Defined benefit pension plans are pension plans with retirement, disability and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary with the company. Generally the schemes are funded through payments to insurance companies as determined by periodic actuarial calculations. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The net pension liability is calculated based on certain estimates with regards to interest rates, future salary adjustments etc. The estimates are based on historical experience and current market conditions. The cost of providing pensions is charged to the profit and loss statement so as to spread the regular cost over the vesting period of the employees. The effect of changes in estimates exceeding 10% of the highest of pension liabilities and plan assets is accounted for. Such changes are amortised over the remaining vesting period.

For defined contribution plans, contributions are paid to pension insurance plans. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the profit and loss statement in the period to which the contributions relate.

The Group may at any time make alterations to the terms and conditions of the pension scheme and undertake that they will inform the employees of any such changes.

2.25 Earnings per share
The basic and diluted earnings per share are computed using the weighted average number of shares outstanding during the period.

2.26 Comparatives
Comparative figures have been reclassified to conform to changes in presentation in the current year when there are changes in accounting principles, corrections of errors or operations defined as discontinuing.

2.27 Segments
The definition of main business segments, our primary reporting format, is based on the company's internal reporting. Business segments provide services that are subject to risks and returns that are different from those of other business segments. The Group's secondary reporting format, geographical segments, is provided for revenue, total assets and capital expenditure, as the reliability measurement criteria cannot be met for other items. Any single country contributing with more than 10% of the total revenue/asset/capital expenditure is reported separately. Our shipping revenue is allocated on the basis of the area in which the cargo is loaded. For the tank terminals the revenue is allocated to the area where the respective companies are located. Total assets and capital expenditure are allocated to the area where the respective assets are located while ships and newbuilding contracts are not allocated to a certain area as the ships sail on a worldwide basis. Financial information relating to segments is presented in note 3.

Transactions between the individual business areas are priced at market terms and are eliminated in the consolidated accounts.

2.28 Events after the balance sheet date
New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future are stated, if significant.

2.29 IFRSs and IFRIC interpretations relevant for the Group not effective as per 31.12.2005
IAS 19 (Amendment), Employee Benefits.
This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. The Group will apply this amendment from annual periods beginning 1 January 2006, which will impact the format and extent of disclosures presented in the accounts.

IFRS 7, Financial Instrument: Disclosures.
IFRS 7 introduces new disclosures to improve the information about financial instruments. The Group will apply IFRS 7, and the amendment to IAS 1, from annual period beginning 1 January 2007.

IFRIC 4, Determining whether an Arrangement contains a Lease.
IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. The Group will apply IFRIC 4 from annual periods beginning 1 January 2006.

The Group expects that adoption of the pronouncements listed above will have no material impact on the Group's financial statements in the period of initial application.

3 SEGMENT INFORMATION

The company has two reportable business segments: Parcel Tankers and Tank Terminals. The Parcel Tankers involve a "round the world" service, servicing ports in Europe, the North and South America, Asia Pacific and Africa. Our fleet composition enables us to offer both global and regional transportation. Tank Terminals play an important operational role in our cargo-consolidation programme to reduce the time our ships spend in port and enables us to be one of the world-leaders in combined shipping and storage services. Our Tank Container segment was sold with effect 01.01.2005 and is therefore deconsolidated in 2004 and reported as discontinued operations. Refer to note 13 for more details. Tank Containers are primarily being used for transportation of chemicals and liquids in small quantities and to locations with limited infrastructure.

The "Eliminations" category includes sales and transfers between the reportable segments.

The Group provide geographical data for revenue, total assets and capital expenditure only, as the reliability measurement criteria cannot be met for other items. The Group's activities are mainly divided among the following regions: Europe, North and South America and Middle East and Asia. The majority of revenue and assets relates to shipping. Ships and newbuilding contracts are not allocated to specific geographical areas as they generally trade world-wide.

BUSINESS SEGMENT DATA FOR YEAR ENDED 31 DECEMBER 2005

(USD 1 000)	Parcel Tankers	Tank Terminals	Tank Containers - discontinued operations	Eliminations	Total
PROFIT AND LOSS STATEMENT					
Gross revenue from external customers	915 337	129 510	-	-	**1 044 847**
Gross revenue from internal customers	-	2 218	-	(2 218)	**-**
Gross revenue	**915 337**	**131 728**	**-**	**(2 218)**	**1 044 847**
Net income from associates	-	101	-	-	**101**
Operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)	215 938	47 725	-	-	**263 663**
Depreciation	(88 685)	(18 764)	-	-	**(107 449)**
Capital gain (loss) on non-current assets	10 534	3 676	-	-	**14 210**
Operating result (EBIT)	**137 787**	**32 637**	**-**	**-**	**170 424**
Net financial items	(21 544)	(6 359)	-	-	**(27 903)**
Taxes	(12 014)	(6 613)	-	-	**(18 628)**
Net result	**104 229**	**19 665**	**4 376**	**-**	**128 269**
Minority interests	-	777	-	-	**777**
BALANCE SHEET					
Investments in associates	-	1 241	-	-	**1 241**
Total assets	1 597 158	392 628	-	(33 820)	**1 955 966**
Total debt	1 051 569	222 848	-	(10 692)	**1 263 725**
CASH FLOW STATEMENT					
Net cash flow from operating activities	163 010	41 233	-	-	**204 243**
Net cash flow from investing activities	(215 093)	(18 646)	-	-	**(233 739)**
Net cash flow from financing activities	17 194	(5 492)	-	-	**11 703**
Capital expenditure	(294 854)	(20 774)	-	-	**(315 628)**

BUSINESS SEGMENT DATA FOR YEAR ENDED 31 DECEMBER 2004

(USD 1 000)	Parcel Tankers	Tank Terminals	Tank Containers - discontinued operations	Eliminations	Total
PROFIT AND LOSS STATEMENT					
Gross revenue from external customers	816 809	126 671	-	-	**943 481**
Gross revenue from internal customers	-	2 706	-	(2 706)	-
Gross revenue	**816 809**	**129 377**	**-**	**(2 706)**	**943 481**
Net income from associates	-	86	-	-	**86**
Operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)	158 526	48 824	-	-	**207 350**
Depreciation	(80 079)	(19 881)	-	-	**(99 959)**
Capital gain (loss) on non-current assets	6 645	-	-	-	**6 645**
Operating result (EBIT)	**85 092**	**28 944**	**-**	**-**	**114 036**
Net financial items	(3 018)	(5 858)	-	-	**(8 876)**
Taxes	(3 215)	(8 063)	-	-	**(11 278)**
Net result	**78 859**	**15 023**	**695**	**-**	**94 577**
Minority interests	-	157	-	-	**157**
BALANCE SHEET					
Investments in associates	-	1 140	-	-	**1 140**
Total assets	1 466 916	397 273	43 145	(35 610)	**1 871 725**
Total debt	965 983	233 078	34 720	(4 855)	**1 228 927**
CASH FLOW STATEMENT					
Net cash flow from operating activities	165 932	38 748	1 008	-	**205 688**
Net cash flow from investing activities	(195 233)	(13 259)	(6 343)	-	**(214 835)**
Net cash flow from financing activities	34 365	(19 972)	3 233	-	**17 625**
Capital expenditure	(200 469)	(22 339)	(5 396)	-	**(228 204)**

GROSS REVENUE PER GEOGRAPHICAL SEGMENT

(USD 1 000)	2005	2004
USA	235 345	225 499
Other North America	4 994	8 001
South America	169 582	145 584
Netherlands	153 136	151 724
Other Europe	85 504	69 773
Africa	88 550	76 021
Australasia	13 574	8 877
Middle East and Asia	294 163	258 001
Total gross revenue	**1 044 847**	**943 481**

TOTAL ASSETS PER GEOGRAPHICAL SEGMENT

(USD 1 000)

	2005	2004
North America	126 521	135 804
South America	12 247	10 746
Norway	174 673	212 210
Europe	196 148	247 943
Middle East and Asia	125 126	118 703
Unallocated ships and newbuilding contracts	1 321 252	1 146 318
Total assets	**1 955 966**	**1 871 725**

CAPITAL EXPENDITURE PER GEOGRAPHICAL SEGMENT

(USD 1 000)	2005	2004
North America	1 162	1 425
South America	6 011	852
Norway	7 074	3 900
Europe	68 436	20 853
Middle East and Asia	869	375
Unallocated ships and newbuilding contracts	232 076	200 799
Total capital expenditure	**315 628**	**228 204**

4 INVESTMENTS IN ASSOCIATES

(USD 1 000)

Entity	Country	Segment	Ownership interest	Carrying amount
V.O. Tank Terminal Ningbo	China	Tank Terminals	12.5%	
Investments in associates 01.01.2004				1 054
Net income from associates 2004				86
Investments in associates 31.12.2004				**1 140**
Net income from associates 2005				101
Investments in associates 31.12.2005				**1 241**

As Odfjell is involved in the management and has significant influence of this company, it is accounted for as an associated company. Since V.O. Tank Terminal Ningbo is an unlisted company, there are no quoted prices for a fair value consideration. A summary of financial information for our share of the associate:

(USD 1 000)	2005	2004
Gross revenue	394	366
Net result	101	86
Assets	1 316	1 203
Liabilities	75	63
Equity	1 241	1 140

5 TIME-CHARTER EXPENSES

Time-charter expenses consist of expenses for operating leases, see note 29 for future obligations.

(USD 1 000)	2005	2004
Floating TC-expenses	72 911	80 179
Other TC-expenses	83 443	77 926
Total time-charter expenses	**156 354**	**158 105**

6 OPERATING EXPENSES

(USD 1 000)	2005	2004
Salary expenses (note 8)	97 603	89 217
Cost of operations terminals	32 261	30 788
Cost of operations ships	101 465	69 799
Tonnage tax	350	469
Currency hedging	(12 102)	-
Total operating expenses	**219 577**	**190 273**

Operating expenses consist of expenses for operating ships and terminals (for example wages and remunerations for crew and operational personnel, and materials and equipment for ships and terminals).

7 GENERAL AND ADMINISTRATIVE EXPENSES

(USD 1 000)	2005	2004
Salary expenses (note 8)	44 402	49 387
Other expenses	28 883	41 857
Currency hedging	(8 835)	-
Total general and administrative expenses	**64 449**	**91 244**

General and administrative expenses consist of expenses for headquarters' activity, activity outside Bergen for brokerage, agency and general administration in tank terminals.

Including in the above is auditor's remuneration for:

(USD 1 000 exclusive VAT)	2005	2004
Auditing	524	328
Confirmations	11	3
Tax	154	112
Others	239	281
Total remuneration	**928**	**725**

8 SALARY EXPENSES, NUMBER OF EMPLOYEES AND BENEFITS TO BOARD OF DIRECTORS AND MANAGEMENT

Salary expenses are included in operating and general and administrative expenses according to the activity.

(USD 1 000)	2005	2004
Salaries	114 113	113 559
Social expenses	19 704	17 359
Pension expenses defined benefit plans (note 22)	6 441	6 089
Pension expenses defined contribution plans (note 22)	918	791
Other benefits	828	807
Total salary expenses	**142 004**	**138 604**

The salary expenses include bonus payment to employees of USD 4.7 mill. (USD 7.9 mill. in 2004). Bonus expenses are included with USD 2.1 mill. in operating expenses and USD 2.6 mill. in general and administrative expenses. In 2004 the comparable figures were USD 2.1 mill. and USD 5.8 mill. respectively.

Average number of employees:	2005	2004
Europe	900	872
North America	122	129
South East Asia	1 628	1 406
South America	332	293
Other	296	512
Total average number of employees	**3 277**	**3 210**

Total average number of employees have been recalculated for discontinued operations. The sale of a joint venture company led to a reduction of 158 in the number of employees.

During 2005 the Board of Directors consisted of 7 members (6 in 2004). Compensation and benefits to the Board of Directors:

(USD 1 000)	2005	2004
Salary	315	279
Pension contribution (note 22)	4	30
Other benefits	2	2

In addition to the President/CEO, the senior management team consisted of 8 members in 2005 (same as in 2004.) Compensation and benefits to the President/CEO and other senior management:

	2005		2004	
(USD 1 000)	President/CEO	Other senior management	President/CEO	Other senior management
Salary	472	1 626	335	1 442
Bonus	229	783	29	110
Pension contribution (note 22)	50	344	54	282
Other benefits	24	226	23	236
Total compensation and benefits	**775**	**2 979**	**441**	**2 070**

The President/CEO is entitled to two years salary if the company terminates the employment prior to the age of 60. As from the age of 60 both the President/CEO and the company have the right to terminate the employment with 12 months notice, however the President/CEO has the right to resign and enter into a fixed consultancy agreement, remunerated at 50% of the preceding year's fixed salary. Annual pension after the age of 65 will be 66% of 18G (presently 18G equals USD 161 596).

Senior management group is included in the company's defined benefit pension plan, see note 22. The company also has funded pension obligations related to senior management for salaries exceeding 12G (presently 12G equals USD 107 677), up to 66% of 18G.

The company does not have any performance-related and incentive pay scheme or any stock option plans.

In Norway, employees are entitled to loans from the company, see note 17. Employee loans are primarily secured by property mortgages. Loans to senior management are interest free, while other employee loans are currently calculated at 2.5% interest per annum. Loans to senior management are repayable over 10 years after a grace period of 5 years. Other employee loans are generally repaid over 5 years. Following members of senior management have loans from the company: Terje Storeng (USD 0.1 mill.), Jan Didrik Lorentz (USD 0.2 mill.), Jan Hammer (USD 0.2 mill.), Atle Knutsen (USD 0.2 mill.) and Svein Gustav Steimler (USD 0.1 mill.).

9 NON-CURRENT ASSETS

(USD 1 000)	Real estate	Ships and newbuilding contracts	Periodic maintenance	Tank terminals	Tank containers	Office equipment and cars	Total
Net carrying amount 01.01.2005	21 509	1 116 073	30 246	311 838	-	9 756	**1 489 422**
Investment	8 723	239 768	43 526	20 774	-	2 837	**315 628**
Sale at book value	-	(13 157)	(9 194)	(11 209)	-	(131)	**(33 691)**
Depreciation 2005	(1 489)	(63 224)	(22 786)	(16 984)	-	(2 966)	**(107 449)**
Exchange rate differences	(1 375)	-	-	(18 128)	-	(854)	**(20 357)**
Net carrying amount 31.12.2005	**27 368**	**1 279 460**	**41 792**	**286 292**	**-**	**8 642**	**1 643 554**
Cost	27 547	1 475 982	30 246	425 188	-	28 230	**1 987 193**
Accumulated depreciation	(6 037)	(359 909)	-	(113 350)	-	(18 474)	**(497 770)**
Net carrying amount 01.01.2005	**21 509**	**1 116 073**	**30 246**	**311 838**	**-**	**9 756**	**1 489 423**
Cost	34 576	1 702 593	41 792	416 625	-	30 082	**2 225 668**
Accumulated depreciation	(7 208)	(423 133)	-	(130 333)	-	(21 440)	**(582 114)**
Net carrying amount 31.12.2005	**27 368**	**1 279 460**	**41 792**	**286 292**	**-**	**8 642**	**1 643 554**
Net carrying amount 01.01.2004	20 913	1 030 682	20 320	300 906	21 277	9 847	**1 403 944**
Investment	3 519	165 795	27 535	22 339	5 396	3 620	**228 204**
Sale at book value	-	(20 113)	-	-	-	(177)	**(20 290)**
Assets classified as discontinued operations	(2 634)	-	-	-	(26 673)	(674)	**(29 981)**
Depreciation 2004	(982)	(60 291)	(17 609)	(18 217)		(2 860)	**(99 959)**
Exchange rate differences	693	-	-	6 810	-	-	**7 504**
Net carrying amount 31.12.2004	**21 509**	**1 116 073**	**30 246**	**311 838**	**-**	**9 756**	**1 489 422**
Cost	26 789	1 403 962	20 320	402 898	27 712	27 070	**1 908 751**
Accumulated depreciation	(5 876)	(373 280)	-	(101 992)	(6 435)	(17 223)	**(504 806)**
Net carrying amount 01.01.2004	**20 913**	**1 030 682**	**20 320**	**300 906**	**21 277**	**9 847**	**1 403 945**
Cost	27 547	1 475 982	30 246	425 188	-	28 230	**1 987 193**
Accumulated depreciation	(6 037)	(359 909)	-	(113 350)	-	(18 474)	**(497 770)**
Net carrying amount 31.12.2004	**21 509**	**1 116 073**	**30 246**	**311 838**	**-**	**9 756**	**1 489 423**

Depreciation periods

Non-current assets are depreciated straight-line over their estimated useful lives as follows (in years):

Real estate .... up to 50
Ships 25
Periodic maintenance .... 2.5 – 5
Main components of tank terminals................ 10 - 40
Office equipment and cars 3-15

Fully depreciated non-current assets
Assets with a total cost price of USD 2.6 mill. have been fully depreciated as at 31 December 2005, but are still in use.

Assets financed under finance leases
The carrying amount of ships financed under finance leases were USD 254.3 mill. and USD 266.0 mill. at 31 December 2005 and 31 December 2004 respectively.

Capitalised interest on newbuilding contracts
Newbuilding contracts include capitalised interest in connection with the finance of the newbuilding program. The capitalised interest carried in the balance sheet equalled USD 2.6 mill. in 2005 and USD 0.8 mill. in 2004.

Impairment charges
The management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.13 and no impairment was necessary as recoverable amounts were higher than book values in both 2005 and 2004.

Change in depreciation periods
The management reviewed the depreciation periods for ships. This has led to 6 ships (2004; 6 ships) that was previously depreciated over 25 years now being depreciated on average over 28.3 years. This has been accounted for as a change in estimates, and has decreased depreciation expenses of USD 1.9 mill. in 2005 and USD 2.9 mill. in 2004.

10 OTHER FINANCIAL ITEMS

(USD 1 000)	2005	2004
Other financial income	223	188
Other financial expenses	(1 502)	(973)
Changes in the fair value of investments classified as financial assets at fair value through profit or loss	(93)	(103)
Total other financial items	**(1 372)**	**(888)**

11 CURRENCY GAINS (LOSSES)

(USD 1 000)	2005	2004
Currency hedging contracts	769	16 231
Non-current receivables and liabilities	(478)	(223)
Cash and cash equivalents	(2 229)	2 184
Other current assets and current liabilities	3 721	(1 305)
Total currency gains (losses)	**1 783**	**16 887**

12 TAXES

(USD 1 000)	2005	2004
Taxes payable, Norway	(2 008)	-
Taxes payable, other jurisdictions	(3 798)	(5 098)
Change in deferred tax, Norway – within shipping tax system	6 730	(8 291)
Change in deferred tax, Norway – ordinary tax	(15 987)	5 405
Change in deferred tax, other jurisdictions	(3 565)	(3 294)
Total taxes	**(18 628)**	**(11 278)**

A reconciliation of the effective rate of tax and the tax rate in Odfjell ASA's country of registration:

(USD 1 000)	2005	2004
Pre-tax profit	142 521	105 160
Tax assessed at the tax rate in Odfjell ASA's country of registration		
(28% in 2005 and 28% in 2004)	(39 906)	(29 445)
Difference between Norwegian and rates in other jurisdictions	(1 209)	(1 511)
Tax related to non-deductible expenses	(2 540)	(2 882)
Tax related to non-taxable income	25 026	22 560
Tax expense	**(18 628)**	**(11 278)**
Effective tax rate	**13.1%**	**10.7%**

The tax returns of the company and its subsidiaries' are routinely examined by relevant tax authorities. From time to time, in the ordinary course of business, certain items in the tax returns are questioned or challenged. The company believes that adequate tax provisions have been made for open years.

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2005	2004
Pensions	12 359	14 093
Provisions	31 322	16 474
Loss carried forward	110 646	93 136
Loss carried forward not accounted for	(97 477)	-
Total negative temporary differences	**56 850**	**123 703**
Property, plant and equipment	74 228	53 400
Deferred gains/losses	24 753	(2 261)
Non-current receivables and liabilities	51 988	123 767
Other	20 210	30 546
Total positive temporary differences	**171 179**	**205 452**
Total recognised deferred tax liabilities	**34 397**	**25 262**

The Group has a total loss carried forward of USD 110.6 mill. as at 31 December 2005 (2004: USD 93.1 mill.), that are available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax group contributions are also available within the same countries and within the same tax regime.

Based on an evaluation of current and future tax positions in certain companies deferred tax assets have been written down with USD 15 417 in year 2005. It is no longer probable there will be sufficient future taxable profits to utilise the tax losses carried forward due to reduced activity in the relevant companies.

The distribution of dividend to the Odfjell ASA's shareholders does not affect the company's payable or deferred tax.

The changes in temporary differences in 2005 are as follows:

(USD 1 000)	01.01.2005	Changes in temporary differences	31.12.2005
Pensions	(14 093)	1 735	**(12 359)**
Provisions	(16 474)	(14 848)	**(31 322)**
Loss carried forward	(93 136)	(17 510)	**(110 646)**
Loss carried forward not accounted for	-	97 477	**97 477**
Property, plant and equipment	53 400	20 828	**74 228**
Deferred gain/losses	(2 261)	27 014	**24 753**
Non-current receivables and liabilities	123 767	(71 779)	**51 988**
Other	30 546	(10 336)	**20 210**
Total	**81 748**	**32 581**	**114 329**

Accumulated non-taxed income within Norwegian shipping tax systems:

(USD 1 000)	2005	2004
Balance of untaxed income at entry into the shipping tax system	387 559	427 842
Accumulated untaxed operating income	310 623	302 120
Accumulated untaxed income	**698 181**	**729 962**
Deferred tax liabilities	-	-

Companies taxed under the Norwegian shipping tax regime will not be taxed on their net operating profit prior to distribution of profits to their shareholders. Income tax rate for undistributed profits is, under current conditions, zero and hence deferred taxes are to be calculated based on this zero tax rate. The income tax consecquences of dividends are recognised, when a liability to pay the dividend is recognised. Taxation under the shipping tax regime requires compliance to certain requirements, and voluntary or forced exit of the regime will result in taxation of undistributed profits.

13 DISCONTINUED OPERATIONS

In December 2004 Odfjell agreed to sell its 50% shareholding in the tank container joint-venture company Hoyer-Odfjell BV, Rotterdam to our joint-venture partner Hoyer. Hoyer-Odfjell was the only entity in Odfjell's Tank Container segment and its business was transportation of chemicals and other liquids in tank containers. We decided to sell our share of the business to our joint venture partner Hoyer due to different views on the strategic development of the company. The agreement was effective from January 2005 and shareholder loans were repaid and we were released of guarantees established for Hoyer-Odfjell`s financial commitments. Hoyer-Odfjell is not consolidated in 2005 as the disposal was executed in the beginning of the year. Based on the sales price of USD 13.2 mill. the gain on the sale equalled USD 4.4 mill. This gain is included in the profit and loss statement under net result discontinued operations.

The results of Hoyer-Odfjell for the year:

(USD 1 000)	2004
Gross revenue	57 342
Voyage expenses	(45 348)
Gross result	**11 994**
General and administrative expenses	(7 594)
Operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)	**4 400**
Depreciation	(1 879)
Capital gain (loss) on non-current assets	(2)
Operating result (EBIT)	**2 518**
Interest income	247
Interest expenses	(1 632)
Currency gains (losses)	(64)
Net financial items	**(1 449)**
Result before tax	**1 069**
Taxes	(375)
Net result	**695**
Earnings per share (USD) – basic and diluted	0.008

The major classes of assets and liabilities of Hoyer-Odfjell classified as discontinued operations as at 31 December 2004:

(USD 1 000)	2004
Goodwill	2 112
Real estate	2 634
Tank containers	25 106
Office equipment and cars	674
Non-current receivables	158
Current receivables	12 660
Cash and cash equivalents	(199)
Assets of discontinued operations	**43 145**
Deferred tax liabilities	(231)
Pension liabilities	11
Non-current interest bearing debt	16 957
Current portion of interest bearing debt	5 883
Other current liabilities	12 100
Liabilities of discontinued operations	**34 720**

The net cash flows incurred by Hoyer-Odfjell:

(USD 1 000)	2004
Net cash flow from operating activities	1 008
Net cash flow from investing activities	(6 343)
Net cash flow from financing activities	3 233
Net cash inflow/(outflow)	**(2 102)**

The sale of Hoyer-Odfjell had the following effect on the Group's financial position in 2005:

(USD 1 000)	Discontinued operations sold in 2005
Assets of discontinued operations 01.01.2005	43 145
Liabilities of discontinued operations 01.01.2005	(34 720)
Net identifiable assets and liabilities	**8 425**
Cost of sale	375
Gain on sale	4 376
Cash received	**13 176**

14 EARNINGS PER SHARE

Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of shares. The weighted average number of shares is adjusted to reflect share splits. The basic and diluted earnings per share are the same, as the company has no convertible bond loan or stock option plan.

(USD 1 000)	2005	2004
Net result from continuing operations	123 116	93 725
Net result from discontinued operations	4 376	695
Net result allocated to shareholders	**127 492**	**94 420**

	2005	2004
Average weighted number of shares (1 000)	86 769	86 769
Basic/Diluted earnings per share from continuing operations	1.42	1.09
Basic/Diluted earnings per share from discontinued operations	0.05	0.01
Basic/Diluted earnings per share (USD)	**1.47**	**1.09**

15 GOODWILL

(USD 1 000) **In relation to acquisition of**	**Cost 01.01.2005**	**Investment**	**Sale**	**Impairment 2005**	**Exchange rate differences**	**Book value 31.12.2005**
Odfjell Terminals (Rotterdam) BV	5 352	-	-	-	(699)	**4 653**
Flumar Transportes de Quimicos e Gases Ltda	537	-	-	-	-	**537**
Oiltanking Odfjell Terminal Singapore Pte Ltd	4 362	-	-	-	(82)	**4 280**
Total goodwill	**10 251**	**-**	**-**	**-**	**(781)**	**9 470**

In relation to acquisition of	**Cost 01.01.2004**	**Investment**	**Sale**	**Impairment 2004**	**Exchange rate differences**	**Book value 31.12.2004**
Odfjell Terminals (Rotterdam) BV	4 937	-	-	-	415	**5 352**
Flumar Transportes de Quimicos e Gases Ltda	537	-	-	-	-	**537**
Oiltanking Odfjell Terminal Singapore Pte Ltd	4 186	-	-	-	176	**4 362**
Total goodwill	**9 660**	**-**	**-**	**-**	**591**	**10 251**

The management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 2.13 and no impairment was necessary as recoverable amounts were higher than book values in both 2005 and 2004.

16 AVAILABLE-FOR-SALE INVESTMENTS

(USD 1 000)	**Currency**	**Average interest rate 2005**	**Book value 2005**	**Book value 2004**
Bonds and certificates issued by financial institutions	EUR	-	-	15 675
Bonds and certificates issued by financial institutions	USD	4.3%	56 934	61 920
Bonds and certificates issued by corporates	EUR	11.0%	3 986	-
Bonds and certificates issued by corporates	USD	4.5%	20 093	26 880
Total available-for-sale investments			**81 013**	**104 475**

Book value equals market value. In 2005 unrealised losses of USD 0.5 million were recognised directly to equity. Bonds and certificates generally have interest rate adjustments every three months.

17 NON-CURRENT RECEIVABLES

(USD 1 000)	**2005**	**2004**
Loans to employees (note 8)	1 254	1 937
Other non-current receivables	492	1 908
Total non-current receivables	**1 746**	**3 845**

18 CURRENT RECEIVABLES

(USD 1 000)	2005	2004
Trade receivables	80 157	76 012
Other receivables	5 863	3 885
Pre-paid costs	13 216	3 205
Provisions for bad debts	(5 216)	(3 931)
Total current receivables	**94 019**	**79 171**

19 BUNKERS AND OTHER INVENTORIES

(USD 1 000)	2005	2004
Bunkers	15 194	10 579
Other inventories	888	835
Total bunkers and other inventories	**16 083**	**11 414**

20 CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on bank time deposit rates. Short-term deposits and other liquid investments are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term rates. Restricted cash of USD 2.8 mill. (USD 2.9 mill. in 2004) consist of funds for withholding taxes relating to employees in Odfjell ASA. The cash and cash equivalents do not include available credit facilities.

(USD 1 000)	2005	2004
Cash at banks and in hand	50 616	104 018
Short-term deposits	50 500	6 391
Other liquid investments	9 952	16 269
Effect from currency exchange rate fluctuations	(2 229)	2 184
Total cash and cash equivalents	**108 840**	**128 862**

The company had no available credit facilities at the end of 2005.

21 SHARE CAPITAL AND PREMIUM

	Number of shares (thousand)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2005	2004	2005	2004	2005	2004
A-shares	65 690	65 690	22 277	22 277	83 244	83 244
B-shares	21 079	21 079	7 148	7 148	26 711	26 711
Total	**86 769**	**86 769**	**29 425**	**29 425**	**109 955**	**109 955**

The number of shares are adjusted to reflect the share splits and are all authorised, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.37 as at 31.12.2005. All shares have the same rights in the company, except that B-shares have no voting rights.

Shares owned by members of the Board of Directors (including related parties):	2005		2004	
	A-shares	B-shares	A-shares	B-shares
Chairman of the Board of Directors, Bernt Daniel Odfjell and Board Member Laurence W. Odfjell	29 467 964	1 045 176	29 467 964	1 045 176
Member of the Board of Directors, Peter G. Livanos	16 484 396	20 500	16 077 696	5 916 692
Member of the Board of Directors and President/CEO, Terje Storeng	70 560	2 112	70 560	2 112
Senior Vice President, Asia, Atle Knutsen	11 712	2 336	11 712	2 336

Dividend paid

(USD 1 000)	2005	2004
A-shares	46 193	30 820
B-shares	14 823	9 890
Total	**61 016**	**40 710**

Dividend paid per share (adjusted to reflect share splits) were NOK 4.50 in 2005 and NOK 3.00 in 2004.

Based on the result for 2005, the board has proposed paying a dividend of NOK 3 per share in 2006, a total of NOK 260 million equivalent to USD 38.5 mill. at current exchange rates. The proposed dividend has not been recognised since it has not been approved by the shareholders' meeting.

20 largest shareholders as per 31 december 2005:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem ApS	25 966 492	1 041 176	**27 007 668**	39.53 %	31.13 %
2	ChemLog Holdings Ltd	16 484 396	20 500	**16 504 896**	25.09 %	19.02 %
3	JP Morgan Chase	2 806 665	2 607 750	**5 414 415**	4.27 %	6.24 %
4	SIS Segaintersettle	2 008 000	2 111 040	**4 119 040**	3.06 %	4.75 %
5	Folketrygdfondet	2 125 300	1 960 200	**4 085 500**	3.24 %	4.71 %
6	Odin-fondene	-	3 662 844	**3 662 844**	-	4.22 %
7	AS Rederiet Odfjell	3 497 472	-	**3 497 472**	5.32 %	4.03 %
8	Odfjell Shipping (Bermuda) Ltd	957 200	1 215 760	**2 172 960**	1.46 %	2.50 %
9	Svenska Handelsbanken	1 040 400	870 000	**1 910 400**	1.58 %	2.20 %
10	Pareto-fondene	588 700	1 263 800	**1 852 500**	0.90 %	2.13 %
11	State Street Bank & Trust	289 946	1 316 765	**1 606 711**	0.44 %	1.85 %
12	Mellon Bank	773 700	252 800	**1 026 500**	1.18 %	1.18 %
13	Mathilda A/S	600 000	150 000	**750 000**	0.91 %	0.86 %
14	Ingeborg Berger	470 480	67 880	**538 360**	0.72 %	0.62 %
15	Brown Brothers Harriman	314 600	192 800	**507 400**	0.48 %	0.58 %
16	Pictet &CIE Banquiers	465 760	-	**465 760**	0.71 %	0.54 %
17	Magnus Berger	432 400	-	**432 400**	0.66 %	0.50 %
18	AS Bemacs	225 900	178 000	**403 900**	0.34 %	0.47 %
19	Frank Mohn A/S	-	350 000	**350 000**	-	0.40 %
20	DFA-International	322 396	-	**322 396**	0.49 %	0.37 %
Total 20 largest shareholders		**59 369 807**	**17 261 315**	**76 631 122**	**90.38 %**	**88.32 %**
Other shareholders		6 320 437	3 817 389	**10 137 826**	9.62 %	11.68 %
Total		**65 690 244**	**21 078 704**	**86 768 948**	**100.00 %**	**100.00 %**
International shareholders		53 071 461	11 115 599	**64 187 060**	80.79 %	73.97 %

The Annual General Meeting on 4 May 2005 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 4 November 2006. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the company.

22 PENSIONS LIABILITIES

The Group operates a number of defined benefit and contribution plans throughout the world. The most significant defined benefit pension plan is in Norway. The foreign plans include both defined contribution and defined benefit plans. The main benefit from the defined benefit pension plan in Norway is a pension of 66% of the final salary limited to 12G (G = indexation of the public national insurance base amount, presently G equals NOK 60 669) and a 30-year accrual period. The plan also includes survivor/dependants and disability pensions. As at 31 December 2005, the plan had 806 members. The commitment is calculated using straight-line accrual.

The year's pension costs:

(USD 1 000)	2005	2004
Service costs	6 157	5 935
Interest cost on accrued pension liabilities	2 698	2 611
Estimated yield on pension assets	(2 434)	(2 453)
Actuarial gains/losses recognised in the profit and loss statement	21	(4)
Social security tax	479	753
Total pension cost	**6 920**	**6 842**
Actual yield on the pension assets	Not available	1 920

Changes in the liabilities:

(USD 1 000)	2005	2004
Net liability 01.01	(15 777)	(14 442)
Pension costs recognised in the profit and loss statement	(6 920)	(6 842)
Premium payments	7 570	6 513
Change in social security tax paid during year	(671)	(338)
Exchange rate differences	1 625	(669)
Net liability 31.12.	**(14 172)**	**(15 777)**

(USD 1 000)

	Norway		USA		Netherlands		Total	
Pension liabilities	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
–funded obligations								
Present value of accrued secured liabilities	36 402	32 592	5 678	3 902	20 701	16 955	62 781	53 449
Fair value of pension assets	(23 969)	(24 008)	(4 413)	(4 072)	(16 564)	(15 201)	(44 946)	(43 281)
Social security tax	1 753	1 210	-	-	-	-	1 753	1 210
Actuarial gain/losses not recognised in the profit and loss statement	(8 087)	(2 261)	(1 027)	99	(2 561)	-	(11 675)	(2 162)
Total pension liabilities (fund)	**6 100**	**7 534**	**238**	**(71)**	**1 575**	**1 754**	**7 913**	**9 217**
Pension liabilities								
–unfunded obligations								
Present value of accrued unsecured liabilities	6 601	6 168	-	-	-	-	6 601	6 168
Social security tax	931	870	-	-	-	-	931	870
Actuarial gain/losses not recognised in the profit and loss statement	(1 272)	(477)	-	-	-	-	(1 272)	(477)
Total pension liabilities	**6 259**	**6 560**	**-**	**-**	**-**	**-**	**6 259**	**6 560**
Total net pension liabilities	**12 359**	**14 095**	**238**	**(71)**	**1 575**	**1 754**	**14 172**	**15 777**

In calculating the net pension liabilities the following assumptions have been made:

	Norway		USA		Netherlands	
	2005	2004	2005	2004	2005	2004
Discount rate	4.0%	5.0%	7.0%	7.0%	4.0%	4.8%
Expected return on assets	5.0%	6.0%	8.0%	7.5%	5.0%	5.0%
Adjustment of wages	3.5%	3.5%	3.5%	3.5%	2.0%	2.0%
Pension indexation	3.0%	3.0%	3.5%	3.5%	1.5%	1.5%

Defined contribution plan

Some of the Group's foreign companies have defined contribution plans in accordance with local legislation. The defined contribution plans cover full-time employees. As at 31 December 2005, 320 members were covered by the plans. The contributions recognised as expenses equalled USD 918 000 and USD 791 000 in 2005 and 2004 respectively.

23 INTEREST BEARING DEBT

The interest bearing debt is a combination of secured and unsecured debt and finance leases from major international shipping banks and bonds in the Norwegian bond market. The interest bearing debt do not contain any restrictions on the company's dividend policy or financing opportunities. Interest rates are generally based on floating LIBOR-rates on less than 12 months. Fixed interest rates are for the whole loan period.

(USD 1 000)	Average interest rate	2005	2004
Loans from financial institutions – floating interest rates	5.1%	620 377	710 582
Loans from financial institutions – fixed interest rates	3.8%	136 833	45 874
Finance leases	4.2%	235 887	247 044
Bonds	5.7%	49 100	-
Total interest bearing debt	**4.7%**	**1 042 197**	**1 003 501**
Transaction cost		(4 898)	(3 467)
Current portion of interest bearing debt		(95 558)	(119 111)
Total non-current interest bearing debt		**941 740**	**880 922**

Average interest rate is the weighted average of interest rates, excluding hedges, as per end of 2005.

Transaction costs are deferred and charged to the profit and loss statement over the life of the underlying debt using the effective interest rate method.

(USD 1 000)	2005	2004
Book value of interest bearing debt secured by mortgages	596 600	438 182
Book value of ships and terminals mortgaged	815 877	589 598

The loan agreements generally contain certain covenants, the most restrictive of which requires that current assets, on a consolidated basis, shall at all times be equal to at least 100% of current liabilities. Other covenants include that the value adjusted and book debt ratio (when excluding deferred taxes from the debt) shall at all times be less than 75% and that the liquidity shall always be minimum the highest of USD 50 million and 6% of interest bearing debt. The unsecured debt is subject to negative pledge on certain defined ships, but new investments may be mortgaged or leased.

The net carrying amount of assets under finance leases are USD 254.3 mill. as per 31 December 2005 (USD 266.0 mill as per 31 December 2004). In addition to the rental payments, the Group has obligations relating to the maintenance of the assets and insurance as would be for a legal owner. The lease periods vary from 10 years to 25 years, and many involve a right of renewal. Minimum future lease payments equals the total recognised amount of finance lease as interest bearing debt and the maturity is as per the below table.

Maturity of interest bearing debt:

(USD 1 000)	2006	2007	2008	2009	2010	2011+	Total
Loans from financial institutions							
– floating interest rates	75 340	152 444	55 731	68 182	46 782	221 899	**620 377**
Loans from financial institutions							
– fixed interest rates	12 041	12 041	12 018	13 951	11 627	75 156	**136 833**
Finance leases	8 177	8 377	50 584	6 120	6 475	156 153	**235 887**
Bonds	-	-	49 100	-	-	-	**49 100**
Total interest bearing debt	**95 558**	**172 861**	**167 432**	**88 253**	**64 884**	**453 208**	**1 042 197**

24 OTHER NON-CURRENT LIABILITIES

(USD 1 000)	2005	2004
Settlement with the US Department of Justice	16 700	25 300
Other	1 329	3 312
Total other non-current liabilities	**18 029**	**28 612**

25 FINANCIAL INSTRUMENTS

Odfjell's results and cash flow are influenced by a number of variable factors. Our policy is to manage the risks we are exposed to, including, but not limited to market risk (including currency risk, fair value interest risk, price risk), credit risk, liquidity risk and cash flow interest rate risk. Our strategy is to systematically monitor and understand the impact of changing market conditions on our results and cash flow and to initiate preventive actions where required.

Risk management is carried out by a central treasury function. The objectives for undertaking hedges are defined in the Group risk management policy.

In line with the Group's strategy various financial instruments are used to reduce fluctuations in results and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices.

Credit risk

The Group has no significant credit risk linked to any financial asset or individual contracting party or several other contracting parties that can be regarded as a group due to similarities in the credit risk.

By using derivative financial instruments to hedge exposures to changes in exchange rates, interest rates, and fuel costs, the company exposes itself to credit risk. Credit risk is the risk that the counterparty might fail to fulfil its performance obligations under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the company, which creates repayment risk for the company. When the fair value of a derivative contract is negative, the company owes the counterparty and, therefore, does not assume repayment risk. However, to mitigate the repayment risk the company contracts only with high quality counterparties. In addition, the company's hedging policy establishes maximum limits for each counterparty. The Group therefore regards its maximum risk exposure as being the carrying amount of trade receivables and other current assets (refer to note 18).

The Group has not given any guarantees for third parties' liabilities with the exception of guarantees as shown in note 29.

Operational risk

The single largest monetary cost component affecting the time-charter earnings is bunkers. The Group makes use of several types of bunker derivatives to hedge against fluctuations in the results due to changes in the bunker prices. The Group is also subject to an currency risk since it carries out international operations. See section below regarding currency risk.

Interest rate risk

The Group makes use of several types of interest rate derivatives to hedge against fluctuations in the results due to changes in the interest level. The company makes use of interest rate swaps as hedging of interest on loans and investments.

The table below shows the total contract amount for the interest rate swaps:

Interest rate swaps		Average interest rate	Remaining period: Less than 1 year	1 -5 years	More than 5 years	Total contract amount 2005
Floating to fixed	USD 1 000	5.0%	-	-	80 000	80 000
Floating to fixed	SGD 1 000	4.7%	6 377	31 207	5 222	42 805

In connection with the introduction of IAS 39, the Group has documented interest rate swaps as either cash flow hedging or non-hedging instruments. All interest rate swaps are recognised at fair value.

Liquidity risk
The Group's strategy is to have sufficient liquid assets or available credit lines at any time to be sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long term down-cycles in the markets where we operate or unfavourable conditions in financial markets. Surplus liquidity is mainly invested in listed certificates and bonds with low risk, which are actively traded.

Currency risk
The Group is subject to currency risk since it carries out international operations. The Group enters into forward/futures contracts in order to reduce the currency risk in cash flows denominated in foreign currencies. The currency risk is calculated for each foreign currency and takes into account assets and liabilities and forecasted expenses in the currency in question.

The Group's strategy is to look at forecasted expenses and to safeguard a net cash flow in the foreign currency by using forward/futures contracts. The effect of forward/futures contracts, which are effective hedging instruments, is recognised together with the transaction that the contracts are intended to hedge, while any lack of effect in the hedging instrument is recognised as a financial expense.

Forward/futures contracts (sale of USD)	Currency purchased	Average exchange rate	Remaining term to maturity: Less than 1 year	1 -5 years	More than 5 years	Total
Forward/futures contracts to hedge expected transactions	NOK 1 000	6.70	100 574	-	-	**100 574**
Forward/futures contracts to hedge expected transactions	EUR 1 000	1.18	3 000	-	-	**3 000**

Derivative financial instruments are recorded on the balance at their fair values. The fair value of the financial derivative instruments is the estimated amount, based upon quotations obtained from third party banks or brokers, that the company would have received or would have had to pay if the financial instruments had been terminated or sold at the reporting date.

Fair values of financial instruments
Fair value of interest forward rate agreements, futures contracts and interest swap agreements are based on quoted market rates at the balance sheet date. Forward foreign exchange contracts are fair valued based on the market forward rates in effect at the balance sheet date. The financial institution with which the company has entered into the contracts confirms the fair value. The fair value of derivatives stated to be hedging instruments is recognised like current assets/current liabilities.

The fair value of derivatives stated to be hedging instruments as cash flow hedges is as follows:

(USD 1 000)

Contracts with a negative fair value	31.12.05
Interest rate swaps	(1 169)
Forward exchange contracts	(57)
Bunker contracts	(85)
Liabilities on derivative financial instruments	**(1 311)**

The company had no contracts with positive fair value as per 31.12.2005.

The forecasted transactions that are hedged with forward/futures contracts are assumed to take place within 12 months. The interest rate swaps have a term to maturity of 2-10 years.

The table below shows fluctuations in the hedging reserve in the equity (refer to statement of changes in equity) divided between interest rate swaps and forward/futures contracts:

(USD 1 000)	Interest rate swaps	Forward/futures contracts	Total hedging reserve
Introduction of IAS 39 on 1.1.2005:			
Gains/(losses) on the (new) measurement at fair value	754	27 652	28 406
Balance sheet as at 1.1.2005	**754**	**27 652**	**28 406**
Fluctuations during the period:			
Gains/losses due to changes in fair value	563	(85)	478
Transfers to the profit and loss statement	(266)	(27 709)	(27 975)
Balance sheet as at 31.12.2005	**1 051**	**(142)**	**909**

26 OTHER CURRENT LIABILITIES

(USD 1 000)	2005	2004
Trade payables	20 129	10 594
Provisions	31 300	18 880
Other current liabilities	95 382	85 494
Total other current liabilities	**146 811**	**114 969**

27 GOVERNMENT GRANTS

Government grants from the Norwegian Maritime Directorate related to the reimbursement system for Norwegian seafarers of USD 1.1 million in 2005 (USD 1.2 mill. in 2004) is entered in the accounts as a reduction of operating expenses.

Gross revenue includes USD 1.3 million in 2005 (USD 0.4 mill. in 2004) from our Brazilian joint-venture, Flumar Transportes de Quimicos e Gases Ltda, in AFRMM (Additional Freight for the Merchant Marine Renewal), which is a freight contribution for cargoes shipped by Brazilian flag vessels on the Brazilian coast.

28 TRANSACTIONS WITH RELATED PARTIES

The Group has carried out various transactions with related parties. All the transactions have been carried out as part of the ordinary operations and on commercially reasonable market terms.

The Odfjell Group shares offices in Brazil with a terminalling company related to the Chairman of the Board, B. D. Odfjell. The Chairman's family also has ownership interest in companies in South America, which acts as port agents for Odfjell as one among many customers. In addition to reimbursement of actual expenses and expenditures incurred Odfjell Seachem paid these companies USD 0.9 mill. in agency fees (USD 0.7 mill. in 2004), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.5 mill. for administrative services in 2005 (USD 0.4 mill. in 2004).

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell, and his immediate family, rent office premises from Odfjell ASA in Bergen, for which Odfjell ASA received USD 0.1 mill. in 2005 (same as in 2004).

Ceres Hellenic Shipping Enterprises Ltd., a company under the chairmanship of the Board Member Peter G. Livanos, was responsible for the crewing and technical management of on average 5 of Odfjell's ships (18 ships in 2004) for which Odfjell ASA paid Ceres management fees of approximately USD 1.1 million during 2005 (USD 2.2 mill. during 2004), in addition to reimbursement of actual expenses incurred.

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2005 were immaterial.

29 COMMITMENTS, GUARANTEES AND CONTINGENCIES

Operating leases

The Group has entered into several operating leases for ships. Most of the leases contain options to extend and purchase options. The leases have fixed timecharter commitment. The timecharter rate is the compensation to the ship owner covering his financial and ship operating expenses. In addition the Group has floating timecharter commitments where payments equal the earnings generated by the ships. See note 5 for the timecharter/lease expenses. The operating leases do not contain any restrictions on the company's dividend policy or financing opportunities.

The nominal value of future rents related to the fixed timecharter commitments fall due as follows:

(USD 1 000)	
Within one year	81 296
After one year but not more than five years	307 680
After 5 years	375 712
Total	**764 688**

Capital commitments

As of 31 December 2005 the company was committed to take delivery of three sophisticated stainless steel chemical tankers of 39 500 dwt each and eight fully coated vessels of about 45 000 dwt each at a total outstanding commitment of USD 460.2 mill. These vessels are expected to be delivered from 2006 to 2011. Furthermore we have options for six more ships with deliveries from 2009 to 2013.

The company also have capital commitments for investments in terminals in China, which will be completed in 2007 at a total outstanding amount of USD 28.5 million and in the Netherlands at a total outstanding amount of USD 7 million.

Guarantees

(USD 1 000)	**2005**	**2004**
Total guarantees	**21 777**	**22 348**

Contingencies

The company maintains insurance coverage for its activities consistent with standard industry practice. The company is involved in claims typical to the parcel tanker and tank terminal industry, but none of these claims have resulted in material losses for the company since the claims have been covered by insurance.

In relation to the antitrust case in the US and elsewhere the company has made provisions for estimated contingent commitments. At this point in time it is not possible to estimate the total financial impact of this matter, but we believe that such settlements will not have a material impact upon future net result or cash flow. In 2005 gross revenue has been reduced by payments and provisions in connection with the antitrust and related matters of USD 37 million, of which USD 31 million are provisions for future commitments. This amount is included in current liabilities. See note 26 and the Board of Directors' report.

30 LIST OF SUBSIDIARIES

The following subsidiaries are fully consolidated in the financial statements as per 31.12.2005:

Company	Country of registration	Ownership share	Voting share
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Chemical Tankers II AS	Norway	100%	100%
Odfjell Chemical Tankers III AS	Norway	100%	100%
Odfjell Americas AS	Norway	100%	100%
Odfjell Seachem AS	Norway	100%	100%
Odfjell Terminals AS	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Projects AS	Norway	100%	100%
Odfjell Netherlands BV	Netherlands	100%	100%
Odfjell Chemical Tankers Netherlands BV	Netherlands	100%	100%
Odfjell Terminals (Rotterdam) BV	Netherlands	100%	100%
Odfjell (UK) Ltd	United Kingdom	100%	100%
Odfjell Chemical Tankers (Germany) GmbH	Germany	100%	100%
Odfjell Asia Pte Ltd	Singapore	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Asia III Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Australia Pty Ltd	Australia	100%	100%
Odfjell Seachem South Africa (Pty) Ltd	South Africa	100%	100%
Odfjell USA Inc	USA	100%	100%
Odfjell USA GP Inc	USA	100%	100%
Odfjell USA LP Inc	USA	100%	100%
Odfjell USA LP	USA	100%	100%
Odfjell Terminals USA GP Inc	USA	100%	100%
Odfjell Terminals USA LP Inc	USA	100%	100%
Odfjell Terminals (Houston) LP	USA	100%	100%
Odfjell Brasil – Representacoes Ltds	Brazil	100%	100%
Odfjell Chemical Tankers Ltd	Bermuda	100%	100%
Odfjell Argentina SA	Argentina	99%	99%

31 INVESTMENTS IN JOINT VENTURES

The Odfjell Group has the following investments in joint venture accounted for according to the gross method as per 31.12.2005:

Joint Venture	Country	Business segment	Ownership share
Odfjell y Vapores SA	Chile	Parcel Tankers	49%
Odfjell & Vapores Ltd	Bermuda	Parcel Tankers	50%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	Parcel Tankers	50%
Norfra Shipping AS	Norway	Parcel Tankers	50%
Odfjell Ahrenkiel Europe GmbH	Germany	Parcel Tankers	50%
Odfjell Dong Zhan Shipping (Shanghai) Co Ltd	China	Parcel Tankers	49%
Odfjell Terminals (Dalian) Co Ltd	China	Tank Terminals	50%
Oiltanking Odfjell Terminal Singapore Pte Ltd	Singapore	Tank Terminals	50%
Odfjell Terminals (Korea) Co Ltd	Korea	Tank Terminals	50%
Exir Chemical Terminal (PJSC)	Iran	Tank Terminals	35%
Odfjell Terminals (Jiangyin) Ltd	China	Tank Terminals	55%

Odfjell Dong Zhan Shipping (Shanghai), Exir Chemical Terminal and Odfjell Terminals (Jiangyin) are in the project phase.

The share of result and balance sheet items for investments in joint ventures is included line by line in the accounts.
The below main figures are included for each segment in the Group accounts:

	2005			2004		
(USD 1 000)	Parcel Tankers	Tank Terminals	Total	Parcel Tankers	Tank Terminals	Total
Gross revenue	36 585	13 487	**50 072**	31 397	10 652	**42 049**
Operating expenses	(11 674)	(2 929)	**(14 602)**	(9 439)	(2 463)	**(11 902)**
Net financial items	288	(2 326)	**(2 038)**	54	(2 268)	**(2 214)**
Net result	2 775	2 529	**5 304**	2 372	460	**2 832**
Non-current assets	8 977	68 878	**77 856**	8 027	71 850	**79 877**
Current assets	9 595	12 915	**22 509**	8 496	5 912	**14 409**
Total assets	**18 572**	**81 793**	**100 365**	**16 523**	**77 763**	**94 286**
Equity opening balance	5 174	29 424	**34 598**	430	26 465	**26 894**
IFRS adjustments	-	(1 117)	**(1 117)**	1 817	(1 015)	**802**
Net result	2 775	2 529	**5 304**	2 372	460	**2 832**
Equity additions/adjustments	(5 417)	5 871	**454**	289	1 830	**2 119**
Exchange rates differences	(433)	(491)	**(925)**	266	1 684	**1 950**
Total equity closing balance	**2 098**	**36 216**	**38 314**	**5 174**	**29 424**	**34 598**
Non-current liabilities	9 722	39 535	**49 257**	4 900	47 383	**52 283**
Current liabilities	6 752	6 042	**12 794**	6 449	956	**7 405**
Total liabilities	**16 474**	**45 577**	**62 051**	**11 349**	**48 338**	**59 687**
Net cash flow from operating activities	3 998	5 997	**9 995**	5 323	1 542	**6 864**
Net cash flow from investing activities	(6 011)	(6 466)	**(12 477)**	(852)	(2 161)	**(3 012)**
Net cash flow from financing activities	2 212	1 665	**3 877**	(2 412)	(438)	**(2 850)**
Uncalled committed capital	-	-	**-**	-	-	**-**

32 EXCHANGE RATES OF THE GROUPS' MAJOR CURRENCIES AGAINST USD

	Norwegian kroner (NOK)		Euro (EUR)		Singapore dollar (SGD)	
	Average	Year-end	Average	Year-end	Average	Year-end
2004	6.74	6.04	1.24	1.36	1.68	1.62
2005	6.45	6.76	1.24	1.19	1.65	1.65

33 TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

As from 2005 Norwegian public companies are subject to new reporting standards introduced in the EU. The new standards are called International Financial Reporting Standards (IFRS). Odfjell has prepared the opening IFRS balance sheet as per 1.1.2004, the date of the transition to IFRS. The results for 2004 have been prepared in accordance with IFRS in order to be able to present comparable figures in 2005.

The Odfjell accounts are prepared in accordance with IFRS as from 1.1.2005. IAS 32 and IAS 39, both relating to financial instruments, was adopted from 1.1.2005 with no effect for comparative figures 2004.

RECONCILIATION OF PROFIT AND LOSS STATEMENT FOR 2004

(USD mill)	Note	NGAAP* 2004	Effect of transition	IFRS 2004
Gross revenue	1,2	1 001	(58)	943
Net income from associates	2	-	0	0
Voyage expenses	1	(342)	45	(297)
Time-charter expenses		(158)	-	(158)
Operating expenses	2,3	(208)	18	(190)
Gross result		**293**	**5**	**299**
General and administrative expenses	1,2	(99)	8	(91)
Operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)		**194**	**13**	**207**
Depreciation	1,2,3,4,5,6,7	(98)	(2)	(100)
Capital gain (loss) on non-current assets	1,4	9	(3)	7
Operating result (EBIT)		**106**	**8**	**114**
Interest income		14	(0)	4
Interest expenses	1,2	(31)	2	(29)
Other financial items		(1)	(0)	(1)
Currency gains (losses)	1,8	18	(1)	17
Net financial items		**(9)**	**0**	**(9)**
Result before taxes		**96**	**9**	**105**
Taxes	1,2,4,5,8	(11)	(1)	(11)
Net result from continuing operations		**86**	**8**	**94**
Net result discontinued operations	1	-	1	1
Net result		**86**	**9**	**95**
Allocated to:				
Minority interests		(0)	-	(0)
Shareholders		86	9	94
Basic/diluted earnings per share (USD)		0.99		1.09

* As reported under Norwegian generally accepted accounting principles (NGAAP)

RECONCILIATION OF BALANCE SHEET 31.12.2003 AND 31.12.2004

(USD mill)	Note	NGAAP 31.12.2004	Effect of transition	IFRS 31.12.2004	NGAAP 31.12.2003	Effect of transition	IFRS 1.1.2004
Intangible assets	1,7	8	2	10	10	1	12
Ships	4,6	1 071	39	1 110	998	29	1 027
Newbuilding contracts		36	-	36	24	-	24
Tank terminals	2,5	306	6	312	293	7	300
Tank containers	1	25	(25)	-	21	-	21
Other non-current assets	1,2	35	(3)	31	28	-	28
Investments in associates	2	-	1	1	-	1	1
Available-for-sale investments	9	-	64	64	-	63	63
Other non-current receivables	1,8	4	(1)	4	6	(1)	6
Total non-current assets		**1 485**	**83**	**1 568**	**1 380**	**102**	**1 482**
Current receivables	1,2,10	95	(16)	79	83	(1)	82
Bunkers and other inventories		11	-	11	11	-	11
Available-for-sale investments	9	-	41	41	-	22	22
Bank deposits and marketable securities	1,2,9	233	(233)	-	203	(203)	-
Cash and cash equivalents	9	-	129	129	-	118	118
Total current assets		**340**	**(80)**	**260**	**297**	**(64)**	**233**
Assets of discontinued operations	1	-	43	43	-	-	-
Total assets		**1 825**	**47**	**1 872**	**1 677**	**37**	**1 715**
Paid in equity		139	-	139	139	-	139
Other equity	4,5,6,7,8,11	433	66	499	391	47	438
Minority interests	12	-	4	4	-	4	4
Total equity		**573**	**70**	**643**	**531**	**51**	**582**
Minority interests	12	4	(4)	-	4	(4)	-
Accrued liabilities	1,4,5,8	56	13	70	58	11	69
Non-current interest bearing debt	1,11,13	1 026	(145)	881	944	(64)	880
Current portion of interest bearing debt	1,13	-	119	119	-	63	63
Current liabilities	1,2,11	165	(41)	125	141	(20)	121
Total liabilities		**1 248**	**(54)**	**1 194**	**1 142**	**(10)**	**1 133**
Liabilities of discontinued operations	1	-	35	35	-	-	-
Total equity and liabilities		**1 825**	**47**	**1 872**	**1 677**	**37**	**1 715**

SHAREHOLDERS' EQUITY

	Paid in equity	Other equity	Minority interests	Total equity
Shareholders' equity at 31.12.2003, NGAAP	139	391	-	531
Effect of transition to IFRS [1)]	-	47	4	51
Equity at 01.01.2004, IFRS	**139**	**438**	**4**	**582**
Net result 2004	-	94	0	95
Dividend approved	-	(41)	-	(41)
Changes in translation adjustments	-	7	-	7
Equity at 31.12.2004, IFRS	**139**	**499**	**4**	**643**

1) The most significant item, net of taxes, is the effect of introduction of residual value on ships of about USD 28 mill. In addition the proposed dividend of USD 19 mill. is reversed until approved in second quarter 2004. The pension liability increased (and reduced equity) by USD 6 mill. and net revaluations of tank terminals increased equity by USD 5 million. Adjusting goodwill to the exchange rate at the reporting date increased equity by USD 2 mill. Minority interests have been reclassified to equity.

KEY FIGURES AND SEGMENT INFORMATION 2004

	NGAAP 2004		IFRS 2004
KEY FIGURES[*)]			
Average number of shares (mill.)	86.77		86.77
Earnings per share (USD) - basic/diluted	0.99		1.09
Cash flow per share (USD)	2.12		2.24
Basic/diluted equity per share (USD)	6.60		7.36
Share price per A-share (USD)	17.54		17.54
FINANCIAL RATIOS			
Equity ratio	31.6%		34.3%
Current ratio	2.1		1.1
Return on total assets	6.6%		6.9%
Return on equity	15.5%		15.4%
Return on capital employed	8.0%		7.8%
Debt repayment capability (years)	4.6		4.6
USD/NOK rate at period end	6.04		6.04
CASH FLOW STATEMENT (USD mill)	**NGAAP 2004**	**Effect of transition**	**IFRS 2004**
Net cash flow from operating activities	209	1	210
Net cash flow from investing activities	(199)	(19)	(219)
Net cash flow from financing activities	17	-	17
Effect on cash balances from currency exchange rate fluctuations	3	(1)	2
Net change in cash balances	**30**	**(19)**	**11**
Opening cash balances	203	(85)	118
Ending cash balances	**233**	**(104)**	**129**
SEGMENT REPORTING (USD mill)			
Parcel Tankers	814	-	814
Tank Terminals	130	(0)	129
Tank Containers	57	(57)	-
Total gross revenue	**1 001**	**(58)**	**943**
Parcel Tankers	141	18	159
Tank Terminals	49	(0)	49
Tank Containers	4	(4)	-
Total operating result before depreciation and capital gain (loss) on non-current assets (EBITDA)	**194**	**13**	**207**
Parcel Tankers	75	10	85
Tank Terminals	29	(0)	29
Tank Containers	2	(2)	-
Total operating result (EBIT)	**106**	**8**	**114**

[*)] Key figures have been adjusted to reflect share splits.

NOTES AND ADDITIONAL INFORMATION

1 Discontinued operations
IFRS requires that net result, assets and liabilities from an operation comprising a separate major line of business is reported separately when it is decided to divest the operation. We have deconsolidated the gross figures from our tank container operations in Hoyer-Odfjell and included only the net result, total assets and total liabilities.

2 Share of result in associated companies
IFRS does not allow using the gross method for consolidation of associated companies where we do not have a controlling interest. The Ningbo tank terminal is reported net as Investments in associates in an amount of USD 1 mill. instead of gross per balance sheet item. Income from associates is shown net with USD 0.1 mill. instead of gross per profit and loss item.

3 Reclassification of docking expenses
Docking expenses are capitalised and classified as ships. Under NGAAP docking expenses were included in operating expenses, while under IFRS depreciation of docking expenses have been included in depreciation.

4 Residual value for ships
We have established residual value for ships. The residual value is based on scrap values for tankers from the time of acquisition of a ship. The accumulated depreciations are adjusted retrospectively.

In the opening balance we have increased ship values by about USD 29 mill. Deferred tax increased by USD 1 mill. related to ships owned by Norwegian companies subject to ordinary taxation. Equity increased with the net effect of USD 28 mill.

Depreciations have been reduced by USD 10 mill. in 2004.

Capital gains have been adjusted according to the increased value of ships in the opening balance.

5 Residual value for tank terminals
We have established residual value for tank terminals and reviewed useful life of individual components. The residual value is based on estimates and will be evaluated on a regular basis. Estimated dismantling expenses at the end of a tank's useful life are generally reducing the residual value.

Book value of tank terminals has been increased by about USD 7 mill. in the opening balance.

6 Estimated useful life of ships
We estimate the useful life of our ships generally to be 25 years. Based on experience, performance and future scheduled dockings, useful lives are evaluated at least annually. If the estimated useful life changes, future depreciations are adjusted accordingly.

7 Goodwill
Goodwill depreciations of USD 2 mill. in 2004 have been reversed, as goodwill shall not be depreciated, but be tested for impairment at least at each financial year-end. In addition goodwill shall be valued based on exchange rate at the reporting date and not the historical exchange rate. This increased goodwill and equity by about USD 2 mill.

8 Pension liabilities
All cumulative non-expensed actuarial changes in estimates for pension liabilities as per 31.12.2003 have been booked as an adjustment to equity. This increased the net pension liabilities by about USD 9 mill. During 2004 the NOK liability has been revalued as the USD/NOK exchange rate changed, causing a currency loss of about USD 1 mill. According to IAS 19 the effect of changes in estimates as from 2004 may be amortised over the remaining vesting period.

9 Reclassification of cash and cash equivalents
Marketable securities, such as certificates, bonds and bank deposits were classified as current under NGAAP. Under IFRS such investments are classified as "available-for-sale investments" under non-current assets if time to maturity is more than 12 months. Under IFRS the current part of such financial investments has been defined as "cash and cash equivalents" or "available-for-sale investments" dependent on time to maturity at acquisition.
Balance sheets and cash flow statements have been adjusted accordingly.

10 Reclassification of expenses in connection with funding
Up-front fee in connection with loan agreements have been reclassified from assets to interest bearing debt.

11 Dividend
The proposed dividend of USD 19 mill, which reduced equity as per 31.12.2003, did not effect equity before it was approved by the Shareholders' Meeting in May 2004.

12 Minority interests
Minority interests have been reclassified to equity.

13 Interest bearing debt
First year instalment of interest bearing debt (about USD 63 mill. as per 01.01.2004) has been classified as current liabilities.

PROFIT AND LOSS STATEMENT

(NOK 1 000)	Note	2005	2004	2003
OPERATING REVENUE (EXPENSES)				
Gross revenue	2	211 810	240 126	198 809
Operating expenses		(2 501)	-	-
General and administrative expenses	3, 20	(208 913)	(248 116)	(179 429)
Other income (expenses)	5	(224 201)	(139 473)	(80)
Depreciation	4	(16 468)	(15 210)	(15 573)
Gain (loss) on sale of fixed assets		30 704	-	-
Operating result (EBIT)		**(209 569)**	**(162 673)**	**3 727**
FINANCIAL INCOME (EXPENSES)				
Income on investment in subsidiaries	6	524 182	55 263	-
Interest income	6	157 537	74 061	95 473
Changes in the value of financial fixed assets	6,7	40 000	34 000	(445 000)
Interest expenses	6	(167 788)	(143 426)	(127 083)
Other financial items	6	(9 616)	(3 857)	505
Currency gains (losses)	8	(91 568)	17 852	(2 579)
Net financial items		**452 746**	**33 893**	**(478 683)**
Result before extraordinary items and taxes		**243 177**	**(128 780)**	**(474 956)**
Taxes on result before extraordinary items	9	(83 306)	44 609	2 512
Result before extraordinary items		**159 871**	**(84 171)**	**(472 443)**
Extraordinary expenses	10	-	-	(116 068)
Taxes on extraordinary expenses	9,10	-	-	32 499
Extraordinary items		**-**	**-**	**(83 569)**
Net result		**159 871**	**(84 171)**	**(556 012)**
Proposed dividend	11	(260 307)	(173 538)	(130 153)
Group contribution		-	-	(275 000)

ASSETS AS PER 31.12.

(NOK 1 000)	Note	2005	2004	2003
FIXED ASSETS				
Deferred tax assets	9	-	80 682	21 407
Real estate	4, 12	95 674	68 365	52 863
Newbuilding contracts	4, 12, 21	656 874	245 930	-
Office equipment and cars	4, 12	21 353	26 153	32 213
Shares in subsidiaries	7	2 413 203	2 161 319	3 088 045
Other shares	7	198 445	218 633	218 633
Loans to group companies	13,14	3 797 858	3 260 899	3 797 543
Other long-term receivables	14	8 222	12 572	14 886
Total fixed assets		**7 191 630**	**6 074 552**	**7 225 590**
CURRENT ASSETS				
Short-term receivables		42 447	16 096	22 825
Group receivables		565 044	124 570	296 126
Inventory		6 117	5 872	4 970
Available-for-sale investments	15	151 329	-	-
Bonds and certificates		-	302 800	555 848
Cash and bank deposits	16	43 695	242 589	42 576
Total current assets		**808 633**	**691 928**	**922 344**
Total assets		**8 000 263**	**6 766 480**	**8 147 933**

LIABILITIES AND SHAREHOLDERS' EQUITY AS PER 31.12.

(NOK 1 000)	Note	2005	2004	2003
PAID IN EQUITY				
Share capital	11, 17	216 922	216 922	216 922
Share premium	11	973 905	973 905	973 905
Total paid in equity		**1 190 828**	**1 190 828**	**1 190 828**
RETAINED EARNINGS				
Other equity	11	385 996	703 354	1 128 925
Total retained earnings		**385 996**	**703 354**	**1 128 925**
Total shareholders' equity		**1 576 824**	**1 894 181**	**2 319 752**
LONG-TERM LIABILITIES				
Pension liabilities	18	83 560	85 189	36 330
Loans from subsidiaries	14	1 165 315	402 217	946 487
Long-term debt	14	4 194 267	3 239 228	3 611 010
Total long-term liabilities		**5 443 141**	**3 726 634**	**4 593 827**
CURRENT LIABILITIES				
Taxes payable		2 939	2 939	2 939
Employee taxes payable		36 626	33 397	22 079
Dividend payable		260 307	173 538	216 922
Other short-term liabilities		366 898	239 333	191 363
Loans from subsidiaries		313 528	696 458	801 051
Total current liabilities		**980 298**	**1 145 664**	**1 234 354**
Total liabilities		**6 423 439**	**4 872 299**	**5 828 181**
Total liabilities and shareholders' equity		**8 000 263**	**6 766 480**	**8 147 934**
Guarantees	19	2 766 674	2 792 516	2 487 852

Bergen, 7 March 2006

THE BOARD OF DIRECTORS
OF ODFJELL ASA

B.D. Odfjell
CHAIRMAN

Terje Storeng

Peter G. Livanos

Reidar Lien

Marianna Moschou

Stein Pettersen

Laurence W.Odfjell

Terje Storeng
President/CEO

CASH FLOW STATEMENT

(NOK 1 000)

	2005	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES			
Net result before taxes	243 177	(128 780)	(591 023)
Taxes paid	(2 624)	-	-
Capital (gain) loss on fixed assets	(30 704)	108	80
Depreciation	16 468	15 210	15 573
Changes in the value of financial fixed assets	(40 000)	(34 000)	445 000
Inventory (increase) decrease	(245)	(902)	(1 893)
Trade creditors increase (decrease)	(12 759)	24 959	2 700
Difference in pension cost and pension premium paid	(1 197)	(13)	3 396
Exchange rate fluctuations	(91 725)	314 737	(160 002)
Dividends classified as investing activities	(524 182)	(55 263)	-
Other short-term accruals	(161 103)	106 853	256 330
Net cash flow from operating activities	**(604 893)**	**242 909**	**(29 839)**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	711	1 355	43 328
Investment in fixed assets	(450 632)	(272 083)	(12 216)
Investment in subsidiaries and other shares	(279 271)	(67 150)	(534 929)
Share capital repaid from subsidiaries	-	1 027 877	-
Received dividend	524 182	55 263	-
Available-for-sale investments	(151 329)	-	-
Sale of shares in subsidiaries/joint ventures	118 540	-	96 534
Changes in long-term receivables	6 648	16	(2 341)
Loans to subsidiaries	274 353	(211 573)	(366 406)
Net cash flow from investing activities	**43 200**	**533 704**	**(776 029)**
CASH FLOW FROM FINANCING ACTIVITIES			
New long-term debt	2 337 716	2 194 518	2 348 764
Payment of long-term debt	(1 900 321)	(2 638 528)	(1 951 505)
Dividend	(390 460)	(347 076)	(173 538)
Net cash flow from financing activities	**46 934**	**(791 086)**	**223 720**
Effect on cash balances from currency exchange rate fluctuations	13 065	(38 561)	(25 847)
Net change in cash balances	**(501 694)**	**(53 034)**	**(607 995)**
Cash balances as per 01.01	545 389	598 423	1 206 418
Cash balances as per 31.12	**43 695**	**545 389**	**598 423**

As per 31 December 2005 the company had no available credit facilities.

Notes to the Parent Company Financial Statement

1 ACCOUNTING PRINCIPLES

All items in the financial statements have been reported, valued and accounted for in accordance with the Accounting Act and generally accepted accounting principles in Norway.

A. Classification of balance sheet items

Assets and liabilities related to the operation of the company are classified as current assets and liabilities. Assets for long-term use are classified as fixed assets. First year instalment of debt is included in long-term debt.

B. Pension and accrued pension liabilities

The present value of the pension liabilities under defined benefit pension plans has been calculated based on actuarial principles. The present value of the pension liabilities and the pension plan assets is included under long-term liabilities and long-term assets. Pension liabilities are mainly insured with life insurance companies. Unfunded pension liabilities are calculated and included in the pension liabilities. The change in net pension liabilities is expensed in the profit and loss account. The effect of changes in estimates exceeding 10% of the highest of pension liabilities and plan assets is accounted for. Such changes are amortised over the remaining vesting period.

C. Debt issuance expenses

Debt issuance expenses are amortised over the loan period.

D. Taxes and deferred tax liabilities

Taxes are calculated based on the financial result and consist of taxes payable and deferred taxes. The basis for deferred taxes is the temporary difference between the financial result and the taxable result. Deferred taxes are estimated based on a nominal value calculation.

E. Current assets

Current assets are valued at the lower of historical cost and market value.

F. Foreign currency

Current assets, long-term receivables and liabilities in non-NOK currencies are valued at the year-end exchange rate.

G. Fixed assets

Fixed assets are stated at historical cost, which includes purchase price, capitalised interest and other costs directly related to the investment, less accumulated depreciation and write-down. Fixed assets are depreciated straight-line over their estimated useful lives.

The preliminary Norwegian accounting standard concerning impairment of fixed assets, equivalent to IAS 36, states that if the Recoverable Amount is lower than the book value, impairment has occurred and the asset shall be revaluated. The Recoverable Amount is the highest of the fair market value of the asset and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use"). The NPV is based on an interest rate according to a weighted average cost of capital (WACC). The WACC reflects the company's long term borrowing rate and a risk free rate plus a risk premium for the equity. We have made the following assumptions when calculating the "value in use" for material assets:

Shares in subsidiaries and other shares:
An impairment occurs if the book value of shares is higher than the equity in the corresponding company when the assets and liabilities have been adjusted to reflect the Recoverable Amount as defined above.

H. Newbuilding contracts

Newbuilding contracts include payments made under the contracts, capitalised interest and other costs directly associated with the newbuilding program.

I. Cash flow statement

The cash flow statement is prepared using the indirect method. Cash balances include cash and cash equivalents such as cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with short maturities of three months or less from the date of acquisition. The cash and cash equivalents amount in the cash flow statement does not include available credit facilities.

J. Financial investments

Financial investments have been classified into trading, held-to-maturity and available-for-sale categories. The classification is dependent on the purpose for which the investments were acquired. Financial investments with less than 12 months to maturity or if they are being regularly traded are classified as current assets, otherwise as fixed assets.

K. Financial instruments

The company uses various financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates.The following accounting principles apply for such financial instruments:

Foreign currency instruments:
The result of currency hedging transactions is accounted for in the period when the hedged cash flow items are accounted for. The result of currency hedging transactions have been accounted for with the underlying hedged exposure in the profit and loss statement.

Interest rate instruments:
The result of interest rate hedging transactions is accounted for as an increase or decrease of interest expenses in the period when the hedged cash flow items are accounted for.

L. Activities under joint control

Our share of activities under joint control is, in the accounts of Odfjell ASA, based on the Cost Method.

M. Related parties

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties. The company considers these arrangements to be on commercially reasonable market terms. See note 20 for information about related party transactions.

N. Contingent assets and liabilities

Provisions are made for contingent losses that are probable and quantifiable. Provisions are based on best estimates. Contingent gains are not accounted for.

O. Extraordinary items

A material event or transaction that is both unusual in nature, infrequent in occurrence and essential to the ordinary and typical activities of the entity, taking into account the environment in which the entity operates, is classified as an extraordinary item.

2 GROSS REVENUE

Gross revenue is related to services performed for other Odfjell Group companies

3 SALARIES, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES AND AUDITOR'S REMUNERATION

(NOK 1 000)

Salaries and other employee expenses:	**2005**	**2004**	**2003**
Salaries	122 856	151 306	108 973
Social expenses	22 138	27 046	17 608
Pension cost	23 006	21 657	19 560
Other benefits	4 888	4 806	4 333
Total salary expenses	**172 889**	**204 816**	**150 473**
Average number of employees	204	196	196

The salary expenses include bonus payment to employees of NOK 8.7 mill. in 2005 (NOK 32.4 mill. in 2004).
Total salary expenses are included in general and administrative expenses.

Compensation and benefits for 2005:	**President/CEO**	**Board of Directors**
Salary	3 042	2 028
Bonus	1 478	-
Pension contribution	323	28
Other benefits	153	16

The President/CEO is entitled to two years salary if the company terminates the employment prior to the age of 60. As from the age of 60 both the President/CEO and the company have the right to terminate the employment with 12 months notice, however the President/CEO has the right to resign and enter into a fixed consultancy agreement, remunerated at 50% of the preceding year's fixed salary. Annual pension after the age of 65 will be 66% of 18G (presently 18G equals NOK 1.1 mill.).

The company does not have any performance-related and incentive pay scheme or any stock option plans.

Loans to employees amount to NOK 7.0 mill. Following members of senior management have loans from the company: Terje Storeng (NOK 1 mill.), Jan Didrik Lorentz (NOK 1.3 mill), Jan Hammer (NOK 1.2 mill.) and Svein-Gustav Steimler (NOK 1.0 mill.). Employee loans are primarily secured by property mortgages. Loans to senior management are interest free, while other employee loans are generally calculated at 2.5% interest per annum. Loans to senior management are repayable over 10 years after a grace period of 5 years. Other employee loans are generally repaid over 5 years.

(NOK 1 000 exclusive VAT)

Auditor's remuneration for:	**2005**	**2004**	**2003**
Auditing	974	833	906
Confirmations	19	22	11
Tax	994	758	1 448
Other	690	269	226
Total renumeration	**2 678**	**1 881**	**2 590**

4 FIXED ASSETS

(NOK 1 000)

	Cost 01.01.2005	Investment	Sale book value	Accumulated depreciation prior years	Depreciation this year	Book value 31.12.2005
Real estate	95 575	32 447	-	(27 210)	(5 138)	95 674
Newbuilding contracts	245 930	410 944	-	-	-	656 874
Office equipment and cars	62 414	7 241	(711)	(36 260)	(11 330)	21 353
Total	**403 919**	**450 632**	**(711)**	**(63 470)**	**(16 468)**	**773 901**

Depreciation periods:
Real estate: 50 years; office equipment and cars: 3-15 years.

5 OTHER INCOME (EXPENSES)

Other income (expenses) include payments and provisions in connection with the antitrust case and related matters of NOK 224 million in 2005 and NOK 139 million in 2004.The 2004 figure has been reclassified from general and administrative expenses to other income (expenses).

6 FINANCIAL INCOME AND EXPENSES

(NOK 1 000)	2005	2004	2003
Income on investment in subsidiaries	524 182	55 263	-
Inter-company interest income	141 463	63 541	74 071
Other interest income	16 073	10 520	21 402
Other financial income	193	3 180	4 654
Changes in the value of financial fixed assets	40 000	34 000	-
Total financial income	**721 911**	**166 503**	**100 127**
Changes in the value of financial fixed assets	-	-	445 000
Inter-company interest expenses	40 275	35 118	11 397
Other interest expenses	127 513	108 308	115 686
Other financial expenses	9 808	7 037	4 149
Total financial expenses	**177 596**	**150 463**	**576 232**

7 SHARES

Subsidiaries and activities under joint control are included in the parent company accounts based on the Cost Method.

(NOK 1 000) **Subsidiaries**	**Registered office**	**Share/ voting rights**	**Book value**
Odfjell Chemical Tankers AS	Norway	100 %	135 869
Odfjell Chemical Tankers II AS	Norway	100 %	305 965
Odfjell Chemical Tankers III AS	Norway	100 %	100
Odfjell Seachem AS	Norway	100 %	261 522
Odfjell Terminals AS	Norway	100 %	175 000
Odfjell Insurance & Properties AS	Norway	100 %	6 050
Odfjell Projects AS	Norway	100 %	100
Odfjell Americas AS	Norway	100 %	41 325
Odfjell Asia Pte Ltd	Singapore	100 %	217 040
Odfjell Singapore Pte Ltd	Singapore	100 %	83
Odfjell USA Inc	USA	100 %	177 972
Odfjell Netherlands BV	Netherlands	100 %	6 581
Odfjell Chemical Tankers Netherlands BV	Netherlands	100 %	731
Odfjell Chemical Tankers (Germany) GmbH	Germany	100 %	263 640
Odfjell Japan Ltd	Japan	100 %	-
Odfjell Korea Ltd	Korea	100 %	306
Odfjell Seachem South Africa (Pty) Ltd	South Africa	100 %	-
Odfjell Brasil - Representacoes Ltda	Brazil	100 %	10 702
Odfjell Chemical Tankers Ltd	Bermuda	100 %	810 089
Odfjell Argentina SA	Argentina	99 %	129
Total			**2 413 203**

Wholly-owned companies held indirectly through subsidiaries: Odfjell Asia II Pte Ltd, Odfjell Asia III Pte Ltd, Odfjell USA GP Inc, Odfjell USA LP Inc, Odfjell USA LP, Odfjell Terminals USA GP Inc, Odfjell Terminals USA LP Inc, Odfjell Terminals (Houston) LP, Odfjell Terminals (Rotterdam) BV, Odfjell (UK) Ltd and Odfjell Australia Pty Ltd. The company Odfjell Argentina SA is directly and indirectly 100% owned by Odfjell ASA.

Other shares

Norfra Shipping AS	Norway	50 %	23 655
Odfjell Ahrenkiel Europe GmbH	Germany	50 %	2 053
Oiltanking Odfjell Terminal Singapore Pte Ltd	Singapore	50 %	105 903
Odfjell & Vapores Ltd	Bermuda	50 %	38
Odfjell y Vapores S A	Chile	49 %	3 792
Odfjell Terminals (Dalian) Co Ltd	China	50 %	45 795
Odfjell Dong Zhan Shipping (Shanghai) Co Ltd	China	49 %	9 745
V.O.Tank Terminal Ningbo Ltd	China	12.5 %	7 463
Total			**198 445**

The companies Flumar Transportes de Quimicos e Gases Ltda, Brazil and Odfjell Terminals (Korea) Co Ltd are indirectly 50% owned by Odfjell ASA. Odfjell Terminal (Jiangyin) Ltd and Exir Chemical Terminal (PJSC) are indirectly owned 55% and 35% respectively by Odfjell ASA.

Part of impairment on shares in Odfjell Chemical Tankers II AS from 2003 was reversed in 2004 and 2005. Otherwise there was no impairment necessary as Recoverable Amounts were higher than book values.

8 CURRENCY GAINS (LOSSES)

(NOK 1 000)	2005	2004	2003
Currency hedging contracts	4 680	(60 521)	2 379
Long-term receivables and debt	(201 455)	70 049	56 728
Cash and cash equivalents	13 065	(38 561)	(25 847)
Other current assets and current liabilities	92 141	46 885	(35 838)
Total currency gains (losses)	**(91 568)**	**17 852**	**(2 579)**

9 TAXES

(NOK 1 000)

Taxes:	2005	2004	2003
Change in deferred tax ordinary items	(80 682)	(44 609)	(2 512)
Change in deferred tax extraordinary items	-	-	(32 499)
Foreign tax	(2 624)	-	-
Total tax expenses	**(83 306)**	**(44 609)**	**(35 011)**

Taxes payable:	2005	2004	2003
Net result before taxes	243 177	(128 780)	(591 023)
Permanent differences	(512 837)	3 449	10 346
Changes temporary differences	35 312	(9 327)	530 526
Basis taxes payable	**(234 348)**	**(134 658)**	**(50 151)**

Specification of deferred taxes (deferred tax assets):	2005	2004	2003
Fixed assets	(14 720)	(10 013)	(6 970)
Pension fund (liabilities)	(83 560)	(85 189)	(32 829)
Provisions	(211 773)	(99 572)	(78 238)
Other long-term temporary differences	(8 669)	96 235	96 542
Tax-loss carried forward	(423 957)	(189 609)	(54 959)
Temporary differences not accounted for	742 679	-	-
Net temporary differences	**-**	**(288 148)**	**(76 455)**
Tax rate	28 %	28 %	28 %
Total deferred tax (deferred tax assets)	**-**	**(80 682)**	**(21 407)**

10 EXTRAORDINARY ITEMS

(NOK 1 000)	2005	2004	2003
Expenses directly related to the antitrust case	-	-	(116 068)
Taxes on extraordinary expenses	-	-	32 499
Extraordinary items	**-**	**-**	**(83 569)**

11 SHAREHOLDERS' EQUITY

(NOK 1 000)	Share capital	Own shares	Share premium	Other equity	Total equity
Shareholders' equity as per 31 December 2002	228 685	(11 763)	973 905	1 901 859	**3 092 687**
Net result 2003	-	-	-	(556 012)	**(556 012)**
Redemption of shares	(11 763)	11 763	-	-	**-**
Approved dividend	-	-	-	(86 769)	**(86 769)**
Proposed dividend	-	-	-	(130 153)	**(130 153)**
Shareholders' equity as per 31 December 2003	**216 922**	**-**	**973 905**	**1 128 925**	**2 319 752**
Pension adjustment in accordance with IAS 19	-	-	-	(37 709)	**(37 709)**
Net result 2004	-	-	-	(84 171)	**(84 171)**
Approved dividend	-	-	-	(130 153)	**(130 153)**
Proposed dividend	-	-	-	(173 538)	**(173 538)**
Shareholders' equity as per 31 December 2004	**216 922**	**-**	**973 905**	**703 354**	**1 894 181**
Net result 2005	-	-	-	159 871	**159 871**
Approved dividend	-	-	-	(216 922)	**(216 922)**
Proposed dividend	-	-	-	(260 307)	**(260 307)**
Shareholders' equity as per 31 December 2005	**216 922**	**-**	**973 905**	**385 996**	**1 576 824**

12 INVESTMENTS IN AND SALE OF FIXED ASSETS

(NOK 1 000)	2005		2004		2003		2002		2001	
	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale	Inv.	Sale
Real estate	32 447	-	18 845	-	1 715	-	2 499	-	1 769	67
Ships and newbuilding contracts	410 944	-	245 930	-	-	41 718	41 718	-	-	-
Office equipment and cars	7 241	711	7 307	1 355	10 501	1 610	14 462	630	20 679	353
Total	**450 632**	**711**	**272 083**	**1 355**	**12 216**	**43 328**	**58 678**	**630**	**22 448**	**420**

13 LOANS TO GROUP COMPANIES

(NOK 1 000)	Currency	Currency amount 1 000 2005	2005	2004	2003
Odfjell Asia II Pte Ltd	USD	167 496	1 132 472	1 015 080	1 346 737
Odfjell Asia III Pte Ltd	USD	177 184	1 197 977	462 278	-
Odfjell Terminals (Houston) LP	USD	-	-	-	101 708
Odfjell Terminals AS	NOK	32 170	32 170	32 170	-
Odfjell Terminals AS	USD	7 196	48 654	-	-
Odfjell Japan Ltd	JPY	35 725	2 056	2 104	2 234
Odfjell & Vapores Ltd	USD	4 000	27 045	-	-
Odfjell Chemical Tankers AS	USD	181 400	1 226 482	1 366 571	1 544 187
Odfjell Chemical Tankers III AS	USD	-	-	256 874	608 053
Odfjell Chemical Tankers (Germany) GmbH	EUR	9 000	72 181	-	-
Odfjell (UK) Limited	USD	-	-	70 216	104 085
Odfjell Americas AS	USD	7 000	47 328	54 397	78 178
Hoyer - Odfjell BV	USD	-	-	-	8 352
Norfra Shipping AS	USD	1 700	11 494	1 209	4 009
Total loans to group companies			**3 797 858**	**3 260 899**	**3 797 543**

14 RECEIVABLES AND DEBT

(NOK 1 000)

Other long-term receivables:	**2005**	**2004**	**2003**
Employees	6 953	11 705	10 188
Pension fund	-	-	3 501
Other	1 269	867	1 197
Total other long-term receivables	**8 222**	**12 572**	**14 886**

Receivables with a maturity later than 1 year:	**2005**	**2004**	**2003**
Loans to group companies	3 722 604	3 227 520	3 760 316
Other long-term receivables	6 531	12 229	12 548
Total	**3 729 135**	**3 239 750**	**3 772 864**

Long-term liabilities with a maturity later than 5 years:	**2005**	**2004**	**2003**
Loans from group companies	702 674	214 577	946 487
Long-term debt	2 219 905	720 457	-
Total	**2 922 579**	**935 034**	**946 487**

Loans to and from group companies generally have no fixed repayment schedule. Repayment is based on available liquidity at any time. Loans to and from group companies are generally priced on an arms-length basis.

Long-term interest bearing debt as per 31.12.2005	**5 359 581**
Repayment schedule:	
2006	533 887
2007	1 400 059
2008	679 815
2009	309 978
2010 and thereafter	2 435 842

The average term of the company's outstanding long-term interest bearing bank-debt as per 31 December 2005 was 4.1 years (2004: 3.4 years).

The long-term debt is a combination of unsecured debt, debt guaranteed by subsidiaries and bonds in the Norwegian bond market. The long-term debt do not contain any restrictions on the company's dividend policy or financing opportunities. Interest rates are generally based on floating LIBOR-rates on less than 12 months. The loan agreements generally contain certain covenants, the most restrictive of which requires that current assets, on a consolidated basis, shall at all times be equal to at least 100% of current liabilities, which includes the next 12 months' principal instalments of long term debt and finance leases. Other covenants include that the value adjusted and book debt ratio (when excluding deferred taxes from the debt) shall at all times be less than 75% and that the liquidity shall always be minimum the highest of USD 50 million and 6% of interest bearing debt.

Average USD interest rate paid:	**2005**	**2004**	**2003**
Liabilities to financial institutions	3.61 %	2.69 %	3.07 %

15 AVAILABLE-FOR-SALE INVESTMENTS

(NOK 1 000)	**Currency**	**Book value**	**Market value**	**Average interest rate**
Bonds and certificates issued by financial institutions	EUR	26 948	26 948	11.0 %
Bonds and certificates issued by financial institutions	USD	51 544	51 544	4.4 %
Bonds and certificates issued by corporates	USD	72 838	72 838	4.2 %
Total available-for-sale-investments		**151 329**	**151 329**	

Bonds and certificates generally have interest rate adjustments every three months.

16 RESTRICTED CASH AND BANK DEPOSITS

(NOK 1 000)	2005	2004	2003
Restricted cash and bank deposits	18 648	17 609	11 229

This item is withholding taxes relating to employees in Odfjell ASA.

17 SHARE CAPITAL AND INFORMATION ABOUT SHAREHOLDERS

(NOK 1 000)	Number of shares	Nominal value (NOK)	2005	2004	2003
A-Shares	65 690 244	2.50	164 226	164 226	164 226
B-Shares	21 078 704	2.50	52 697	52 697	52 697
Total share capital	**86 768 948**		**216 922**	**216 922**	**216 922**

All shares have the same rights in the Company, except that B-shares have no voting rights.

20 largest shareholders as per 31 December 2005:

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem ApS	25 966 492	1 041 176	**27 007 668**	39.53 %	31.13 %
2	ChemLog Holdings Ltd	16 484 396	20 500	**16 504 896**	25.09 %	19.02 %
3	JP Morgan Chase	2 806 665	2 607 750	**5 414 415**	4.27 %	6.24 %
4	SIS Segaintersettle	2 008 000	2 111 040	**4 119 040**	3.06 %	4.75 %
5	Folketrygdfondet	2 125 300	1 960 200	**4 085 500**	3.24 %	4.71 %
6	Odin-fondene	-	3 662 844	**3 662 844**	-	4.22 %
7	AS Rederiet Odfjell	3 497 472	-	**3 497 472**	5.32 %	4.03 %
8	Odfjell Shipping (Bermuda) Ltd	957 200	1 215 760	**2 172 960**	1.46 %	2.50 %
9	Svenska Handelsbanken	1 040 400	870 000	**1 910 400**	1.58 %	2.20 %
10	Pareto-fondene	588 700	1 263 800	**1 852 500**	0.90 %	2.13 %
11	State Street Bank & Trust	289 946	1 316 765	**1 606 711**	0.44 %	1.85 %
12	Mellon Bank	773 700	252 800	**1 026 500**	1.18 %	1.18 %
13	Mathilda A/S	600 000	150 000	**750 000**	0.91 %	0.86 %
14	Ingeborg Berger	470 480	67 880	**538 360**	0.72 %	0.62 %
15	Brown Brothers Harriman	314 600	192 800	**507 400**	0.48 %	0.58 %
16	Pictet &CIE Banquiers	465 760	-	**465 760**	0.71 %	0.54 %
17	Magnus Berger	432 400	-	**432 400**	0.66 %	0.50 %
18	AS Bemacs	225 900	178 000	**403 900**	0.34 %	0.47 %
19	Frank Mohn A/S	-	350 000	**350 000**	-	0.40 %
20	DFA-International	322 396	-	**322 396**	0.49 %	0.37 %
Total 20 largest shareholders		**59 369 807**	**17 261 315**	**76 631 122**	**90.38 %**	**88.32 %**
Other shareholders		6 320 437	3 817 389	**10 137 826**	9.62 %	11.68 %
Total		**65 690 244**	**21 078 704**	**86 768 948**	**100.00 %**	**100.00 %**
International shareholders		53 071 461	11 115 599	**64 187 060**	80.79 %	73.97 %

The Annual General Meeting on 4 May 2005 authorised the Board of Directors to acquire up to 10 per cent of the company's share capital. This authorisation expires 4 November 2006. The purpose of purchasing own shares is to increase shareholders' value. The Board of Directors regularly considers investments in own shares when it may be beneficial for the company.

Shares owned by members of the Board, President/CEO and senior management (including related parties):

	A-shares	B-shares	Total
Chairman of the Board of Directors, Bernt Daniel Odfjell Jr. and Board Member Laurence W. Odfjell	29 467 964	1 045 176	30 513 140
Member of the Board of Directors, Peter G. Livanos	16 484 396	20 500	16 504 896
Member of the Board of Directors & President/CEO, Terje Storeng	70 560	2 112	72 672
Senior Vice President, Asia, Atle Knutsen	11 712	2 336	14 048

18 PENSION COSTS AND LIABILITIES

The company has set up a defined benefit scheme with a life insurance company to provide pension benefits for its employees. The scheme provides entitlement to benefits based on future service from the commencement date of the scheme. These benefits are principally dependent on an employee's pension qualifying period, salary at retirement age and the size of benefits from the National Insurance Scheme. Full retirement pension will amount to approximately 66% of the scheme pension-qualifying income limited to 12G (G = Indexation of the public National Insurance base amount, presently G equals NOK 60 669). The scheme also includes entitlement to disability, spouses and children's pensions. The retirement age under the scheme is aged 67 years.

The benefits accruing under the scheme are funded obligations. The company also has pension obligations for the Senior Management Group at Minde/Norway with salaries exceeding 12G, up to 66% of 18G. These are funded obligations. The company also has established a separate tariff rated pension scheme for offshore personnel. The retirement pension from 60-67 years of age under this scheme amounts to 60% of the pension qualifying income, including the Pension Insurance for Seamen, in the event of a full vesting period (360 months). These are funded obligations. The company may at any time make alterations to the terms and conditions of the pension scheme and undertake that they will inform the employees of any such changes.

The company also has an early retirement pension agreement with the employees, which will pay out 66% of the salary between the ages of 65-67 years of age. These are non-funded obligations. Additionally the company has pension obligations for some pensioners. These are also non-funded obligations. All pension schemes are calculated in accordance with the IFRS (IAS 19). Changes in the pension obligations as a result of changed actuarial assumptions and variations between actual and anticipated return on pension funds, will be accounted over on the average remaining earnings period according to the "corridor" regulations.

(NOK 1 000)

	2005	2004	2003
Net pension costs:			
Present value current year service cost	20 008	17 227	15 218
Interest cost on accrued pension liabilities	11 565	10 666	10 700
Return on pension plan assets	(8 734)	(8 450)	(8 278)
Amortised effect of changes in estimates and pension plans, and differences in actual and estimated return on pension plan assets	167	2 214	1 920
Social security tax	3 220	2 884	2 590
Net pension cost	**26 226**	**24 541**	**22 150**
Pension liabilities - funded obligations :			
Present value of accrued secured liabilities	246 122	196 991	165 965
Fair value of pension assets	(162 059)	(145 106)	(131 611)
Social security tax	11 853	7 316	313
Actuarial gains/losses not recognised in the profit and loss statement	(54 675)	(13 663)	(35 635)
Net pension liabilities (funded)	**41 241**	**45 537**	**(968)**
Pension liabilities - unfunded obligations :			
Present value of accrued unsecured liabilities	44 627	37 279	35 134
Actuarial gains/losses not recognised in the profit and loss statement	(8 601)	(2 883)	(5 513)
Social security tax	6 292	5 256	4 176
Net pension liabilities (unfunded)	**42 319**	**39 652**	**33 797**
Total net pension liabilities	**83 560**	**85 189**	**32 829**
Over-funded pension scheme - booked as fixed assets	-	-	3 501
Under-funded pension scheme - booked as long term liabilities	83 560	85 189	36 330
Total net pension liabilities	**83 560**	**85 189**	**32 829**

The above calculation is based on the following assumptions:

	2005	2004	2003
Actuarial gains/losses not recognised in the profit and loss statement	(8 601)	(2 883)	(5 513)
Discount rate	4.0 %	5.0 %	5.5 %
Expected return on assets	5.0 %	6.0 %	6.2 %
Inflation	3.0 %	3.0 %	3.0 %
Adjustment of wages	3.5 %	3.5 %	3.5 %
Pension indexation	3.0 %	3.0 %	3.0 %

IAS 19 implemented as from year 2004.

19 GUARANTEES

(NOK 1 000)	2005	2004	2003
Subsidiaries and other companies	2 766 674	2 792 516	2 486 064
Other guarantees	-	-	1 788
Total guarantees	2 766 674	2 792 516	2 487 852

Guarantees to and from group companies are generally entered into on arms- length basis.

20 RELATED PARTIES

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties.

Odfjell shares offices in Brazil with a terminalling company related to the Chairman of the Board, B. D. Odfjell. In 2005 Odfjell paid this company NOK 3.2 mill. for administrative services.

AS Rederiet Odfjell, beneficially owned by the Chairman of the Board, B. D. Odfjell, and his immediate family, rent office premises from Odfjell ASA in Bergen, for which Odfjell received NOK 0.5 mill. in 2005.

Ceres Hellenic Shipping Enterprises Ltd., a company under the chairmanship of the Board Member Peter G. Livanos, was responsible for the crewing and technical management of on average 5 of Odfjell's ships for which the Odfjell ASA paid Ceres management fees of approximately NOK 7.4 mill. during 2005, in addition to reimbursement of actual expenses and expenditures incurred.

The company considers the above arrangements to be on commercially reasonable market terms.

Transactions with related parties are settled on a regular basis and the balances as per 31.12.2005 were immaterial.

21 COMMITMENTS AND CONTINGENCIES

Capital Expenditures

As at 31 December 2005 the company or its subsidiaries was committed to take delivery of three sophisticated stainless steel chemical tankers of 39 500 dwt each and eight fully coated vessels of about 45 000 dwt each at a total outstanding commitment of NOK 3 112 million. These vessels are expected to be delivered from 2006 to 2011. Furthermore we have options for six more ships with deliveries from 2009 to 2013. All shipbuilding contracts, including options, have been assigned to subsidiaries. When a shipbuilding contract is assigned to a subsidiary, the company generally remains liable for the subsidiary's performance under the contract.

Contingencies

The company maintains insurance coverage for its activities consistent with standard industry practice. The company is involved in claims typical to the chemical tanker industry, but none of these claims have resulted in material losses for the company since the claims have been covered by insurance.

In relation to the antitrust case in the US and elsewhere the company has made provisions for estimated contingent commitments. At this point in time it is not possible to estimate the total financial impact of this matter, but we believe that such settlements will not have a material impact upon future net result or cash flow. In 2005 net result has been reduced by payments and provisions in connection with the antitrust and related matters of NOK 224 million, of which NOK 188 million are provisions for future commitments. This amount is included in short term liabilities. See the Board of Directors' report.

Auditor´s Report

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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NO-5892 Bergen

Medlemmer av Den norske Revisorforening

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To the General Meeting of
Odfjell ASA

Auditor's report for 2005

We have audited the annual financial statements of Odfjell ASA as of 31 December 2005, showing a profit of NOK 159 871 000 for the parent company and a profit of USD 128 268 000 for the group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income, cash flows and the accompanying notes. The financial statements of the group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The regulations of the Norwegian Accounting Act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

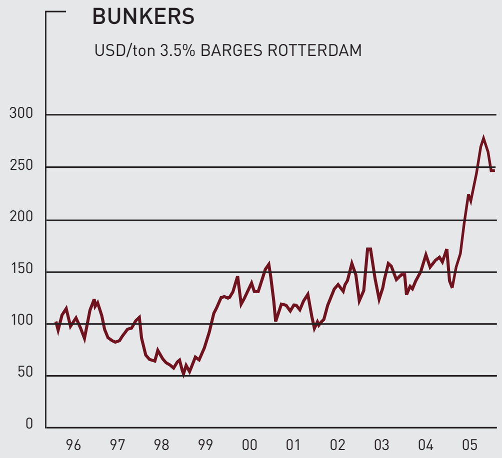
In our opinion,
- the financial statements of the parent company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the company as of 31 December 2005, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the financial statements of the group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the group as of 31 December 2005, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the company's management has fulfilled its duty to properly record and document the accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

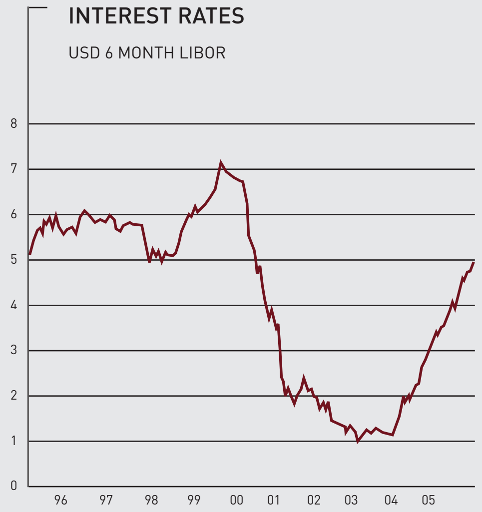
Bergen, 7 March 2006
Ernst & Young AS

Karl Erik Svanevik
State Authorised Public Accountant (Norway)
(sign)
Note: The translation to English has been prepared for information purposes only.

Arendal, Bergen, Bø, Drammen, Fosnavåg, Fredrikstad, Holmestrand, Horten, Hønefoss, Kongsberg, Kragerø, Kristiansand, Larvik, Levanger, Lillehammer, Moss, Måløy, Notodden, Oslo, Otta, Porsgrunn/Skien, Sandefjord, Sortland, Stavanger, Steinkjer, Tromsø, Trondheim, Tønsberg, Vikersund, Ålesund

Financial Risk Management and Sensitivities





The global arena is Odfjell's market place. Therefore we are exposed to an infinite number of risk factors. Our financial strategy is to be sufficiently robust to withstand prolonged adverse conditions in significant risk factors, such as long term down-cycles in the markets where we operate or unfavourable conditions in financial markets. Odfjell have an active approach in managing risk in the financial markets. This is done through funding from diversified sources, maintaining high liquidity or loan reserves, and through a systematic monitoring and management of financial risks related to currency, interest rates and bunkers. Odfjell's net result and cash flow are influenced by our success at managing these risk factors.

EARNINGS

The time charter earnings within the chemical tanker market are typically less volatile than many other shipping segments. The volatility is lower as we operate in a niche-market with specialised tonnage. Our time charter earnings are nonetheless influenced by external factors like world economic growth, the various ship-freight markets, bunker prices and factors specifically related to the chemical parcel trade, such as cargo type and cargo volume, contract and spot rates and operational efficiency. Time is of essence, an optimal utilization of the ships and an efficient composition of cargoes, with minimal time in port, is of vital importance in order to maximize the time charter earnings.

The single largest monetary cost component affecting the time charter earnings is bunkers. It amounts to about 55% of voyage cost. A change in the average bunker price of USD 10 per ton gives about USD 6 million (or USD 225/day) change in time charter earnings for the ships in which we have a direct economic interest. A certain portion of our bunker exposure is hedged through bunker adjustment contracts. In addition, we have hedged a minor share of our 2006 exposure through bunker swaps as per 31 December 2005.

Sensitivity analysis show that a per-day change in time charter earnings of USD 1 000 for our parcel tankers (about a 4% change in freight rates) will impact the pre-tax net result by approximately USD 23 million. We are currently not engaged in the derivative market for Forward Freight Agreements.

The tank terminal activities have historically shown more stable earnings than the shipping activities. About 19% of the operating result comes from tank terminals. A substantial part of the costs in a tank terminal is fixed costs, and the main drivers for earnings within a tank terminal are the occupancy rate, the volume of cargoes handled through the terminal and operational efficiency.

INTEREST RATES

All interest-bearing debt, except debt in our tank terminals outside the US, is denominated in USD. Bonds issued in NOK are swapped to USD. At the end of 2005 about 79% of our debt was floating, based on USD LIBOR rates. An increasing share of our debt is fixed either through fixed rate loans or through long-term interest rate swaps. In order to reduce the volatility in net result and cash flow related to changes in short term interest rates, interest rate periods on floating rate debt and liquidity are managed to be concurrent. Our interest bearing debt as per 31 December 2005 was 1 040 million, while liquid assets were USD 190 million.

CURRENCY

The Group's revenues are primarily in US Dollars; only tank terminals outside the US receive revenues in non-USD currency. Our currency exposure related to the net result and cash flow arises from voyage related expenses, ship operating expenses and general and administrative expenses denominated in non-USD currency, primarily in NOK and EUR. We have estimated that a 10% strengthening of the USD versus the NOK and EUR will improve the pre-tax result by roughly USD 13 million, before taking into account the result of any currency hedging.

Our currency hedging as per 31 December 2005, whereby we have sold USD and purchased NOK and EUR, covers about 15% of the 2006 exposure. The average exchange rates for open hedging positions as of 31 December 2005 were practically the same as the spot rates. Future hedging periods may vary depending on changes in market conditions.

The hedging result is accounted for as part of the hedged exposure, i.e. ship operating expenses and general and administrative expenses.

FINANCING

Odfjell has a stable debt structure established with major international shipping banks, with whom we enjoy long-standing relationships. We have a diversified debt portfolio and it is a combination of secured loans, unsecured loans, finance leases and bonds. The average maturity of the Group's interest-bearing debt is about 4.9 years.

LIQUIDITY

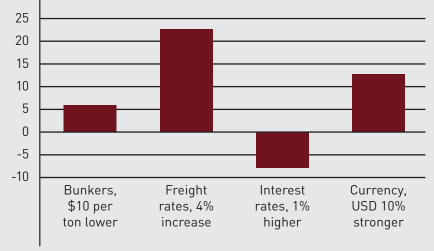
Odfjell's strategy is to maintain a high level of readily available liquidity. Over the past 10 years it has been around USD 200 million. The liquidity is invested in bank deposits and high-grade certificates and bonds with floating interest rate.

TAX

The Odfjell Group operates within a number of jurisdictions and tax systems. The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system, the Approved International Shipping system in Singapore and the tonnage tax systems in the UK and Germany. In addition we operate under local tax systems in Chile and Brazil. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located. The variation in tax systems and rates may cause tax costs to vary significantly depending on the country in which profits are accumulated and taxed.

SENSITIVITIES

USD MILL.
Change in net result before tax



USD/NOK

COST ANALYSIS

The major cost components of a typical large Odfjell parcel tanker.

(17%) BUNKERS

(16%) OTHER VOYAGE EXPENSES

(30%) OPERATING AND ADM. EXPENSES

(37%) CAPITAL EXPENSES

Corporate Governance

Odfjell ASA is a Norwegian company organised according to the Norwegian Public Limited Companies' Act. The Odfjell Group is an international group of companies with Odfjell ASA as the parent company. Subsidiaries have their own management bodies that act in accordance with the prevailing legislation in their respective countries.

As a company with global operations the Board of Directors and the Management of Odfjell experience demands and expectations from many parties. In addition to compliance with laws and regulations, Odfjell also has responsibilities towards its shareholders and lenders. Furthermore the general public opinion of the company is an important part of the context for the development of the company.

Odfjell is committed to ethical business practices, honesty, fair dealing and full compliance with all laws affecting its business. This includes a commitment to the highest standards of corporate governance throughout the Group.

The Board is ultimately responsible for the Company's objectives and the means of achieving them. Thus, the Board of Directors determines the strategic direction of the company and decides on matters, which in relation to the company's activities are of significant nature. Such matters include confirmation of the strategic guidelines, approval of the budgets and decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the shareholder policy, including dividend policy. The Board also appoints and determines the remuneration of the President/CEO.

The Board is responsible for assuring that the company's Management and employees operate in a safe, legal and ethically responsible manner. To emphasise the importance of these issues, an Odfjell Code of Conduct document has been communicated throughout the organisation. The Code focuses on aspects of ethical behaviour in everyday business activities.

To be able to control and support the organisation the Board depends on accurate and timely information. The Board of Odfjell is kept updated on management and company activities through reporting systems, including monthly financial statements. The company is also subject to external control functions like the auditors Ernst & Young, the ship classification society Det Norske Veritas, port and flag state control, and other regulatory bodies like IMO, ISM Codes, etc.

ELECTION AND TERM OF MEMBERS OF THE BOARD OF DIRECTORS

According to the Articles of Association of Odfjell ASA the company has a Board composed of a minimum of five and a maximum of seven members. The members are elected by the shareholders at the Annual General Meeting. At the Annual General Meeting held on 4 May 2005 B.D. Odfjell, Reidar Lien and Marianna Moschou were all re-elected for new two year periods. Odfjell's President/CEO Terje Storeng is a member of the Board.

Bernt Daniel Odfjell is the current Chairman of the Board. The Chairman has been given additional tasks by the Board, and consequently acts as Executive Chairman. The Executive Chairman, together with Board Members Terje Storeng and Laurence W. Odfjell, represent the Odfjell family, the largest shareholder of Odfjell ASA. Board Member Peter G. Livanos represents Chemlog Holdings Ltd., the second largest shareholder. Reidar Lien, Marianna Moschou and Stein Pettersen are independent Board Members. Great care is taken to avoid any conflict of interest in issues with related parties. In this connection the independent Board Members represent valuable external viewpoints.

MEETINGS OF THE BOARD OF DIRECTORS

The Board holds six regular meetings each year. Apart from ongoing business, four of the meetings deal with the quarterly financial reports, one covers strategic matters and the last meeting reviews and approves the next year's budget. One of the meetings is held early May, in connection with the Annual General Meeting.

The Annual General Meeting represents an occasion for the Board to meet and discuss with shareholders face to face and to decide on important issues such as the appointment of the auditors, dividend payments, and the election or re-election of Board members.

In addition to the regular Board meetings, the Board may hold special meetings, either by telephone or by written resolution at the request of the Executive Chairman, the President/CEO or any two Board Members.

COMMITTEE OF THE BOARD OF DIRECTORS

The Board has discussed the need for a specific Audit Committee, but has decided that since the Board is relatively small it is preferred that all Board members participate in discussions regarding Auditing. An Auditing Committee is not mandatory under Norwegian legislation. Odfjell has a Compensation Committee consisting of the Executive Chairman Bernt Daniel Odfjell, Board Member Reidar Lien and President/CEO Terje Storeng. All other issues are evaluated by the full Board and consequently no other permanent committee exists.

REMUNERATION

The Annual General Meeting on 4 May 2005 resolved that the annual compensation to the members of the Board be NOK 1,270,459 for the Executive Chairman and NOK 150,000 for each of the other members of the Board. The compensation was paid in cash. President/ CEO Terje Storeng received a remuneration of NOK 4 519 703 in 2005. Neither President /CEO nor Management have stock options.

More information about the compensation and benefits to the President/CEO and the Board can be found in the Notes to Group Financial Statement.

INSIDERS' TRADING WITH SECURITIES

The Board has established a policy in respect of stock trading. The policy is in line with the guidelines for Insiders issued by the Oslo Stock Exchange and applies to the Board, the President/CEO and senior management as well as other employees who in connection with their work may gain access to price sensitive, non-public, information.

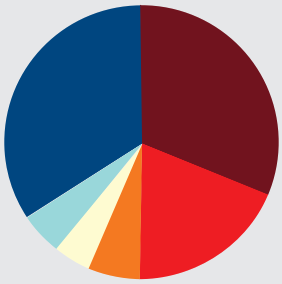
COMPLIANCE OFFICER

The Compliance Officer of Odfjell monitors that the company acts in accordance with applicable law and regulations. Particular focus is put on competition law compliance. The Compliance Officer reports directly to the President/CEO.

Shareholder Information

SHAREHOLDER STRUCTURE

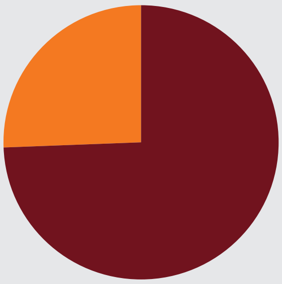
Per 31.12.2005



(31.13%) NORCHEM APS
(19.02%) CHEMLOG HOLDINGS LTD
(6.24%) JP MORGAN CHASE
(4.75%) SIS SEGA INTERSETTLE
(4.71%) FOLKETRYGDFONDET
(34.15%) OTHERS

SHAREHOLDER DOMICILE

Per 31.12.2005



(74%) INTERNATIONAL SHAREHOLDERS
(26%) DOMESTIC SHAREHOLDERS

SHAREHOLDER POLICY

Odfjell's aim is to provide competitive long-term return to its shareholders. The company emphasises an investor friendly dividend policy based upon financial performance, current capital expenditure programmes and tax positions. The company strives for semi-annual dividend payments.

SHARE PERFORMANCE

At year-end 2005 the Odfjell A-shares traded at NOK 137 (USD 20), up 29.2% compared to NOK 106 (USD 18) a year earlier. The B-shares traded at NOK 117 (USD 17) at year-end, up 13.6% from NOK 103 (USD 17) a year earlier. During 2005 an ordinary dividend of NOK 2 per share was paid out in May and an extra-ordinary dividend of NOK 2.50 per share was paid out in October. Adjusted for this dividend, the A- and B- shares yielded 33.5% and 18.0% respectively, expressed in NOK. By way of comparison, the Oslo Stock Exchange benchmark index rose by 41%, the marine index increased by 29% and the transportation index improved by 34% during 2005.

The market capitalisation of Odfjell increased by NOK 2.4 billion (USD 184 million) in 2005, from NOK 9.1 billion (USD 1.5 billion) as per 31 December 2004 to NOK 11.5 billion (USD1.7 billion) as per 31 December 2005

TRADING VOLUMES

In 2005 about 30 million Odfjell shares were traded, equally spread over A-shares and B-shares. This represents about 35% of the issued and outstanding shares. The A-shares were traded on the Oslo Stock Exchange on 251 out of 253 trading days during the year. The ADR programme set up in 1994 in the USA was discontinued in 2005 due to limited trading activity.

The Odfjell A-shares and B-shares were split two for one as per 6 May 2005 and the number of shares consequently doubled to 65 690 244 A-shares and 21 078 704 B-shares, altogether 86 768 948 shares, each with a par value of NOK 2.50 per share. Note that all share related data in this annual report have been restated accordingly.

To maintain liquidity and secure a good spread in the Odfjell shares, we have entered into a market maker agreement with DnB NOR.

SHAREHOLDERS

At the end of 2005 there were 1 157 holders of Odfjell A-shares and 510 holders of Odfjell B-shares. Taking into account shareholders owning both share classes, the total number of shareholders was 1 476, a slight increase compared to the preceding year.

INTERNATIONAL OWNERSHIP

80.8% of the company's A-shares and 52.7% of the B-shares were held by international investors at year-end, equivalent to 74% of the total share capital, about the same level as year-end 2004.

SHARE REPURCHASE PROGRAM

At the Ordinary General Meeting held on 4 May 2005 the Board was authorised to acquire treasury shares of up to 10% of the company's outstanding shares, at a minimum price of NOK 2.50 (i.e. par value) and a maximum price of NOK 250 per share. This authorisation is valid for 18 months from 4 May 2005.

No treasury shares were acquired during 2005. In the first quarter 2006 Odfjell ASA acquired 1.5 million treasury A-shares, and 1 583 400 treasury B- shares. This is about 3.6% of the number of shares in Odfjell ASA. Medio March 2006 these are the only treasury shares held by the company.

INVESTOR RELATIONS

Correct and timely information is of vital importance when wishing to create credibility and confidence. The demand for information is ever increasing, and our policy is to provide the market with relevant information. In 2004 Odfjell qualified for both the Information Mark and the English Mark from the Oslo Stock Exchange. We attach great importance to ensuring that shareholders receive swift, relevant and correct information about the company. Our aim is to provide a good understanding of the company's activities and its prospects so that shareholders are in a good position to assess the share's trading price and underlying values.

Our quarterly reports are presented in open presentations or in telephone conferences by the CEO. CFO also participates at these presentations where there is possibility to ask questions. We maintain a regular dialogue with analysts and investors.

All reports and press releases, together with a detailed description of the company and our activities, are available on Odfjell's website at:
http://www.odfjell.com

THE FINANCIAL CALENDAR FOR 2006 IS AS FOLLOWS:

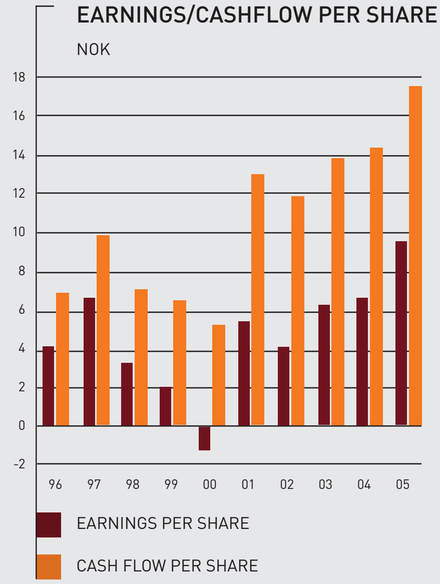
4 May 2006 Annual General Assembly
4 May 2006 Report 1st quarter 2006
24 August 2006 Report 2nd quarter 2006
7 November 2006 Report 3rd quarter 2006
2 February 2007 4th quarter result 2006

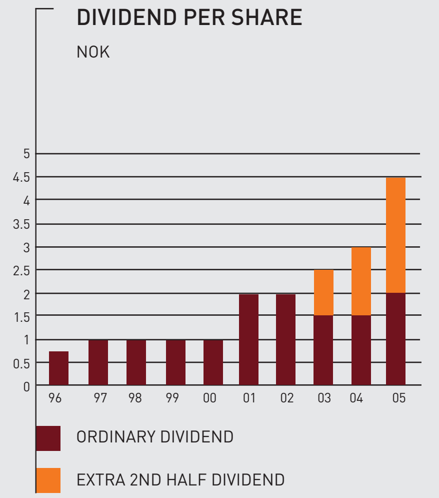
SPECIAL INFORMATION FOR NORWEGIAN SHAREHOLDERS

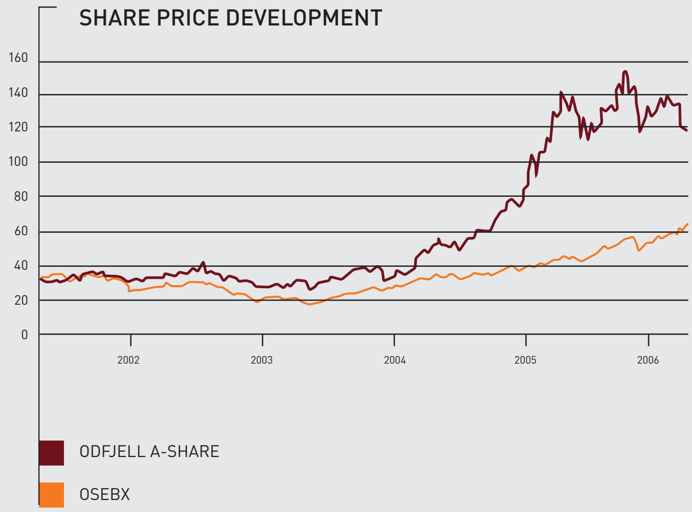
Under the tax reform of 1 January 1992 the cost of shares for tax purposes is to be adjusted annually to reflect the company's retained taxed earnings in order to prevent double taxation.

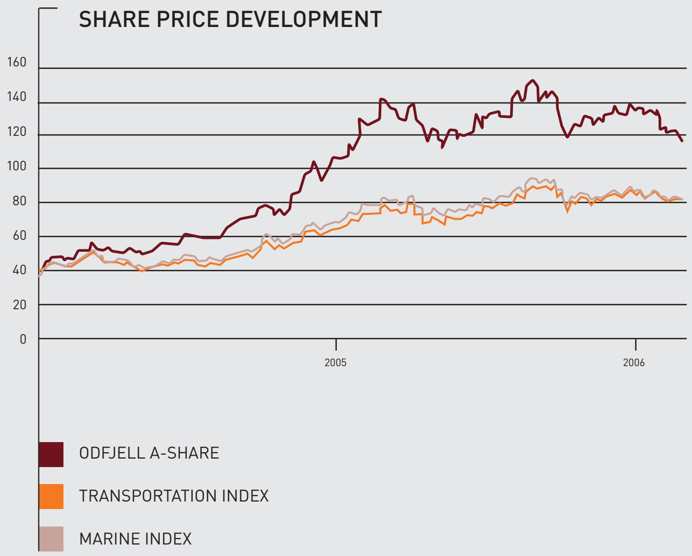
The following RISK adjustments have been set for the Odfjell-share:

1 January 2006 (provisional figure)	minus	NOK	5.50 per share
1 January 2005	minus	NOK	3.50 per share
1 January 2004	minus	NOK	2.50 per share
1 January 2003	minus	NOK	1.84 per share
1 January 2002	minus	NOK	1.80 per share
1 January 2001	minus	NOK	1.00 per share
1 January 2000	minus	NOK	1.00 per share
1 January 1999	minus	NOK	1.00 per share
1 January 1998	minus	NOK	1.00 per share
1 January 1997	minus	NOK	0.75 per share
1 January 1996	minus	NOK	0.50 per share
1 January 1995	minus	NOK	0.38 per share
1 January 1994	minus	NOK	0.32 per share
1 January 1993		NOK	0.00 per share









The reason why the RISK adjustments are negative (and reduce the cost price of the shares for tax purposes) is that the company has paid dividend in excess of taxable earnings in each particular year. Norwegian shareholders do not pay tax on dividend when received but the dividend becomes taxable when the shares are sold. This system will not continue after 1 January 2006.
In accordance with the Norwegian tax reform of 1 January 1992, the price paid by Norwegians for shares acquired prior to 1 January 1989 may be adjusted upwards to NOK 30.82 for A-shares and NOK 29.73 for B-shares.

All share data have been restated according to the 2:1 split of the shares that took place in 2004 and 2005.

Odfjell has qualified for both the Information Mark and the English Mark from the Oslo Stock Exchange.

20 LARGEST SHAREHOLDERS

	Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
1	Norchem ApS	25 966 492	1 041 176	27 007 668	39.53 %	31.13 %
2	ChemLog Holdings Ltd	16 484 396	20 500	16 504 896	25.09 %	19.02 %
3	JP Morgan Chase	2 806 665	2 607 750	5 414 415	4.27 %	6.24 %
4	SIS Segaintersettle	2 008 000	2 111 040	4 119 040	3.06 %	4.75 %
5	Folketrygdfondet	2 125 300	1 960 200	4 085 500	3.24 %	4.71 %
6	Odin-fondene	-	3 662 844	3 662 844	0.00 %	4.22 %
7	AS Rederiet Odfjell	3 497 472	-	3 497 472	5.32 %	4.03 %
8	Odfjell Shipping (Bermuda) Ltd	957 200	1 215 760	2 172 960	1.46 %	2.50 %
9	Svenska Handelsbanken	1 040 400	870 000	1 910 400	1.58 %	2.20 %
10	Pareto-fondene	588 700	1 263 800	1 852 500	0.90 %	2.13 %
11	State Street Bank & Trust	289 946	1 316 765	1 606 711	0.44 %	1.85 %
12	Mellon Bank	773 700	252 800	1 026 500	1.18 %	1.18 %
13	Mathilda A/S	600 000	150 000	750 000	0.91 %	0.86 %
14	Ingeborg Berger	470 480	67 880	538 360	0.72 %	0.62 %
15	Brown Brothers Harriman	314 600	192 800	507 400	0.48 %	0.58 %
16	Pictet &CIE Banquiers	465 760	-	465 760	0.71 %	0.54 %
17	Magnus Berger	432 400	-	432 400	0.66 %	0.50 %
18	AS Bemacs	225 900	178 000	403 900	0.34 %	0.47 %
19	Frank Mohn A/S	-	350 000	350 000	0.00 %	0.40 %
20	DFA-International	322 396	-	322 396	0.49 %	0.37 %
Total 20 largest shareholders		**59 369 807**	**17 261 315**	**76 631 122**	**90.38 %**	**88.32 %**
Other shareholders		6 320 437	3 817 389	10 137 826	9.62 %	11.68 %
Total		**65 690 244**	**21 078 704**	**86 768 948**	**100.00 %**	**100.00 %**
International shareholders		53 071 461	11 115 599	64 187 060	80.79 %	73.97 %

SHARE CAPITAL HISTORY

Year	Event	Amount NOK	Share Capital After Event NOK
1916	Established	517 500	517 500
1969	Capitalisation bonus issue	382 500	900 000
1969	Merger with A/S Oljetransport	900 000	1 800 000
1981	Capitalisation bonus issue	1 800 000	3 600 000
1984	Capitalisation bonus issue	3 600 000	7 200 000
1985	Merger with Skibsaksjeselskapet Selje	3 320 000	10 520 000
1985	Merger with Odfjell Tankers & Terminals A/S	2 000 000	12 520 000
1985	Capitalisation bonus issue	6 260 000	18 780 000
1985	Public offering	9 390 000	28 170 000
1986	Capitalisation bonus issue	2 817 000	30 987 000
1988	Capitalisation bonus issue	6 197 400	37 184 400
1989	Capitalisation bonus issue	7 436 880	44 621 280
1989	International private placement	10 000 000	54 621 280
1990	Capitalisation bonus issue	54 621 280	109 242 560
1994	Capitalisation bonus issue	109 242 560	218 485 120
2000	Private placement	49 267 340	267 752 460
2001	Redemption of treasury shares	(13 657 500)	254 094 960
2002	Redemption of treasury shares	(25 409 490)	228 685 470
2003	Redemption of treasury shares	(11 763 100)	216 922 370
2004	Share split 2:1	(0)	216 922 370
2005	Share split 2:1	(0)	216 922 370

Worldwide Activities


Bergen
London
Hamburg
Rotterdam
Dalian
Tokyo
Ulsan/Onsan
Shanghai
Ningbo
Dubai
Riyadh
Mumbai
Manila
Singapore
Durban
Melbourne

Chemical Transportation and Storage

Petrochemicals have become a part of modern life, and in many ways we now depend on such products. The petrochemical sector has for many years been subject to solid growth, and the worldwide use of chemicals has increased considerably. While the industrial nations have been the driving forces behind this growth, developing economies around the world now also account for major increases in consumption.

Historically, the production of petrochemical products was based in the US and Europe. However, production capacity has been growing in Asia, South America, South Africa and particularly in the Arabian Gulf where Saudi Arabia plays a leading role. The new plants in these regions are mostly built for production of base chemicals; so called building blocks, whilst the production of derivatives and specialty chemicals still are mostly concentrated in the US and Europe.

Chemical production facilities have traditionally been located in areas with easy access to the required raw materials. Historically, much of the petrochemical production was coal-based. Naphtha, a derivative from crude oil refining, is another raw material that is widely used, particularly in Asia. Nevertheless, the most commonly used raw material is derived from natural gas from which one gets ethylene and propylene, the two main building blocks for the chemical industry.

New plants are still being built in areas where natural gas is readily available, which is why we for instance are seeing the largest increases in production capacity in the Middle East, particularly in Iran; a country with gigantic gas reserves.

The petrochemical industry is international with both production and consumption in all regions of the world. Recently we have seen a number of mergers and hence concentration of larger, so called global producers. Most of these companies have their main focus on Asia and China in particular; the region with the largest current and future expected growth in demand for chemical products.

As a result, the petrochemical industry is in constant demand for logistics service providers capable of offering different types of storage and transportation. As of today there are a limited number of logistics service providers operating globally. Some of these companies are specialised for one type of service, like for instance bulk liquid storage. There are only some very few companies in existence with the ability to offer a multiple of different services on a global basis. Most shipping and storage companies are operating locally or within a certain region.

Odfjell is one of few companies offering the petrochemical industry a worldwide network of bulk shipping and storage services. Operating through offices at central locations around the world, Odfjell have a global market share of around 13 % of the chemical tanker segment, and as such are operating in all major trade lanes. Whilst parcel or chemical tankers only represent a small percentage of the total world fleet of ocean-going tankers, for which the main cargo is crude oil, there is a constant interplay between the various segments of this huge market. As far as the chemical tanker market is concerned, there is a constant impact by the so called handysize tankers, the type of ships employed for carriage of clean petroleum products such as naphtha, gasoline, diesel and gasoil.

A chemical tanker is designed and constructed in order to handle a multiple of different types of cargoes simultaneously and as such, combine different customers' requirements in certain trade lanes and under single voyages. Different customers' products are always kept segregated though. Chemical tankers are often evaluated in two different catego-

ORGANIC CHEMICALS

Raw Materials	Basic Products	Derivatives	End Products
Coal	BTX	EDC	Paint
Gas	Ethylene	Styrene	Fibres
Crude Oil	Propylene	Glycol	Plastics
	Methanol	MTBE	Detergents
	Butadiene	Industrial alcohols	Oil additives
		Polyester	Rubber

ries; ships with all or the majority of its cargo tanks made of stainless steel as opposed to ships with only coated tanks.

Ships with coated tanks are typically engaged for carriage of commodity-type chemicals, clean petroleum products and vegetable oils. The largest trade for coated chemical tankers are with full loads of commodity-type chemicals from Northwest Europe, the US or the Arabian Gulf to different destinations in the Asia/Pacific region. Return cargoes are often vegetable oils, molasses or clean petroleum products back to Europe or the US.

The most advanced ships with stainless steel cargo tanks are often built to handle a higher number of different products. These ships are used for the most specialised types of chemical products which in addition to the stainless steel requirement may also demand special handling in terms of temperature and pressure control during transit. Stainless steel cargo tanks are also required for carriage of different types of acids. Odfjell has increasingly invested in ships with stainless steel cargo compartments.

For a global and long-term operator it is clearly an advantage to be in possession of a different but efficient mix of ships and as such, be able to adjust to current and changing market requirements.

Odfjell carries over 600 different generic products every year, ranging from various organic chemicals such as alcohols, acrylates, aromatics as well as fuel oil, lubricating oils, vegetable oils, animal fats and inorganic chemicals like sulphuric and phosphoric acids.

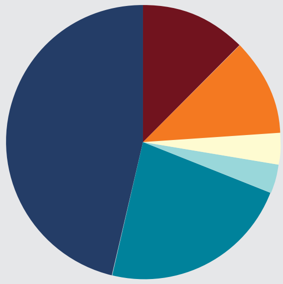
With frequent sailings in all major trade lanes Odfjell is able to offer unique and flexible services allowing customers to ship small parcels from 100 to 150 tons to full cargoes of up to 40 000 tons. By entering into so called contracts of affreightments the customer can plan regular shipments in order to meet required delivery targets whilst they also help Odfjell from a scheduling point of view. However, a significant part of the cargoes carried by chemical tankers are still fixed in the spot market, often by trading companies taking advantage of arbitrage of commodity prices.

Odfjell's strategy involves consolidation of our loading and discharging operations at certain key hubs for chemical distribution. Our investments in small ships for transhipment purposes and in tank terminals at major ports such as Houston, Rotterdam, Singapore and Ulsan play an important role in this respect.

Tank terminals are an integral part of the chemical logistic chain and their services constitute a natural link between our traditional shipping services and inland transportation by different modes such as barges, railcars, trucks, ISO-containers and pipelines. Odfjell's tank terminals handle, store and distribute bulk liquid chemicals to or from all different modes of transportation.

THE CHEMICAL TANKER MARKET

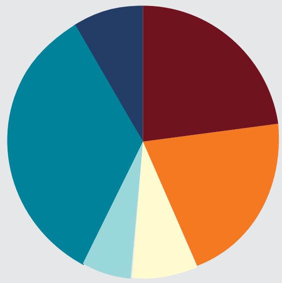
Ships 13.000 dwt. and above
Total fleet about 19 million dwt., 670 ships



(11.3%) Odfjell
(10.6%) Stolt-Nielsen
(3.8%) JO Tankers
(3.6%) Tokyo Marine
(24.0%) Other majors
(46.8) Others

THE CORE CHEMICAL TANKER MARKET

Ships 13 000 dwt. and above
Total fleet about 9.7 million dwt., 341 ships

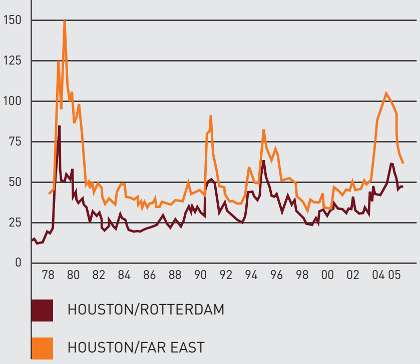


(22.0%) Odfjell
(20.6%) Stolt-Nielsen
(7.4%) JO Tankers
(7.0%) Tokyo Marine
(34.9%) Other majors
(8.2%) Others

Parcel Tankers

FREIGHT RATES

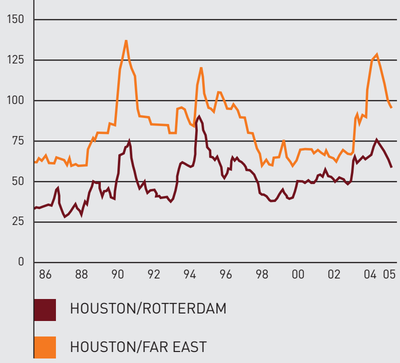
3 000 tons easy grade chemicals
USD/Ton



Source: Quincannon

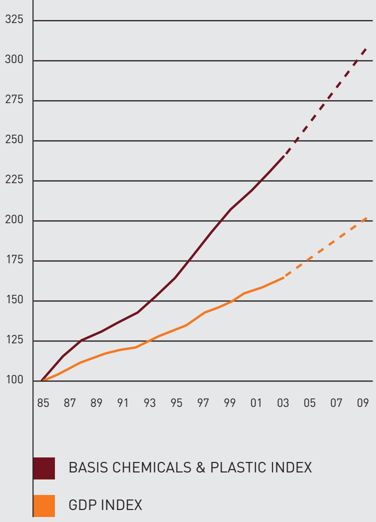
FREIGHT RATES

1 000 tons stainless steel grades chemicals
USD/Ton



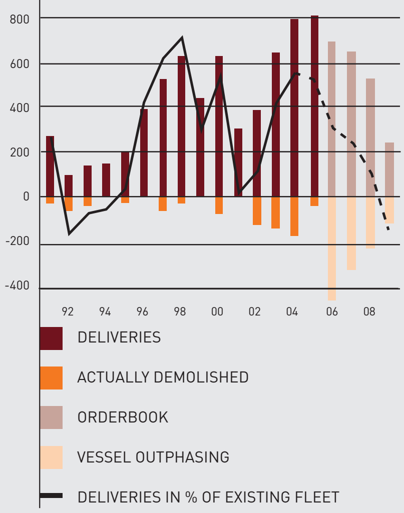
Source: Quincannon

CHEMICAL AND PLASTICS GROWTH HAS OUTPACED GDP GROWTH OVER THE LAST TWO DECADES



Source: CMAI

CORE CHEMICAL DEEP SEA FLEET CHANGES 1991 - 2009



Source: Odfjell

The Odfjell fleet consists of about 95 ships out of which 77 are operated globally by Odfjell Seachem in a network of shipping services as well as for spot trading. Odfjell Seachem is our fully owned chartering and operating company with headquarters in Bergen, Norway. The company is represented with overseas offices in 13 different countries, each with the purpose of marketing and serving customers at their home turf. Several of these offices have a dual role as both commercial and operational issues can be dealt with. Our Singapore office has the commercial control of 14 ships employed in inter Asia trade.

The Odfjell Seachem fleet consists of a variety of ship types; both in terms of size, sophistication, number of tanks, tank configuration and other criteria of importance for our clients. Our ships are classed as chemical tankers. However, we use the term "parcel tankers" to emphasise the ability to carry a wide spectre of procucts in addition to chemicals. Fleet development and utilization are critical success factors in the daily management and running of the fleet.

Flexibility and inter-changeability of ships between trade lanes have always been an important factor. Some of the ships are involved in a "round the world" trade, servicing ports in Europe, the US, Asia Pacific and Africa. Our 16 state-of-the-art 37 500 dwt fully stainless steel ships constitute an important backbone of this service. Our 39 500 dwt newbuilding from Poland, of which five have been delivered, have also successfully started to contribute to our overall ability to serve customers world-wide. These ships have 40 tanks, made of duplex stainless steel, and represent the highest level of flexibility yet to be built. Delivery of the remaining five units is scheduled from 2006 through 2010. Odfjell Seachem has contracts for another 16 ships, 10 for long term time charter and six for inclusion on a pool basis. These are all newbuildings in sizes from 19 500 – 33 000 dwt; scheduled for delivery from different Japanese yards in a period from 2006 to 2008.

Odfjell has also an agreement with the state owned Russian shipyard "Sevmash" at Severodvinsk near Archangel to build a series of eight to twelve advanced product/chemical carriers, for delivery 2007 onwards. The keel laying of the first ship in the series took place in December 2005 according to schedule. These will be IMO type II fully coated vessels of about 45 000 dwt. and will replace some of our older single hull chemical carriers. We expect an enhanced commercial demand for such ships due to stricter IMO rules for carriage of vegetable oils and certain other bulk liquid products by double-hulled chemical tankers. The new rules will come to effect as from January 2007.

Odfjell therefore has a significant order book and is well positioned to meet future demands both with regards to capacity, age restrictions and quality as required by the major oil and chemical companies.

PARCEL TANKERS	Figures in	2005	2004	2003	2002	2001	2000	1999	1998	1997
Gross revenue	USD mill.	**915**	816	739	714	728	604	489	458	521
Operating result before depreciation and gain (loss) on sale of non-current assets (EBITDA)	USD mill.	**216**	159	120	116	164	90	71	78	100
Operating result (EBIT)	USD mill.	**138**	85	47	48	100	31	36	48	97
Total assets	USD mill.	**1 597**	1 467	1 296	1 260	1 294	1 346	1 130	-	-
Volume shipped	1 000 tons	**22 156**	22 614	21 232	22 123	21 083	19 633	11 037	11 619	11 326
Number of products shipped		**551**	587	593	535	545	579	515	389	368
Number of parcels shipped		**4 962**	5 612	5 137	4 881	4 818	5 138	4 669	5 306	5 356
Port calls		**3 864**	3 991	3 704	3 586	3 699	3 316	2 606	2 486	2 367
Number of ships		**93**	95	98	86	88	85	63	49	50
Total deadweight	1 000 tons	**2 393**	2 447	2 480	2 335	2 413	2 339	1 716	1 567	1 596

Odfjell has been a supporter of high standards of chemical tankers since the inception of the industry and has therefore taken a proactive approach towards international regulatory bodies and major customers in order to improve safety. The three to four largest oil- and chemical companies typically inspect every ship once a year.

The 14 ships operated out of our office in Singapore are traded intra North East Asia, intra South East Asia and we are offering regular services between these two regions. Petrochemical trade to and from China continues to increase, and more and more ports for transfer of petrochemical products are being introduced. Our Singapore office is also responsible for running regular parcel services between Asia-Pacific and Australia/New Zealand as well as services between Asia-Pacific and AG/India/Africa.

Volumes shipped deep-sea as well as regionally are steadily increasing. As end-users of petrochemicals require products delivered on shorter notice and with less lead-time, the major petrochemical producers are building petrochemical production complexes closer to their markets, whilst manufacturers with production facilities far from the markets like those located in the Middle East, to a larger extent seem to base their logistics on keeping sufficient inventories in the proximity of their customers. Consequently, the demand for modern quality carriers, large, small and of different configuration and capabilities are all on the rise. The key to being able to serve the customer in the best and most economical manner is to be in possession of the right size and type of ships for the right trade.

In addition to wanting a major position in the increasingly important and growing inter Asian trades, Odfjell Seachem also aims to offer its global customers transshipment to restricted ports. Consolidation of loading and discharging operations for the large parcel tankers is also of great importance. By reducing port calls and thereby reducing risk of delays, Odfjell Seachem is able to offer a more reliable and economical service to our customers.

ODFJELL AHRENKIEL

The 50/50 joint venture with Ahrenkiel for marketing and operation of chemical tankers in inter-European trade became operational in January 2004. Odfjell Ahrenkiel, based in Hamburg, currently operates a fleet of nine chemical tankers of which eight are the advanced Multitank ships of 5 870 dwt. Four of these ships were acquired by Odfjell in April 2005. During its first two years of operation the company has firmly established itself as a reliable carrier in the inter-European trade. Odfjell Ahrenkiel carried 0.9 million tons of cargo in 2005.

FLUMAR

Odfjell owns 50 % of the Brazilian shipping company Flumar. Operating out of Sao Paulo, Brazil, the company's core business is transportation of bulk liquid chemicals and gases primarily on the Brazilian coast and within the Mercosul area. Presently, the company operates four chemical tankers and one LPG ship ranging in size from 4 400 to 12 450 dwt. Combined, Odfjell and Flumar are able to provide customers with enhanced service capabilities. Furthermore, the extensive network of associated terminals in Brazil, Argentina adds important flexibility towards our customers' logistical requirements. Flumar carried more than 1.5 million tons of cargo in 2005.

ODFJELL Y VAPORES

Through the 50/50 joint venture company, Odfjell y Vapores, we carried 1.4 million tons of cargo in 2005, primarily sulphuric acid along the Chilean coast.

Tank Terminals

- Revenue USD 132 million
- 13 % of group revenue
- Total assets USD 393 million
- 6 fully or partly owned at strategic locations
- 8 associated terminals

In total, our tank terminal network now employs more than 860 people and offers close to 2.8 million cbm of storage space in about 930 tanks in 15 ports around the world. This makes us one of the world-leaders in combined shipping and storage services. We have a strategy of expanding the tank terminal activities along Odfjell's major shipping lanes. We also focus on strategic ports in newly industrialized countries, in order to improve the development of chemical markets. In addition to being profitable investments on a stand-alone basis, our tank terminals also play an important operational role in our cargo-consolidation programme to reduce the time our ships spend in port. Commercially, the combination of shipping and tank terminals gives Odfjell an excellent position to offer complete logistics packages to our customers. The demand for combined services has steadily increased as a result of the industry's ongoing pursuit of improving efficiency in the supply chain.

ODFJELL TERMINALS (HOUSTON) LP - HOUSTON, TEXAS, USA (OTH)

Houston is the major international hub for import and export of chemicals in the US. The terminal here was built by Odfjell in 1983 and since the mid 1990's OTH has been through a considerable expansion period, increasing the capacity by close to 70%. The expansion has improved the profitability through a better utilization of already existing and costly infrastructure.

The tank terminal comprises 92 tanks ranging from 350 cbm to 9 000 cbm and has a total capacity of about 272 000 cbm. The tank terminal comprises the largest stainless steel storage capacity of any privately owned tank terminal in the world, in total 90 000 cbm.

The facilities' unused land and existing infrastructure provide good opportunities for further expansion, with potential storage capacity of around 350 000 cbm in the existing area.

Odfjell Terminals (Houston) is the hub for Odfjell's global and regional trades to and from the US Gulf. The realisation of synergies has been prioritised and the company's joint transportation and storage contracts have helped in this respect.

ODFJELL TERMINALS (ROTTERDAM) BV – ROTTERDAM, THE NETHERLANDS (OTR)

Located in the heart of Rotterdam harbor, the most important chemical distribution centre in Europe, Odfjell Terminals (Rotterdam) has a total storage capacity of about 1 540 000 cbm, and around 300 storage tanks. It is one of the largest facilities of its kind in the world. The tank terminal stores both chemicals and mineral oil products. The chemical storage capacity is 610 000 cbm, while the mineral oil capacity is about 930 000 cbm. In addition to the storage business, the facility has an industrial distillation plant, which retains a large market share in the independent product distillation market in northwest Europe.

Part of the storage capacity can be shifted from one segment to another, including servicing the distillation business. This provides us a great flexibility and diversifies commercial risk.

The tank terminal has excellent infrastructure, with four berths for seagoing ships and 11 berths for barges. It also has extensive facilities for the handling of trucks, rail cars and ISO-containers. The site has its own water treatment plant that also serves third parties.

The facility is already one of the most important docking facilities for Odfjell in the Rotterdam-Antwerp area, and our goal is to make it the primary hub for our global trade to and from Europe.

OILTANKING ODFJELL TERMINAL SINGAPORE PTE LTD – SINGAPORE (OOTS)

As one of the busiest ports in the world, Singapore plays a major role in the distribution of petrochemicals in South East

TANK TERMINALS	Figures in	2005	2004	2003	2002	2001	2000	1999	1998	1997
Gross revenue	USD mill.	132	129	118	97	90	59	32	28	27
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	48	49	45	38	35	25	16	13	13
Operating result (EBIT)	USD mill.	33	29	27	22	23	16	11	8	9
Total assets	USD mill.	393	397	343	336	274	243	129	-	-
Tank capacity	1 000 cbm.	2 256	2 256	2 256	2 155	2 155	1 917	354	315	255

Asia. Singapore also has a high concentration of refinery capacity as well as a large and diversified chemical production. Further growth is secured through its prime location, good infrastructure and a stable economy and government. Oiltanking Odfjell Terminal Singapore is located on Jurong Island, where most of Singapore's development of petrochemical industry is concentrated.

The tank terminal, which became operational in 2001, has a total capacity of 213 000 cbm in 51 tanks, ranging from 800 cbm to 18 000 cbm. The stainless steel capacity is around 5 000 cbm. More than 100 000 cbm of the capacity is committed on long-term contracts. With access to additional land, the tank terminal can eventually grow to about 300 000 cbm. The terminal has two modern ship berths, and has access to another two berths.

The flexible storage and transfer services offered by the terminal, along with excellent marine facilities create a good basis for Odfjell to develop a hub for the global and regional shipping services in South East Asia.

The tank terminal is a 50/50 joint venture, in which Oiltanking is the managing partner.

OILTANKING ODFJELL TERMINALS & CO L.L.C - SOHAR, OMAN (OOT)

Sohar Industrial Port is strategically located outside the Strait of Hormuz only a few hours drive from the petrochemical industry in Oman, UAE, Saudi Arabia and Qatar. Several world scale petrochemical complexes are currently under construction in the port, this development is driven by the desire of the Sultanate of Oman to exploit the nations gas reserves and

create a strong "value added process economy" as opposed to a energy export economy.

OOT has the exclusive right to managing 6 liquid berths and provide bulk liquid storage within Sohar Industrial Port. Odfjell holds 35 % of the company, with the others partners being Oiltanking (35%), Oman Oil Company (25%) and Seven Seas (5%). OOT is jointly managed by Odfjell and Oiltanking and will be operational by summer 2006.

ODFJELL TERMINALS (KOREA) CO LTD – ONSAN, KOREA (OTK)

Odfjell Terminals (Korea) is strategically located in the most important petrochemical distribution and transhipment hub in Northeast Asia. Odfjell is one of the largest carriers of bulk liquid chemicals in and out of Korea with a significant number of port calls and transhipment operations in the region. The tank terminal became operational in 2002.

The tank terminal currently has 39 tanks with a total storage capacity of 109 500 cbm and has ample land for future expansions. The company is the owner of one berth and has access to a second berth, each with the capability of handling two ships at the time.

ODFJELL TERMINALS (DALIAN) CO LTD - DALIAN, CHINA (OTD)

Odfjell Terminals (Dalian) is located in Dalian on the northeastern coast of China. The tank terminal with 35 tanks and 60 000 cbm will during the course of 2006 relocate from current location to New Port in Xingang. In combination with the relocation the terminal will increase its capacity from 60 000 to 120 000 cbm. OTD is constructed in compliance with stringent quality and environmental requirements. From its start in 1998, the development of the tank terminal's business has been very positive, and the diversified customer base gives the terminal a good performance. Odfjell has a 50% stake and PDA Company limited is the other shareholder in the company.

ODFJELL TERMINALS (JIANGYIN) CO LTD – JIANGYIN, CHINA (OTJ)

Odfjell Terminals (Jiangyin) Co. Ltd is located in Jiangyin Economic Development Zone on the south bank of the Yangtze River approximately 150 km west of Shanghai and 12 hours by ship from the entrance of Yangtze River. Operational as from 1st quarter 2007, the 22 tanks / 99 800 cbm terminal will handle numerous different types of petrochemicals from ships, barges and trucks.
The 1 780 m long jetty pipe rack and roadway will have a jetty with length of three berths (625 m) which can handle ships up to 50 000 dwt ships and an additional jetty for two barges. Odfjell Terminals (Jiangyin) Co.Ltd will provide complete terminal services in a safe way and to the highest environmental industry standards. Odfjell (55%) owns OTD together with Garson Group (45%).

VOTTN - NINGBO, CHINA

This tank terminal started operations in 1994. Located close to Shanghai, Ningbo is a key port for importing chemicals to the central east coast of China. The terminal serves ships, barges, rail cars and trucks and currently has a capacity of about 63 500 cbm. Odfjell has a 12.5% stake in the tank terminal, with the other partners being Vopak, Helm AG and Port Authorities.

ASSOCIATED TANK TERMINALS, SOUTH AMERICA

Odfjell's involvement with tank terminals started in South America, where the first terminal became operational in Buenos Aires in 1969. Today, eight chemical tank terminals spread along the coasts of Brazil, Argentina, Chile and Peru, with a strong market position for chemical storage in the region. The Odfjell family owns these terminals privately, their operational headquarter being in Sao Paulo. The four Brazilian tank terminals are located in Santos, Rio Grande, São Luís and Corumba. In Argentina, they have two tank terminals, one in Buenos Aires and the other, a state-of-the-art terminal in Campana, about 80 km upriver from Buenos Aires. The Chilean tank terminal is located in San Antonio. The latest addition is a highly sophisticated 25 000 cbm chemical tank terminal in Callao, Peru.

These extensive tank terminal activities in South America provide an excellent complement to Odfjell's more than 7 million tons per year of shipping activities within the region. Where practicable, shipping and storage services are marketed from shared offices, facilitating logistical solutions as comprehensive as deemed convenient by our customers.

Ship Management

Odfjell is a fully integrated shipping company incorporating all functions required to ensure the provision of reliable high-quality transportation services. Owning ships and taking responsibility for chartering, operations and ship management ensure effective co-ordination and common priorities across all our operations. As ships account for about 75% of our total fixed assets, it is vital that the fleet is managed and operated efficiently, assets are protected and values maintained.

SHIPS

Our ship maintenance programme ensures safe and efficient operation, a long useful life and high second-hand values. The maintenance is managed through our computerised Planned Maintenance System, which is certified by Det Norske Veritas (DNV). Surface protection and maintenance of tanks, structures and machinery are based on thorough assessments, with periodical dry-docking carried out normally every 30 months.

Our ship management division takes care of Odfjell's ships and also seven ships owned by National Chemical Carriers Ltd Co in Saudi Arabia. This includes crewing, technical operation and maintenance, purchasing, safety assurance and insurance.

In 2004 we established an Odfjell ship management branch in Singapore. This unit will manage ships in regional trades as well as some large parcel tankers.

CREW

The safe operation of chemical tankers depends on highly qualified officers and crew. Our ships are registered in Norway (NIS) and Singapore, and are manned primarily by Norwegian and Filipino seafarers with long experience from chemical tankers.

Odfjell pays considerable attention to recruiting qualified officers and crew. At any given time more than 100 seafarers are normally working as trainees or cadets.

RISK MANAGEMENT

Our Risk Management section works to enhance safety and to control the risks associated with our business.

Regular internal audits of all Odfjell ships are carried out every year. Customers make inspections through the Chemical Distribution Institute (CDI) and the Oil Companies International Marine Forum (OCIMF). Periodical surveys are carried out by various classification societies, flag states and port states. DNV performs ISM Code inspections of our ships' quality systems. When ships or offices report critical situations, accidents, non-conformances or possible improvements through our Safety and Improvement Reporting System (STAR - EVENT), proper response is prepared and corrective actions implemented. Our Quality Board, at senior management level, takes action on major issues. We view this system as an effective tool in our work to increase safety and to prevent injuries, damage and losses.

COMMUNICATION

An in-house Information Technology and Communication network provides ship-to-shore communication and the electronic exchange of databases. All ships and offices are connected to this system, thus ensuring swift communication and rapid exchange of information needed to operate and manage our ships safely and efficiently.

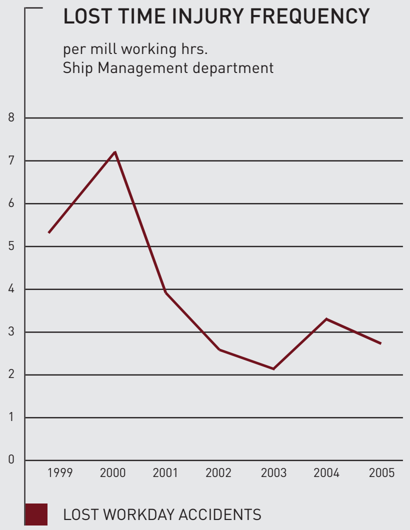
Health, Safety and Environmental Protection

Odfjell strives to be a Zero Accident company where safety is job number one. To strengthen focus on HSE a new corporate unit, reporting directly to the CEO, was established last year.

HSE has become more and more important in general. The ownership and engagement in the different Odfjell companies is a proof of this. Our focus is on continous improvment of the HSE systems.

We are pleased to see that the recorded absence rate within the shore based organisation has decreased further from 3.3 % in 2004 to 2.9 % in 2005.

Also injuries are coming down. We believe that increased reporting of near misses and the sharing of experience are both important contributing factors to avoid real accident. This also supports our "0-accident" philosophy.



FLEET

Own internal management gives better control and in 2005 totally 12 of our vessels were transferred from external to internal management. A large effort, both on board and ashore, has been made to maintain a high safety standard during the transition period.

We are satisfied with the overall HSE performance, and continue to strive for the objective to comply with our "0-accident" philosophy. In the Ship Management department the Lost Time Injury Frequenc was down to 2.7 compared to 3.3 in 2004.

In 2005 team building seminars, for personnel from ship and shore, were arranged to establish quantified goals and HSE targets. An integrated HSE Program has now been developed. The Program addresses numerous activities that shall be completed in the next two years.

Odfjell's environmental efforts and contribution to protection of the environment reached another important mile stone when our Ship Management Department, including branch office in Singapore, received its ISO 14001 certificate from DNV on 6 July 2005. The certificate covers ship management of Tankers for Oil Products and Chemicals.

One objective in the Environmental Program 2005 was to reduce the environmental impact caused by cargo sample bottles. In the period totally 14 731 cargo sample bottles were landed ashore at approved destruction facilities.

Odfjell has strict focus on oil pollution and compliance with MARPOL with emphasis on the oily water separator (OWS), the oil content monitor and the oil record book. Within our industry equipment malfunction, lack of maintenance and operational knowledge has resulted in numerous sanctions. These matters have our full attention and we are currently testing out three different equipment designs with respect to the oily water separation process. In addition, training and pollution awareness are key factors that are given the highest priority both on board and ashore.

In 2005 MARPOL's *Regulation for the prevention of Air Pollution from ships* entered into force. The regulations include many new aspects related to design of ships, but are even more directed to operational issues. The regulation set requirements to emissions and fuel oil quality, etc. These are all important requirements that will affect our activities and we are continuously working to be in compliance and contribute in our common effort to protect our environment.

TANK TERMINALS

At the terminals many activities for safety and environment protection have been performed to assure present requirements and to meet future challenges. Focus has been on improving the safety skills and behaviour of our staff. The means has been "on the job" training for hygiene and safety, regular education about dangerous goods and several emergency drills.

In 2005 Odfjell terminals received several recognitions, such as: award from Korean Industrial Safety & Health agency for outstanding safety scores and injury prevention, and recognition by The American Chemistry Council (ACC) to be the first Partner Company to be certified to the new RC14001 standard.

Audits at the terminals are important means to demonstrate compliance. Examples from 2005 are an unannounced Leak Detection and Repair Audit for the fugitive emissions program, as required by the Clean Air Act and the Odfjell Air Permit, was completed with no findings or areas of concern. This is an excellent result in itself and almost unprecedented in this industry. At Odfjell Terminals (Rotterdam) an external safety government audit was performed and the result was no major finding and a good improvement since the last audit three years ago.

Fleet Overview

FLEET OVERVIEW as per 3 March 2006

	Ship	Year built	Dwt	Cbm	Stainless steel, Cbm	Number of tanks
OWNED:	Bow Summer	2005	40 036	52 126	52 126	40
	Bow Sky	2005	40 005	52 126	52 126	40
	Bow Spring [1]	2004	39 942	52 126	52 126	40
	Bow Star [1]	2004	39 832	52 126	52 126	40
	Bow Sun	2003	39 842	52 126	52 126	40
	Bow Firda [1]	2003	37 427	40 515	40 515	47
	Bow Chain [1]	2002	37 518	40 515	40 515	47
	Bow Favour	2001	37 438	40 515	40 515	47
	Bow Century	2000	37 438	40 515	40 515	47
	Bow Fortune	1999	37 395	40 515	40 515	47
	Bow Master	1999	6 046	6 878	6 878	14
	Bow Mate	1999	6 001	6 864	6 864	14
	Bow Pilot	1999	6 000	6 865	6 865	14
	Bow Sailor	1999	6 000	6 870	6 870	14
	Bow Cecil [1]	1998	37 345	40 515	33 236	47
	Bow Flora	1998	37 369	40 515	33 236	47
	Bow Balearia	1998	5 870	5 941	5 941	20
	Bow Bracaria	1997	5 870	5 941	5 941	20
	Bow Brasilia	1997	5 870	5 941	5 941	20
	Bow Cardinal	1997	37 446	41 487	34 208	52
	Bow Faith	1997	37 479	41 487	34 208	52
	Bow Bahia	1996	5 870	5 941	5 941	20
	Bow Cedar	1996	37 455	41 608	34 329	52
	Bow Fagus	1995	37 375	41 608	34 329	52
	Bow Clipper	1995	37 166	41 492	34 213	52
	Bow Flower	1994	37 221	41 492	34 213	52
	Bow Eagle	1988	24 728	32 458	19 662	25
	Bow Cheetah	1988	40 258	47 604	-	29
	Bow Leopard	1988	40 249	47 604	-	29
	Bow Lion	1988	40 272	47 604	-	29
	Bow Peace	1987	45 655	52 173	2 167	23
	Bow Power	1987	45 655	52 173	2 167	23
	Bow Pride	1987	45 655	52 173	2 167	23
	Bow Prima	1987	45 655	52 173	2 167	23
	Bow Prosper	1987	45 655	52 173	2 167	23
	Bow Fertility	1987	45 507	52 173	2 167	23
	Bow Fraternity	1987	45 507	52 173	2 167	23
	Bow Panther	1986	40 263	47 604	-	29
	Bow Puma	1986	40 092	47 604	-	29
	Angelim (50 %)	1985	10 259	10136	6 500	18
	Araucaria (50 %)	1984	10 259	10 159	6 500	18
	Bow Hunter	1983	23 002	25 026	21 031	28
	Bow Maasstad	1983	38 039	48 866	-	22
	Bow Maasstroom	1983	38 039	48 866	-	22
	Bow Maasslot	1982	38 039	48 866	-	22
	Bow Fighter	1982	34 982	41 184	6 299	34
	Bow Pacifico (50%)	1982	18 657	22 929	10 849	31
	Owl Trader	1982	12 450	14 482	8 070	22
	Bow Pioneer	1982	23 016	25 965	20 969	28
	Bow Viking	1981	33 590	40 956	21 745	36
	Bow Lancer	1980	35 100	42 468	6 252	34
	Bow Heron	1979	35 289	42 109	5 882	31
	Jatai (50 %, LPG)	1979	4 452	4 031	-	3
	Bow Lady	1978	32 225	41 354	3 077	42
	Bow Condor (50%)	1978	27 950	34 656	21 035	43
	Bow Andes (50 %)	1977	28 060	34 756	21 136	43
TIME-CHARTERED:	Bow Architect	2005	30 058	36 000	36 000	28
	Bow Rio	2005	19 990	19 990	19 990	22
	Bow Europe	2005	19 727	21 573	21 573	36
	Bow Santos	2004	19 997	21 846	21 846	22
	Bow Asia	2004	9 901	10 866	10 866	20

Bow Singapore	2004	9 888	10 867	10 867	20
Bow Americas	2004	19 707	22 050	22 050	36
Bow de Rich	2003	12 452	13 300	13 300	22
Bow Wallaby	2003	11 951	13 485	13 485	22
Bow de Feng	2002	12 514	13 289	13 289	22
Bow West	2002	12 503	13 299	13 299	22
Bow de Silver	2000	11 747	12 296	12 296	20
Bow Andino	2000	16 121	17 270	17 270	30
Bow de Jin	1999	11 752	12 296	12 296	20
Bow Wave	1999	8 594	9 225	9 225	20
Bow Wind	1999	8 587	9 226	9 226	20
Multitank Batavia	1998	5 870	5 941	5 941	20
Multitank Badenia	1997	5 870	5 941	5 941	20
Brage Pacific	1997	17 460	18 620	18 620	24
Multitank Bolognia	1997	5 870	5 941	5 941	20
Multitank Britannia	1996	5 870	5 941	5 941	20
NCC Jubail	1996	37 499	41 488	34 209	52
Brage Atlantic	1995	17 460	19 587	19 587	22
NCC Mekka	1995	37 272	41 588	34 257	52
NCC Riyad	1995	37 274	41 492	34 213	52
Bow Antisana [2]	1989	8 192	9 899	5 777	22
Bow Gorgonilla [2]	1989	8 192	9 899	5 777	22
NCC Baha	1988	24 728	32 458	19 662	25
NCC Asir	1983	23 001	24 965	20 969	28
NCC Arar	1982	23 002	24 965	20 969	28
Jacaranda (50%)	1978	9 970	9 924	5 877	17
Bow Orion	1977	28 083	34 656	21 035	43
NCC Yamamah	1977	28 053	34 656	21 035	43
NCC Jouf	1976	28 026	34 656	21 035	43
Bow Neptun	1976	28 060	34 656	21 035	43
Bow Saturn	1976	28 030	34 656	21 035	43
Number of ships:	92	2 365 086	2 745 955	1 586 328	

ON ORDER:

Yard	Delivery	Dwt	Owner	Comment
NB Szczecin - B588/III/6	4/2006	39 500	Odfjell	
NB Szczecin - B588/III/7	10/2006	39 500	Odfjell	
NB Szczecin - B588/III/8	4/2007	39 500	Odfjell	
NB Szczecin - B588/III/9	10/2009	39 500	Odfjell	Option
NB Szczecin - B588/III/1	04/2010	39 500	Odfjell	Option
NB Sevmash #1	10/2007	45 000	Odfjell	
NB Sevmash #2	6/2008	45 000	Odfjell	
NB Sevmash #3	11/2008	45 000	Odfjell	
NB Sevmash #4	6/2009	45 000	Odfjell	
NB Sevmash #5	10/2009	45 000	Odfjell	
NB Sevmash #6	6/2010	45 000	Odfjell	
NB Sevmash #7	10/2010	45 000	Odfjell	
NB Sevmash #8	6/2011	45 000	Odfjell	
NB Kitanihon	3/2006	30 000	Time-charter	
NB Kitanihon	9/2006	19 800	Time-charter	
NB Kitanihon	11/2006	19 800	Time-charter	
NB Fukuoka	12/2007	19 900	Time-charter	
NB Shin Kurishima	6/2008	32 500	Time-charter	
NB Kitanihon	8/2008	33 000	Time-charter	
NB Kitanihon	10/2008	33 000	Time-charter	
NB Kitanihon	12/2008	33 000	Time-charter	
NB Fukuoka	12/2008	19 900	Time-charter	
NB Shin Kurishima	6/2009	32 500	Time-charter	
NB Usuki	11/2006	19 900	Variable t/c	
NB Usuki	1/2007	19 900	Variable t/c	
NB Usuki	6/2007	19 900	Variable t/c	
NB Usuki	8/2007	19 900	Variable t/c	
Number of new buildings:	27	910 500		

[1]Vessel beneficially owned through financial lease.

[2] Vessel on bare-boat charter.

TANK TERMINALS

	Location	Share	CBM	Steel, CBM	Number of tanks
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	100 %	1 540 000	31 000	300
Odfjell Terminals (Houston) LP	Houston, USA	100 %	270 563	81 902	92
Odfjell Terminals (Dalian) Ltd	Dalian, China	50 %	59 700	5 750	35
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	50 %	109 500	2 850	39
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	50 %	213 000	5 700	51
VOTTN Ltd (Ningbo)	Ningbo, China	12.5 %	63 500	7 900	36
			2 256 263	135 102	553

Glossary

BALLAST: A voyage with no cargo on board to get a ship in position for next loading port or dry docking.

BALLAST TANK: A tank that is filled with sea water when a ship sails in ballast, or in order to provide stability.

BARE-BOAT CHARTER (B/B): The ship owner hires out a ship without crew for a fee, payable as a specific sum per day or a specific sum per dwt per month. The party that hires the ship pays for bunkers, port and canal charges and any other voyage related costs as well as all other operating cost.

BARGING: Transfer of cargo to/from a ship from/to a barge.

BROKER: An independent intermediary who negotiates freight contracts between owners and charterers as well as the sale and purchase of ships.

BUNKERS/BUNKERING: Fuel, to power a ship's engine. Bunkering is to take on board bunkers.

CAP: Condition Assessment Program, Det norske Veritas' voluntary rating system for ships describing and quantifying the standard of a ship.

CBM: Cubic Metres.

CHARTER PARTY (C/P): Agreement between a shipowner and a charterer, outlining terms and conditions governing the transportation. The agreement may be for one or several voyages, or for a certain period of time.

CHARTERER: The party paying for the transportation. It may be the cargo owner, supplier or receiver of the cargo.

CLASSIFICATION SOCIETY: An independent international organisation, e.g. Det norske Veritas, controlling and verifying that the technical condition, the safety and quality of a ship complies with its own rules, as well as those of national authorities.

COATING: Paint protecting the inside of a ship's tanks. Usually epoxy or zinc based paints.

CONTRACT OF AFFREIGHTMENT (COA): An agreement between an owner and a charterer to transport given quantities of cargo during a given period of time and the owner is basically free to decide whichever ship he will use.

DEADWEIGHT TON (DWT or TDW): A measure of the weight carrying capacity of the ship. The total dwt is the weight of the cargo the ship can carry plus bunkers, fresh water, spare parts etc.

DEEP-SEA (GLOBAL): Sea-borne trade that moves on intercontinental trade routes.

DEMURRAGE: Compensation paid by the charterer, supplier or receiver of the cargo for each day or pro rata for time spent in port during loading/discharging, in excess of the laytime stipulated in the Charter Party.

DOUBLE HULL: The ship has an inner and an outer hull. The distance between these two can be up to 2 meters. Such construction increases the safety during a possible grounding or collision. In this way leakage may be avoided. The double hull is also used for ballast.

DRY DOCK: Putting a ship into a dry dock for inspection and repairs of underwater parts, and painting of ships bottom. Usually carried out every 2 ½ to 5 years.

FREIGHT RATE: Agreed transportation cost, stipulated either per metric ton of cargo, cubic meter of cargo or as a lump sum for the total cargo.

IMO: International Maritime Organisation. The international UN advisory body on transport by sea.

INORGANIC CHEMICALS: Chemicals which molecular structure contain no carbon atoms (other than as part of a carbonate-group), and are derived from sources other than hydrocarbons, such as sulphuric acid, phosphoric acid and caustic soda.

ISMC: International Safety Management Code. The first formalised initiative by IMO to provide a universal standard for the safety management systems of ships.

KNOT: A measure of the speed of the ship. 1 knot= 1 nautical mile per hour, that is 1.85 km/h.

LIBOR: London Interbank Offered Rate.

MARPOL: The International Conventions governing Marine Pollution Prevention. It is a part of IMO.

M/T: Motor Tanker.

MTBE: Methyl tert butyl ether. Used as additive in gasoline.

NIS: Norwegian International Ship Register

OECD: Organisation for Economic Co-operation and Development, an information-gathering body. The members are mainly industrialised countries in Western Europe, North America and the Asia/Pacific region.

OFF-HIRE: The time a ship according to the charter party is not gainfully employed and not generating an income for its owner (e.g. time used for repairs).

OPA-90: The US Oil Pollution Act of 1990. An American federal law that imposes far reaching requirements on shipping companies, ships and crews when trading in US waters.

OPERATING EXPENSES: Expenses for crew as well as all other expenses directly connected with the running of the ship, including insurance.

OPERATOR: A person in a shipping company whose duties amongst other things is to take care of the contact between the ship and the charterer, give instructions to the ship and the port agents concerning loading and discharging of cargo, and arranging purchase of bunkers etc.

ORGANIC CHEMICALS: Chemicals containing carbon, often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

PARCEL TANKER: Tanker designed for the transportation of several different cargoes simultaneously.

PETROCHEMICALS: See organic chemicals.

POOL: A co-operation between owners putting their ships into an operation where net revenues are divided according to a predetermined key.

SEGREGATION: The division of a ship's cargo space into individual tanks.

SEP: Safety and Environmental Protection, classification system used by Det norske Veritas.

SHIP MANAGEMENT: The administration of a ship, including services like technical operation, maintenance, crewing and insurance.

SHORT-SEA (REGIONAL): Sea-borne trade that moves on regional trade routes (not intercontinental).

SPOT RATE: Freight rate for a voyage agreed on the basis of current market level.

STCW: International convention on standards of training, certification and watchkeeping.

TIME CHARTER (T/C): The ship owner hires out a ship complete with the crew for a fee, payable as a specific sum per day or a specific sum per dwt per month. The party that hires the ship pays for bunkers, port and canal charges and any other voyage related costs.

TIME CHARTER EARNINGS: Gross freight revenues minus voyage costs. Usually expressed in USD per day.

TON: A gross registered ton is a volume of 100 cubic feet (2.83 cubic meters). Gross registered tonnage is basically the volume of the ship's closed areas, excluding the bridge, the galley and a few other rooms. Net registered tonnage is the gross tonnage less volumes needed for the operation of the ship (deck storage room, engine room etc.), i.e. the volume available for cargo.

TRADE: The geographical area where a ship mainly trades.

TRADING DAYS: The number of days a ship is not off-hire.

TRANSHIPMENT: Transfer of cargo to/from a ship from/to another ship. For example, cargo from a ship within global trade to a ship within regional trade bound for final destination/harbour.

VOYAGE CHARTER: The transportation of cargo from the port(s) of loading to the port(s) of discharge. Payment is normally per ton of cargo, and the ship owner pays for bunkers, port and canal charges and other voyage related costs.

VOYAGE EXPENSES: Expenses directly related to the voyage, such as bunkers, port charges, canal dues, etc.

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