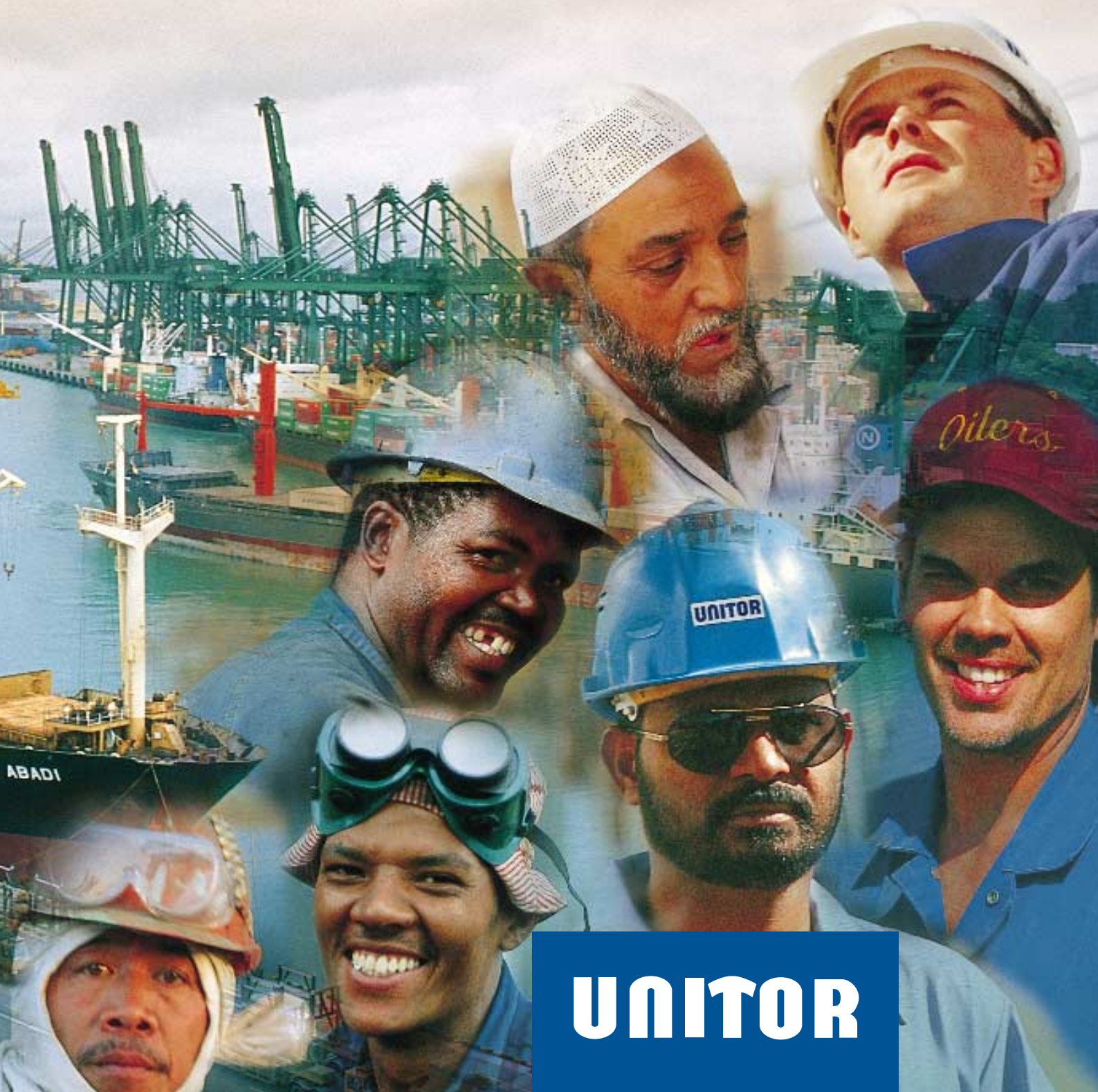


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Unitor Annual Report 1995



UNITOR



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- *Unitor has now entered its 60th year of operation as a supplier of products and services to the international merchant fleet.*
- *The product programme has been under continuous development right since the start, and now comprises more than 4,500 different standard products and service concepts in the segments Repair and Maintenance, Fire & Safety, Refrigeration and Marine Chemicals.*
- *Unitor has a strong international profile. To provide our customers with the best possible service, we have 75 wholly-owned offices and 180 agents in 80 countries. Through this network, more than 180,000 deliveries were made in 983 different ports in 1995.*
- *Unitor's sales have increased from approx. NOK 500 million to approx. NOK 3,000 million in 10 years. This growth has been achieved through a combination of organic growth and the takeover of other companies in strategic areas.*
- *Ownership of the company also reflects Unitor's international profile. The company's 19.3 million shares are distributed among 2304 shareholders, mainly financial investors. At the end of 1995, 24% of the shares in the company were held by Norwegian shareholders, 29% were in British hands and 26% of the shareholders were American. The remaining 21% are mainly distributed among the other European countries.*
- *Unitor has been a pioneer in the application of information technology. Our offices were already communicating via satellite-based information technology early in the 1980s. Without this initiative it would have been practically impossible to control the flow of products over the wide geographical areas covered by Unitor and at the same time achieve good profitability.*

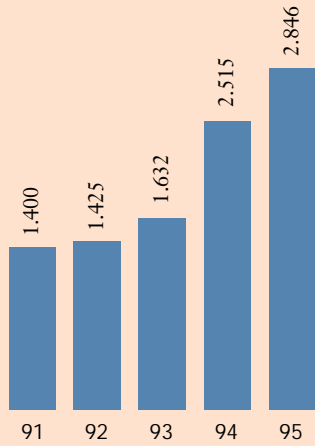
Unitor Group Key Ratios

		1995	1994	1993	1992	1991	Def. *
Result							
Operating revenues	NOK mill.	2,845.7	2,514.9	1,631.7	1,425.0	1,400.0	
Operating result	NOK mill.	131.2	226.8	197.2	114.2	153.1	
Result before taxes	NOK mill.	125.2	211.1	162.4	124.1	145.1	
Tax rate	%	31.8	31.2	29.9	29.0	31.3	
Profitability							
Gross operating margin	%	8.0	13.1	16.7	12.4	14.4	1
Net operating margin	%	4.6	9.0	12.1	8.0	10.9	2
Gross profit margin	%	4.4	8.4	10.0	8.7	10.4	3
Net profit margin	%	3.0	5.8	6.9	6.2	7.1	4
Return on total assets	%	7.6	12.3	12.0	10.9	14.3	5
Return on equity	%	8.8	15.6	13.6	11.6	15.5	6
Capital							
Market value	NOK mill.	1,678.2	2,179.1	2,209.4	1,022.0	1,477.0	7
Equity	NOK mill.	995.2	952.6	870.8	792.8	727.8	
Equity ratio	%	46.2	47.4	55.0	56.9	61.3	8
Net interest bearing debt	NOK mill.	245	239	140	48	16	
Liquidity							
Current ratio		2.0	1.8	2.2	2.8	3.5	9
Cashflow from operations	NOK mill.	50	162	190	205	89	
Shares							
Earnings per share	NOK	4.43	7.60	6.51	5.13	5.95	10
Cashflow per share	NOK	10.01	13.40	11.01	9.42	9.33	11
Book equity per share	NOK	51.59	49.83	50.06	46.16	42.87	12
Dividends	NOK	3.00	3.00	2.60	2.00	1.75	13
Payout ratio	%	67.7	39.5	39.9	39.0	29.4	14
Share price 31.12.	NOK	87.00	114.00	127.00	59.50	87.00	
Price/earnings ratio		19.62	15.00	19.50	11.59	14.61	15
Number of shares 31.12.	x 1,000	19,290	19,115	17,397	17,176	16,977	
Average number of shares	x 1,000	19,261	19,078	17,354	17,159	16,741	
Personnell							
Number of employees 31.12.		2,301	2,076	1,226	1,074	1,070	

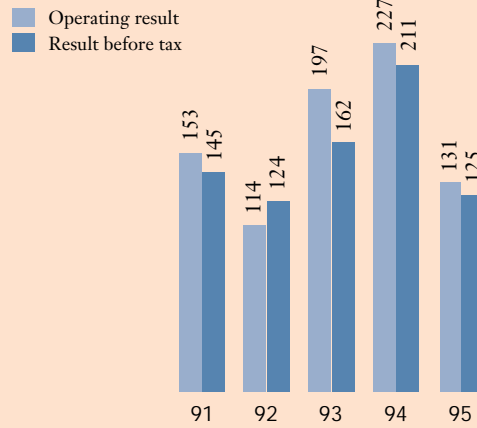
Note: Figures for 1991–1993 do not include Ticon Isolering, merged with Unitor ASA per 01.01. 1994.

*Definitions of Key ratios on page 69.

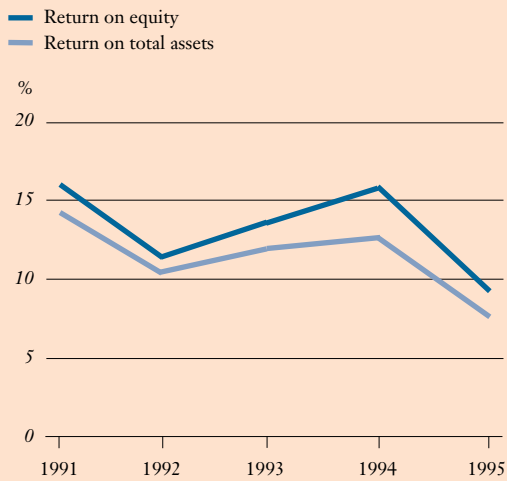
Operating Revenues (1991-1995)
NOK Mill.



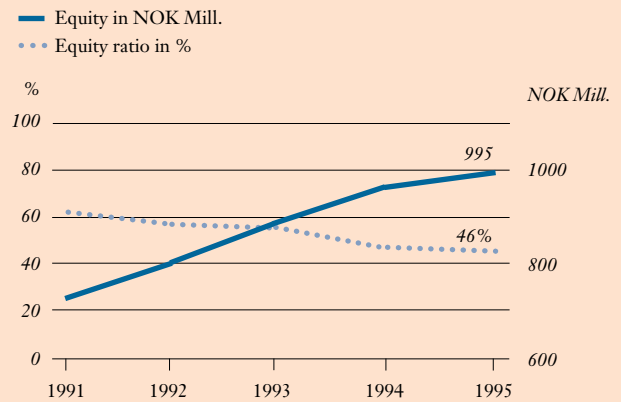
Result (1991-1995)
NOK Mill.



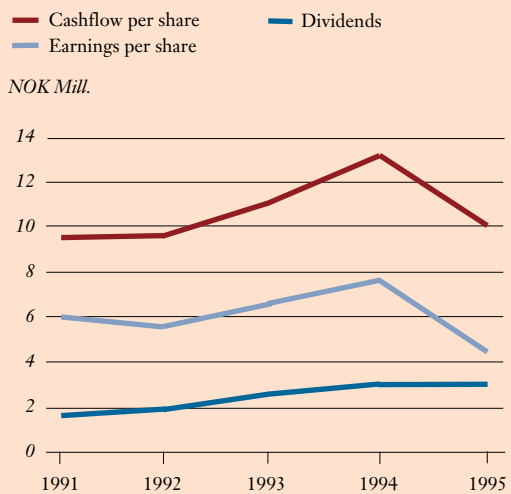
Profitability (1991-1995)



Equity (1991-1995)



Key Figures Shares (1991-1995)



Sales of marine chemicals increased in volume by 22% in 1995. This increase in sales was the result of Unitor's most ambitious marketing campaign so far.

■ *Sales of Unitor's fire extinguishing systems increased by 42%. This increase can be attributed to growth in the overall market resulting from the phasing out of Halon in combination with an increased share of the market.*

■ *Unitor's administration moved into the company's new head office at Maritim in Oslo together with the recently acquired companies Ticon Isolering and GF Marine.*

■ *The industrial section of Corroless was sold in August 1995. Unitor's engagement in paint and corrosion protection is therefore now concentrated on special products for use on board ships.*

■ *The Industry & Offshore Division of Ticon Isolering was sold at the turn of the year 1995/96 to Rheinhold & Mahla Isolering AS. Unitor is now focusing on the sections of earlier Ticon Isolering which have high growth potential internationally, particularly in the marine market.*

■ *The takeover of Dansystem Vejle AS – manufacturers of prefabricated refrigeration and insulation panelling, has established Unitor as the major supplier of refrigerated and cold storage holds in the Scandinavian market. This acquisition is a logical further development of Ticon's Coldstore Division which is preparing the introduction of prefabricated refrigerated and cold storage holds on board ships.*

■ *The takeover of the New Orleans based fire & safety service company SOTEC has considerably strengthened Unitor's position as a supplier of fire & safety services and fire prevention systems to the marine sector of the American market.*

■ *Unitor opened its first office in the People's Republic of China in May 1995. The office is in Shanghai, and is primarily engaged in the marketing of Unitor products to Chinese shipyards. Response from the Chinese market has been good, and by the end of 1995, contracts had been concluded for more than NOK 30 million.*



Members of the Board of Unitor ASA from left: Carsten Ellertsen, Eivind Astrup, Stein H. Annexstad (chairman), Hans Petter Rolfbeim (employees representative), Terje Rabben (employees representative),

Unitor's result for 1995 was negatively affected by the steep drop in the exchange rate for US dollars during the period combined with weaker than estimated earnings in contracting and project-related business.

■ Despite the weak overall result, several areas showed positive development during the course of the year. In Unitor's traditional business and specifically the core areas of marine chemicals and fire extinguishing systems, we achieved substantial growth in volume and market shares. The task of integrating companies which

joined the Group in recent years and the move of the Unitor head office was completed in 1995.

Operating revenues and result

Total sales for the Unitor Group amounted to NOK 2,846 million in 1995 compared with NOK 2,515 in 1994. This represents an increase of 13.2%. Adjusted for the acquisition of companies and price and fluctuations in currency exchange relationships between the two years, Group volume growth is 11.6%.

■ Sales are distributed between products and service in the amount of NOK 1,632 million (NOK

1,598 million in 1994) and projects and production in the amount of NOK 1,214 million (NOK 917 million in 1994).

■ Operating profit for the Unitor Group totalled NOK 131 million compared with NOK 227 million in 1994. A reduction in the Average exchange rate for the US dollar from 7.07 in 1994 to 6.35 in 1995 affected operating profits negatively by an estimated NOK 63 million. At the same time, operating profit for the contracting business amounted to only NOK 8 million in 1995 compared with NOK 32 million in 1994. Additionally, an allocation of NOK

10 million was made during the fourth quarter for the implementation of an adopted restructuring programme at head office.

■ Net financial expenses amounted to NOK 6 million compared with NOK 16 million in 1994. The currency hedging contracts initiated at the end of 1994 in order to secure operating profits in Norwegian kroner in 1995 provided a gain of NOK 26 million, compared with a gain of NOK 7 million in 1994. Net interest costs amounted to NOK 24 million compared with NOK 19 million in 1994. This change is mainly attributable to acquisitions in 1994 and 1995 and to the financing of growth in the Unitor Group.

■ Pre-tax profit for the Unitor Group was NOK 125 million

contracting business (effect NOK 24 million). Additionally, NOK 10 million was allocated for restructuring. The substantial growth in project sales in the network has not resulted in an equivalent growth in earnings, due in particular to a problem of limited duration in the supply of parts and components to fire extinguishing projects.

■ Earnings per share were NOK 4.43, a decline from 7.60 in 1994. The directors propose that dividend be maintained at NOK 3.00 per share.

The currency situation

An estimated 55% of Unitor Group sales within the network is priced in US dollars, while only one-third of the costs are in the same currency. This monetary situation is the cause of considerable fluctuations in results whenever there is major exchange rate imbalance. It has been Unitor's strategy in recent years to maintain a hedging policy whereby the anticipated total net positive cash flow in US dollars for the coming year is sold forward prior to the start of the financial year. This strategy was modified somewhat in 1995 and currently hedging contracts are appraised throughout the period based on specific appraisals of acceptable exchange rate levels. As at 31 December 1995, USD 35 million has been sold forward on contracts maturing during the first half of 1996 at an average exchange rate of 6.42.

The capital situation

Unitor Group investments in 1995

totalled NOK 210 million (NOK 198 million in 1994). Of this total figure, investments in goodwill amounted to NOK 55 million, buildings NOK 39 million and gas cylinders NOK 41 million.

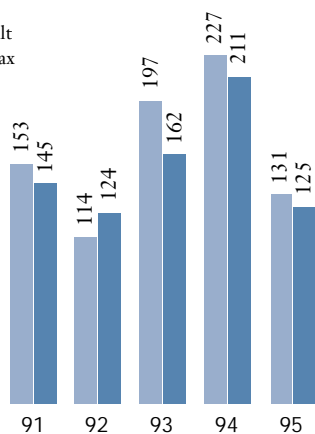
■ Total Group capital increased from NOK 2,011 million in 1994 to NOK 2,153 million as at 31 December 1995, largely resulting from an increase in accounts receivable and inventories. The increase reflects growth in the traditional business areas and increased sales in contracting business towards the end of the year. In 1995, through the Group's 90% holding in K/S Team Heina, Unitor sold the product tanker M/T Team Heina. This sale reduced total Group capital in the amount of NOK 170 million.

■ Net interest-bearing debt increased by NOK 6 million in 1995 from NOK 239 million in 1994 to NOK 245 million as at 31 December 1995. Adjusted for the sale of M/T Team Heina, the increase is NOK 161 million and is mainly connected with the financing of Group acquisitions in 1995, investments in buildings and the financing of Unitor Group growth. Net interest-bearing debt is approx. 12.5% of the total Unitor Group capital as at 31 December 1995 compared with 13% at the end of 1994.

■ The Unitor Group's interest-bearing debt was refinanced during the course of 1995. Through a loan syndicate comprising 7 national and international finance institutions, a long-term loan of USD 25 million was established in addition to a

Result NOK Mill.

■ Operating result
■ Result before tax



compared with NOK 211 million in 1994. The principle reason for this decline in profit is to be found in the appreciably lower US dollar exchange rate in 1995 in comparison with 1994 (resulting in an effect of approx. NOK 44 million), in addition to weaker earnings in

multi-currency draw-down facility of USD 60 million. Maturity is 5 years at an average interest rate of 33 basic points above Libor. As at 31. December 1995, the non-utilized draw-down facility amounts to USD 30 million.

■ As at 31 December 1995, Unitor Group equity totalled NOK 995 million compared with NOK 953 million in 1994. Equity ratio is thus 46.2%.

■ The Unitor Group's cash flow from operations in 1995 totalled NOK 50 million (NOK 162 million in 1994). In addition to the current financing of the growth in the Unitor network, cash flow has been employed for investments in fixed assets in the amount of NOK 155 million and acquisition of companies in the amount of NOK 24 million. Unitor's liquidity reserves included non-utilized committed credits amounted to NOK 487 million at the end of 1995 (NOK 382 million in 1994).

Personnel and the environment

For several years, Unitor has invested considerable resources in personnel and environmental work, focusing on three core areas:

- Office and storage facilities
- Safety and production facilities
- Development of environmental-friendly products and concepts

■ In recent years, most countries have introduced stricter legislation with regard to working environment, storage and transport of dangerous goods. It is Unitor's policy to be at the forefront in this field, and our premises have therefore been comprehensively upgrad-

ed in order to satisfy international and local requirements with regard to working environment and safety for the employees in addition to requirements connected with storage and transport.

■ Our production facilities, Svenska Skum in Sweden, Petrocon in Greece, Kjemi-Service, Scandinavian Chemicals, and Ticon Namsos in Norway, and Dansystem Vejle in Denmark, all hold ISO certification.

The directors are not aware of any pollution of the outer environment by these facilities.

■ Since the middle of the 1980s, Unitor has actively marketed and distributed information on concepts aimed at limiting the use and emission of environmentally harmful refrigerants and fire-extinguishing gases. In parallel with this, one of our main targets has been to replace as many as possible of the marine chemicals which could be harmful to the environment or to the user with environmentally friendly alternatives. An essential part of this programme is based on

the principle of replacing petroleum-based products with waterbased products - the petroleum base being replaced by various tensides and extracts from citrus fruits.

■ Unitor has received several international awards for its environmental therapy work and is to day included in the investment portfolio of several "green" funds.

■ More information on personnel and the environment is to be found in the last two pages of the report.

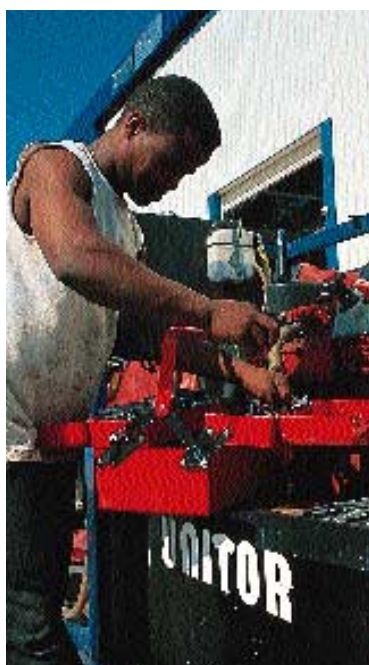
■ Directors' fees and shares owned by directors, the chief executive officer and the auditor are specified in Note 26 and in the section 'Investments in Unitor'.

The market

During the course of the last 10 years, there has been an annual growth of 2.5 to 4 percent in sea-borne transport. This growth will continue in the years ahead as a result of the anticipated growth in world trade and because seaborne transport is the most favourable alternative from the point of view of cost as well as being the most environmentally friendly form of transport.

■ Unitor deals in products and services which are virtually indispensable. The growth in the number of ships in operation and in sea-borne transport in general is therefore of major importance for the development of the marine market.

■ Other factors which influence the market positively include increasing international demands with regard to safety on board and



the current anxiety concerning the possibility of environmental disasters in conjunction with old ships in poor technical condition. This has resulted in stricter international legislation on technical standards and intensified control activities on the part of the different port authorities. The consumption of maintenance and safety products is therefore on the increase.



■ The market for newbuildings is also in a period of growth. The increase in seaborne transport requires more ships in operation and at the same time replacements are required for the oldest ships in the merchant fleet. The average age of ships has now reached 14.2 years and even if shipbuilding is intensified considerably in the years ahead, the merchant fleet will continue to operate old ships well into the next century.

Strategy and future prospects

During the course of the last decade, Unitor's growth has been based on a strategy which gives priority to organic growth combined with the acquisition of companies in selected business areas.

■ During the latter part of the 1980s, acquisitions were concentrated on the chemical sector and companies such as Perolin Ltd., Gamlen Inc., Rochem AG, Corroless Int. Ltd., Scandinavian Chemicals AS, and Kjemi-Service AS joined the Unitor Group. All companies with the exception of Kjemi-Service and Scandinavian Chemicals, which produces our chemicals, are integrated in

Unitor. Our reason for retaining these entities as individual companies is that approx. 50% of the sales take place in markets other than those covered by the Unitor network.

■ As a consequence of the development of chemicals as a business area, we now have a profitable business in chemical sales. Total sales are approx. NOK 500 million and cover approx. 30% of the international market for marine chemicals.

■ During the 1990s, Unitor's main strategy has been to position the company as a leading supplier of fire & safety services and refrigeration systems. Strategically important companies such as Svenska Skum AB, Ginge-Kerr Group, and Ticon Isolering AS, all became part of the Unitor Group in 1994.

The fire & safety company SOTEC Inc., the refrigeration insulation company Dansystem Vejle AS, and the air-conditioning company GF Marine AS, also joined the Unitor Group in 1995.

■ Concurrently with these major acquisitions, numerous local service companies operating in the same business areas were also taken over by the Unitor Group.

■ There are several motives behind this strategy. The market for fire & safety and refrigeration systems will have growth potential for many years ahead as a result of the growth in the shipbuilding market. The phasing out of the fire-extinguishing gas Halon and harmful refrigerants have further accentuated this growth. Secondly, Unitor wishes to present a complete offer to customers, and it is therefore our objective that the systems and projects we supply to newbuildings are linked with long-term service agreements to be effectuated by service stations in the Unitor network when the vessels become operative.

■ The positioning of Unitor as a system and project supplier in the field of fire & safety and refrigeration has not been merely an objective in itself – it is also an important tool for creating increased activity in the Unitor service concept.

■ Acquisitions in fire & safety and refrigeration have provided Unitor with important technologies and market shares. Most of these companies are now integrated in Unitor, and our goal for the years ahead is to create further growth by marketing these prod-

ucts through the worldwide Unitor network. Additionally, we will be able to achieve lower costs as a result of higher volume and improved margins.

■ In order to intensify efforts in the marine markets and on activities providing good synergy effects within the Unitor network, Unitor sold the Industry & Offshore Division in Ticon Isolering to Rheinhold & Mahla AS (RMI) with effect from 2 January 1996. This division recorded sales of NOK 293 million in 1995.

Payment is in the form of shares and at the time of assignment Unitor ASA held a 50% share in the company. Over a period of maximum 5 years, R&M Schiffsisolierung und -ausbau GmbH, the previous parent company of RMI, will take over all the shares in the company.

The price will be dependent on the company's results during the period. The sale of the Industry & Offshore Division has reduced the Unitor workforce by 520 persons.

As a result of this transaction, 13% of the company's shares were

assigned with effect from 3 January 1996.

■ There is also appreciable growth potential for Unitor within the traditional distribution and logistic sections of Unitor's business. In the years ahead therefore major sections of the "hardware" products which are today supplied by local ship chandlers, will be marketed through the Unitor network. The Unitor business concept, which is to supply a standardized product programme and to purchase in volume directly from manufacturer for sale through a worldwide network, is a forward-looking and advantageous strategy which has been shown to function through the development

of Unitor as an international corporation. This will contribute towards better utilization of our established infrastructure and improved profitability through the sale of more quality products at the correct price level.

■ The combination of the many positive trends in the development of the market with the basic strategies followed by Unitor should, in the opinion of the directors, create good opportunities for improved profitability and growth in earnings per share.

■ The directors wish to express their thanks to all Unitor employees for their hard work and dedication throughout the year.

The Board's proposal for application of net profit and equity transfers in Unitor ASA:

Dividends	57,868,953
Legal reserve	11,678,875
Group contribution	17,000,000
Reversed temporary restricted fund	(11,183,868)
Retained earnings	(4,150,914)
<hr/>	<hr/>
Total	71,213,046

Oslo 14. March 1996

Stein H. Annexstad
Chairman

Eivind Astrup

Carsten Ellertsen

Hans Petter Rolfheim

Terje Rabben

B.G. Nilson

Christian Falck-Pedersen

Karsten Houm
Managing Director



*Karsten Houm,
Managing Director,
Unitor Group.*

There is one aspect in particular that distinguishes Unitor from other corporations - and that is our unique international network.

■ Every hour of the day, Unitor supplies products and service to the international merchant fleet from bases in 983 ports in 74 countries all over the world. Unitor is therefore highly internationalized despite the fact that on an international scale we are a small company with a workforce of 2000 and a turnover of NOK 3 billion.

■ Unlike most other organizations, Unitor does not have a home market which must first be attended to before an internationalization process can be implemented. Right from the start, Unitor's business concept has always been based on international presence.

For Unitorians therefore, there is nothing mystical or exotic about communicating with far-off parts of the world or even opening a new office in a country with an unfamiliar culture. For Unitorians, internationalization is part and parcel of daily life, and we therefore use less time and resources on the process than many others, whether we are establishing central bases in the West or in locations such as Cuba or Vladivostok.

■ For almost 15 years, all our offices have been in communication with head office and with each other by means of satellite-based information technology.

This has transformed international communication into an everyday procedure and made it possible to exercise a level of control which is in many ways better than that of many local companies of the same size. As manager of the organization I receive a report every morning showing the preceding day's total invoiced amount for our worldwide operations, the figure for the month so far, and the margin - all compared with the equivalent figures for the three preceding months.

At Unitor there is no need to wait until "next month" to find out if we are doing well or not.

■ In the course of the last decade, we have developed an IT and computer system which controls the entire flow of goods, all our stocks, and all our transactions with our customers.

We monitor all products with regard to both development of margins and life cycle.

We do not just measure the profitability of products, we also relate the figures to geographical location, to customer and to ship, so that we can base all strategic and operational decisions on solid facts.

■ We have now been through a difficult year involving a move of head office and the integration of major acquired companies, providing us with a solid platform for further growth in the marine new-buildings market. Our most pressing task now is to again focus attention on Unitor's profitability level to ensure that the growth in sales of recent years will again provide us with a satisfactory level of earnings.

■ Secondly, we will give priority to the work of marketing a wider range of products through our



unique international network. The opportunities are manifold, because at the present time Unitor supplies only a small proportion of the products used daily by a steadily growing international merchant fleet.

■ After 10 years as chief executive of Unitor, I have a very positive outlook for the future. With our unique network, a financially strong balance sheet, and a highly qualified and dedicated organization, Unitor has everything that is required to create continued growth with good profitability.

60 Years of Service

On May 26 1996, Unitor celebrates 60 years of service to the marine industry.

■ NAG A/S, as the company was initially called, was founded on May 26 1936 by Mr. Einar Torbjørnsen, who believed that the Norwegian merchant fleet engaged in foreign trade needed a supplier of welding equipment, consumables, and oxygen/acetylene gases. NOK 4,000 of share capital was raised, and the stage was set for an international service company with an innovative idea.

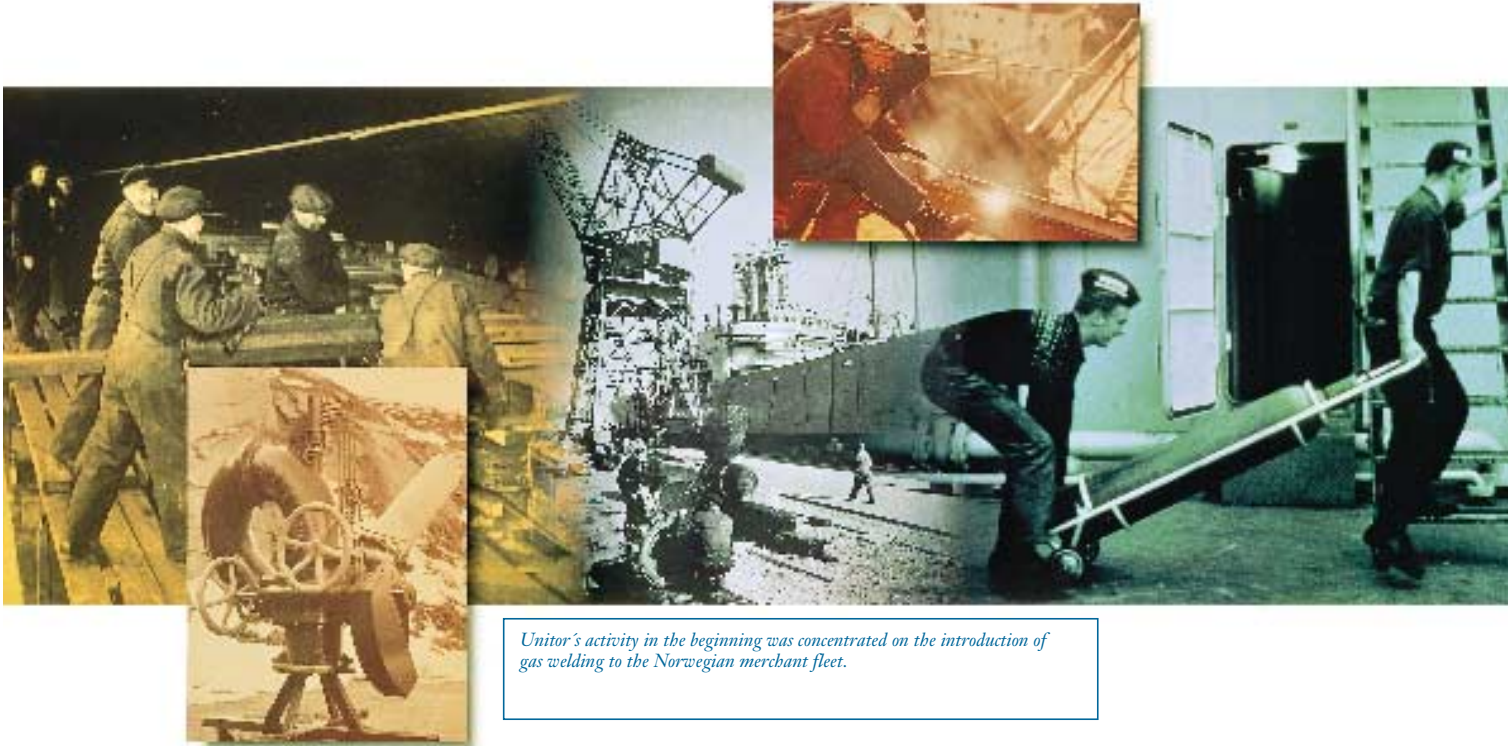
■ Welding work in those days was done in shipyards, and the cost

was high. Mr. Torbjørnsen and his colleagues were convinced that if the chief engineer had welding equipment onboard, he could deal with a lot of repairs while the ship was underway. The cost of the equipment would thus be quickly recovered.

■ If a vessel were to have welding equipment onboard, it was reasoned, the crew should be trained in welding and supplied with handbooks and literature on the subject. In addition, the shipowners would need secure supplies of welding gases during a voyage. It should also be possible to swap empty

cylinders for full units. This raised the task of establishing depots of such cylinders in the various ports around the world. In its first full year of business, Unitor was already getting heavily involved with the logistics of stockpoints, port statistics, freight costs, insurance and customs dues.

■ By 1939, ships could purchase welding gases from NAG at 18 ports worldwide. In 1943, the company name was changed to Unitor AS. To begin with, Unitor focused on introducing gas welding to the Norwegian fleet, but electric welding became increasingly



Unitor's activity in the beginning was concentrated on the introduction of gas welding to the Norwegian merchant fleet.

prevalent during the 1950s. Three to four week welding courses onboard ships attracted considerable attention. By 1959, hundreds of seamen had been trained by Unitor. By the mid-nineties, the number of seamen trained at Unitor's welding schools in Manila, Piraeus and Oslo numbered in the thousands.

■ During the fifties, the distribution network was expanded and the number of agents and depots increased. Unitor opened its first branch office in Rotterdam in 1964. In the same year, the first products unrelated to welding were introduced. By 1968, there were 80 agents, plus branch offices in New York, London, Liverpool, and Rotterdam. In 1968, Unitor Ships Service A/S became the company's official name. This was done to reflect the importance of service and to emphasize the

Company's mission: to concentrate on marketing of goods and services to the international merchant fleet. This shift in focus to the international fleet sparked off a period of high growth.



In 1963, Unitor opened its first branch office in Rotterdam.

■ In 1968, there were 57 employees, and Unitor had a turnover of NOK 12.9 mill. The Company grew by an average of 30% per year, reaching NOK 511 mill. in 1981. The product line had expanded to include refrigerants, fire-fighting systems, rescue equipment and more. From 1971 to 1980, the company increased from 13 to 55 branch offices. 160 agents served ports where no office was established.

■ The seventies and eighties were years of changing fortunes for the industrialized world, the shipping industry, and thereby also for Unitor. Sparked off by the oil crisis in 1974, the worldwide slump in the seventies continued into the mid-eighties. Unitor continued to grow quickly, but reorganisation, product improvements and cost reductions were necessary in order to survive.

■ In 1987, Unitor had 520 employees, 50 branch offices, and 160 agents. After 1985, a combination of substantial scrapping, lower oil prices and improved international cooperation in the world economy provided a basis for a more balanced and stable market. About this time, Unitor began to achieve success in fire fighting systems for new vessels. These were essentially technical sales and marked the start of Unitor's activities in the design and building phase as a means of offering more complete service to the shipowners and yards.

■ The first half of the nineties have been years of continued rapid growth. Strategic acquisitions have been an important part of this process. Smaller local companies specializing in central Unitor product areas like fire and safety, refrigeration and marine chemicals were acquired in many countries.

Ticon Isolering was one of these, merging with Unitor in 1994. As a specialist insulation contractor, the addition of Ticon strengthened Unitor's capability and competence in the new-building sector. Considerable success has been made in integrating the acquired companies and their

product ranges into the Unitor network.

■ The last few years have also been a time of goal-oriented development of new products and services and applying new technology. The Unitor Oil Bag, for example, provides temporary storage for spill oil and is convenient to store in port as well as onboard a vessel. Unitor has also introduced many "green" chemical products which are as effective, and in most cases cost less, than the products they replace.

■ Product standardization and quality assurance is another key ingredient in Unitor's continued development. Standardized products offer many advantages to both Unitor and customers, and Unitor's core product range now includes 4,500 standardized products.

■ Several parts of the Unitor operation are certified under the ISO 9000 quality standard. For example, all chemical production in Unitor is now ISO 9000 certified. Unitor has in addition developed and implemented its own quality assurance system, which is at least as exacting as the ISO 9000 system equivalent.

■ At the beginning of 1996, Unitor has grown to become the leader in supplying products and

services to the shipping industry.

Each year, Unitor provides service to 17,000 ships from 80 nations at 983 ports around the world. Unitor has grown to 75 branch offices in 41 countries. 180 agents represent Unitor in a further 66 countries. At 31 December 1995, approximately 2300 persons were employed in the Unitor Group.

■ Unitor is first and foremost based on the human resource factor. Without the dedication and willingness on the part of the employees to take on responsibility



and work hard, we would not have grown and reached our goals through the years. Unitor has fostered an assertive culture – a "Whatever it Takes" culture – in which Unitorians regard change as positive and always keep in mind the importance of perfecting the "old Unitor" art of just plain working hard for customers. This is one of the best ways we in Unitor can improve our competitive position and ensure that we are around to provide customers with better service for the next 60 years.



Unitor's new office
in Singapore.

Unitor Group

Profit and Loss Statement 01.01-31.12

	NOK mill.	1995	1994	1993	Note
Operating revenues		2,846	2,515	2,277	2, 5
Cost of goods sold		1,690	1,323	1,250	3
Wages and social benefits		480	437	356	16
Other operating expenses		448	425	350	8
Ordinary depreciation		97	103	86	10, 11
Total operating expenses		2,715	2,288	2,042	
Operating result		131	227	235	
Interest income		8	10	22	
Interest expenses		32	29	29	
Other financial expenses		(18)	(3)	33	4
Net financial expenses		6	16	40	
Result before taxes		125	211	195	
Taxes		40	66	57	6
Minority interest		0	0	1	
Net profit		85	145	137	

Unitor Group

Balance Sheet as per 31.12

17

	NOK mill.	1995	1994	1993	Note
Assets					
Cash and deposits		196	161	192	7
Accounts receivable		714	587	499	8
Inventories		455	399	323	9
Other short term receivable		86	57	71	
Total current assets		1,451	1,204	1,085	
Long term receivable		45	45	97	17
Goodwill		209	181	175	11, 12
Fixed assets		448	581	524	10, 12
Total long term assets		702	807	796	
Total assets		2,153	2,011	1,881	
Liabilities and equity					
Short term interest bearing liabilities		34	92	84	13
Accounts payable		280	235	172	
Other short term liabilities		396	334	347	14
Total current liabilities		710	661	603	
Long term interest bearing liabilities		407	308	303	15
Net pension liabilities		23	16	4	16
Deferred tax		11	40	56	17
Other long term liabilities		7	26	0	
Total long term liabilities		448	390	363	
Minority interest		0	7	7	
Share capital		241	239	218	
Other equity		754	714	690	
Total equity		995	953	908	18
Total liabilities and equity		2,153	2,011	1,881	
Guarantees		1	2	1	
Mortgages		15	163	223	21

*	NOK mill.	1995	1994	1993
Result before taxes		125	211	194
Ordinary depreciation		97	103	86
Taxes paid		(73)	(56)	(40)
Funds from operations		149	258	240
Net change in accounts receivable		(110)	(43)	(50)
Net change in inventories		(46)	(52)	(34)
Net change in other working capital items		57	(1)	34
Net change in cash from operations		50	162	190
Net change in cash from purchase and sale of activity		(24)	(54)	(110)
Investments in fixed assets		(155)	(134)	(97)
Disposal of fixed assets		237	31	30
Net change in cash from investments		58	(157)	(177)
Net change in financial investments		6	58	(36)
New long term liabilities		441	73	12
Downpayments of long term liabilities		(419)	(67)	(91)
Net change in short term interest bearing liabilities		(58)	(22)	68
Share issues, incl. premium		15	18	11
Cash payment from merger		0	(50)	0
Dividends paid		(58)	(46)	(35)
Net change in cash from financing		(73)	(36)	(71)
Net change in cash position		35	(31)	(58)
Cash position – 01.01.		161	192	250
Cash position – 31.12.		196	161	192

* Note 19.

GENERAL

The Financial Statements are presented in accordance with the Limited Liability Company's Act and Norwegian Generally Accepted Accounting Principles. Valuation and Classification principles below apply both to Unitor ASA and the Group accounts.

CONSOLIDATION

Group companies

The consolidated accounts includes companies where Unitor ASA has a direct or indirect ownership of more than 50% of the voting shares, or otherwise has direct control. Companies acquired during the year are consolidated from the time of the acquisition. Companies sold during the period are deconsolidated at the time of the sale. Accumulated equity in subsidiaries after acquisition is classified as Group reserve. Reference is made to note 30 for subsidiaries consolidated in the Group accounts. Intercompany receivables and liabilities and all material transactions between Group companies, as well as internal profit in inventories, have been eliminated. Unitor ASA's shares in subsidiaries are eliminated against the equity at the time of acquisition of the subsidiary (the purchase method). Excess values in connection with acquisitions are allocated to the assets to which they are related and subsequently depreciated. Excess values which cannot be allocated to any specific item are classified as goodwill. In accordance with

regulations in the Limited Liability Company's Act, depreciation is performed on a straight line basis over the estimated economic life of the goodwill, limited to a maximum of 20 years. For purposes of consolidation, the Profit and Loss statements of foreign subsidiaries are converted to Norwegian kroner at the annual average exchange rate, while assets and liabilities are converted at the year end rate. All foreign subsidiaries are considered to be integrated entities with the parent company, and exchange differences arising from consolidation are therefore presented as part of other financial expenses in the Profit and Loss statements. Gain or loss from sales of shares in subsidiaries is calculated as the difference between the sales price and the equity at the time of divesture, reduced with the book value of any excess values included in the consolidation.

Shares in limited partnerships

Shares in the limited partnership KS Team Heina where Unitor ASA has an ownership of 90%, is in the parent company's Financial Statements valued by applying the equity method. The limited partnership's assets at year end consist of bank deposits only, these are included in the Group accounts exclusive of the minority interests' share.

Affiliated companies

Investments in companies where Unitor has an ownership of 20% to 50% of the share capital and at the same time significant influence, are considered as affiliated companies. The investment is initially recorded at cost price. The Group's share of result after taxes, as well as received dividends and depreciation of goodwill are recorded as adjustments to the initial cost price. The Group's share of the entity's result after taxes is reported as financial income.

EVALUATION AND CLASSIFICATION PRINCIPLES

Operating revenues

Sales of goods and services are reported as operating revenues at delivery. Long term contracts are recorded as income based on the Percentage of Completion method. According to the prudence concept, a relative share of total contract amount and expenses, equal to the projects completion at the time of closing the accounts, is included in the Profit and Loss statements. Projects that, at the time of evaluation, are expected to give a loss, are accrued for directly, with the total expected loss.

Cost of goods sold

Cost of goods sold includes, in addition to cost of goods for resale, also direct and indirect operating expenses related to the Contracting and Production activity.

Cash and bank deposits

Cash and bank deposits includes cash, bank deposits.

Accounts receivable

Accounts receivable include gross invoiced accounts receivable less provision for potential loss on receivables. Accounts receivable also include accrued revenues from applying the Percentage of Completion method less corresponding prepayments.

Inventories

Inventories are stated at the lowest of cost, based on the FIFO principle, and the market value. Purchased goods are priced at historical cost. Cost price for work in progress and manufactured goods are direct cost plus a proportion of indirect cost of production. Inventories are reduced for estimated obsolescence.

Fixed assets

Fixed assets are stated at the original cost price reduced with accumulated ordinary depreciation. Ordinary depreciations are recorded on a straight line basis over the estimated economic life of the assets. Gains or losses from sale of fixed assets are recorded as operating revenues and other operating expenses respectively.

Taxes

The tax expenses and liabilities are presented in the accounts by using the liability method for calculation of deferred tax. The Profit and Loss statements include the annual change in deferred tax in addition to current payable tax. The deferred tax liability in the balance sheet is based on positive and negative timing differences between values for accounting purposes and taxation purposes respectively. There are specific regulations for offsetting positive and negative timing differences as well as for reporting deferred tax benefits.

Receivables and liabilities in foreign currencies

Short term receivables and liabilities are converted into Norwegian kroner at the year-end exchange rates. Realised and unrealised gains and losses are recorded in the Profit and Loss statements. Long term receivables and liabilities are converted at the lower and higher of the historical and year-end exchange rates respectively. Unrealised exchange losses are recorded in the Profit and Loss statements except loss on long term receivables or long term liabilities that may be offset against unrealised gain in the same currency. Long term liabilities connected to long term investments that through fixed contracts will generate income in the same currency, are reported at historical exchange rate.

Pension liabilities

The Group's Norwegian subsidiaries operate with defined benefit pension plans, giving the employees right to an agreed upon future pension benefit. The benefit is based on years of service and salary level at retirement. Actuarial computed pension liabilities less the market value of any plan assets are from 1994 included in the accounts. Estimated pension expenses and net pension liabilities are based on assumptions as regards interest rates, expected future growth in wages and pension regulations and return on plan assets.

The Group's Foreign subsidiaries mainly have defined contribution plans, where the employers obligation is to contribute a specific amount, percentage of wages, etc. to the individual employee's pension plan. The employer does not undertake any obligations regarding changes in the return on plan assets, growth in salaries, etc. Total pension expenses in the Profit and Loss statements are thus normally limited to the actual contribution and no assets or liabilities are recorded in the Balance Sheet.

The accrual for early retirement pension expenses is based on the net present value of agreed pension compensation, including expected adjustments until retirement. Expenses related to compensation for a lower contribution from the National Insurance and for continued membership in the defined benefit pension plans are equally accrued for.

Research and development costs

Expenses related to product development and research are recorded directly in the Profit and Loss statements.

Financial instruments

Forward contracts

Forward sale of a conservative estimate of the next year's expected net cash inflow in USD is considered as a hedging transaction for accounting purposes. Any unrealised profit/loss from such contracts is recorded together with the underlying net currency inflow. Unrealised loss from hedging of other expected inflow of foreign currency is charged directly. Unrealised gains are recorded at realisation. Unrealised gains/losses on forward contracts are valued at the closing exchange rate at year-end.

Options

Options are in the same way as forward contracts sold/bought to hedge the exchange rate related to next year's net inflow of USD and these two instruments are treated similarly in the Financial Statements. The option premium paid at time of the agreement is recorded at expiration of the underlying contracts.

Forward rate agreements

Forward rate agreements are valued at market price at year end. Net gains/losses are recorded as financial income/expenses over the term of the contracts.

Segment information

Operating revenues are distributed on major geographical areas and the Group's segments; Products and Services, and Projects and Production. As most subsidiaries have activities within both segments without a full allocation of expenses, operating result per business areas have little relevance and are therefore not reported.

Profit and Loss Statement 01 01 - 31 12

	NOK mill.	1995	1994	Note
Operating revenues		1,805	1,762	
Cost of goods sold		1,157	1,023	
Wages and social benefits		169	131	25, 35
Other operating expenses		337	401	26, 28
Ordinary depreciation		39	44	31
Operating expenses		1,702	1,599	
Operating result		103	163	
Interest income		25	21	
Interest expenses		27	17	
Other financial expenses		4	(28)	
Net financial expenses		6	(32)	
Result before taxes		97	195	
Taxes		26	49	33
Net profit		71	146	
The Board's proposal for application of net profit and equity transfers				
Dividends		58	58	
Legal reserve		12	22	
Rev. temporary restricted funds		(11)	(11)	
Group contribution		17	16	
Retained earnings		(5)	61	
Total		71	146	

Balance Sheet as per 31 12

	NOK mill.	1995	1994	Note
Assets				
Cash and bank deposits		67	92	27
Accounts receivable		606	508	28
Inventories		233	250	
Other short term receivables		155	19	29
Total current assets		1,061	869	
Shares in subsidiaries		297	248	30
Shares in limited partnerships		68	64	5
Other long term receivables		349	266	29, 33
Goodwill		34	37	31, 32
Fixed assets		125	127	31, 32
Total long term assets		873	742	
Total assets		1,934	1,611	
Liabilities and equity				
Bank overdraft		17	8	
Taxes payable		38	55	
Dividends		58	58	
Accounts payable		96	63	
Short term liabilities		0	46	
Other short term liabilities		444	342	29
Total current liabilities		653	572	
Long term interest bearing liabilities		347	113	34
Net pension liabilities		26	16	35
Deferred tax liabilities		35	41	33
Other long term liabilities		3	18	
Total long term liabilities		411	188	
Share capital		241	239	
Legal reserve		327	294	
Temporary restricted funds		8	19	
Retained earnings		294	299	
Total equity		870	851	
Total liabilities and equity		1,934	1,611	
Guarantees		114	117	36
Mortgages		0	0	

	NOK mill.	1995	1994
Result before taxes		97	195
Ordinary depreciation		39	44
Taxes paid		(55)	(38)
Funds from operations		81	201
Net change in accounts receivable		(98)	(29)
Net change in inventories		17	(42)
Net change in other working capital items		(1)	75
Net change in cash from operations		(1)	205
Investments in fixed assets and goodwill		(80)	(69)
Disposal of fixed assets		47	26
Net change in cash from investments		(33)	(43)
Net change in financial investments		(129)	(54)
New long term liabilities		441	38
Downpayments of long term liabilities		(213)	(76)
Net change in short term interest bearing liabilities		(38)	(21)
Share issues, incl. premium		15	18
Group contribution		(9)	(16)
Cash payment from merger		0	(50)
Dividends paid		(58)	(46)
Net change in cash from financing		9	(207)
Net change in cash position		(25)	(45)
Cash position – 01.01.		92	137
Cash position – 31.12.		67	92

A auditor's Report for 1995

To the Annual General Meeting of Unitor A S A

We have audited the annual accounts of Unitor ASA for 1995, showing net profit of NOK 71 mill. for the Company and net profit of NOK 85 mill. for the Group. The annual accounts, which consist of the report of the Board of Directors, profit and loss statement, balance sheet, analysis of cashflow, accounting principles, notes and the corresponding consolidated financial statements, are the responsibility of the Board of Directors and the Managing Director.

■ Our responsibility is to examine the Company's annual accounts, its accounting records and the conduct of its affairs.

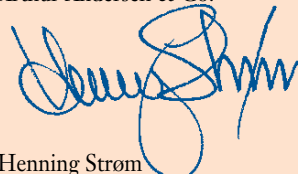
■ We have conducted our audit in accordance with applicable laws, regulations and generally accepted auditing

standards. We have performed the auditing procedures we considered necessary to determine that the annual accounts are free of material errors or omissions. We have examined, on a test basis, the accounting material supporting the financial statements, the appropriateness of the accounting principles applied, the accounting estimates made by the management and the overall presentation of the annual accounts. To the extent required by generally accepted auditing standards, we have also evaluated the Company's asset management and internal controls.

■ The appropriation of net profit and equity transfers complies with the requirements of the Joint Stock Companies Act.

■ In our opinion, the annual accounts have been presented in conformity with the Joint Stock Companies Act and present fairly the Company's and the Group's financial position as of 31 December 1995 and the result of the operations for the fiscal year in accordance with generally accepted accounting principles.

Oslo 14 March 1996
Arthur Andersen & Co.

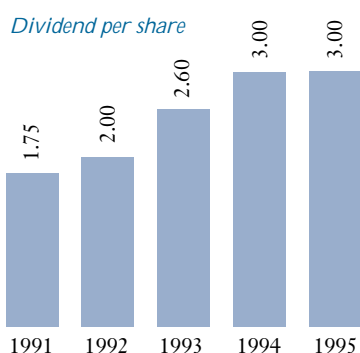


Henning Strøm
State Authorized Public Accountant,
(Norway)

Investing in Unitor

Information to Shareholders

Unitor regularly issues information to shareholders, brokers and others on the development of the company, the company's activities, significant events, etc. By following this policy, we seek to ensure that the share price reflects the underlying value of the company and the expected future development of profits. In addition to the annual report, information is distributed through presentations, comprehensive interim reports and frequent press releases. In view of the ownership structure in Unitor, most presentations are held abroad.



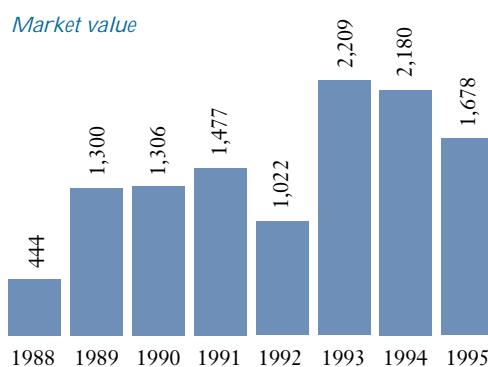
DIVIDEND POLICY

It is Unitor's objective to provide shareholders with a satisfactory return on invested capital. Return on capital is generated by development of the share price and payment of dividend. Unitor's equity ratio has been between 50% and 55% in recent years. In view of this, a high pay-out ratio has been focused. From 1990, dividend paid in proportion of earnings per share has therefore increased from 20 to 40%. Notwithstanding Unitor's growth in recent years resulting from acquisitions etc., the company is

continuing its strategy for maintaining a high pay-out ratio. In spite of the reduced result for the year, the Board proposes a dividend of NOK 3.00 per share which is consistent with 1994 and represents a pay-out ratio of 68%.

EVALUATING UNITOR

At the end of 1995, the market price for Unitor shares was NOK 87.00 and the number of shares totalled 19.3 million. Equivalent figures at 31 December 1994 were NOK 114.00 and 19.1 million. Total market value was thus about NOK 1.7 billion and NOK 2.2 billion. Apart from market values based on share price, no valuations of the company are presented. However, different brokers regularly issue analysis and valuations which can be applied based on different assumptions. In an evaluation of the Unitor Group, the following factors might be of importance:



World-wide network

Unitor has more than 75 offices and 180 agents in about 80 different countries. It is this worldwide integrated network which makes the

company unique and therefore is the deciding factor in estimating the value of the company. This integrated organisation has been built up over a period of 60 years, and today a workforce of approx. 1,700 employees serves the world's ocean-going merchant fleet using a unified invoicing and logistics system. Quality assurance and training procedures have also been implemented, assuring that our customers in principle receive the same delivery and the same service no matter where the goods or services are purchased. Unitor also owns a stock of about 350,000 welding gas cylinders which are rented out to customers and which can be exchanged in any port where we are represented under our global exchange scheme. When introducing new products, the network can generate a high sales volume relatively quickly due to the fact that the products are made available immediately at all locations where we have offices. A large proportion of the products

we handle are supplied through our main distribution centre in Rotterdam (Unitor Distribution Centre). An organisation of this type is work-intensive and requires a large staff. This means that maintaining and developing this business

will necessarily result in relatively high operating expenses. Future growth in profits based on the implementation of new business within the Unitor network

therefore requires large volumes with equivalently relatively high gross margins.

Currency

Sensitivity analysis

Approximately half of the Unitor Group's operating revenues are in USD, and about one third of operating expenses are in the same currency. There has been a high degree of fluctuation in the rates of exchange in recent years, and development of profits will naturally be affected by this.

The diagram below illustrates sensitivity to fluctuations in the exchange rate for the US dollar in relation to Group results based on an expected net positive cash flow of USD 75 million.

As presented, the pre-tax profit is reduced by approx. NOK 16 million on the basis of a NOK/USD exchange rate of 6.50 compared with the hedging rate for 1995 of 6.73. Similarly, pre-tax profits will

Unitor's profit and loss statement the last 5 years at fixed exchange rate NOK/USD = 6,50

	1991	1992	1993	1994	1995
Operating revenues	1.400	1.934	2.247	2.487	2.856
Gross margin	765	865	997	1.164	1.166
Gross margin in %	54,6%	44,7%	44,4%	46,8%	40,8%
Operating result	154	135	205	199	141
Net financial expenses	(9)	20	3	23	32
Result before taxes - adjusted	163	115	202	176	109
Result before taxes - official	146	126	195	211	125
Average forward rate NOK/USD	6,16	6,77	6,38	7,22	6,73

increase by approx. NOK 37 million at a NOK/USD exchange rate of 7.00 compared with the present level of approx. 6.50.

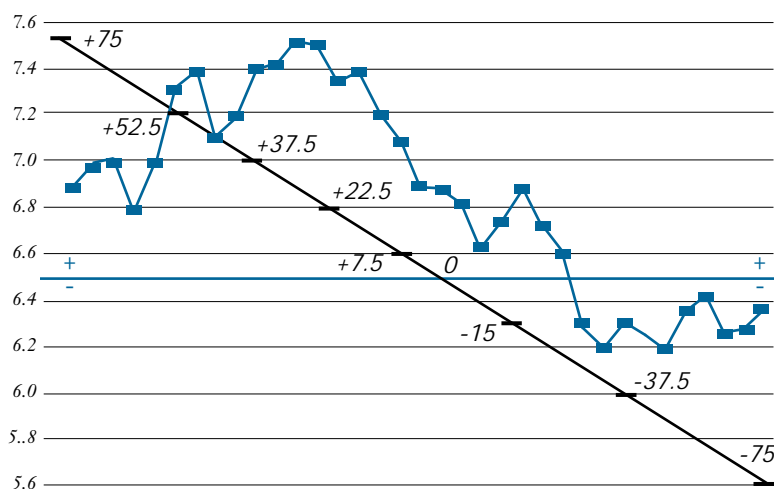
In order to further illustrate the effect of the USD exchange rate on Unitor's results, we have adjusted the results for the years 1991 to 1995 on the basis of a fixed NOK/USD exchange rate of 6.50.

This diagram shows a development of profits more in line with the underlying factors, compared with that shown in the official figures.

Hedging policy

Unitor has for many years maintained a hedging policy whereby the expected net positive cash flow in US dollars for the coming year is sold on forward contracts or otherwise secured prior to the start of the financial year. The hedging strategy is still valid, but the company's view on the necessity of securing the entire cash flow as at 1 January has been somewhat modified. Evaluations of acceptable exchange rate levels are now made throughout the year and hedging contracts are concluded on the basis of these evaluations. As at 31 December 1995, USD 35 million from a total expected cash flow for 1996 of USD 75 to 80 million, has been sold on forward contracts at an average exchange rate of 6.415.

Effects on pretax profit from USD-fluctuations.



NOK/USD development in exchange rates last 3 years. —■—

Market conditions

Unitor's activities are influenced to a certain extent by market conditions in shipping. The level of activity, freight rates, the attitude towards maintenance and age of ships are all important elements in the evaluation. While the Group previously was more vulnerable due

to the shift from maintenance to newbuilding, the acquisitions in recent years have contributed towards a possibility of maintaining profits even when there is a larger increase in newbuilding activity. The maintenance programme for the world's shipping fleet will of course retain its importance for Unitor. In this connection, we have registered the increase in insurance premiums and the drop in second-hand values for ships in poor technical condition in addition to the general tightening up of safety demands. In this situation we expect continued growth in the consumption of maintenance products.

Project activity

Up to and including 1993, practically all Unitor's business was connected with the delivery of products and services to the oceangoing

fleet. Comparisons with previous years' performances and expectations for the coming years' sales and development of profits could therefore be predicted at a relatively early stage. Unitor's increased engagement in newbuilding business in 1994 and 1995, in particular through investments in insulation and HVAC business, has brought about a change in this picture. Many projects in these areas have a contract value in the range of NOK 20 to 80 million, and several years may elapse from conclusion of a contract to execution, which can also last for several months. Revenues are recorded using the Percentage of Completion principle, irrespective of invoicing. When evaluating Unitor, due regard must therefore be taken to the volume of the order reserve and when these are to be taken to income.

Furthermore, sales and results for

previous quarters cannot be used as a basis for making estimates for future periods. This is one of the reasons why operating revenues and consumption of goods in the note to the accounts has been split between products / services and production / projects.

Additionally, it must be stressed that an evaluation of contribution margins must be made separately for the two above mentioned principal activities. While Unitor's network sales typically will have relatively high margins and fixed operating expenses, the wage-related expenses in connection with the projects have already been deducted in the contribution margin. Contribution margin for project business will therefore be considerably lower than for the traditional business area. Also, growth in project sales will not imply an equivalent increase in operating expenses.

Profit and Loss per Quarter

	NOK Mill.	1995 1.10-31.12	1995 1.7-30.9	1995 1.4-30.6	1995 1.1-31.3	1994 1.10-31.12	1994 1.7-30.9	1994 1.4-30.6	1994 1.1-31.3
<i>Operating revenues Products and Services</i>		393	399	418	422	389	397	412	399
<i>Operating revenues Projects and Production</i>		427	293	280	214	269	203	220	226
<i>Operating revenues</i>		820	692	698	636	658	600	632	625
<i>Cost of goods Products and Services</i>		185	187	198	200	164	176	185	173
<i>Cost of goods Projects and Production</i>		341	219	211	149	175	145	154	151
<i>Cost of goods</i>		526	406	409	349	339	321	339	324
<i>Other operating costs</i>		250	227	229	222	252	201	206	203
<i>Ordinary depreciation</i>		25	24	26	22	29	24	26	24
<i>Operating result</i>		19	35	34	43	38	54	61	74
<i>Net financial expenses</i>		(6)	1	(2)	13	(7)	3	7	13
<i>Result before taxes</i>		25	34	36	30	45	51	54	61
<i>Taxes</i>		8	11	12	9	16	17	15	18
<i>Net profit</i>		17	23	24	21	29	34	39	43

Shares and share capital
Development of share capital last 5 years

<i>Date</i>	<i>Type of expansion</i>	<i>Change in no. of shares</i>	<i>No. shares</i>	<i>Share capital</i>
01.01.91			15,458,407	193,230,080
1991	Employee issue	200,000	15,658,407	195,730,080
1991	Acquisition Rochem	1,318,332	16,976,739	212,209,230
1992	Employee issue	198,930	17,175,669	214,695,860
1993	Employee issue	201,070	17,376,739	217,209,230
1993	Management issue	20,000	17,396,739	217,459,230
1994	Employee issue	200,000	17,596,739	219,959,230
1994	Merger Ticon Isolering	1,508,560	19,105,299	238,816,230
1994	Management issue	10,000	19,115,299	238,941,230
1995	Employee issue	174,352	19,289,651	241,120,630

Major shareholders in UnitorASA per 31.12.95

	<i>No. of shares</i>	<i>% of total share capital</i>
The Chase Manhattan Bank	3,314,805	17.2
Harris Trust & Savings Bank	1,954,800	10.1
Morgan Guaranty Trust	1,882,618	9.8
Kvaerner Invest AS	849,200	4.4
Citibank, N,A,	510,182	2.6
Citibank NA - ADR-dept,	479,416	2.5
Caisse Des Depots et Consignations	455,000	2.3
Bank of New York	400,000	2.1
The Northern Trust Co,	388,530	2.0
Morgan Stanley Trust Company	380,322	2.0
Total 10 largest shareholders	10,614,873	55.0

Distribution of shares in Unitor ASA as per 31.12.95 per shareholder group

<i>No. shares per shareholder</i>	<i>No. of shareholders</i>	<i>% of shareholders</i>	<i>% share capital</i>
1-100	979	42.5	0.2
101-1,000	911	39.5	1.9
1,001-10,000	280	12.2	5.3
10,001-100,000	107	4.6	19.4
Over 100,000	27	1.2	73.2
Total	2,304	100.0	100.0

Distribution of shares in Unitor ASA as per 31.12.95 per geographical area

<i>Area</i>	<i>No. of shareholders</i>	<i>% of shareholders</i>	<i>% share capital</i>
United Kingdom	101	4.4	28.7
U.S.A.	138	6.0	27.2
Norway	1,733	75.2	23.6
Belgium	11	0.5	9.9
France	12	0.5	2.9
Canada	13	0.6	2.7
Luxemburg	13	0.6	2.1
Other countries	283	12.2	2.9
Total	2,304	100.0	100.0
Foreign shareholder holdings	571	24.8	76.4

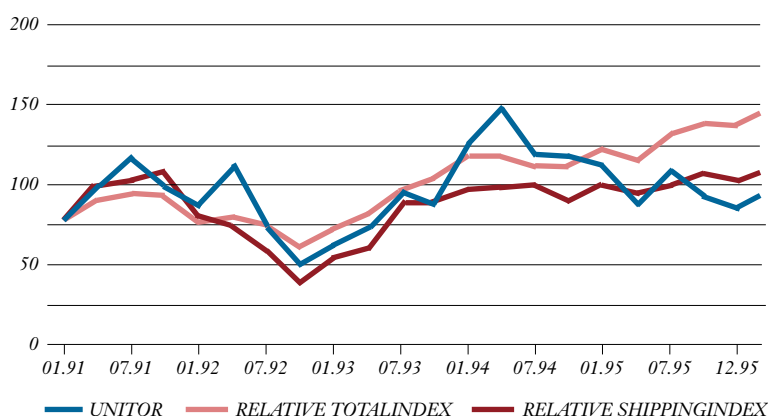
SALES OF UNITOR SHARES

Unitor has been listed on the Oslo Stock Exchange since 1968. In 1995 41,005,308 shares were traded, giving a liquidity ratio of 213%. The equivalent figures for 1994 were 45,946,969 shares and a liquidity ratio of 241%.

In May 1991, Unitor launched an ADR programme (American Depository Receipts) in New York. As at 31.12.95 a total of 479,416 ADRs have been issued. Each ADR represents an underlying

share in Unitor. The objective of the ADR programme is to increase the liquidity of the Unitor share on the American market.

Share price development at Oslo Stock Exchange (1991–1995)



DEVELOPMENT OF MARKET PRICE

	1995	1994	1993
Highest price	113.0	150.0	127.0
Lowest price	76.0	102.0	62.0
Share price	31.12	87.0	114.0

Tax adjustment of purchase price changes in taxed equity

These regulations apply to Norwegian shareholders only, and the tax adjustment takes place as at 1 January. Shareholders registered at this date are entitled to an adjustment of purchase price for tax purposes by amount of taxed equity. Adjustment amount per share for the years 1992–1995 (in NOK):

1992	1993	1994	1995*
2.77	1.01	4.71	2.21

* Estimated

INCENTIVE SHARES TO EMPLOYEES

At the Annual General Meeting held on 19 May 1994, the Board was authorised to increase the share capital by NOK 10 mill. through the issue of up to 800,000 new shares over a four-year period as a private issue to Group

employees. A similar resolution was passed in 1990 covering the period 1991 to 1994. The objective of this programme is to encourage interest among the employees in the business and profits of Unitor. In consideration of the relatively weak result for the Unitor Group in 1995, it has been decided not to carry out a share issue to the employees for 1996, but to assess the situation at the end of the year. As at 31 December 1995, Unitor employees held a total of 232,907

Shares owned by members of the Board, Managing Director and Accountant

Name:	No. of shares
<i>The Board:</i>	
Stein H. Annexstad	0
Eivind Astrup*	25.000
Carsten Ellertsen	1.000
Christian Falck-Pedersen*	362.954
B.G.Nilson*	129.781
Terje Rabben	1.588
Hans Petter Rolfheim	0
Managing Director, Karsten Hounn	30.803
<i>Accountant:</i>	
Arthur Andersen & Co's Partners and employees	0

* Includes shares, owned by companies controlled by the Board member.

shares in the company representing 1.2 per cent of total shareholdings.

AUTHORISATION TO INCREASE SHARE CAPITAL

At the Annual General Meeting held on 4 May 1993, the Board was authorised to increase the share capital by up to NOK 3,375,000 through the issue of up to 270,000 shares over a three-year period. This authority related to the implementation of a share option programme for Unitor's management group which can be declared over a three-year period. The option premium and subscription price was fixed at NOK 3 and NOK 77 respectively. As at 31 December 1995, the number of shares in the company has increased by 10,000 as a result of this scheme.

At the Annual General Meeting held on 19 May 1994, a resolution was passed to grant the Board authority to increase the share capital by up to NOK 5 mill. by the issue of up to 400,000 shares. The capital extension is to be employed in whole or part as payment in connection with possible future acquisitions. This authority, which has not yet been applied, is valid until the Annual General Meeting in 1999.

GENERAL INFORMATION

The Annual General Meeting in Unitor ASA for 1995 will be held in Oslo on 9 May 1996. Unitor issues interim reports every quarter. For 1996, the interim results will be published on 2 May, 19 August, and 31 October, respectively.

The Management Group

In addition to the traditional management tasks handled by each of the directors in Unitor, the executive committee (EXECOM) deals with all matters of strategic significance within Unitor's sphere of operation.

*Execom consists of the following members:
(left to right)*

*Director Per Terje Norheim (54)
Responsible for Finance,
Organization and
Corporate Marketing.
Joined Unitor in 1994.*

*Director Steinar H. Johnsen (40)
Responsible for Operation of Unitor's
International Network and Product
Management Functions.
Joined Unitor in 1984*

*Director Rune Falstad (43)
Responsible for Contracting and
HVAC activities.
Joined Unitor in 1982.*

*Director Erling P. Ovale (50)
Responsible for IT, Logistics, Quality
Assurance, and Building Projects
within the Unitor Group.
Joined Unitor in 1991.*

*Managing Director Karsten Houm (50)
Overall responsible for Unitor's
Operations, Development and Strategy.
Joined Unitor in 1985*

*Director Øyvind Udness (49)
Responsible for the Business
Development Function.
Joined Unitor in 1970*

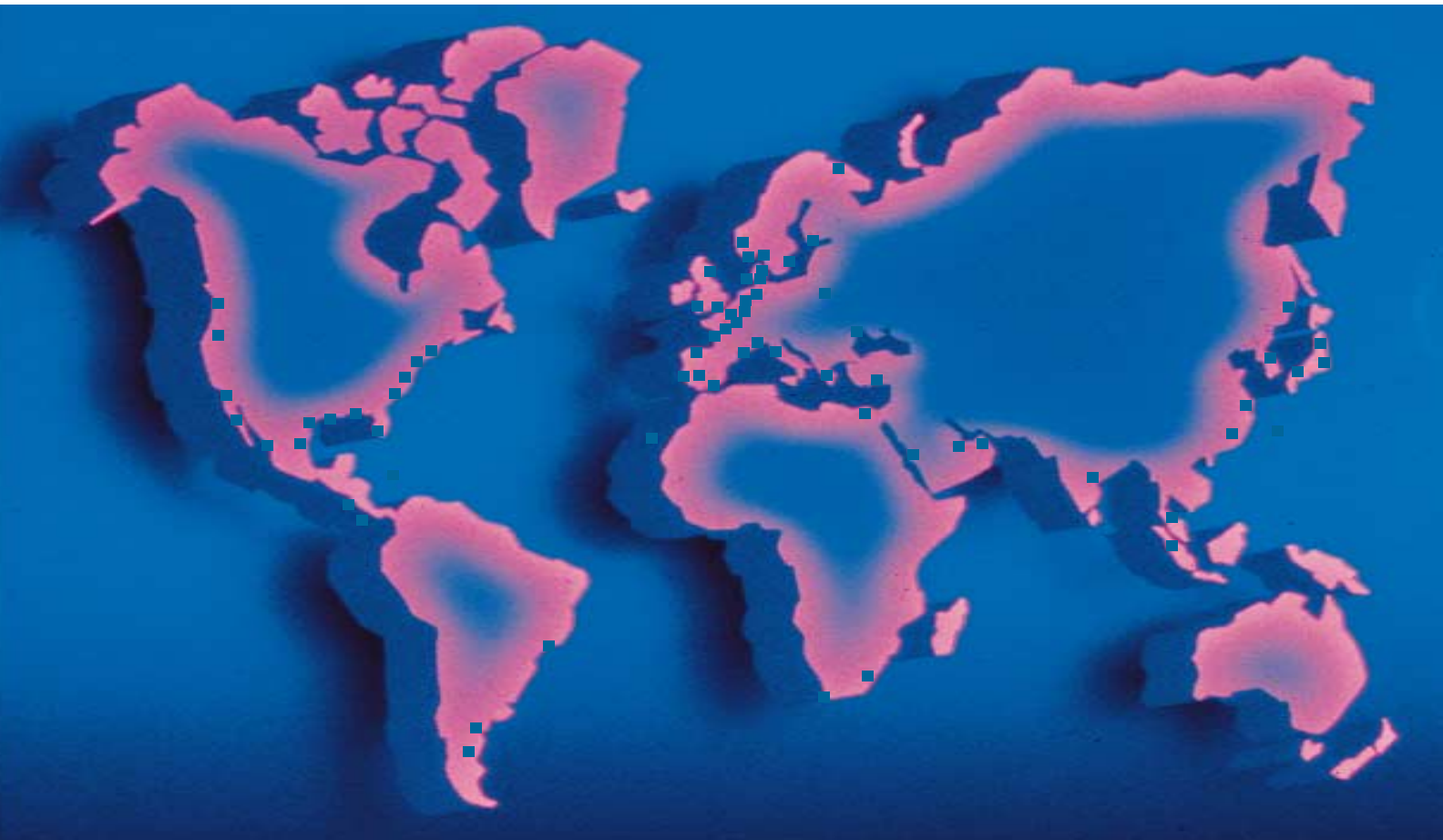
*The members of Execom
have broad experience from
multinational companies such as
Philips, ASEA, Kodak, ITT
and Price Waterhouse.*

*Director of Communications
Robert Roander (52)
Responsible for the
Investor Relations Function, Intercompany
and External Information, and
Coordination of the Board of Director's
and Execom's work.*



*In spring 1995, Unitor moved in to the new
Headquarters on Drammensveien in Skøyen
near the centre of Oslo.*





Organization and Network

In many ways, Unitor's business is complex compared with other distribution-oriented businesses.

This is mainly due to the fact that our customers - the ships in the international merchant fleet - must receive their products and service whenever requirements arise wherever they may be around the globe.

■ Unitor's organization has been developed to meet this requirement. Our international network has grown over the years and today

we have 75 wholly-owned Unitor offices and 180 agents, and our business is conducted in 80 different countries in all parts of the world. The figures for 1995 show that during the year we implemented more than 180,000 deliveries of products and service in more than 983 different ports. In order to maintain a satisfactory service level, this structure requires that we stock products in 240 different locations worldwide.

Information Technology and Network

Unitor has been a pioneer in the use of information technology. As early as 1981, all our most important offices were already on-line with the head office which took over the invoicing of all deliveries from Unitor offices and agents. The system was subsequently developed to include an advanced credit control programme. This system has reduced our losses on bad debts to a remarkably low level. Average loss during the last four years is 1% on outstanding receivables.

■ In order to reduce our vulnerability in relation to foreign exchange, we introduced a foreign currency invoicing programme in 1989 which provides us with revenues in the same currencies as our incurred costs. This has reduced our exposure to currency fluctuation appreciably, and of the total of 18 different currencies which are included in Unitor's balance sheet, only the US dollar represents foreign exchange exposure of significance.

■ The daily flow of information to head office also provides a high degree of operative control. Profitability is measured continuously in relation to customer, product group and office. Every morning, Unitor management can check the amount invoiced on the preceding day and at which margin, in comparison with the equivalent figures for the three preceding months. In this way, management is able to review the development of operations at all times and make comparisons with budgets and plans.

■ Unitor's organization is comprised of a total of 52 legal entities. Each of these entities has several offices and/or agents within its administrative responsibility. In order to ensure best possible on-going control of these units, the accounts for each legal entity are closed every single month, including depreciations and allocations which are normally only dealt with on an annual basis.

■ Used sensibly, information technology can also provide a good competitive edge. Direct comm-

unication with Lloyds means that we always have an updated overview of all ships built, where they are located and who their owners are.

■ Databases containing information on the safety equipment of the ships, when the next service is required, and which components are to be replaced or upgraded, make it possible for us to carry out our "fire and refrigeration service" better and faster than our local competitors.

■ Unitor's Distribution Centre (UDC) in Rotterdam, is the logistics centre in the Unitor system. All purchasing is planned and implemented at this centre. Products are stored and distributed to the many Unitor offices, using logistic systems which provide the highest possible service level for the individual office. The logistics philosophy is based on the highest possible level of standardization of the product programme so that purchasing can take place on behalf of all Unitor offices. In this way, we can purchase directly from the manufacturer and in contrast to our competitors, we are often able to eliminate the extra costs involved in working through national importers and wholesalers.

■ Our standardization philosophy also ensures that our customers receive exactly the same products at the same price and quality no matter where they may be delivered around the world. This is a significant factor at a time when shipowners are in the process of introducing quality assurance systems and standardization of ship operation.





Account Sales effected through Unitor's offices around the world

Marketing and Sales

Unitor's marketing and sales takes place at two levels. The most important level comprises the account sales to the shipowners which are effected through Unitor's offices around the world. These sales are based on annual agreements which specify how many of the owners' ships are to receive deliveries from Unitor, the products to be supplied, discounts, etc. Today, Unitor employs approx. 300 persons dealing with shipowning companies and shipowners all over the world, ably supported by our technical experts.

- Twenty years ago, the account sales function did not exist. The master on board had all the authority and all sales were channelled through the local port sales organizations which also took care of deliveries.
 - Today, shipowners wish to have control over the purchasing function and purchasing conditions. Port sales now tend to take the form of a delivery function with the addition of service, training, etc.
- In principle, it can be said that port sales are a consequence of account or shipowner sales.



Service and training is a very important part of Port Sales

The Structure of the Competition and the Unitor Corporate Culture

The Structure of the Competition

Since Unitor was established 60 years ago, several competitors have established similar international networks to serve the international merchant fleet. Most of these have been removed from the market through acquisitions or mergers, and the market is today dominated by Unitor and Drew Ameroid Marine which is about one-third of the size of Unitor. The largest section of the market, however, is controlled by several thousand ship chandlers who to a large extent supply similar products.

■ In contrast to this group, it is Unitor's philosophy to regard the entire marine market as an international market where prices and conditions should be identical - no matter where the products are supplied. We maintain fixed prices throughout the year and our price lists can therefore be used as a basis for preparing budgets and for invoice control. At a time when financial control is receiving increasingly high priority, and standardization of products has become an important tool in customers' quality assurance systems, we know that Unitor's operating concept is future-oriented. Budgeting and control are simplified as all invoices are issued in the agreed currency, no matter where the products are delivered.

The Unitor Corporate Culture

A distinguishing feature of Unitor's corporate culture is that the employees give priority to assignments which benefit Unitor from an overall viewpoint to a greater extent than in other multinational corporations. This is related to the fact that all offices depend on the efforts of the other offices to reach their objective. An active shipowner sale in e.g. Piraeus or London will in the first instance benefit the offices located at the regular ports of call for the ships involved.

■ Another distinguishing feature of Unitor is the dedication of our employees to carry out delivery programmes punctually. Although time is often short, they will spare no effort to deliver "before the ship leaves". This attitude contri-

butes towards a high degree of service and efficiency and is based on the reasoning that a ship which has left is a lost opportunity. In this business, a late delivery is valueless.

■ Unitor is also a corporation in which the employees achieve competence in an organization which has routines and a communications structure which differ from those normally found in other organizations. Almost everyone, at whatever level, will perceive daily the international profile which is the hallmark of the company.

■ As a result, many of our staff have long records with Unitor, thus contributing towards stability and the maintenance of the positive pioneering spirit which is so important for efficient utilization of resources.



Although time is often short, they will spare no effort to deliver "before the ship leaves"



FIRE RESCUE SAFETY
1713 549-6274
FAX 1713 940-8827

UNITOR



The marine environment is severe, and most commercial vessels are scrapped by their 25th birthday. For six decades, Unitor has offered products and service that help prolong the vessel's earning life and protect the crew and cargo. To make its products available when they are needed onboard, Unitor has built up the industry's most wide-ranging service and logistics network.

The Unitor product and service portfolio includes over 4,500 standard products for onboard repair and maintenance, fire and safety equipment and service, refrigerants and refrigeration system spare parts and service, as well as a complete line of marine chemicals.

Unitor also has a leading position as a service supplier within the fire and safety and refrigeration areas.



Repair and Maintenance

Unitor built its original business concept on the sale of welding gases to the international merchant fleet through a system of exchanging empty gas cylinders for full ones. With this system, any vessel can purchase full cylinders as needed and return them when they are empty.

■ In addition to welding gases, the product range has been widened

over the years, and today covers most products and tools needed to maintain the hull and superstructure.

■ Unitor's product philosophy is to use products as building blocks to build total concepts that solve the customer's maintenance problems. Welding is a good example of this. Unitor not only sells welding gases, equipment and consumables; but also trains seamen in welding techniques at training centres in Manila, Piraeus and Oslo. Once certified, these seamen can carry out their work onboard using equipment they know and trust.

■ The average age of the world fleet has risen steadily from 12.8 years in 1980 to 18.2 years at the end of 1995. With growing pressure for safer vessels and increasingly prohibitive insurance rates for poorly maintained vessels, good ships maintenance is now equated with good economy. Many owners are thus systematising their maintenance programs and phasing in quality assurance systems for ship operations.

The advantages of systematic maintenance programs are several: increased usable life; better safety for the crew and passengers; less threat to the environment, more attractive for carrying freight, and lower insurance costs.

■ Through a combination of organic growth and phasing in new products, the repair and maintenance area has had an even yearly growth, going from NOK 160 mill. in 1987 to NOK 503 mill. in 1995.

■ The market is characterised by an increasing number of operative vessels and stronger focus on maintenance. Total expenditures for maintenance should thus grow in the years ahead. With this background, together with plans for intensified product introductions, Unitor should be able to achieve a growth rate which is somewhat stronger than in the period 1987-1995.

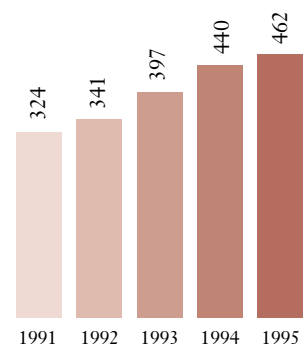


Unitor's international system of exchanging empty gas cylinders for full ones.



Maintenance has long traditions in Unitor

Sales Development
Repair and Maintenance
NOK mill.



Fire and Safety

Fire and Safety Service

International regulations specify that all ships must have fire and safety service annually or every other year, depending upon type of vessel.

■ Unitor is authorised to carry out this service and issue the necessary safety certificates. During the last ten years, Unitor has built up its network of service stations through the purchase of a number of smaller local competitors. At the same time, inspection procedures have been standardised and documented. Unitor service is thus uniform in quality and depth, regardless of where or by whom it is done. Unitor performs around half of all fire and safety service done in the market.

■ To promote further growth in this area, the service program Uniserve was introduced. This is a software program which stores and

processes information regarding a vessel's fire and safety systems. The system gives an automatic message when service is due, along with which parts which should be replaced. Uniservice makes it possible to plan service more efficiently. This results in fewer delays, higher efficiency and more satisfied customers.

■ Sales of fire and safety service grew from NOK 144 mill. in 1994 to NOK 167 mill. in 1995.

Fire, Rescue and Safety Equipment

As the leading service organisation in the market, Unitor has detailed knowledge of what types of equipment any given ship must have aboard. Unitor is thus in a position to offer a comprehensive product portfolio which is always in compliance with requirements.

The product range includes portable fire extinguishers, firehoses and fittings, breathing apparatus, breathing air compressors, escape apparatus, fireman's outfits, immersion suits, pyrotech-

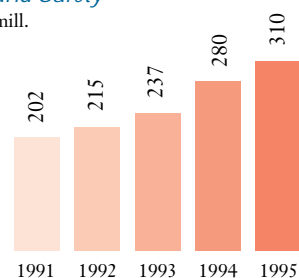


nical equipment, life jackets, rescue craft, emergency rations and lifebuoys.

■ Unitor's sales in the fire and safety sector increased from NOK 136 mill. in 1994 to NOK 143 mill. in 1995. Growth in this market is expected to continue.

Sales Development Fire and Safety

NOK mill.



Enviro Team

Enviro-Team was established to develop and market products for oil pollution control. The best known product in this area is the Unitor Oil Bag, which is offered in sizes up to 1000 cubic meters.

The bag is used for temporary storage of spill oil. Customer references include organisations such as

Esso, East Asia Response Limited (EARL), the US Coast Guard, the Swedish Coast Guard, the Norwegian Pollution Control Authority and Marubeni Corp. 47 Unitor Oil Bags have been sold.

■ The Oil Spill Kit was introduced in 1994 to comply with US and international requirements for

onboard oil spill clean-up capability. The Kit is offered in versions that handle 1, 7, and 12 barrels of spill oil. As of 1. March, 1996, 526 kits have been installed, 365 of which were sold in 1995.

Refrigeration

Unitor can supply all types of refrigerants, service and spare parts, anywhere in the world.

For the past ten years, Unitor has actively promoted the need to move away from CFC gases and over to less harmful refrigerants. As part of this, products and programs for preventive maintenance and system leak monitoring have been developed.



Refrigerants

The Unitor cylinder exchange for refrigerants is based on the same concept as the welding gas cylinder exchange program. The system's flexibility is very advantageous for the customer and has put Unitor into the leading position as a supplier of refrigerants to the marine market.

Stringent deadlines for phasing out CFC and HCFC gases are established by international authorities. Production of CFC gases ceased in the EU countries at the end of 1994. In the remaining member countries of the Montreal Protocol, production ceased on December 31, 1995. There remains only a few developing countries who may produce CFC gases. Import and export is forbidden.

Production of HCFC gases, of which R-22 is the most commonly known, is subject to production caps and incremental reductions. The EU countries have set the year 2015 as the date when production of HCFC gas shall cease; already from the year 2000, HCFC based refrigeration systems are forbidden in newbuildings.

Ultimately, environmentally refrigerant gases will be replaced with blends which are less harmful to the environment and are more expensive. Production limitations will also have the effect of driving up the prices for CFC and HCFC refrigerants in the future.

Legislation and limitations in this area has resulted in a large need for conversion of refrigeration systems. At the outset of 1996, the market for conversion from CFC to HCFC is estimated to consist of 3,000 commercial vessels and 150,000 reefer containers.

In the long run, a much larger need will appear for converting HCFC based refrigeration systems to systems based on new environmentally friendly alternatives.

Through its long-term strategy of building up technical refrigeration competence and developing systems for distribution of refrigeration spare parts for service, Unitor hopes to capture a large share of the service and conversion market. To support this strategy, Unitor has an ongoing information program about the environmental aspects of refrigerants which is presented to shipowners and maritime organisations, the UN

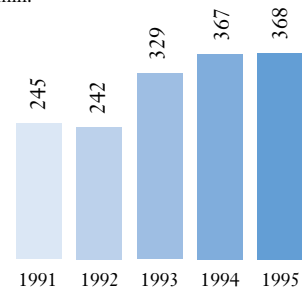
environmental protection agency and the Montreal Protocol.

Service and Spare Parts

Unitor's refrigeration service concept includes inspection, repair and certification of existing systems, as well as conversion of CFC-based systems to alternative refrigerants. Unitor's service and spare parts activity was substantially strengthened when the UK firm, Dobson Ltd., was acquired in 1993. A worldwide refrigeration service and spare parts network has been built up, based on Unitor's existing world-wide logistics and service network.

Sales Development Refrigeration

NOK mill.



Marine Chemicals

Marine chemicals are split into three main groups:

- Chemicals for cleaning and degreasing
- Chemicals for water treatment
- Chemicals for fuel improvement

■ Unitor entered the chemicals market in the early 1980s, and has become a leading supplier in this sector, with a market share of around 30%.

Unitor's chemical business has grown through organic growth and strategic acquisitions of companies including Perolin (UK) in 1982; Gamlen (USA) in 1988; Rochem (Switzerland) in 1989; Scandinavian Chemicals (Norway) in 1989 and Kjemi-Service (Norway) in 1990.

■ Unitor's marine chemical products are marketed under the name Unitor Marine Chemicals, and all production is carried out by Kjemi-Service AS and its wholly-owned subsidiary Scandinavian Chemicals AS in Norway; and also partly by Petrocon, a subsidiary of Unitor Hellas. All three production plants are certified under the ISO 9000 quality standard.

In addition to Unitor Marine Chemicals, Kjemi-Service is also a leading manufacturer of auto-care and hygiene products in Scandinavia. Customers include the largest oil companies such as Shell Chemicals and Hydro-Texaco.

■ Unitor Marine Chemicals has been a forerunner in the development of environmentally friendly water based chemicals. As early as in 1989, Unitor won the international Sea Trade Award for Countering Marine Pollution for



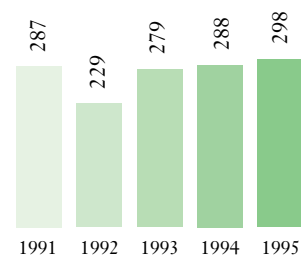
Unitor is one of the leading suppliers of chemicals to the marine market

the development of a water based cleaner, Enviroclean. Today, 20% of Unitor's cleaning chemicals are based on this environmentally friendly technology.

■ The competitive situation in the marine chemicals market in 1995 necessitated a price reduction of up to 12%. This was however, combined with the most comprehensive sales campaign Unitor has ever carried out, and the net effect was positive. At the close of the year, chemical volume sales had increased by 28,5% and a low price competitor was out of the market.

■ An upward price adjustment at the beginning of 1996 is expected to result in significantly improved profitability for the entire business area.

Sales Development
Marine Chemicals
NOK mill.







Unitor began working with projects to newbuildings in the early eighties, particularly in the areas of gas distribution and fixed fire fighting systems. Early on, a clear correlation was noted between supplying systems and equipment at the building stage and purchase of products and service for the vessel after it enters service. Also today, owners that choose Unitor systems on a newbuilding are more likely to use Unitor's service for the vessel during its operational lifetime.

In Unitor's part of the commercial vessel newbuilding market, about 1,000 vessels are built per year.

The market is growing, and it is natural for Unitor to capitalise on this opportunity to increase its traditional customer base, while at the same time more fully utilising its logistics network and marine competence.

Shipowners have an increasingly central role as regards choice of equipment onboard. With the industry's largest account sales force, this gives Unitor an important competitive advantage in terms of scale. This is strengthened by Unitor being the only company in this sector that offers technical service over the entire world through its own organization.

Unitor offers all main types of fire detection and fire fighting; nitrogen generator systems; heating, ventilation and air conditioning (HVAC) systems for commercial vessels and tank insulation systems for liquid gas carrier ships (LNG).

Fire Detection and Fire Fighting Systems



Unitor's Fire Detection System is one of the most advanced systems on the market today.

Fire Detection and Fire Fighting Systems

In 1995, fire prevention and fire fighting system sales were NOK 240 mill., compared with NOK 125 mill. the previous year. 300 systems were sold, representing 30% of the market.

■ After ten years in this market, Unitor fire fighting systems are well-known and respected. This has contributed to the Company achieving a leading position as a supplier of fire and safety service to the merchant fleet.

■ A considerable part of the expected growth in this market stems from the international ban on production of Halon gas for environmental reasons. This affects more than 1,500 larger merchant vessels which have Halon based systems onboard and which must be replaced with alternative systems in the course of the next few years.

■ Through recent acquisitions, Unitor offers several alternatives:

- CO2 high pressure and low pressure systems for any application and size of protected space
- Argonite systems, based on a gas mixture which is non-toxic and environmentally friendly. This is an ideal agent for small confined spaces



- Deck foam systems, mandatory equipment on chemical and oil tankers
 - HotFoam, which was introduced to the marine market in 1995. HotFoam is designed for use in enclosed spaces like engine and pump rooms. It is positioned as an alternative to Halon-based systems and operates on the principle of combining the smothering properties of foam with the cooling properties of water. An inert atmosphere is quickly created, and the fire is quickly extinguished. There are no moving parts, and the system is safe for the crew and the environment
 - Dry chemical powder systems, both central and modular
 - Deluge systems for chemical and gas carriers
- In addition to extinguishing systems, Unitor now offers leading products within:



- Conventional and analogue fire detection and alarm systems
- Smoke surveillance systems
- The Company's engineering and documentation centres around the world can design systems to meet any need.
- Unitor fire and safety systems are continually renewed and updated to comply with the latest



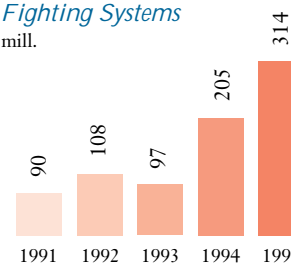
rules and regulations. They are designed with tested and well proven standard components and are supported by Unitor's worldwide service and spare parts network. This service apparatus represents a significant advantage with Unitor compared to the competition.

■ Svenska Skum AB, near Gothenburg Sweden, is a wholly owned subsidiary of Unitor that designs, develops, manufactures, and supplies fire fighting equipment to Unitor's network as well as to the industrial fire fighting markets. Svenska Skum's key

technologies include advanced monitors, high expansion foam systems and HotFoam.

■ Continued high growth in this product area is anticipated in 1996.

*Sales Development
Fire Detection and
Fire Fighting Systems*
NOK mill.



With HotFoam the fire is quickly extinguished and the system is safe for the crew and the environment

Nitrogen Generator Systems

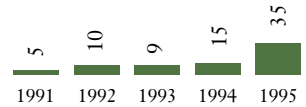


Unitor's nitrogen generator systems are based on hollow fibre membrane technology and produce very pure nitrogen which is used for protection of certain types of commodities while they are in transport, such as fresh fruit and vegetables as well as hazardous liquid cargo. Each system is custom built for a specific vessel, based on modular design.

■ Most systems are installed on newbuildings, and the systems are

mostly found on reefers, LNG or LPG carriers, chemical carriers and supply ships. A typical nitrogen generator system has a value of around NOK 1 mill. From 1991 to the end of 1995, Unitor sold 60 nitrogen generator systems. Of these, 18 systems were delivered in 1995.

Sales Development Nitrogen Generator Systems and HVAC/Refrigeration Systems
NOK mill.

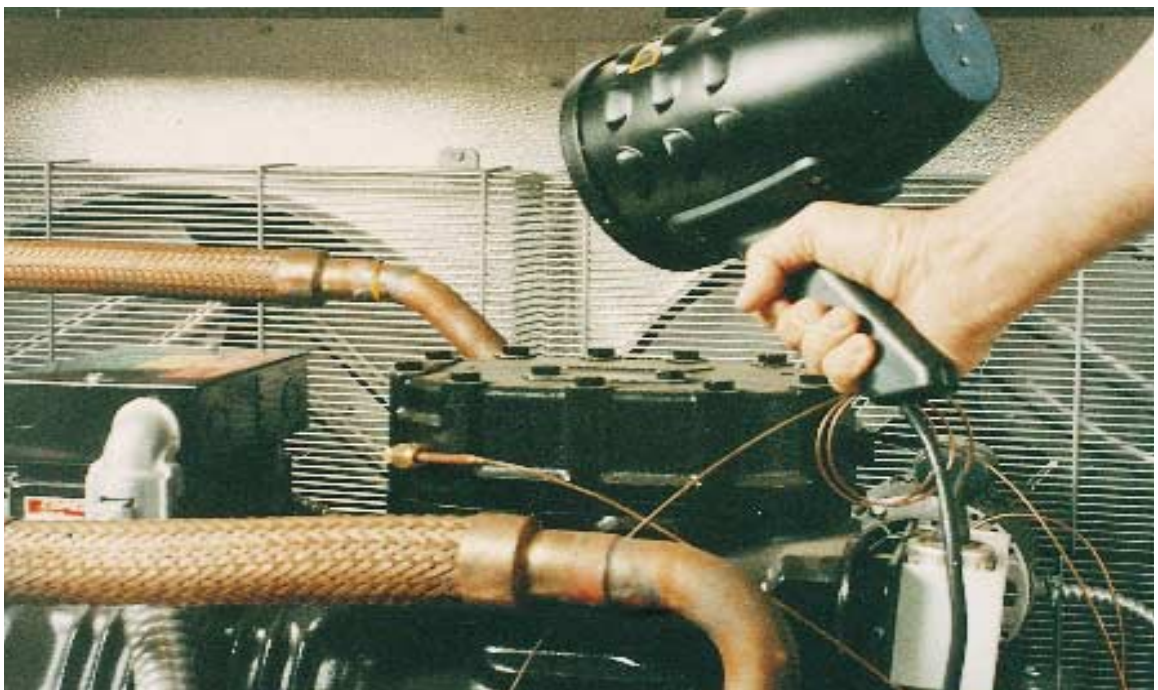


H V A C / R e f r i g e r a t i o n S y s t e m s

Commercial vessels of all types require heating, ventilation, air conditioning (HVAC) systems and refrigeration plants. Unitor's capability in these areas spans design, engineering and documentation, project management, installation and commissioning. Through the acquisition of GF Marine in 1995, Unitor gained technical competence and a

customer base for HVAC systems. ■ This step was of great significance in the development of integrated systems onboard in vessels. The development of such systems will make it possible to achieve large cost benefits, particularly at the installation phase. Shared components and the application of information technology will be the key

ingredients in integrating fire detection systems, refrigeration, air conditioning, heating, ventilation, smoke extraction and fire fighting systems - all controlled from the bridge. ■ Unitor's involvement in this area will be concentrated on deliveries of HVAC and complete refrigeration installations to merchant vessels.



Marine Contracting

When Ticon Isolering A/S was acquired in 1994, Unitor became one of the world leaders in thermal insulation of ships that transport liquid natural gas in a liquid state at -163°C . The largest part of this market comprises LNG ships of 135,000 m³ capacity.

The insulation system is of decisive importance in limiting evaporation and loss of valuable cargo.

■ Unitor's patented SG (Spiral Generation) system is based on the insulation being spun onto the large LNG spherical tanks.

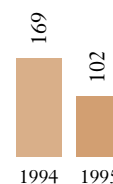
A typical project also includes project management and lasts from six to eight months.

The technique has proven to be very effective. As of March 1 1996, Unitor led the field with 21 such vessels completed, in progress, or on the order books. Unitor is the leading supplier in this area.



Unitor is one of the world leaders in thermal insulation of ships that transport liquid natural gas (LNG-ship)

Sales Development
Marine Contracting
NOK mill.



Prefabricated Coldstores

This division, which became part of Unitor as a result of the merger with Ticon Isolering A/S, delivers a wide range from small refrigerated compartments to complete coldstores of virtually any dimension, based on prefabricated modular insulation panels.

The target market consists mainly of the food processing industry in Scandinavia, but export to other world markets is increasing.

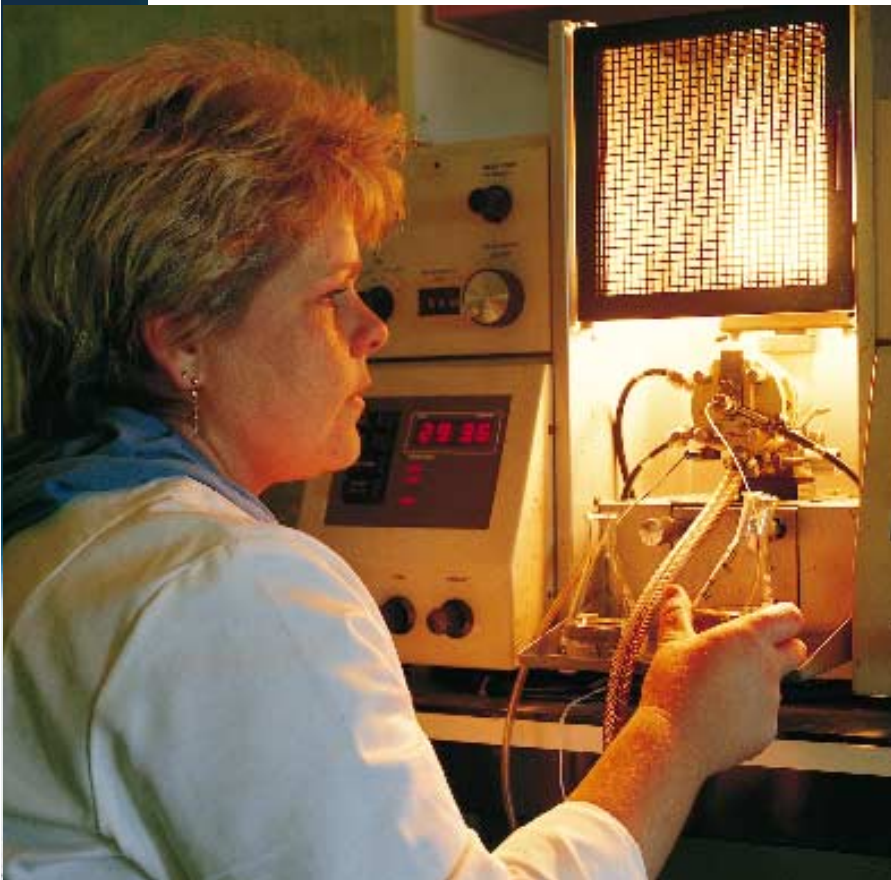
■ The products are marketed mainly as turnkey deliveries, where design, project management, and on-site construction is all included.

■ The prefabricated panels which are produced at Unitor's production plants in Namsos Norway, and Vejle Denmark, are based on standard polyurethane insulation. The same technology is used in the production of standardised coldstores for ships, which is an area under current development.

Sales development
Prefabricated Coldstores
NOK mill.







Unitor is convinced that safer products and products that are less harmful to the environment are sensible strategies for a responsible corporate citizen in today's world. Information is a key element in product safety. For each of its chemical products, Unitor publishes a Material and Safety Data Sheet in 12 languages to reflect the cultural diversity of the user group. An innovative product labelling system has been developed for chemicals. Each label includes a product data sheet, material safety data sheet and all other information that might be necessary in case of emergency. A Dangerous Goods Journal has been developed and distributed to the marine community. It is used to log use of dangerous substances onboard a vessel and has been widely hailed as a model for future regulatory measures.

Unitor's Green Profile

Unitor works actively with industry and regulatory agencies to develop alternatives to harmful CFC gases. This work continues, e.g. through Unitor's engagement as advisor to the United Nations Transport Committee, as well as in an advisory capacity to the Montreal Protocol Group.

■ In 1993, Unitor was awarded the "United States EPA Stratospheric Ozone Protection Award" for their commitment to the reduction of Halon vented into the atmosphere.

■ In 1995, Unitor delivered around 2,000 tons of environmentally non-harmful chemicals. The customer today can choose among a wide range of "green" products, such as:

Enviroclean, a low-toxic micro-emulsion that is used to clean tanks, bilges and for general cleaning in the engine room and accommodation areas. This product was awarded the prestigious Seatrade Award in 1989 for "Countering Marine Pollution."
Aquabreak PX, a non-toxic, water based splitting cleaner that has shown excellent results on hundreds of commercial vessels. Used to clean both mineral and vegetable oils. It is extremely effective at removing dirt and grime.

Natural Handcleaner, is approved by the Royal Institute of Health and Hygiene. Unitor supplies 100 tons of this product annually to vessels all over the world.

Uniwash, a non-toxic, safe general

purpose cleaner for use in galley and accommodation areas.

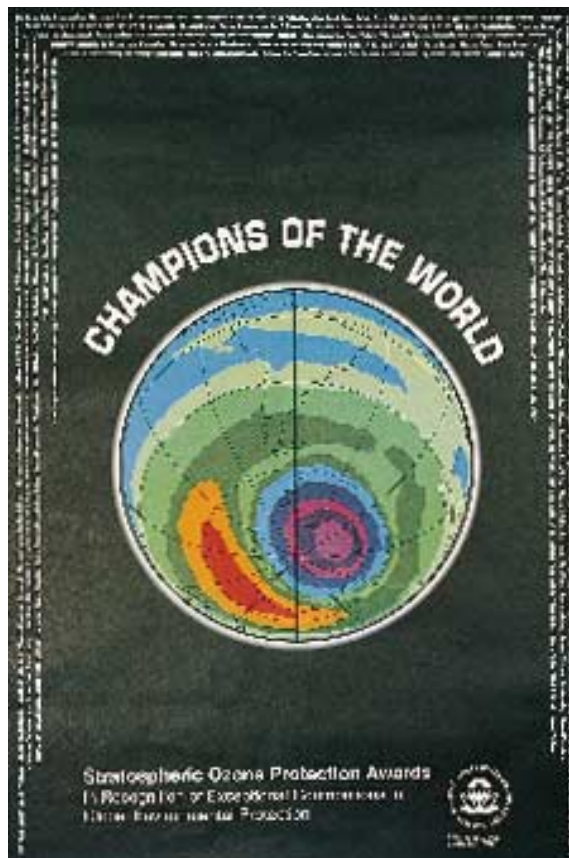
Cleanbreak, a low-toxic solvent-based splitting cleaner. Approved by the US Navy and MOD.

Gamazyme, Unitor's most environmentally friendly cleaners, used to clean sewage plants, grease traps and human waste.

■ Unitor's Enviro Team is a group of specialists who develop environmental protection products for the oil spill industry and shipowners. Their major product is the Unitor Oil Bag (UOB),

a temporary oil spill storage system available in sizes from 10 to 1,000 cubic meters. 19 UOB systems were sold in 1995, bringing the total to 53 systems. An average UOB system has a value of around NOK 450,000.

■ Within the Unitor organisation, a health and safety office has been established, with the mission to promote safety issues and increase safety awareness in the Unitor Group. Customer safety training is also provided upon request.



In 1993 Unitor received the the "United States EPA Stratospheric Ozone Protection Award" for its work on the limitation of release of ozone depleting gases into the atmosphere from marine refrigeration systems.

Notes Unitor Group 1995

A decorative horizontal bar consisting of two segments: a shorter, medium-blue segment on the left and a longer, lighter blue segment on the right.

ACQUISITION OF ENTITIES

<i>Acquisition</i>	<i>Country</i>	<i>Consolidated from</i>	<i>Purchase amount</i>	<i>Op.rev.in year of acquisition from time of acquisition</i>
1995				
GF Marine	Norway	01.09.95	1	12
Dansystem	Denmark	01.03.95	11	52
Sotec	U.S.A.	01.01.95	9	35
1994				
Ginge-Kerr	UK, Denmark, Norway	01.06.94	32	86
Svenska Skum	Sweden, UK, Netherlands	01.01.94	27	67
1993				
Dobsons	UK	01.04.93	70	46
Petrocon	Greece	01.07.93	42	2

*Note 2***OPERATING REVENUES***Operating revenues distributed on geographical areas:*

	<i>EU and EEA</i>	<i>America</i>	<i>Asia</i>	<i>Other</i>	<i>Total</i>
1995					
Operating revenues	1,655	447	686	58	2,846
1994					
Operating revenues	1,401	387	662	65	2,515
1993					
Operating revenues	1,293	345	589	50	2,277

Operating revenues distributed on businessarea

	<i>1995</i>	<i>1994</i>	<i>1993</i>
Operating revenues Products and Services	1,632	1,598	1,435
Operating revenues Projects and Production	1,214	917	842
Operating revenues	2,846	2,515	2,277
Cost of goods sold Products and Services	770	698	633
Cost of goods sold Projects and Production	920	625	617
Cost of goods sold	1,690	1,323	1,250

Operating revenues distributed on product groups

	<i>1995</i>	<i>1994</i>	<i>1993</i>
Maintenance	596	555	505
Chemicals	415	361	343
Corrosion	32	49	38
Fire & Safety	694	549	334
Refrigeration	373	373	332
Contracting	665	538	645
Misc.	71	90	80
Total	2,846	2,515	2,277

Note 3

COST OF GOODS SOLD

Cost of goods sold includes wages and other direct production costs with respectively 175 and 67 for 1995, 173 and 106 for 1994 and 183 and 58 for 1993.

Note 4

OTHER FINANCIAL EXPENCES	1995	1994	1993
Net realised foreign exchange (gain)/loss	(17.9)	(23.5)	25.0
Net unrealised foreign exchange (gain)/loss	20.7	21.9	(24.3)
(Gain)/loss on pricelist hedging	(25.9)	(7.0)	28.4
Other expenses	5.1	6.0	3.8
Total other financial expenses	(18.0)	(2.6)	32.9

Note 5

SHARES IN LIMITED PARTNERSHIPS (KS)

The result for KS Team Heina is included in the Group accounts with the following items:

	1995	1994	1993
Operating revenues		21.5	28.0
Other operating expenses	(3.0)	0.4	0.5
Ordinary depreciation		9.6	9.6
Operating result	3.0	11.5	17.9
Net financial expenses		8.9	9.0
Result before taxes	3.0	2.6	8.9
Minority interest		0.3	0.9
Net profit	3.0	2.3	8.0
Committed capital not paid	39.4	39.4	39.4

Note 6

TAXES	1995	1994	1993
TAX PAYABLE:			
Norway	46.1	57.4	41.2
Abroad	16.8	14.6	9.6
Total tax payable	62.9	72.0	50.8
Change in deferred tax:			
Norway	(28.6)	(3.6)	10.3
Abroad	5.4	(2.5)	(3.6)
Total changes in deferred tax	(23.2)	(6.1)	6.7
Taxes	39.7	65.9	57.5

56 Note 7

<i>CASH AND BANK DEPOSITS</i>	1995	1994	1993
Cash and bank deposit – unrestricted	178.6	133.1	117.1
Cash and bank deposit – restricted	17.0	27.4	14.9
Short term placements	0.0	0.0	60.0
Total	195.6	160.5	192.0

Note 8

<i>ACCOUNTS RECEIVABLE</i>	1995	1994	1993
Accounts receivable – invoiced	703.4	572.1	505.0
Accounts receivable – not invoiced	25.0	36.2	17.5
Provision for bad debt	14.1	21.0	23.5
Total accounts receivable	714.3	587.3	499.0
Recorded loss on accounts receivable	10.0	6.8	3.8

Note 9

<i>INVENTORIES</i>	1995	1994	1993
Raw materials	52.4	47.3	16.0
Goods / projects in process	110.4	60.7	28.5
Finished goods	292.1	290.5	278.5
Total inventories	454.9	398.5	323.0

Note 10

<i>FIXED ASSETS</i>	<i>Machinery and equipment</i>	<i>Cylinders</i>	<i>Buildings and land</i>	<i>Ships</i>	<i>Total</i>
Cost price 01.01.95	299.8	152.6	291.4	197.1	940.9
Investments	75.0	40.9	38.7	0.0	154.6
Investments acq. companies	23.2	0.0	0.0	0.0	23.2
Disposals at cost price	(39.5)	(25.5)	(25.3)	(192.2)	(282.5)
Costprice 31.12.95	358.5	168.0	304.8	4.9	836.2
Acc. ord. depreciation 01.01.95	(164.1)	(105.3)	(60.7)	(29.6)	(359.7)
Acc. ord. depr. acq. companies	(9.0)	0.0	0.0	0.0	(9.0)
Ordinary depreciation	(50.2)	(13.0)	(8.8)	(0.3)	(72.3)
Disp. accumulated depreciation	14.7	0.0	9.7	28.1	52.5
Acc. ord. depreciation 31.12.95	(208.6)	(118.3)	(59.8)	(1.8)	(388.5)
Book value 31.12.95	149.9	49.7	245.0	3.1	447.7
Depreciation period	4–7 yrs.	10–14 yrs.	20–33 yrs.*	20 yrs.	

* Land is not depreciated.

Note 11

GOODWILL

	<i>Accumulated cost price 01.01.</i>	<i>Depreciated 01.01.</i>	<i>Book value 01.01.</i>	<i>Investments in 1995</i>	<i>Ordinary depreciation in 1995</i>	<i>Book value 31.12.95</i>
GF Marine				37.7	1.3	36.4
DanSystem				10.0	0.8	9.2
Sotec				7.3	0.3	7.0
Ginge-Kerr	14.5	0.8	13.7		0.7	13.0
Svenska Skum	14.8	0.8	14.0		0.7	13.3
Rochem/Panhellas	39.0	11.7	27.3		7.8	19.5
Dobsons	61.1	5.3	55.8		3.1	52.7
Rochem	76.2	31.0	45.2		3.6	41.6
Misc.	61.5	36.1	25.4	(3.0)	5.9	16.5
Total	267.1	85.7	181.4	52.0	24.2	209.2

Depreciation period goodwill 5–20 years.

Note 12

INVESTMENTS AND SALES OF FIXED ASSETS AND GOODWILL THE LAST 5 YEARS

	<i>Machinery and equipment</i>	<i>Cylinders</i>	<i>Buildings and land</i>	<i>Ships</i>	<i>Goodwill</i>	<i>Total</i>
1995 Investm.	75.0	40.9	38.7	0.0	55.0	209.6
Sales	24.8	25.5	15.6	164.1	(3.0)	227.0
1994 Investm.	75.7	40.2	51.7	0.3	30.0	197.9
Sales	11.1	22.4	0.4	0.0	0.0	33.9
1993 Investm.	52.5	25.1	24.2	4.5	103.0	209.3
Sales	11.6	14.4	12.0	0.0	0.0	38.0
1992 Investm.	52.6	28.3	64.7	0.0	7.9	153.5
Sales	8.3	16.6	3.3	0.0	2.9	31.1
1991 Investm.	46.7	47.9	25.5	0.0	0.0	120.1
Sales	10.5	16.4	7.3	0.0	2.4	36.6

Note 13

SHORT TERM INTEREST BEARING LIABILITIES

	1995	1994	1993
Overdraft	26	43	15
Other short term interest bearing liabilities	8	18	47
Short term part of long term liabilities	0	31	22
Total short term interest bearing liabilities	34	92	84

58 Note 14

<i>OTHER SHORT TERM LIABILITIES</i>	1995	1994	1993
Taxes	57.8	71.4	55.0
Dividends	57.9	57.8	46.0
Prepayments	45.1	49.9	47.3
Accrued public fees, taxes and holiday allowances	78.4	64.2	61.0
Other	156.6	90.8	137.3
Total other short term liabilities	395.8	334.1	346.6

Note 15

LONG TERM INTEREST BEARING LIABILITIES

Distribution of long term interest bearing liabilities on currency:

<i>Currency</i>	<i>Amount in NOK</i>	<i>Weighted avg. interest %</i>	1994	1993
NOK	0		38	74
USD	347	6.18 %	198	165
Other	60	6.84 %	103	86
Total	407	6.28 %	339	325
Amortisation	0		31	22
Total long term interest bearing liabilities	407		308	303

Amortisation plan for long term interest bearing liabilities distributed on type of loan:

<i>Year</i>	<i>Mortgage loan</i>	<i>Other liabilities</i>	<i>Total</i>
1996	0	0	0
1997	2	29	31
1998	1	0	1
1999	9	0	9
After 1999	18	348	366
Total incl. short term part of long term liabilities	30	377	407

A refinancing was completed in June, through a syndicated loan agreement of USD 85 mill. The loan has a bullet structure with maturity in year 2000. The loan agreement is divided between a term loan of USD 25 mill. and a revolving credit facility of USD 60 mill., whereof USD 30 mill. has been drawn as per 31.12.95. The average loan margin is 33 basis points above Libor.

Note 16

PENSIONS

The Unitor Group defined benefit plans cover as per 31.12.95 total of 335 employees in Norway. The pension plans varies to some extent, however all plans are coordinated with expected contribution from the National Insurance.

Most of the foreign subsidiaries have contribution plans. Total pension expenses in relation with these plans are 8,5 (5,6 for 1994).

In addition, the Group has some minor unfunded pension liabilities. The annual expenses from these plans are immaterial.

External actuars have been used to estimate values of plan assets and liabilities incurred.

<i>Economical assumptions</i>	31.12.95	31.12.94
Interest rate	6.0 %	6.0 %
Expected return on plan assets	7.0 %	7.0 %
Regulation of wages	2.5 %	2.5 %
Regulation of pensions	3.3 %	3.3 %
<i>Specification of current year pension expenses</i>	1995	1994
Net present value of this years pension earnings	4.7	7.1
Interest expenses of incurred pension liabilities	2.5	2.2
Expected return on plan assets	(2.9)	(2.6)
Charged social security tax	0.6	0.9
Net pension expenses	4.9	7.6
<i>Spesification of net pension liabilities</i>	31.12.95	31.12.94
Estimated value of incurred liabilities	65.7	52.9
Estimated value of plan assets	45.8	39.4
Estimated net pension liabilities	19.9	13.5
Estimated social security tax	3.2	2.2
Net pension liabilities	23.1	15.7

Accrual for early retirement pension plan

In connection with a reorganisation of Unitor ASA some employees have accepted an early retirement. Therefore, an accrual of 8,0 has been charged the profit and loss statement of 1995. The incurred liability is calculated as the net present value of future payments related to the early retirement pension plan, using interest rate of 6.3% and an annual regulation of pensions of 3%.

Note 17

DEFERRED TAX LIABILITIES

	1995	1994	1993
Timing differences:			
Short term items	(44.4)	34.9	53.6
Long term items	39.5	115.5	117.4
Accrued taxable gains and losses	68.1	31.8	39.7
Net timing differences	63.2	182.2	210.7
Loss carry forward	(31.6)	(28.5)	(9.7)
Basis for deferred taxes	31.6	153.7	201.0
Deferred tax receivable	(7.3)	0.0	0.0
Deferred tax liabilities	10.7	39.8	56.3

60 *Note 18***EQUITY**

	<i>Share-capital</i>	<i>Restr. funds in Unitor ASA</i>	<i>Ret. earnings Unitor ASA</i>	<i>Group Reserve</i>	<i>Total</i>
Equity per 31.12.92	214.7	323.8	196.8	70.9	806.2
Net profit			100.7	12.5	113.2
Dividends (NOK 2.60 per share)			(45.8)		(45.8)
Share issue empl., incl. premium	2.8	8.0			10.8
Group contribution			(1.9)	1.9	0.0
Rev. temporary restricted funds		(11.1)	11.1		0.0
Equity Ticon Isolering*			23.7	0.2	23.9
Equity per 31.12.93	217.5	320.7	284.6	85.5	908.3
Net profit		21.7	123.8	(0.4)	145.1
Dividends (NOK 3.00 per share)			(57.8)		(57.8)
Merger Ticon Isolering	18.9	(32.6)	(36.3)		(50.0)
Share issue empl., incl. premium	2.6	15.0			17.6
Group contribution			(16.0)	16.0	0.0
Implem. of new pension stand.			(10.9)	0.3	(10.6)
Rev. temporary restricted funds		(11.2)	11.2		0.0
Equity per 31.12.94	239.0	313.6	298.6	101.4	952.6
Net profit		11.7	59.5	14.1	85.3
Dividends (NOK 3.00 per share)			(57.9)		(57.9)
Merger Ginge-Kerr AS, Norway		8.1		(8.1)	0.0
Share issue empl., incl. premium	2.1	13.1			15.2
Group contribution			(17.0)	17.0	0.0
Reversed temporary restricted funds		(11.2)	11.2		0.0
Equity per 31.12.95	241.1	335.3	294.4	124.4	995.2

*Included in retained earnings for 1994 as a consequence of Ticon Isolering being consolidated into the group accounts for 1994.

*Note 19***CASHFLOW**

From 1995 the net effect on cash position from purchase and sale of activity will be shown separately in the analysis of cashflow, and is not reflected in other items of the analysis related to increases or reductions in balance sheet items. The analysis of cashflow for the years 1994 and 1993 has been changed accordingly.

Disposal of fixed assets is mainly related to the sale of product tanker M/T Team Heina and of the head office of former Ticon Isolering.

The increase in new long term liabilities and downpayments of long term liabilities is related to the refinancing of the Unitor Group, completed in June 1995.

Note 20

MAJOR EXCHANGE RATES

Currency	1995	1995	1994	1994
	Average rate	Closing rate	Average rate	Closing rate
USD	6.3461	6.3300	7.0704	6.7730
DEM	4.4285	4.4171	4.3561	4.3704
GBP	10.0181	9.7860	10.8185	10.5880
FRF	1.2740	1.2941	1.2761	1.2689
JPY	6.7839	6.1494	6.9180	6.7930

Note 21

MORTGAGES

	1995	1994	1993
Mortgage loans	30	134	150
Book value mortgaged assets:			
Buildings	12	161	213
Land	3	2	10
Total book value mortgaged assets	15	163	223

Note 22

FINANCIAL INSTRUMENTS

Forward exchange contracts and currency options per 31.12.95:

	Bought/Sold	Amount in currency	Against	Average term (years)	Unrealised gain/(loss)
USD	Sold	55	NOK	0.3	7.5
GBP	Sold	9	NOK	0.3	(0.4)
DEM	Sold	11	NOK	0.3	0.0
FRF	Sold	17	NOK	0.3	(0.3)
JPY	Sold	960	NOK	1.2	5.1
JPY	Sold	200	USD	0.1	(0.6)
SEK	Sold	44	NOK	0.3	(2.2)
DKK	Sold	45	NOK	0.3	(0.2)
BEC	Sold	10	NOK	0.3	0.0
SGD	Sold	14	NOK	0.3	0.0
KRW	Sold	1.000	NOK	0.3	(0.2)
GRD	Sold	1.000	NOK	0.3	(0.8)
ESP	Sold	275	NOK	0.5	(0.3)
PTE	Sold	300	NOK	0.3	(0.2)
FIM	Sold	8	NOK	0.4	0.2
FIM	Sold	1	SEK	0.2	0.3
ITL	Sold	693	NOK	0.1	(0.2)
Total					7.7

Forward interest rate agreement per 31.12.95:

	Amount	Avg. inter. rate % (fixed)	Average term (years)	Unrealised gain/(loss)
USD 18.06.96–16.12.96	11	6.03%	0.5	(0.2)
USD 16.12.96–16.12.99	15	5.62%	3.0	(0.1)
Total				(0.3)

The contracts hedge a portion of the USD 30 mill. drawdown on the long term facility.

The long term loan of USD 25 mill. has a fixed interest rate of 5.92% for the period 26.06.95–26.06.98.

62 *Note 23*

<i>ORDER RESERVE AND ORDER INTAKE PER BUSINESS AREA</i>			
	1995	1994	1993
Order reserve per 31.12.:			
Contracting	428	390	388
Projects in Unitor's Network	300	185	87
Total order reserve	728	575	475
Order intake 01.01.-31.12.:			
Contracting	643	540	438
Projects in Unitor's Network	532	314	114
Total order intake	1,175	854	552

Note 24

EVENTS AFTER THE YEAR END

Unitor ASA has, from 2 January 1996, transferred the Industry and Offshore division and parts of the ship accommodation activity to Rheinhold & Mahla Isolering (RMI). The settlement will be in shares, and Unitor ASA owns 50% of the company after the transfer of activity. Over a period of maximum 5 years, R&M Schiffisolierung und -ausbach GmbH, the former parent company of RMI, will acquire all of the shares. The price will depend upon the results of the company during the above mentioned period. As a result of this agreement, 13% of the shares were acquired as per 3 January 1996.

Notes Unitor A SA 1995



64 *Note 25*

REMUNERATION TO THE BOARD OF DIRECTORS, MANAGING DIRECTOR AND STATUTORY ACCOUNTANT, AND OPTION AGREEMENTS TOWARDS MANAGEMENT

Remuneration to the Board of Directors, Managing Director and Statutory Accountant amounts to NOK 554,171, NOK 1,206,760 and NOK 620,000. In addition, the Statutory Accountant has received NOK 288,675 for other assistance to the company.

The Managing Director will, upon resignation, receive 2 years ordinary salary from the time of resignation. The management of the company has option to subscribe up to 270,000 shares over a three-year period. The option premium and the subscription price is NOK 3.00 and NOK 77.00. Per 31.12.95 total number of shares in Unitor ASA have increased by 10,000 as a consequence of this scheme.

Note 26

OTHER OPERATING EXPENSES

Commission to subsidiaries selling products on behalf of Unitor ASA amounted to 151 in 1995 compared to 242 in 1994.

Note 27

CASH AND BANK DEPOSITS

Restricted bank deposits amounted to NOK 13 compared to NOK 26 in 1994.

Note 28

ACCOUNTS RECEIVABLE

Accounts receivable includes a provision for bad debts of 13.0 (16.7 in 1994). Profit and Loss statement has been charged with 6.9 (4.4 in 1994).

Note 29

RECEIVABLES AND LIABILITIES RELATED TO SUBSIDIARIES

<i>Receivable and liabilities related to subsidiaries are included in the following items:</i>	1995	1994
Other short term receivables	92.4	7.8
Other short term liabilities	240.9	217.9
Long term receivables	315.8	241.9

SHARES IN SUBSIDIARIES AND AFFILIATED COMPANIES

	Country of registration	companies share capital	Ownership	Book value 31.12.95 NOK 1,000
<i>Subsidiary:</i>				
Unitor Pty. Ltd.	South-Africa	ZAR 910	100%	1,656
Corroless Anti-Corrosive Pty. Ltd.	South-Africa	ZAR 100	100%	261
Unitor Ships Service Equipam. Maritimos Ltda.	Brazil	BRR 275	100%	974
Unitor Ships Service Ltd.	Canada	CAD 1	100%	5
Unitor Ships Service Ltd.	Canada	CAD 0	100%	0
Perolin Tecknik NV	Netherl. Ant.	USD 6	100%	38
Unitor Ships Service NV	Netherl. Ant.	ANG 10	100%	43
Unitor Panama SA	Panama	USD 25	100%	148
Unitor Holding Inc.	U.S.A.	USD 1,772	100%	10,800
Corroless International (SEA) Ltd.	Hong Kong	GBP 5	100%	1,569
Unitor Ships Service Ltd.	Hong Kong	HKD 0	100%	1
Unitor Ships Service Co. Ltd.	Japan	JPY 5,000	100%	103
Unitor Korea Ltd.	Korea	KRW 290,000	100%	2,831
Unitor Ships Service Pte. Ltd.	Singapore	SGD 100	100%	220
Unitor Ships Service Ltd.	Arab. Emirat.	AED 200	49 %	166
Unitor Ships Service NV	Belgium	BEF 1,250	100%	174
Optima Sekur NV	Belgium	BEF 1,250	100%	5,152
Unitor Ships Service AS	Denmark	DKK 300	100%	240
Ginge-Kerr AS	Denmark	DKK 2,000	100%	17,779
DanHVAC AS	Denmark	DKK 500	100%	3,318
DanSystem Unitor AS	Denmark	DKK 6,000	100%	16,017
Unitor Ships Service OY AB	Finland	FIM 50	100%	81
Unitor Ships Service SA	France	FRF 250	100%	232
Unitor Trading France SA	France	FRF 250	100%	313
Uniref SA	Greece	GRD 92,000	2%	27
Unitor Trading SRL	Italy	ITL 205,000	100%	1,145
Corroless Middle East Ltd.	Cyprus	GBP 1	100%	7
Unitor Cyprus Ltd.	Cyprus	CYP 10	100%	146
Perolin Holdings BV	Netherland	USD 683	100%	23,898
Unitor Distribution Centre BV	Netherland	NLG 40	100%	137
Unitor Ships Service BV	Netherland	NLG 40	100%	119
Kjemi-Service AS	Norway	NOK 250	100%	21,050
Ticon Isolering AS	Norway	NOK 100	100%	0
Teknisk Isolering AS	Norway	NOK 50	100%	50
GF Marine AS	Norway	NOK 700	100%	1,000
GF Hydraulikkmontasje AS	Norway	NOK 50	100%	0
Unitor Polzka SP z.o.o.	Poland	PLZ 453	100%	1,246
Unitor Equipamentos Maritimos Ltda.	Portugal	PTE 500	100%	30
Fritagus Refr. e Ar Cond. Naval e Industr. Ltda.	Portugal	PTE 400	100%	18
Hexol Ltd.	Great Britain	GBP 0	100%	0
Ticon Insulation UK Ltd.	Great Britain	GBP 1	100%	11
Unitor UK Holding Ltd.	Great Britain	GBP 4,400	100%	46,315
Rochem Holding AG	Switzerland	CHF 2,000	100%	89,394
Unitor Ships Service AB	Sweden	SEK 50	100%	62
Svenska Skum International AB	Sweden	SEK 240	100%	26,953
Unitor Coldstore Contracting AB	Sweden	SEK 50	100%	137
Unitor Ships Service GmbH	Germany	DEM 5,400	100%	23,507
Sum aksjer i datterselskap				297,369
<i>Affiliated company:</i>				
Scan-Isolering AS	Norway	NOK 879	40%	5,310

Cont. next page . . .

SHARES IN SUBSIDIARIES WITH INDIRECT OWNERSHIP

<i>Subsidiary</i>	<i>Country of registration</i>	<i>Group share</i>
Applied Refrigeration Inc.	Canada	100%
Unitor de Mexico SA de CV	Mexico	100%
Unitor Ships Service Inc.	U.S.A.	100%
Sotec Inc.	U.S.A.	100%
Corroless Singapore Pte. Ltd.	Singapore	100%
Unitor Rochem Services Pte. Ltd.	Singapore	100%
Unitor Hellas SA	Greece	100%
Uniref SA	Greece	98%
Petrocon International Hellas SAIC	Greece	100%
SG Dobson (Cyprus) Ltd.	Cyprus	100%
Fire Fighting Equipment International BV	Netherland	100%
Svenska Skum BV	Netherland	100%
Scandinavian Chemicals AS	Norway	100%
Rochem Canarias SL	Spain	100%
Servicios Navales Uniper SA	Spain	100%
Unitor Ships Service Ltd.	Great Britain	100%
Perolin Co. Ltd.	Great Britain	100%
Unitor Development Ltd.	Great Britain	100%
Unitor UK Ltd.	Great Britain	100%
Hoskin & Callan Ltd.	Great Britain	100%
Ginge-Kerr Ltd.	Great Britain	100%
Svenska Skum Ltd.	Great Britain	100%
Perochem Co. Ltd.	Great Britain	100%
Rochem Trading AG	Switzerland	100%
Svenska Skumsläcknings AB	Sweden	100%
Svenska Gassläcknings AB	Sweden	100%

Note 31

FIXED ASSETS AND GOODWILL

	<i>Machinery and equipment</i>	<i>Cylinders</i>	<i>Buildings and land</i>	<i>Ships</i>	<i>Goodwill</i>	<i>Total</i>
Cost price 01.01.95	118.0	152.6	42.2	0.0	73.5	386.3
Investments	25.5	40.9	3.8	0.0	9.6	79.8
Disposals at cost price	(9.0)	(25.5)	(25.9)	0.0	(1.6)	(62.0)
Cost price 31.12.95	134.5	168.0	20.1	0.0	81.5	404.1
Accumulated depreciation 01.01.95	(68.6)	(105.3)	(12.0)	0.0	(36.5)	(222.4)
Ordinary depreciation	(13.1)	(13.0)	(1.0)	0.0	(11.4)	(38.5)
Disposal accumulated depreciation	5.8	0.0	9.7	0.0	0.0	15.5
Accumulated depreciation 31.12.95	(75.9)	(118.3)	(3.3)	0.0	(47.9)	(245.4)
Book value 31.12.95	58.6	49.7	16.8	0.0	33.6	158.7
Deprec. period	4–7 years	10–14 years	20 years*		5–10 years	

* Land is not depreciated.

Note 32

INVESTMENT AND SALE OF FIXED ASSETS AND GOODWILL THE LAST 5 YEARS

	<i>Machinery and equipment</i>	<i>Cylinders</i>	<i>Buildings and land</i>	<i>Ships</i>	<i>Goodwill</i>	<i>Total</i>
1995 Investm.	25.5	40.9	3.8	0.0	9.6	79.8
Sale	3.2	25.5	16.2	0.0	1.6	46.5
1994 Investm.	25.1	40.2	3.0	0.0	0.2	68.5
Sale	3.9	22.4	0.1	0.0	0.0	26.4
1993 Investm.	15.1	25.1	0.2	0.0	40.6	81.0
Sale	4.4	14.4	10.9	0.0	0.0	29.7
1992 Investm.	34.1	28.3	7.7	0.0	7.9	78.0
Sale	3.0	16.6	0.0	0.0	0.0	19.6
1991 Investm.	13.0	47.9	0.1	0.0	0.0	61.0
Sale	4.9	16.3	1.5	0.0	0.0	22.7

Note 33

TAXES

<i>Basis for taxation:</i>	1995	1994
Result before taxes	96.9	195.3
Permanent differences	(12.7)	(14.5)
Change in timing differences	56.4	19.5
Basis for taxation current year	140.6	200.3
<i>Taxes:</i>		
Taxes payable	37.8	54.9
Change in deferred taxes	(12.1)	(5.5)
Taxes	25.7	49.4
<i>Timing differences:</i>		
Short term items	24.2	42.9
Long term items	7.4	73.3
Accrued taxable gains and losses	68.1	29.4
Net timing differences	99.7	145.6
Basis for deferred tax	99.7	145.6
Deferred tax receivable	(7.3)	0.0
Deferred tax liabilities	35.2	40.8

Note 34

LONG TERM INTEREST BEARING LIABILITIES

Distribution of long term interest bearing liabilities on currencies:

<i>Currency</i>	<i>Amount in NOK</i>	<i>Weighted avg. interest %</i>
NOK	0	
USD	347	6,18%
Other	0	
Total	347	6,18%
Amortisation	0	
Total long term interest bearing liabilities	347	

68 Note 35

PENSIONS

Unitor ASA's defined benefit plans cover as per 31.12.95 total of 259 employees. The plans are coordinated with expected contribution from the National Insurance.

In addition, the company has some minor unfunded pension liabilities. The annual expenses from this plan are immaterial.

External actuaries have been used to estimate values of plan assets and liabilities incurred.

<i>Economical assumptions</i>	31.12.95	31.12.94
Interest rate	6.0 %	6.0 %
Expected return on plan assets	7.0 %	7.0 %
Regulation of wages	2.5 %	2.5 %
Regulation of pension	3.3 %	3.3 %
<i>Spesification of current year pension expenses</i>	1995	1994
Net present value of this years pension earnings	3.9	5.6
Interest expenses of incurred pension liabilities	1.9	1.6
Expected return on plan assets	(2.1)	(1.9)
Charged social security tax	0.5	0.7
Net pension expenses	4.2	6.0
<i>Spesification of net pension liabilities</i>	31.12.95	31.12.94
Estimated value of incurred liabilities	56.2	42.2
Estimated value of plan assets	33.4	27.7
Estimated net pension liabilities	22.8	14.5
Estimated social security tax	3.2	2.0
Net pension liabilities	26.0	16.5


Note 36

GUARANTEES

	1995	1994
Guarantee liabilities Group companies	113	115
Guarantee liabilities other	1	2
Total guarantee liabilities	114	117

Definitions of Key Ratios

1	<i>Gross operating margin:</i>	$\frac{\text{Operating result before ordinary depreciation}}{\text{Operating revenues}}$
2	<i>Net operating margin:</i>	$\frac{\text{Operating result after ordinary depreciation}}{\text{Operating revenues}}$
3	<i>Gross profit:</i>	$\frac{\text{Result before taxes}}{\text{Operating revenues}}$
4	<i>Net profit:</i>	$\frac{\text{Result after taxes}}{\text{Operating revenues}}$
5	<i>Return on total assets:</i>	$\frac{\text{Result after financial items + financial expenses}}{\text{Average total assets}}$
6	<i>Return on equity:</i>	$\frac{\text{Result after taxes}}{\text{Average equity}}$
7	<i>Market value:</i>	Share price 31.12.* total outstanding shares
8	<i>Equity ratio:</i>	$\frac{\text{Equity}}{\text{Total assets}}$
9	<i>Current ratio:</i>	$\frac{\text{Current assets}}{\text{Short term liabilities}}$
10	<i>Earnings per share:</i>	$\frac{\text{Result after taxes}}{\text{Average number of shares (adjusted)}}$
11	<i>Cashflow per share:</i>	$\frac{\text{Result after taxes + ordinary depreciation} + \text{loss on accounts receivable}}{\text{Average number of shares (adjusted)}}$
12	<i>Book equity per share:</i>	$\frac{\text{Equity}}{\text{Total outstanding shares}}$
13	<i>Dividends:</i>	Dividends are adjusted for share issues and share split
14	<i>Payout ratio:</i>	Dividends in percent of Earnings per share
15	<i>Price/earnings ratio:</i>	$\frac{\text{Share price 31.12.}}{\text{Earnings per share}}$



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