I.M. Skaugen in Brief

CUSTOMER STRATEGY

I.M. Skaugen puts much emphasis on being an active partner in cooperation with the customers. Tailor-made solutions, product differentiation and economies of scale are important competitive advantages. The minimal product storing capacity in the market for petrochemical products underlines the importance of timely product delivery. Our company is fully integrated and controls all aspects of operation and marketing. A prerequisite for success as a service company is a flat organisational structure with closeness to the market and customers.

OPERATION

I.M. Skaugen today, appears as a holding company with 100% ownership of the specialized and fully integrated gas shipping company Norwegian Gas Carriers Ltd. (NGC). In NGC an effective organization is built up covering all functions from chartering to technical maritime operation. By year end 1994, the NGC fleet consisted of 17 vessels in the range 5 - 9.000 cbm, whereof 16 wholly or partly owned. The average age of the fleet is about 13 years the same average age for the world fleet of gas vessels between 2.000 and 20.000 cbm.

Together with Unigas, with whom NGC has a full marketing cooperation, NGC operates in total 22 vessels in the 5 - 9.000 cbm segment. In addition, Unigas operates 13 vessels below 5.000 cbm. For the NGC/Unigas pool, this gives a total capacity of 211.000 cbm. Thus NGC, together with Unigas, is among the leading players in the world within the 2.000 - 20.000 segment for transport of petrochemical gases. The NGC/Unigas pool accounts for 1/3 of all seaborne transport of ethylene. Of all seaborne transportation of gases, the petrochemical gases account for appr. 10% of the volume. The main volume is LPG for energy purposes.

The year 1994

MARKET

- The market showed a significant improvement 2nd half of 1994 with 41% increase in the earning level.
- High activity in the Far East.
- The fleet increase during 1994 was insignificant and newbuilding activity was very low.

RESULTS

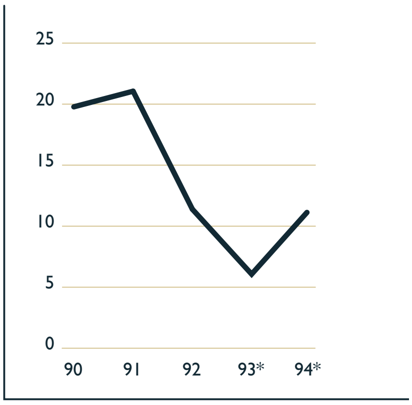
- The results improved significantly. The result of the year for I.M. Skaugen was a loss of NOK 35 mill. - an improvement of NOK 193 mill. compared to 1993.
- The debt of the company was totally refinanced replacing 10 syndicated loan agreements with 2 agreements including a 2 years grace period.
- In addition to the refinancing, the collection of NOK 100 mill. in new risk capital was completed.

OPERATIONS

- The pool agreement with Unigas is under renegotiation and will be modified as of 1.1.96
- Norgas Pioneer sustained some hull damage as the result of extreme weather conditions.
- Norgas Pilot was taken out of lay-up in England during June 1994.

AFTER 31.12.94

- I.M. Skaugen completed a share issue of cash NOK 202 mill. during the first weeks of 1995.

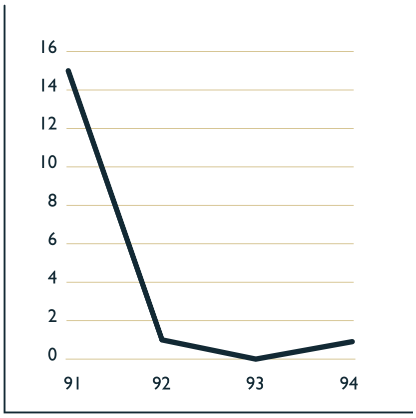


Technical performance improved

Average off-hire days per ship per year (including docking)

NGC vessel exclusive T/C ships

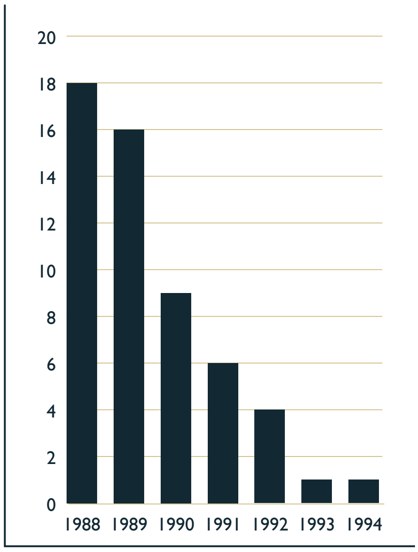
* Number of dockings: 1993: 5, 1994: 10



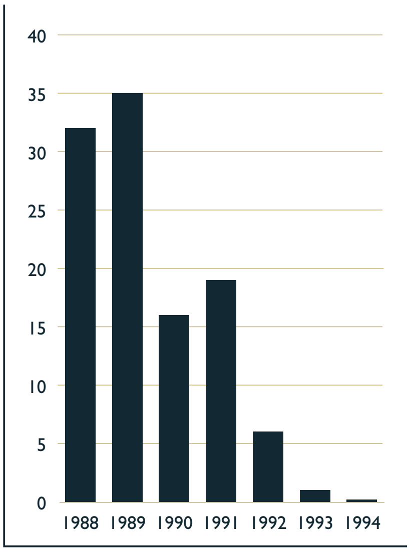
High quality ship management ensures few incidents

No. insurance claims on hull & machinery for the gas carriers

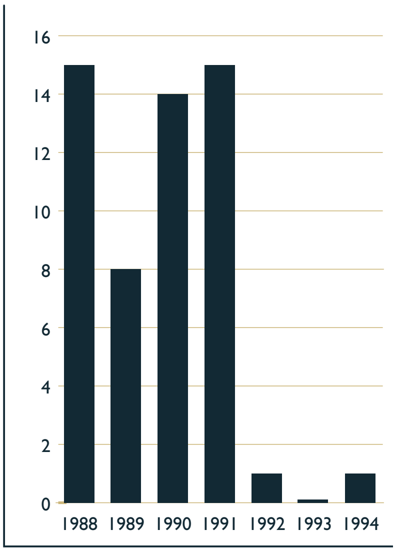
Based on 11 ships managed by NGC



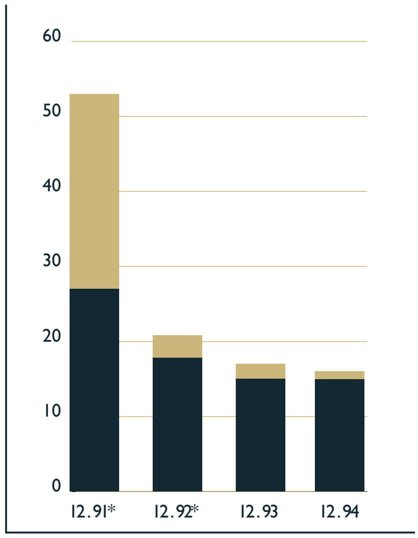
Reduced number of cargo claims (P&I insurance statistics)



Reduced number of crew claims (P&I insurance statistics)



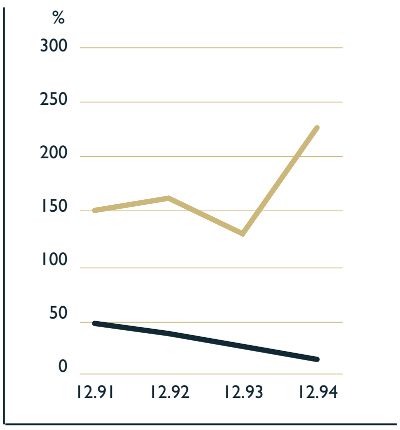
Reduced number of incidents (Hull & Machinery)



Number of vessels

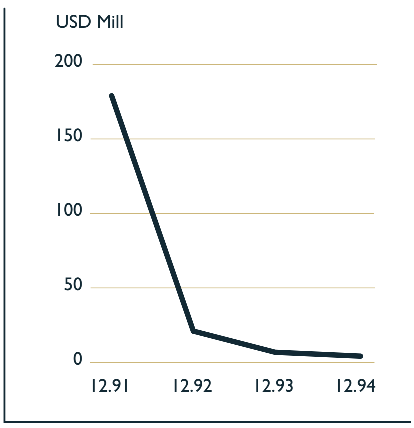
Owned T/C

* Including tank and product carriers



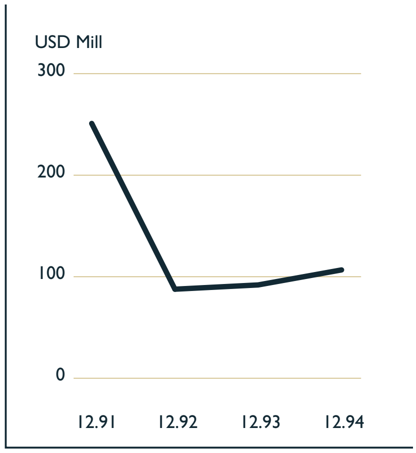
The groups current ratio and current assets to total liabilities have been maintained

Current ratio
CA/TL



Consolidated Off-balance Sheet Commitments: All non-gas t/c ships have been redelivered pr. 12.92

NPV of T/C of more than 6 months duration discounted at 7,5%



Consolidated mortgage debt is reduced by 80% since december 1990

Key Figures

PROFITABILITY	Note	1994	1993	1992	1991
Operating margin	1	**-2%**	-65%	-28%	-11%
Return on Equity	2	**-14%**	-61%	-78%	-17%
Return on Total Assets	3	**3%**	-16%	-20%	2%

LIQUIDITY	Note	1994	1993	1992	1991
Cash flow incl. gain/loss on disposals (NOK mill)	4	**34**	-151	-383	305
Cash flow excl. gain/loss on disposals (NOK mill)	5	**19**	-182	-300	-1
Current ratio	6	**330%**	221%	159%	173%
Debt - equity ratio	7	**80%**	77%	63%	66%
Interest coverage ratio	8	-0.7	-1.4	-0.5	0.7

CAPITAL	Note	1994	1993	1992	1991
Total assets (NOK mill)		**1,143**	1,110	1,314	2,779
Owners equity (NOK mill)		**225**	259	487	956
Value adjusted total assets (NOK mill)		**1,478**	1,397	1,464	3,196
Value adjusted equity (NOK mill)		**560**	546	613	1,369
Value adjusted equity ratio	9	**38%**	39%	42%	43%

KEY FIGURES PER SHARE	Note	1994	1993	1992	1991
Market price at December 31		**5.50**	3.85	1.40	4.10
Earnings (NOK)		**-0.25**	-1.99	-4.93	-1.60
Cash flow incl. gain/loss on disposals (NOK)		**0.30**	-1.32	-3.34	2.66
Cash flow excl. gain/loss on disposals (NOK)		**0.22**	-1.59	-2.62	-0.01
Value adjusted equity (NOK mill)		**4.89**	4.76	5.35	11.95
Price/earnings ratio		**neg.**	neg.	neg.	neg.
Price/cash flow incl. gain/loss on disposals (NOK mill)		**18.5**	neg.	neg.	1.54
Price/cash flow incl. gain/loss on disposals (NOK mill)		**33.2**	neg.	neg.	neg.

1. *Operating marging in percent of freight income on TC basis.*
2. *Pre-tax income divided by average book value of equity.*
3. *Pre-tax income plus financial expenses divided by average total assets.*
4. *Pre-tax income plus depreciation and write-downs.*
5. *Pre-tax income plus depreciation and write-downs less sales of vessels.*
6. *Currents assets as a percenrage of current assets.*
7. *Total debt divided by total assets.*
8. *Operating income before depreciation plus net financial items.*
9. *Value adjusted equity divided by value adjusted total assets.*

Report by the Board of Directors

(Translation from the Norwegian)

THE YEAR 1994 SHOWED FOR THE FOURTH CONSECUTIVE YEAR A *strong improvement in the company's quality of operations, as well as demonstrating a further potential in the years to come. Compared to the previous three years, the gas market also showed signs of improvement. The positive development of the market by the end of 1993 continued through 1994 and was strengthened in the second half of the year, leading to improvement of the results.*

The process to develop a financial structure better suited for the low rate level and the new business concept was almost completed in the first half of 1994. By the beginning of 1995, the last pieces fell into their places by the share issue of NOK 264 mill. in new equity. Thus I.M. Skaugen is well suited to meet the challenges in a coming cyclical market.

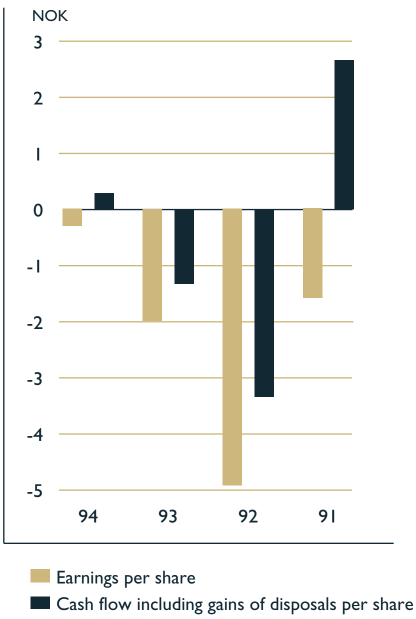
RESULTS AND FINANCING

Gross freight revenued for the Group was in 1994 NOK 335 mill., an increase of NOK 61 mill. NOK 26 mill. of the increase is explained by increased activity levels, whereas NOK 35 mill. is explained by higher freight rates. Voyage related expenses and TC-hires decreased by a total of NOK 96 mill., while total operational expenses showed an increase of NOK 40 mill. Net loss from limited partnerships recognised in the accounts was NOK (35) mill. in 1993 and NOK (63) mill. in 1992. The corresponding figure for 1994 was a net result of NOK 1 mill. The operating loss was NOK (5) mill., an improvement of NOK 141 mill. compared to 1993.

The improved result is a consequence of a resolute reduction and disposal of TC-commitments, and activities aimed at improving the effectiveness of our operations and marketing efforts. The increase in financial expenses of NOK 43 mill. and a foreign exchange gain of NOK 40 mill. versus a foreign exchange loss of NOK (64) mill. the previous year, are mainly due to the issuance of new debt/risk capital, higher USD interest rate as well as a decrease of the USD exchange rate from NOK/USD 7.52 per December 31, 1993 to NOK/USD 6.67 per December 31, 1994. Net financial items were reduced by NOK 52 mill. and totalled NOK (30) mill.

Thus net loss of the year was NOK (35) mill.

I.M. Skaugen had a positive cash flow for the year of NOK 19 mill., excluding net result from sale and write-down of vessels and discontinued operations, and NOK 34 mill. including the mentioned items. This is an improvement of NOK 201 mill. and NOK 196 mill. respectively.



The current ratio for the Group was 3.14 whereas the equity ratio was 20%, which equals NOK 1.96 per share per December 31, 1994. The Group 's book-equity was NOK 225 mill. and total assets NOK 1.143 mill., at the same level as last year.

The Group's mortgage debt has decreased during the year by NOK 17 mill. to NOK 733 mill. In the spring of 1994 NGC refinanced its mortgage debt and issued at the same time NOK 100 mill. worth of new risk capital. Two bank syndicate agreements replaced ten loan contracts, where the loan conditions and payment structure were harmonised with the development of the gas market, given the assumption that it would take some time before the market improved. Under the new loan agreements, NGC was granted a two year period of no principal payments.

Liquid funds increased from NOK 153 mill. by the end of 1993 to NOK 173 mill. by the end of 1994. After the share issue on February 20, 1995, total liquid funds amount to NOK 375 mill. (prior to the cost of the issuance), and the equity ratio is 34.6%.

Total dry-docking expenses and larger maintenance work amounted to NOK 28 mill. in 1994, which has been expensed in its entirety. In the years to come , these expenses are expected to increase in line with the general price level. The remaining TC-obligations were per December 31, 1994 NOK 22.9 mill., a decrease of NOK 56.6 mill. compared to the previous year. Since I.M. Skaugen purchased the LPG carrier Norgas Transporter in the spring of 1994 for USD 11 mill., these obligations are now related only to one vessel.

According to the Group's financial strategy, off-balance-sheet items are kept at a minimum and only used for hedging purposes. COFR insurance has been obtained for the two vessels sailing to the US to cover the environmental risk inherent in these operations.

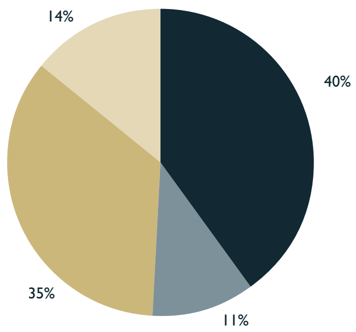
ALLOCATION OF THE ANNUAL RESULTS

The parent company I.M. Skaugen AS had a net result of NOK 30 mill. which is proposed to be allocated as follows:

Net result 1994	NOK 30 021 884
Allocated to prior years accumulated losses	NOK (30 021 884)

To the left: People are the most important resource of I. M. Skaugen. Crew with high competence, operating modern vessels, ensure high levels of quality. The right people enable us to be at the right place at the right time.

To the left: **Close contact with our customers in all markets is a prerequisite for success. I.M. Skaugen focuses on achieving the highest quality on our operations. We are well equipped to meet the challenges of the future, both with respect to people and equipment.**



Vessels' operating expenses by items in 1994

- Crewing
- Marine consumable stores
- Repair/maintenance/dockings
- Insurance premiums/administration

The accumulated losses of the parent company are after this allocation a total of NOK 17 mill. The tax situation for the Group implies a very modest tax expense over the next few years. There is no justification for the payment of a 1994 dividend.

OPERATIONS AND MARKETING

I.M. Skaugen AS will, through ownership of the specialised and integrated shipping company NGC, develop the company to a professional customer oriented service firm with the objective of being a leader in world-wide petrochemical gas transportation.

NGC's operations and results should be based on transportation services of LPG and petrochemical gases and an active stewardship of the tonnage to accommodate the age and the capacity of the fleet. NGC has a global market strategy oriented directly towards customers with a geographical majority in Northern Europe, the Far East and the Americas. These three geographical areas are named "hubs." There are obvious benefits by concentrating operations to an established sailing pattern within each hub. It leads to improved access, better contact with the customers, and a more optimal sailing pattern with a greater degree of operational efficiency.

The company is represented in Houston with its own office, and a new office in Shanghai opened in March 1995.

At the beginning of 1994, the main challenges were in three areas:

1. Differentiate the services from the competitors in a positive manner

NGC's aim is to market their transportation services in a better fashion. To this end, NGC has developed their own customer monitoring system which at year end was installed onboard all vessels. Through this system, information is gathered and systematised regarding customers, competitors and own experiences. In 1994 the system was actively used in marketing, customer support and quality assurance. Reactions from customers have been unconditionally positive, and the system contributes to making concepts like quality, safety, the environment and service more than buzz-words, giving them a real meaning. In 1994 the marketing department was strengthened with three new employees in order to further enhance the marketing of the company and its service capability.

2. Achieve continuous improvement in the quality level in all areas and increase the productivity on board and on shore

The last three years, the utilisation of the fleet has improved with 11%, at the same time as operating expenses have decreased with about 30 %. These results are mainly due to changes in the organisational culture and the implementation of several control and measurement systems. More information offers improved potential for planning, implementing preventive actions and learning. There is still a potential to improve the operations further which should provide results in the coming years.

3. Create a situation where the company operates profitably and is positioned to renew its fleet

Profitable operations yields operational leverage. For the first time in three years, I.M. Skaugen had a positive net cash flow. At the beginning of 1995, this positive trend looks set to continue. A strong cash flow combined with the new financial structure enable the company to develop its fleet, as well as take advantage of the market.

The foundation for the activities is the desire to build long-term alliances with customers. The human factor is critical to reach the goal of our products and services exceeding customers' expectations, and it is the main challenge ahead together with the desire to be among the most cost-effective in our business.

MARKET

At the beginning of the year, the gas market was very weak. Due to the very low rates and in order to decrease the supply of tonnage, two of the vessels in the NGC-UNIGAS pool were laid up in the middle of 1993. Unigas laid up "Epsilongas," while NGC laid up "Norgas Pilot." "Norgas Pilot" went through major up-grading and maintenance during the spring of 1994 and was taken out of lay-up in June 1994. Later through 1994, the availability of LPG and petrochemical gases for sea-transportation increased significantly due to a world-wide increase in consumption of LPG and petrochemical products for plastic production.

The earnings of the gas fleet were on average USD 746 per poolpoint in 1994 versus USD 530 in 1993, an improvement of 41%. The improvement in the rate levels took place mainly during the second half of the year, and by the end of 1994 the earnings were USD 945 per poolpoint. The supply of new tonnage of vessels between 2,000 - 20,000 cbm was in 1994 9%, while 1% of the tonnage was scrapped. The net supply of new tonnage during 1995 and 1996 is expected to be 6%, while scrapping is expected to be minimal. The main reason for the latest increase in freight rates is increased demand. The development in the Far East is still strong as a consequence of substantial economical growth and industrial development. While the increase in demand previously was absorbed by supply of new tonnage, the situation at the beginning of 1995 is different since the number of vessels are more or less given for the next two years.

Freight-seeking days decreased again in 1994 and totalled by the end of the year 6% of available capacity, versus 30% in 1993.

ORGANISATION AND PERSONNEL

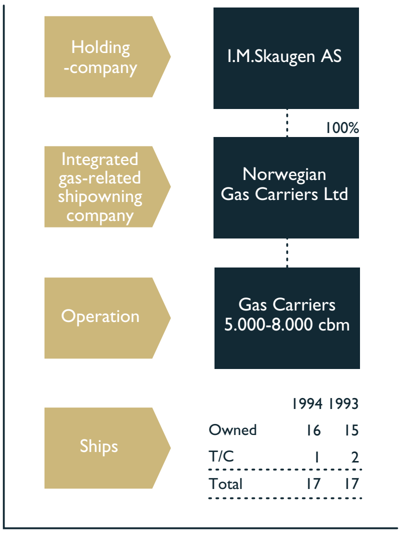
Per December 31, 1994 the Group employed 296 people in the following categories:

Sailing officers	140
Other crew	122
Office staff	34

The best way to achieve improved safety, employee-satisfaction and service levels, is through education and development. Directed by NGC, an educational centre has been established where crew and the on -shore organisation not only goes through continuous training, but also where the contact between land and sea-based personnel is enhanced.

Only one accident with personnel injuries was reported on the vessels operated from Norway in 1994. The accident did not lead to any sick-leave. The goal of reducing the number of accidents by 50% within the three year period of 1991 - 1994 was achieved. Strict regulations for the use of personal protection equipment and language skills have been implemented. Accidents and near-accidents are followed up immediately, and monthly reports and follow-up of significant, safety issues on board implies that experiences are recorded for the future.

The number of employees in the parent company, remuneration to the Board of Directors, the Managing Director and the auditors are disclosed in Note 1.



Corporate structure

ENVIRONMENT, SAFETY AND PURSUANCE OF QUALITY

Transportation of condensed gas can involve environmental dangers and difficulties. Even though Norwegian Gas Carriers Ltd. has come far in the process of focusing on the environment, some central and complicated areas are still left. When discharging and loading gas carriers at the pier, rather larger amounts of gas may enter the atmosphere directly. The products are ethylene, ethane propylene and propane which are known as NMVOC (Non Methane Volatile Organic Compound). These gases in combination with high valued nitrogenoxcyd may lead to increased amounts of ozone in the atmosphere. An international convention (ECE) agreed on limits and measurements of the emission of NMVOC. The goal is to reduce the emission by 30% within 1999 based on 1986 figures.

I.M. Skaugen has launched a project in co-operation with several leading research organisations with the purpose of reducing these emissions. A separate company has been founded: Gas Recovery Systems AS, with the purpose of developing a technical solution which can be installed on the gas carriers and at the gas terminals. This will have several positive effects; improved environmental conditions, added commercial value to recycled material and reduced recycling time. The prototype is developed, and testing has started. With this system, it will be possible to eliminate the emission of gas to the environment.

In addition to this, the company is continuously working to prevent accidents resulting in pollution and damages resulting from collisions and groundings. In this work, the crew on board the vessels are the most important resource, and positive results are achieved as a consequence of the personnel and communications-projects which have taken place onboard and on shore. The experience and continuity of both ship-management and crew has been, and is an important parameter in this context. The company has its own safety inspections of each vessel taking place in accordance to a plan that has been developed in close co-operation with the largest customers. These safety inspections are additional to the many ship visits and inspections done by the superintendent of the vessel, the vessel's own support organisation, customers, classification societies and officials.

The quality plan used on board the vessels and in the shipping offices is accommodated to the quality system developed by the gas and chemical producers in Europe, together with representatives from the shipping companies in the Conseil European De L'Industrie Chimique (CEFIC). This embraces all the routines of both the offices and vessels and is oriented to the ISO 9000- series standard.

SHAREHOLDERS AND MANAGEMENT

The price of the I.M. Skaugen shares again increased in 1994 and was priced at NOK 5,5 by the end of the year, compared to NOK 3,8 by the end of 1993. The value of the shares increased by 44,7%, while the shipping index at the Oslo Stock Exchange increased by 5,6%.

114 million I.M. Skaugen shares, worth a total of NOK 496 mill., were traded during 1994. The shares were traded every day, and the average trading per day was 452,000 shares. The number of shareholders was 14,077 by the end of the year, a decrease of 320 compared to 1993. Foreign ownership was 8.9%, an increase of 3.4%. Total number of shares issued by the end of the year was 114.592.516 of which 110.467.185 with voting rights. In connection with the share issue in February 1995, 52.320.000 ordinary shares were issued increasing the share capital by NOK 252.182.400 to NOK 804.518.400. The number of listed shares after the issue was 162.787.185 shares. The main shareholder Eikland AS decreased its ownership from 46.1% to 33% through the issue. Further information regarding share holdings is shown on page 26.

The management team of Norwegian Gas Carriers as of December 31, 1994 consists of Hans-Jørgen Blomseth, John Gundersen, Harald Henriksen and Morits Skaugen jr. The parent company's management comprises Morits Skaugen jr. and Hans-Jørgen Blomseth.

The Board of Directors of I.M. Skaugen now consists of: Egil Abrahamsen (Chairman), Erik Eik, Harald Schjoldager, Morits Skaugen jr. and Arild Ulmo. These directors also make up the Board of Directors of Norwegian Gas Carriers Ltd. with the addition of Malcolm C. Furbert and John M. Sharpe.

PERSPECTIVE FOR THE FUTURE

Since 1992 total assets have decreased by around 60%, operating expenses by around 30%, and off-balance sheet obligations have almost been eliminated. The quality of operations is significantly improved, and the efforts towards achieving a customer oriented organisation has started to yield results.

When launching the turnaround of I.M. Skaugen in 1992, a separate value management group was established by the parent company with the objective to secure the interests and assets of the group, to follow up claims, as well as to liquidate and dispose of activities outside the core business segment. In total, this group has collected insurance and other claims amounting to approximately USD 7 mill., as well as closing a number of disputes. The work of this group is now considered complete.

The new financial capital structure and the new equity has made the company financially sound, and the banks syndicating the company's debt do it out of a desire to be exposed in the gas segment through I.M. Skaugen. The share issue also changed the owner structure in a way which makes I.M. Skaugen better suited to internationalise its shipping activities.

The overcapacity of tonnage in the segment NGC, which has contributed to the low freight rates over the last years, has been absorbed and new tonnage on order is moderate. Thus a further increase in freight demand resulting from an improved world economy is expected to contribute to positive changes in the freight rates. The uncertainty rests, in the opinion of the Board, primarily as to when a possible excess ordering of new tonnage will take place that will, together with adverse economic changes, again lead the way toward a weaker market.

I.M. Skaugen is now in an operational and financial position that enables the company to exploit the market possibilities. Thus the situation at the beginning of 1995 is satisfactory in relation to the objective of generating earnings that facilitate fleet renewal and a positive return on capital.

1994 was another demanding year, and the Board would like to thank all employees onboard the vessels and on shore for their positive contribution throughout the year. The turnaround to a service company is demanding for the individual but has yielded results. Our staff is the key to achieve our success as a service firm in the future.

Oslo, December 31, 1994

Oslo, March 20, 1995

EGIL ABRAHAMSEN
Chairman

ERIK EIK

HARALD SCHJOLDAGER

ARILD ULMO

MORITS SKAUGEN JR.
CEO

Profit and Loss Accounts I.M. Skaugen

Parent Company 1992	Parent Company 1993	Parent Company 1994	NOK Mill.	Note	Group 1994	Group 1993	Group 1992
226	0	**0**	*Gross freight revenue*		**355**	294	1,161
0	0	**0**	*Voyage related expenses*		**(74)**	(92)	(312)
226	**0**	**0**	**Freight income on Time Charter Basis**		**281**	**202**	**849**
(102)	0	**0**	*Time-charter hire*		**(20)**	(98)	(716)
(186)	(5)	**(9)**	*Other operating expenses*	1	**(213)**	(169)	(272)
(78)	0	**0**	*Ordinary depreciation*	2	**(69)**	(66)	(96)
(140)	**(5)**	**(9)**	**Operating (Loss) before Limited Partnerships, Sale and Write-down of Vessels and Discontinued Operations**		**(21)**	**(131)**	**(235)**
(32)	0	**0**	*Profit/(loss) from limited partnerships*	3	**1**	(35)	(63)
(61)	6	**34**	*Result from sale and write-down of vessels and discontinued operations*	4	**15**	20	(153)
(233)	**1**	**25**	**Operating profit (Loss)**		**(5)**	**(146)**	**(451)**
51	10	**14**	*Financial income*		**8**	17	62
-	89	**(6)**	*Dividends from/write-downs of shares in subsidiaries*		**-**	-	-
(302)	(6)	**(3)**	*Financial expenses*		**(78)**	(35)	(149)
3	0	**0**	*Net result on foreign exchange*		**40**	(64)	(27)
(248)	**93**	**5**	**Net Financial Items**	11	**(30)**	**(82)**	**(114)**
(481)	94	**30**	*Result before Taxes*		**(35)**	(228)	(565)
36	0	**0**	*Taxes*	5	**0**	0	96
(445)	**94**	**30**	**Net result of the year**		**(35)**	**(228)**	**(469)**
			Appropriations and Transfers of Equity				
(59)	0	**0**	*Received contributions from group companies*				
(205)	-	**0**	*Transferred from reversal fund*				
(39)	-	**0**	*Transferred from free funds*				
(142)	94	**30**	*Transferred to uncoverd losses*				
(445)	**94**	**30**	**Total**				

Balance Sheets I.M. Skaugen

Parent Company 31.12.92	Parent Company 31.12.93	Parent Company 31.12.94	NOK Mill	Note	Group 31.12.94	Group 31.12.93	Group 31.12.92
			ASSETS				
101	20	**21**	*Cash and bank deposits*	6	**173**	153	162
28	17	**7**	*Short-term receivables*	7	**75**	98	109
0	0	**0**	*Bunkers*		**3**	4	8
129	**37**	**28**	**Total Current Assets**		**251**	**255**	**279**
315	369	**673**	*Shares in subsidiaries*	8	-	-	-
0	0	**0**	*Other shares*	8	**2**	2	2
12	3	**1**	*Long-term receivables*		**2**	3	10
0	0	**0**	*Investments in partly owned companies*	3	**19**	15	29
459	319	**58**	*Intercompany receivables*	9	**-**	-	-
78	0	**0**	*Vessels*	2	**860**	851	995
3	2	**2**	*Other fixed assets*	2	**9**	10	28
867	**693**	**734**	**Total fixed assets**		**892**	**881**	**1,064**
996	**730**	**762**	**Total Assets**		**1,143**	**1,136**	**1,343**
			LIABILITIES AND EQUITY				
1	1	**0**	*Accrued salaries, vacation pay and related taxes*		**1**	1	3
9	0	**0**	*Current portion of long-term mortgage debt*	11	**5**	0	24
82	22	**6**	*Other short-term liabilities*	7	**70**	114	148
92	**23**	**6**	**Total Current Liabilities**		**76**	**115**	**175**
78	0	**0**	*Long-term mortgage debt*	11	**728**	750	651
32	9	**8**	*Other long-term debt*	11	**14**	12	30
384	194	**183**	*Intercompany payables*		**-**	-	-
494	203	**191**	*Total ordinary Long-term Liabilities*		**742**	862	681
0	0	**0**	*Subordinated unsecured loan*	12	**70**	0	0
0	0	**30**	*Convertible loan*	12	**30**	0	0
494	**203**	**221**	**Total Long-term Liabilities**		**842**	**762**	**681**
552	552	**552**	*Share capital*		**552**	552	552
(142)	(48)	**(17)**	*Other equity*		**(327)**	(293)	(65)
410	**504**	**535**	**Total Equity**	13	**225**	**259**	**487**
996	**730**	**762**	**Total Liabilities and Equity**		**1,143**	**1,136**	**1,343**
			Mortgages	11			
			Guarantees	14			
			Other commitments	15			

GENERAL

The accounts of I.M. Skaugen AS and the consolidated accounts for the Group are prepared in accordance with Norwegian Generally Accepted Accounting Principles, the main principles of which are described in the following.

The corporate structure was significantly altered in 1992, in that the parent company's fleet of gas carriers and the gas transportation activities were gathered in a separate subgroup: Norwegian Gas Carriers Ltd. Further, the contract trade business (dry cargo, combination carriers and tanker activities) and the chartering activities for product tankers were wounded up. The consolidated accounts for 1993 and 1994 consequently reflect the whole operation period for gas activity as an independent integrated shipping company under the name Norwegian Gas Carriers Ltd.

CONSOLIDATION PRINCIPLES

In consolidating the parent company with the respective subsidiaries into the consolidated accounts, the parent company's shares in the subsidiaries are replaced with the assets and liabilities of the subsidiaries.

Subsidiaries consist of companies where I.M. Skaugen AS has directly or indirectly a majority vote, controlling all material decisions. But if the control is considered temporary the investment is not treated as a subsidiary. For this reason Bulk Management AS and Labogas IX KS are not consolidated.

Intercompany receivables and liabilities are eliminated together with other intercompany transactions and their effect on net result.

Shares in subsidiaries are eliminated in accordance with the purchase method of accounting. Compensation paid at the time of the acquisition in addition to the book equity (additional value) is attributed to the asset in question and capitalised in the consolidated accounts as fixed asset, and is thereafter depreciated in the ordinary way in the consolidated accounts over the assets remaining economic lifetime.

The balance sheets of foreign subsidiaries, except for vessels and mortgaged debt, are translated at the exchange rates at year end. Their profit and loss accounts are translated at the average exchange rate for the year. Vessels are translated using historic rate, and mortgaged debt at the highest of the historic and the year end rate. Translation differences are classified as foreign exchange gains/losses under Financial Items.

INTERESTS IN OTHER COMPANIES

Interests in partly-owned companies, where the Group's ownership alone does not provide full control over the company's assets, are accounted for by using the equity method. The Group's share of the result is shown net on a separate line in the Profit and Loss Account. Thus the item includes both operating income, depreciation, write downs as well as financial items. In practice, interests in limited partnerships of less than 70% are accounted for under the equity method. The limit of 70% relates to the underlying agreements and the ownership interest needed to demand a sale of the vessel.

Parts in Joint Ventures are accounted for using the pro rata method of consolidation.

PARTICIPATION IN POOLS

The Group's gross freight revenues, voyage expenses as well as assets and liabilities related to the NGC-pool are incorporated in the accounts using pro rata consolidation based on the participation in the pool.

REVENUE RECOGNITION

Revenues and expenses related to voyages of vessels are accrued on the basis of the number of days the voyage lasted in the fiscal period. A voyage is defined as starting after unloading at the end of the previous voyage.

LEASED OPERATING EQUIPMENT

The company distinguishes between a financial and an operational lease. In the case of operational leases, the lease expense cost is recorded as an ordinary operating expense. In the case of a material contingent loss on a long-term operational lease, a provision is made for the contingent loss. Financial leases are recorded as an asset and liability, and the lease payment is shown as interest expense and principle payments.

FOREIGN EXCHANGE

Current assets and current liabilities in foreign currencies are recorded at year end rates. Long-term debt, including the first year instalment, is recorded at the higher of the date of drawdown and year end date. Items which are hedged through forward contracts are recorded at the forward contract rate. The following year end/average rates are used: NOK/USD 6,76/7,07 and NOK/DEM 4,36/4,35.

EXTRAORDINARY ITEMS

Classification as an Extraordinary Item, require that the item is material, unusual, and is not expected to occur often or regularly.

The effect of discontinued operations is shown on a separate line in the Profit and Loss Accounts.

RECEIVABLES

Receivables are recorded at their nominal value less provisions for bad debt.

BUNKERS

Inventories are recorded at the lower of historic cost, as defined by the FIFO method, or market values.

SECURITIES

Financially motivated investments in shares are classified as current assets, while strategic investments are classified as long-term assets. The portfolio of current assets is valued at the lower of cost or market value. Strategic investments are valued at cost less write-downs when the reduction in value is regarded as material and lasting. Strategic investments are valued separately.

Short-term investments in bonds, notes and certificates are valued as a portfolio at the lower of cost or market.

FIXED ASSETS

Fixed assets are recorded at acquisition cost less accumulated depreciation and write-downs. Vessels sold after year end or planned sold, are written down to sales price or market value based on an overall assessment. Ordinary depreciation is on a straight line basis and determined by an estimation of the remaining useful economic life of the asset. Estimated scrap value is not considered. The gas carriers are considered to have a total economic life of 25 years. An "extended-life program" has been initiated for two of the gas carriers, built in 1971 and 1972. Depreciation of the upgraded vessels are determined individually, and for the two mentioned vessels the economic life is assumed to be 30 years.

PENSION OBLIGATIONS

Net pension expense is classified in its entirety as salary related expenses in the Profit and Loss Accounts and contains the service cost in the period inclusive estimated future salary increases, interest on projected benefit obligation less return on plan assets, and amortisation of changes in pension plan, estimates and assumptions. The effect of changes in estimates and differences between estimated and actual return is recognised over the remaining service life of the employees when the accumulated effect is above 10% of the larger of the pension asset and the pension obligation. According to previous principles, the current pension payments were expensed while the return on the plan assets less vested benefits was classified as financial income in the Profit and Loss account.

In the Balance Sheet the net funded plan assets are shown as long-term assets, while un-funded pension obligations are classified as long-term liabilities.

The change in accounting principles is regarded as a fundamental change in accounting principles which implies that the effect of the change is recorded directly towards the equity account at January 1, 1994 with a total of NOK 1 mill.

MAINTENANCE AND CLASSIFICATION

Expenses for maintenance and repairs, both regular and classification survey expenses, are charged when the actual expenses are incurred.

TAXES

As a result of the 1992 accounting reform of deferred tax, the company's total deferred tax is calculated with a tax rate of 28 percent. Thus deferred tax indicates how much tax would arise if all the assets/liabilities were to be realised at the book value. In this connection, consideration is given to the carry-forward tax losses. Thus deferred tax is calculated to 28% of the positive temporary differences existing at year end between the values for accounting purposes and the values for taxation purposes. Negative and positive temporary differences, as well as carry forward tax losses which are offset or can be offset in the same period, are offset and recorded net.

Norwegian Gas Carriers Ltd. is taxable to Norway as a Norwegian controlled company in a low tax country (the NOKUS regulations).

RESTATED FIGURES 1992-1994

In 1992 a loss of NOK 32 mill was accrued related to an interest hedge agreement. The accrual was reversed in 1993 as a financial expense.

I. M. Skaugen implemented the new accounting standard for pensions January 1, 1994.

The Group's 50% of Labogas XVI KS (LPG/E Norgas Pioneer) was in 1992 and 1993 accounted for under the equity method. In 1994 the company is pro rata consolidated since the company is considered to be a joint venture. The Balance Sheet is restated and includes 50% of the balance sheet items to Labogas XVI KS at the same dates.

NOTE 1 REMUNERATION FOR I.M. SKAUGEN AS (PARENT COMPANY) NOK 1.000

	1994	1993	1992
The Board of Directors(*)	**413**	413	660
Chief Executive Officer (*)	**–**		1,087
Auditors (auditing)	**355**	250	500
Auditors (assistance)	**110**	0	400
Sum	**878**	**663**	**2,647**

(*) There is no separate agreement of a special remuneration if the Chairman of the Board or the CEO leaves the company.
(**)The CEO is not remunerated by I.M. Skaugen directly, but his remuneration is charged throug the group.
Total remuneration amounts to NOK 1.4 mill which also covers social expenses and expenses of office and secretarial assistance.

NOTE 2 FIXED ASSETS NOK Mill.

PARENT COMPANY	Cost price 1.1.94	Additions during the year	Disposals during the year	Acc. depr./ write-downs 31.12.94	Book value 31.12.94	Depreciation during the year
Machinery, equipment	2	0	0	0	2	0
Total parent company	**2**	**0**	**0**	**0**	**2**	**0**

GROUP	Cost price 1.1.94	Additions during the year	Disposals during the year	Acc. depr./ write-downs 31.12.94	Book value 31.12.94	Depreciation during the year
*Gas Carriers**	1,067	77	0	(284)	860	67
*Properties ***	14	0	0	(10)	4	0
Machinery, fixtures etc.	14	0	0	(9)	5	2
Total group	**1,095**	**77**	**0**	**(303)**	**869**	**69**

** In 1994 the vessel Norgas Transport was accounted for as an operating leas until June when the vessel was purchased by Norwegian Gas Carriers Ltd.*
*** Accumulated write-down of 10 mill NOK on property relates to undeveloped land of 95.000 square meters in Sandefjord.*

NOTE 3 INTERESTS IN LIMITED PARTNERSHIPS (EQUITY METHOD) NOK Mill.

GROUP	Vessel	Interest	Net Income/ (Loss)	Current Assets	Fixed Assets	Current Liabilities	Long-term Liabilities	Book value	Callable capital, guarantees
Interests owned by the subsidiary Norwegian Gas Carriers Ltd:									
Gas Lady KS	*Sunny Lady*	50,53%	(1)	2	20	0	(20)	2	7
Labogas IX KS	*Norgas Pilot*	78,57%	(1)	4	41	(2)	(44)	(1)	0
Labogas VIII KS	*Norgas Sailor*	45,00%	1	2	18	(1)	(14)	5	14
Oslo Victory II KS	*Norgas Victory*	42,50%	2	3	41	0	(31)	13	19
Total Group			**1**	**11**	**120**	**(3)**	**(109)**	**19**	**40**

The interest owned by the parent company which have been decided to be discontinued are classified as short-term receivables.
The vessels Norgas Challenger, Norgas Energy and Norgas Chief was in 1994 transferred from fully owned limited partnerships to Norwegian Gas Carriers Ltd. as a part of the company's refinancing in June 1994.
Sunny Lady is sold and delivered to the new owners at March 10, 1995, with a gain of approximately 4 mill NOK.

NOTE 4 GAIN/LOSS FROM SALE AND WRITE-DOWN OF VESSELS AND DISCONTINUED OPERATIONS NOK Mill.

PARENT COMPANY 1992	1993	1994	Skip/segment	GROUP 1994	1993	1992
(15)	0	**0**	*Gain/Loss sale of carriers*	**0**	0	(11)
	0	**0**	*Write-down of vessels*	**0**	0	0
(46)	6	**34**	*Other activities*	**15**	20	(142)
(61)	**6**	**34**	**Total**	**15**	**20**	**(153)**

NOTE 5 TAXES NOK Mill.

The following is an overview of the differences between the results before taxes according to the accounts and the taxable result.

PARENT COMPANY 1993	1994		GROUP 1994	1993
94	**30**	*Result*	**(35)**	(228)
0	**132**	*Permanent differences and other items*	**22**	0
30	**32**	*Change in temporary differences*	**287**	365
124	**194**	*Taxable result before tax losses carried forward*	**274**	137
(124)	**(194)**	*Tax losses carried forward*	**(274)**	(137)
0	**0**	**Taxable result**	**0**	**0**
0	**0**	*Estimated income tax 28%*	**0**	0

The deferred liability/(assets) is based on the differences as of December 31st between the financial and taxable values.
Temporary differences are related to the following items for 1993 and 1994::

PARENT COMPANY 1993	1994		GROUP 1994	1993
(1)	**0**	*Current assets*	**0**	(1)
(245)	**(113)**	*Shares and intercompany items*	(272)	(150)
466	**373**	*Gain and loss account*	**513**	642
18	**1**	*Interests in limited partnerships*	**6**	47
0	**0**	*Difference balance and Classification Fund*	**0**	1
(20)	**(11)**	*Fixed assets*	**179**	174
218	**250**	**Total temporary differences**	**426**	**713**
(580)	**(386)**	*Tax losses carried forw. incl. Adv. Corp. Tax Cr.*	**(751)**	(1,025)
(362)	**(136)**	**Basis for the computation of deferred tax liability/(asset)**	**(325)**	**(312)**

In accordance with the Norwegian Generally Accepted Accounting Principles regarding the treatment of taxes, negative and positive temporary differences which will or may reverse within the same period, have been netted. Tax losses to be carried forward in the parent company I.M. Skaugen AS relates to the period 1991 -1993. The parent company and the Group have unutilised corporate tax credit after received dividends of total NOK 70 mill. According to current regulation this amount is directly deductible in taxes payable and represents a tax loss carried forward of NOK 250 mill with a tax rate of 28%.
Foreign exchange gain connected to conversion of debt to shares in a subsidiary, is included in permanent differences and other items for 1994. Temporary differences and tax loss carried forward from NGC Ltd. are included in the Group figues. These figures will change when there is a change in the exchange rates. Estimated RISK-amount is 0 per 1.1.95 and 1.1.94.

NOTE 6 LIQUID FUNDS NOK Mill.

Specification of Liquid Funds

PARENT COMPANY 1992	1993	1994		GROOUP 1994	1993	1992
59	10	**21**	*Bank deposits*	**162**	123	80
			Bank deposits in limited partnerships (pro rata)	**2**	2	0
11	10	**0**	*Bonds*	**9**	28	51
31	0	**0**	*Notes*	**0**	0	31
101	**20**	**21**	**Total**	**173**	**153**	**162**

Specification of restricted/pledged liquid funds

PARENT COMPANY 1992	1993	1994		GROUP 1994	1993	1992
--	0	**2**	*Bank deposits (*)*	**2**	45	1
--	6	**0**	*Bonds/notes*	**0**	24	63
	6	**2**	**Total**	**2**	**69**	**64**

** Includes 1,0 mill in income taxes withheld per 31.12.1994*
Bonds in the Group consists of Lyse Kraft- bonds with a nominal value of NOK 8.745.000. The bonds have been sold with a profit after year end.

NOTE 7 OTHER CURRENT RECEIVABLES/LIABILITIES NOK Mill.

	GROUP Short-term Receivables	Short-term Liabilities
Accrued /deferred items relating to discontinued activities	9	7
Accrued T/C expenses from gas activity	0	2
Prorata current assets/liabilities in limited partnerships	2	1
Short-term receivables from gas activities	64	60
Total	**75**	**70**

NOTE 8 SHARES IN SUBSIDIARIES, OTHER SHARES NOK 1.000

	Interest	No. of Shares	Share Capital	Nominal Value (NOK)	Total Nominal Value	Book Value
Shares in subsidiaries						
Labotank II AS	100%	4,000	400	100	400	0
Labotank III AS	100%	2,500	250	100	250	0
Anders Jahre AS	100%	200	200	1,000	200	200
Kosmos Seafarer I AS	100%	500	500	1,000	500	500
Labotank IV AS	100%	4,000	400	100	400	400
Norwegian Gas Carriers Ltd: (***)	100%		USD 90,713'		USD 90,713'	517,590
Laboremus AS (*)	100%	150	150	1.000	150	153,837
Bulk Management AS (**)	100%					0
Total Parent company						**672,527**

(*) The parent company's shares in Laboremus AS were written-down in 1993 with NOK 90.829 mill and in 1994 with NOK 10.2 mill.
(**) The parent company's shares in, and the receivables from Bulk Management AS and its subsidiaries, have been fully written off.
Bulk Management AS has not been included in the consolidation from 1.1.1993 because of the descision to liquidate the comapny.
Bulk Management AS comprise the activity previously operated through KS Jahre Skaugen Carriers AS, KS NBC AS and Portland Tankers Services Ltd. The operations of Portland Tankers Services Ltd. and the general partners KS Jahre Skaugen Carriers AS and KS NBC AS were, through a liquidation resolution in October 1991, taken over by Bulk Management AS. The activities were since continued in the name of Bulk Management AS. The general partners Jahre Skaugen Carriers AS and NBC AS were decided liquidated due to the merger with Bulk Management at the same date. The general partners are not yet finally removed from the Company Register. The general partner Jahre Skaugen Carriers AS filed for bankruptcy May 27,1994. The case has not yet been closed.
(***) Value adjusted equity for Norwegian Gas Carriers Ltd. based on brokers estimate of the vessels as of 31.12.94, was higher than the total recorded value of the NGC shares in I.M. Skaugen.

Shares in Subsidiaries Owned by the Group Companies NOK 1.000

	Interest	No. of Shares	Share Capital	Nominal Value	Total Nominal Value	Recorded Value
Owned by Norwegian Gas Carriers Ltd:						
Labogas V AS (*)	100%	57,000	5,700	100	5,700	11,155
Labogas VII AS (*)	100%	32,000	3,200	100	3,200	4,927
Labogas XV AS (*)	100%	50,000	5,000	100	5,000	1,315
AS Laboremus III AS (*)	100%	115	58	500	58	166
Oslo Victory II AS	100%	50	50	100	50	(4,200)
Chem Olefine GTS GmbH	100%	1,002	DEM 50	DEM 500	DEM 50	34,801
Norwegian Gas Carriers AS	100%	1,000	50	50	50	(7,896)
Total subsidiaries						**40,268**

(*) The companies are decided liquidated as a result of the transfer of the vessels Norgas Challenger, Norgas Energy and Norgas Chief from fully owned limited partnerships to Norwegian Gas Carriers Ltd. as part of the refinancing June 1994. All shares owned by Norwegian Gas Carriers Ltd. are transferred from I.M.Skaugen AS, based on the net asset value as of August 31, 1992, and carried at the same value.

Shares in Other Companies Owned by the Subsidiaries NOK 1.000

Skaugen PetroTrans AS	--	660,150	20,000	0.18	119	1,980
Gas Recovery System AS	33%	50	150	1,000	50	50

NOTE 9 LONG-TERM INTERCOMPANY RECEIVABLES

When Norwegian Gas Carriers Ltd. was established, it was granted loans totaling USD 82.2 mill. The loans are all converted to share capital in Norwegian Gas Carriers Ltd. as part of the refinancing in the summer of 1994. Furthermore I.M. Skaugen participated with USD 5 mill of the "USD 15 mill Variable Rate Note"-program, issued by Norwegian Gas Carriers Ltd. After year end I.M. Skaugen AS has invested another USD 8 mill in the mentioned VRN-program by issuing 12.320.000 shares of NOK 5.05 per share, as decided in the extraordinary shareholder's meeting February 20, 1995. In addition to the VRN-program, the parent company has receivables from non-gas related subsidiaries amounting to NOK 24 mill. These receivables are non interest bearing.

NOTE 10 PENSIONS AND PENSION COMMITMENTS NOK 1.000

I. M. Skaugen has insured retirement plans (benefit plan) for their employees in UNI Storebrand Livsforsikring AS. The plans in the individual companies are similar. The main terms are 30 years of service, 66% pension in relation to the pension-base January 1 the year the employee turns 67, and spouse- and child-pension. All pensions are coordinated with the pension granted by the Norwegian public pension scheme.
As of December 31 1994 the retirement benefit plan included 3 employees in the parent company and 38 employees in the group.

In addition to the funded retirement plan, the group has unsecured pension obligations. The obligations covers employees not included in the insured plan, additional pensions above 12 G and some early retirements. Social Security Taxes are included in the net pension obligation.

When valuing the pension fund and measuring the obligation, estimated values and obligations are used in the Balance Sheet. These estimates are corrected each year in accordance with figures from the insurance company UNI Storebrand Livforsikring AS regarding values of the pension fund and the size of the obligations. Actuarial estimates are performed each year by Aktuar Consult AS based on information from I.M. Skaugen and their subsidiaries.

Assumptions used to estimate the pension obligations:	31.12.1994	1.1.1994
Discount rate	7.0%	7.0%
Expected return on funds	8.0%	8.0%
Salary increase	3.3%	3.3%
G-regulation/inflation	2.5%	2.5%
Pension regulations	2.5%	2.5%
Social Security tax	14.3%	14.3%

Net pension cost 1994 consists of:	PARENT COMPANY 1994	GROUP 1994
Service cost	194	1,250
Interest on projected benefit obligation	271	680
Expected return on pension funds	236	(681)
Social Security tax	(55)	91
Pension cost	174	1,340

NOTE 10 PENSIONS AND PENSION COMMITMENTS NOK 1.000 CONTINU

Net pension fund/obligation as of:	PARENT 31.12.1994	PARENT 1.1.1994	GROUP 31.12.1994	GROUP 1.1.1994
Projected benefit obligations	4,244	4,562	11,708	10,489
Estimated value of assets	3,129	2,894	9,106	8.480
Accrued pension obligations in the Balance Sheet	(1,115)	(1,668)	(2,602)	(2,009)

The pension fund is managed by the group within the general guidelines given to the life insurance companies. The effect of changes in estimates and differences between estimated and actual returns,are recognized over the average remaining service-life of the employees, when the accumulated effect is above 10% of the largest of the pension fund and the pension obligation.

I.M. Skaugen has net pension obligations of NOK 1.1 mill, while the subsidiary Norwegian Gas Carriers AS has net pension obligations of NOK 1.5 mill.

NOTE 11 NET FINANCIAL ITEMS/MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES NOK Mill.

PARENT COMPANY 1992	1993	1994		GROUP 1994	1993	1992
9	0	**0**	*Short-term mortgage debt*	**5**	0	24
78	0	**0**	*Long-term mortgage debt*	**705**	725	622
0	0	**0**	*Mortgage Debt in limited partnerships (pro rata cons.)*	**23**	25	29
32	9	**8**	*Other long-term liabilities*	**11**	12	30
–	–	**–**	*Subordinated debt*	**70**	–	–
–	–	**30**	*Convertible debt (mortgaged)*	**30**	–	–
119	**9**	**0**	**Total**	**847**	**762**	**705**

Total mortgage debt amounts to USD 102 mill as of 31.12.94 consisting of 2 bank syndicates with harmonized conditions. No principal payments are due before June 1996. The loan agreements include a flexible clause about extraordinary principle repayments if the liquidity exceeds certain maximum limits. Due to the mentioned clause, the company paid at year end USD 1 mill in principle. The mortgage loan cannot bee more than 65% of the average broker value of vessels. In addition, the value adjusted equity of Norwegian Gas Carriers Ltd. cannot be less than USD 40 mill. The group satisfied the loan covenants at year end.

Book Value of Mortgage Debt

PARENT COMPANY 1992	1993	1994		GROUP 1994	1993	1992
78	0	**0**	*Vessels*	**860**	851	995
11	10	**28**	*Short-term financial investment*	**0**	28	63
89	**10**	**28**	**Total**	**860**	**879**	**1,058**

The loan agreements includes covenants of "Assignment of Earnings" for mortgaged vessels. Refer to note 6 for restricted bank accounts.

NOTE 12 LOAN WITH CONVERSION RIGHTS

In connection with the refinancing of the company in June 1994, the group commited to loan agreements on subordinated conditions totalling NOK 100 mill. Of the mentioned amout, NOK 30 mill is a convertible loan in I.M.Skaugen at 12 % p.a. and convertion rights at NOK 5,-per share and NOK 70 mill in a " USD 15 mill Variable Rate Note"-program in Norwegian Gas Carriers Ltd.

I. M. Skaugen AS commited USD 5 mill of the VRN-program. This loan is eliminated in the consolidated accounts.

The VRN-program in Norwegian Gas Carriers Ltd runs until year 2001 and is fixed at 9% interest plus yearly bonus interest dependent on net result of a maximum 11 % p.a. of which 3% p.a. is payable on a semi annual basis and the rest equalling up to 8% p.a. falls due in year 2001.

The VRN-program includes rights to subscribe shares in Norwegian Gas Carriers Ltd (warrants) after June 1996 at a price equal to the estimated fair value per June 1994. In connection with the share issues resolved on the extraordinary shareholder's meeting Febuary 20, 1995, the parent company has acquired 8 of 10 externally owned VRNs of USD 1 mill each, by issuing shares of I.M. Skaugen AS. For details refer to note 9. The VRN-loan is subordinated to mortgage debt at an interest swap.

NOTE 13 EQUITY NOK Mill.

PARENT COMPANY	Share Capital	Retained Earnings/Acc.loss	Total Equity
Equity 1.1.1992	552	39	591
Net result after taxes 1992		(386)	(386)
Cover of loss 1992:		205	205
Equity 31.12.92	552	(142)	410
Net result after taxes 1993		94	94
Equity 31.12.93	552	(48)	504
Implementation of the new standard for pension accounting		1	1
Net result after 1994		30	30
Equity 31.12.94	552	(17)	535

GROUP	Share Capital	Retained Earnings/Acc.loss	Total Equity
Equity per. 1.1.1992	552	404	956
Net result after taxes 1992		(469)	(469)
Equity 31.12.92	552	(65)	487
Net result after taxes 1993		(228)	(228)
Equity 31.12.93	552	(293)	259
Implementation of the new standard for pension accounting		1	1
Net result after taxes 1994		(35)	(35)
Equity 31.12.94	552	(328)	224

The company owns 660.150 treasury shares through the subsidiary Laboremus AS. The cost is deducted under equity capital. The parent company's share capital is divided into 110.647.185 ordinary shares and 4.125.331 class C shares with a nominal value of NOK 4.82, totaling NOK 552,335,927. The class C shares has no voting rights and is not listed on any exchange but has otherwise the same rights as the ordinary shares. The shareholders meeting June 23, 1994 decided to issue a convertible loan of NOK 30 mill with the rights of conversion into 6 mill shares at a price of NOK 5 per share. Furthermore the extraordinary shareholder's meeting February 20, 1995 decided to issue 52,320,000 ordinary shares with a nominal value of NOK 4.82 per share increasing total share capital at February 20, 1995 to NOK 804,518,327,12 of which 162.787.185 ordinary shares and 4,125,331 class C shares.

NOTE 14 GUARANTEES NOK Mill.

PARENT COMPANY				GROUP		
1992	1993	1994		1994	1993	1992
123	590	**662**	*Guarantees for group companies*	**0**	0	0
27	0	**9**	*Guarantees for others*	**9**	17	27
150	**590**	**672**	**Total**	**9**	**17**	**27**

In connection with the establishment of Norwegian Gas Carriers Ltd. in the fall of 1992 and the transfer of interest in the general partners, guarantees were given by I.M. Skaugen AS for the fulfillment of the relevant agreements and for the callable capital in the limited partnerships owned by Norwegian Gas Carriers Ltd. The guarantees from I.M. Skaugen to the creditors of Norwegian Gas Carriers Ltd. is continued in the new financial structure.

NOTE 15 OTHER CIRCUMSTANCES/ CONTINGENCIES

I.M. Skaugen AS is involved in a small number of disputes from previous years. The most material are the following:

Kosmos Seafarer

Three of the general partners have initiated legal proceedings against Fearnely Finans AS and I.M. Skaugen AS to reverse their purchase of 8.5% of Kosmos Seafarer I KS. The suit is based on the vessel being in a significantly poorer condition than the buyers could expect on the basis of the prospectus and other documentation. The case was presented for the Oslo City Court in 1993 and ruled in favor of I.M. Skaugen and Fearnely Finans AS. The 3 limited partners have on 6.12.93 appealed against the ruling. No provision has been made for these claims in the accounts.

Norgas Pilot

The claim refers to 3 limited partners in Labogas IX KS who claims to be misled to invest in a vessel in a significant poorer condition than they could expect on the bases of the prospectus and other documentation. The limited partners have also sued Fearnely Finans AS and previous CEO in AS Laboremus. The claim amounts to NOK 4.8 mill excl. interest. The case was presented for the City Court of Oslo where I.M. Skaugen and Fearnely Finans AS won the case including legal expenses. The three limited partners have appealed the ruling. The same three limited partners is sued by the ship owners, Labogas IX KS, for not having paid the called capital of a total of NOK 1.8 mill plus interest. The City Court of Bergen ruled in favor of the ship owners, but gave at the same time the three limited partners the right to a compensation of the same amount Both parties appealed the ruling to the Court of Appeals which ruled in February 1995 that the three limited partners were released from their payment of the capital. The Board of the ship-owning company has decided to appeal the ruling to the Supreme Court.

T/C-commitments

The company's T/C-commitments regarding T/C Norgas Christian runs until August 10, 1995. The group has in February 1995 used the option to extend the T/C until August 10, 1996.

Subsidies

The wholly owned subsidiary "Chem Olefine" Gas Tanker Shipping GmbH received subsidies of DEM 6.6 mill in 1987. In order to uphold the subsidies, the vessel must be running under German flag for 8 years.

The ship has been running under Liberian flag since the summer of 1994 after prior acceptance by the German authorities.

Swap

The group has entered into a foreign - currency swap , where a NOK loan is swapped to USD 15.35 mill. The interest on the NOK loan is 10.19% and is swapped into 6 months of floating USD LIBOR. The net effect is a positive marging. The USD loan is covered by a cash collateral in the same amount. The loan and the bank account is netted in the consolidated accounts.

The group has further commited to an interest hedge agreement through the subsidiary Norwegian Gas Carriers Ltd. which also has the underlying mortgage debt. The hedge expires in 1996 and fixes interest at 8.96% p.a. for USD 20 mill.

NOTE 16 TRANSACTIONS WITH RELATED PARTIES

As a part of the demerger between I.M. Skaugen AS and Skaugen Petrotrans AS of August 1991, the subsidiary of Jahre Ship Chartering AS was transferred to Skaugen Petrotrans AS in 1994.

The parent company shares offices with its main shareholder Kosmos AS. I.M. Skaugen has engaged resourses from Kosmos AS during its restructuring, thereunder for the purpose of securing the interests and assets of the Group, to follow up claims and legal proceedings.
Total remuneration under the office agreement were in 1994 NOK 6.4 MILL.

Cash Flow Statements I.M. Skaugen

PARENT COMPANY				GROUP		
1992	1993	1994	NOK Mill.	1994	1993	1992
			Cash Flow from Operations			
(306)	88	**30**	*Generated by operations (*)*	**19**	(182)	(220)
201	11	**10**	*Change in receivables and other current assets*	**24**	15	361
(87)	(63)	**(17)**	*Change in payables and other current liabilities*	**(44)**	(23)	(128)
(192)	**36**	**23**	**A= Net Cash Flow from Operations**	**(1)**	**(190)**	**13**
			Cash Flow from Investments			
(14)	0	**0**	*Investments in fixed assets*	**(77)**	0	(17)
1 353	0	**0**	*Sales of fixed assets*	**0**	0	684
(429)	10	**(41)**	*Change in inther investments*	**13**	24	(23)
910	**10**	**(41)**	**B= Net Cash Flow from Investments**	**(64)**	**24**	**644**
			Cash Flow from Financing			
0	0	**30**	*Loan proceeds*	**87**	163	0
(993)	(213)	**(11)**	*Repayment of principal*	**(2)**	(6)	(868)
59	86	**0**	*Change in equity, group contributions and dividends*	**0**	0	
(934)	**(127)**	**19**	**C= Net Cash Flow from Financing**	**85**	**157**	**(868)**
(216)	(81)	**1**	*Net change in liquidity (A+B+C)*	**20**	(9)	(211)
317	101	**20**	*Liquid assets at 1.1.94*	**153**	162	373
101	**20**	**21**	**= Liquid assets at 31.12.94**	**173**	**153**	**162**
			(*)			
(481)	94	**30**	*Pre tax result*	**(35)**	(228)	(565)
61	(6)		*Gain/loss from sale of vessel*	**(15)**	(20)	153
78	0	**0**	*Depreciation*	**69**	66	96
36	0	**0**	*Taxes*	**0**	0	96
(306)	**88**	**30**	**Cash Flow from Operating Activities**	**19**	**(182)**	**(220)**
			Liquid assets 31.12:			
59	10	**21**	*Bank deposits*	**164**	125	80
11	10	**0**	*Bonds*	**9**	28	51
31	0	**0**	*Notes*	**0**	0	31
101	**20**	**21**	**Liquid assets**	**173**	**153**	**162**

Auditors' Report for 1994 *(Translation from the Norwegian)*

To the Annual General Meeting of I.M. Skaugen AS

We have audited the annual accounts of I.M. Skaugen AS for 1994, showing net income of NOK30 mill. for the company and net loss of NOK35 mill. for the group. The annual accounts, which consist of the Board of Directors' report, profit and loss accounts, balance sheets, statement of cash flows, notes and the corresponding consolidated financial statements, are the responsibility of the Board of Directors and the Chief Executive Officer.

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 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 income, as proposed by the Board of Directors, complies with the requirements of the Joint Stock Companies Act.

In our opinion, the annual accounts have been prepared in conformity with the Joint Stock Companies Act and present fairly the company's and the group's financial position as of 31 December 1994 and the result of its operations for the fiscal year in accordance with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.
Morten Drake
State Authorised Public Accountant (Norway)
Oslo, March 20, 1995

THE GAS MARKET FOR SIZES UP TO 40.000 CBM has improved to levels far above expectations the last 12 months and in such respects is the only shipping market to perform well last year. For 50.000 cbm and very large gas carriers or VLGCs, the markets have been at a standstill. To understand this development, one has to understand the fundamentals behind the various segments (sizes). To assist you in this, we have made the summary below:

VLGC

Dependant on LPG supply ex. AG. Today the market is long with about 5 to 7 vessels, and the spot market is suffering with substantial waiting time between voyages. Outlook is subsequently depending on new supply of vessels and the newbuilding orderbook. Today the market consists of 83 vessels and 6 newbuildings. Newbuilding prices are about $ 65 mill. The T/C market today is about $ 725 - 750.000 pcm., but spot market yields only about $ 450.000.

50.000 CBM

This segment has the same problems as the VLGCs, but these vessels have their advantage in the Ammonia market. Ammonia prices are close to all time high at present. The other advantage is the fact that 15 out of the total of 23 vessels are controlled by one owner. Outlook depends on the Ammonia market and the fate of the VLGCs. There is no newbuildings in this segment. Newbuilding prices USD 55 - 57 mill. The T/C market is about $ 700.000 pcm.

20-40.000 CBM

These vessels are much more flexible and are used in LPG, Ammonia and petrochemical trade. The market has reached a level where newbuildings looks interesting. Outlook positive provided you believe in the world economy. The fleet consists of 47 vessels and 5 newbuildings. Newbuilding prices are about $ 50 mill.
The T/C market from 800.000 to 850.000 pcm. (35 - 37.000 cbm).

8-20.000 CBM

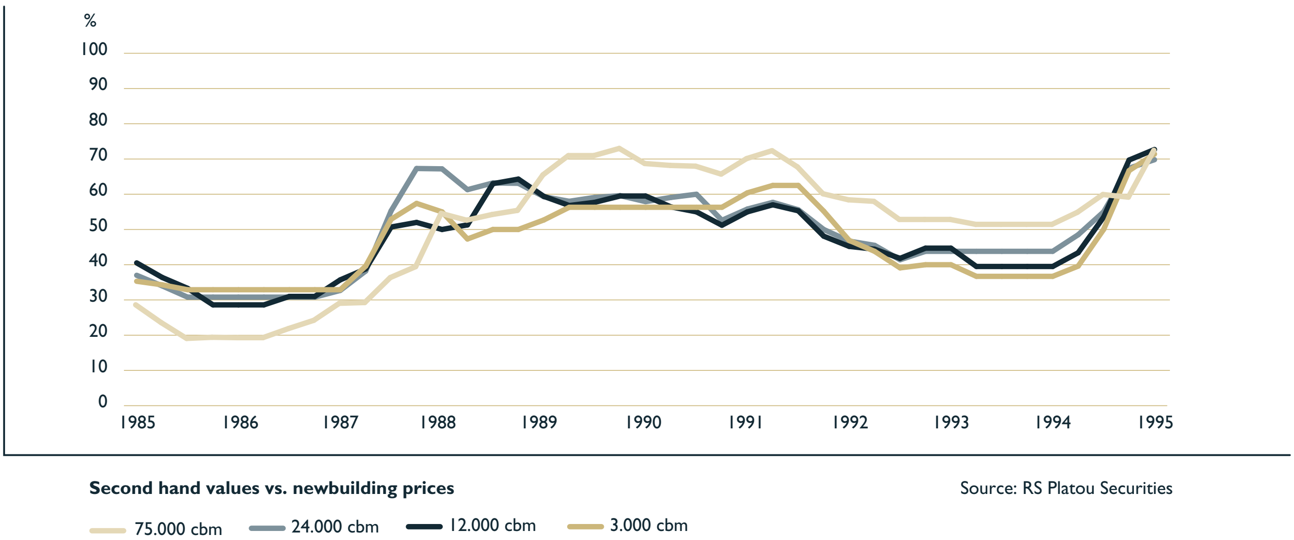
These vessels are more dependant on the petrochemical market. Outlook positive provided the world economy continue strong and petrochemical industry does not overbuild on new plants. Product prices can still go up further. The fleet consists of 84 vessels and 5 new-buildings. Newbuilding prices are about 40 mill., and T/C about $ 750.000 pcm (15.000 cbm).

UP TO 8.000 CBM (NGC VESSELS SIZE)

Dependant on petrochemical industry as well, but also on the strength of the fast growing markets like China and India. Out of the total number of 570 vessels, 55 vessels were last year brought into the quickly emerging LPG trade on China. Outlook is positive provided China continue to require tonnage and one question mark is: Will new shore based storage reduce tonnage requirements? There are 30 newbuildings. Newbuilding prices are about $ 26 - 30 mill. The T/C market is about $ 400.000 pcm (6.000 cbm).

OUTLOOK

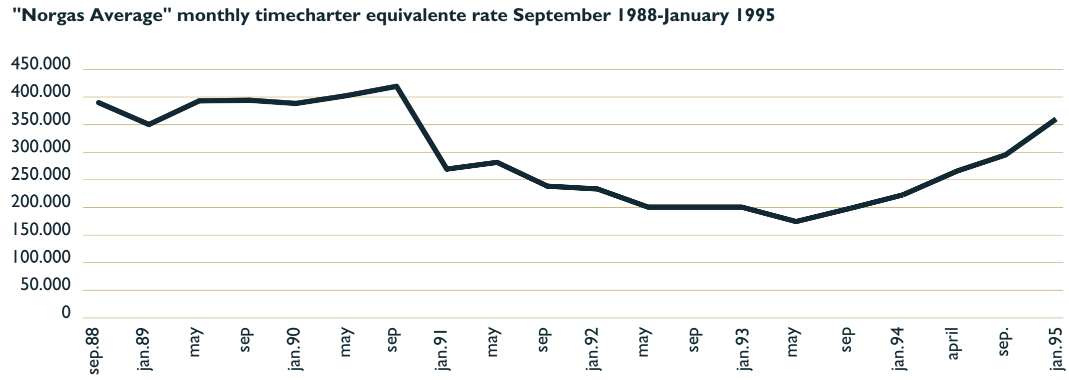
Even if the markets are segmented, their future is dependant on a few important factors, where the world economy and the newbuilding orderbook are the most important. The growth of seaborne gas trade has been steady over the last twenty years, and we see no reason why this will not continue.



Second hand values vs. newbuilding prices

Source: RS Platou Securities

To the left: Close customer contact, high levels of service, optimal sailing patterns and a strong focus on quality at every level, are some of the trade marks of I.M. Skaugen. Changes in organisational structure, implementation of various control and measurement systems and not least, enthusiastic and competent staff contribute strongly towards the company's leading position market.



We are quite confident that with our vessels' size, customer oriented attitude and East of Suez/European "hubs" strategy, we are well positioned. The development and growth East of Suez is particularly exciting (and most challenging) for us.

The improved markets make it necessary to keep the vessels trading, reduce port turnaround time and offhire. We now have the possibility to meet our goals and to earn money to modernize the fleet and improve the service for our customers.

THE PETROCHEMICAL INDUSTRY

by David S. Glass
Chem System Ltd.

There has been a remarkable improvement in the fortunes of the European petrochemical industry in the last twelve months. Profitability measured in terms of aggregate cash flow had reached its lowest point in the first quarter of 1993. This was the worst result since 1981. However, there was a small but steady improvement during 1993 assisted by lower feedstock prices and hence costs but without any significant improvement in demand or product prices. In early 1994, however, the effect of the stronger economies in United States and the Far East started to have a beneficial effect upon the European petrochemical industry. There was increased demand for imports into the Far East and a limitation in exports from the major source of supply the United States due to improving domestic demand. These demand increases were coupled with supply shortages due to several unexpected plant breakdowns of ethylene and downstream units in United States, The Far East and even in Europe.

By mid 1994 it was increasingly apparent that production in Europe was setting new records as an export led boom took hold. Ethylene production in Europe in 1994 was 12 percent higher than in 1993 at 17.5 million tons. Both ethylene and its major derivatives, low and high density polyethylene, were exported in increasing quantities with about 80.000 tons of ethylene alone being exported to the United States to relieve a tight supply/-demand balance in that country due to high demand and the extended closure of several plants. There was a reduction of imports such as PVC into Europe which had to be supplemented by increased production within Europe. In 1994 production increases for all polymers ranged from 6 to 18 percent compared to 1994.

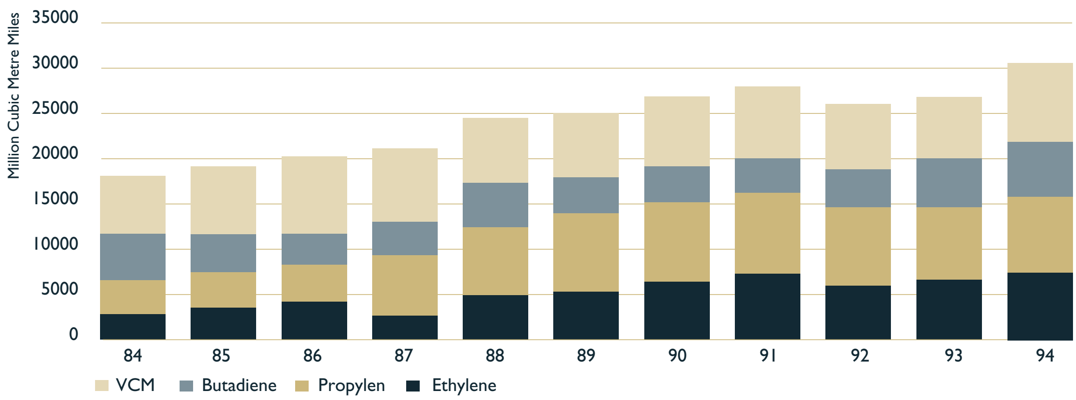
The improvement in demand and output was not confined to olefins and their derivatives. Virtually all petrochemicals showed similar results with, for instance benzene output up by 18 percent in Europe and styrene, the major benzene derivative, improving by 6 percent in 1994.

All other regions demonstrated improved output and demand. Output of ethylene in the United Stated, in spite of supply limitations, improved 6 percent with polymer production up between 4 and 12 percent. Production in the Far East was also higher with large increases in output in Taiwan and South Korea. The Japanese petrochemical industry took longer to recover, but by the end of 1994 was also showing positive results with ethylene output up 6 percent and polymer output up between 4 and 9 percent. All these increases reflect a recovery from several years of low demand growth with a certain amount of inventory gain.

The petrochemical industry is notoriously cyclical and the performance of the industry is closely linked to operating rates. Over the last twenty five years there have been three major cycles in profitability (with peaks in 1973, 1979 and 1988). It is clear from this record that an industry operating rate of over 90 percent leads to a strong cyclical upturn. High levels of production and hence operating rate for virtually all petrochemicals in Europe in 1994 have been reflected in much higher prices and hence margins for this industry and the same result has been apparent for the United States and the Far East. Most plants in Europe have been operating at or near capacity with the average operating rate for the industry now improved from a low of 81 percent in early 1993 to 94 percent in the first quarter of 1995. The direct consequence has been the recovery of industry profitability in Europe to a record level in the first quarter of 1995.

The prospects for the industry for the rest of 1995 and beyond are related to the ability to maintain these high operating rates on a global bases. While the major economies remain strong petrochemical demand should be maintained and continue to improve by at least 2-4 percent per year. Increased capacity at rates greater than this will, however, lead to a higher level of supply and lower output rates across the industry. There are several new ethylene units coming on line in 1995 in Thailand, Indonesia, China and the United States. The effect of these will be to ease the tight market for ethylene and there are already some signs of lower prices in the cryogenic ethylene market as a result. On the other hand the market for most chemicals and polymers remains very encouraging with continuing increases in prices for several products such as polypropylene, para-xylene and polystyrene as the balance remains tight and with output at capacity. The effect of the poor profitability in the period 1991-1993 has restricted investment in the industry. In the medium term there is virtually no new capacity under construction or even announced for relieve the tight supply situation in Europe and this should ensure high operating rates for the future. Since this is a global industry a question mark hangs over the effect of the capacity coming on line in the United States and the Far East. There is no doubt that export demand from Europe will be affected by these new units coming on line (or already on line) this year. Lower prices and profitability may therefore be seen later in the year, but this is seen as a correction and consolidation of the largely unexpected but welcome improvement in the industry fortunes and the prospects for the next one to two years remain excellent.

Petrochemical Gas Trade, 1984-94*   Four Petrochemical Gases
Average Annual Growth Rates: Ethylene + Propylene 11,8% Four Chemical Gases 4,1%



Forcasts for 1994, and own estimates for 1993 * Source: Arthur D Little/Chem Systems/Mitsui/NGC

SHARE CAPITAL

The company's share capital as per 31 December 1994 was NOK 552,335,927.12 split between 110,467,185 ordinary shares and 4,125,331 C shares of face value NOK 4.82 fully paid up and made out to name.

The capital expansion that was resolved by the extraordinary general meeting on 20 February 1995 increased the share capital by NOK 252,182,400 from NOK 552,335,927.12 to NOK 804,518,327.12 by new subscription of 52,320,000 shares of face value NOK 4.82 per share. There have been no changes in the company's share capital during the past three years.

CONVERTIBLE LOAN

As a part of the refinancing of the company medio 1994, the general meeting on 24 June 1994 decided to issue a covertible loan of NOK 30 million subject to the following conditions:

Amount:	NOK 30 million
Term:	7 years from 17 June 1994 to 17 June 2001
Due date:	Loan falls due for full redemption 17 June 2001 at par
Interest:	12 per cent per annum
Conversion date:	Throughout loan term
Conversion rate:	NOK 5.00 to be adjusted for share split-off, issues, dividend disbursal, etc.
Lenders:	Up to six lenders at any one time
Borrower redeems:	IMS may demand redemption of loan after 17 june 1997

No lender has so far converted the aforesaid loan to shares in I.M. Skaugen AS.

SHAREHOLDERS POLICY

I.M. Skaugen AS wishes to achieve the most correct possible pricing of the company's share. I.M. Skaugen AS will seek competitive return from appreciating value of the company's share and, when conditions permit, distribution of dividend commensurate with the company's profit and prospects. I.M. Skaugen AS will work to make the share attractive and competitive as an investment alternative for Norwegian and foreign investors. In case of capital expansion involving new share issues for cash, the company's shareholders will have preemptive right to subscribe in the first instance.

SHAREHOLDERS

At 20. February 1995 there were 14.100 shareholders in I.M. Skaugen AS.

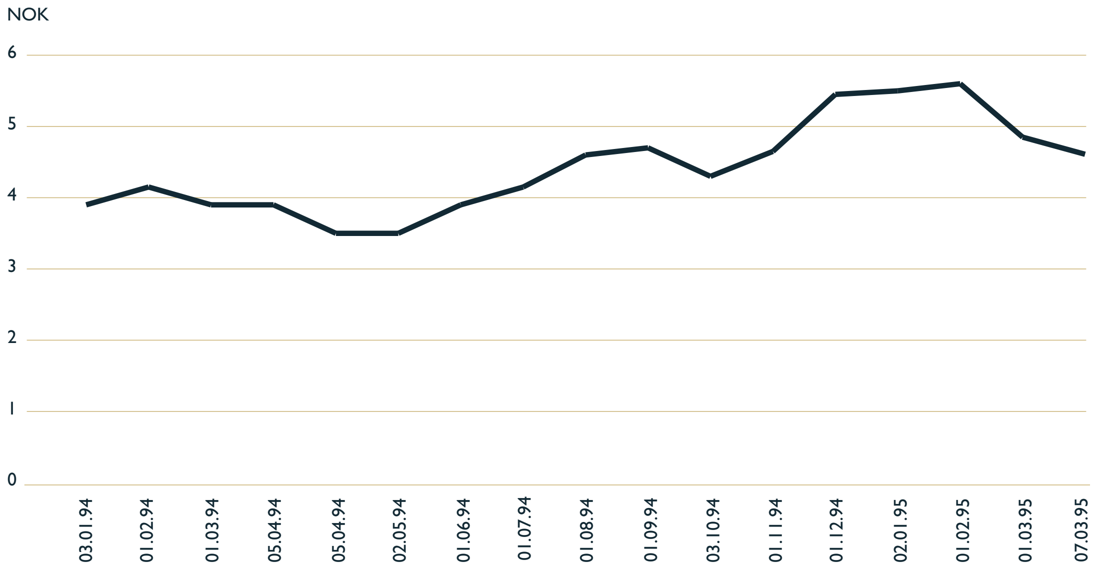
I.M. Skaugen's 15 largest shareholders as per 20. February 1995 :

Shareholder	No of shares	Percentage of ordinary shares
Eikland v/ Kosmos AS	50,915,111	31,3
Skaugen PetroTrans AS	7,158,500	4,4
Uni Storebrand	7,000,000	4,3
A/S Atlantis Vest	4,600,000	2,8
K-Vekst	3,607,000	2,2
Arne Hellestø AS	3,469,000	2,1
Avanse Forvaltning A/S	3,170,000	1,9
Lombard, Odier & Cie	3,080,000	1,9
Norsk Hydro	2,800,000	1,7
State Street London	2,800,000	1,7
Deutche Auslandskasse Depot	2,720,569	1,7
E. Invest v/Erik Eik	2,690,000	1,7
ANZ Grindlays Bank	2.200,000	1,4
Sandwedge Investments Inc.	1.990.000	1,2
T.S. Invest A/S	1,775,000	1,1
Total for 15 largest	99,975,180	61,4
Other	62,812,005	38,6
Total number ordinary shares	162.787.185	100,0

I.M. Skaugen has issued 4,125,331 non-voting C-shares that are not listed on the stock exchange. All the C-shares are owned by DnB Investeringsselskap AS.

Price development of IMS-Share

The price development of the I. M. Skaugen AS share and its volume traded on the Oslo Stock Exchange from 1. January 1992 to 7. March 1995 are shown in the chart below:



INFORMATION

I.M. Skaugen AS will seek to furnish the Oslo Stock Exchange and shareholders with full, identical and simultaneous information on company development through its annual report and accounts, interim reports and accounts, and releases to the exchange and the press. The company moreover presents regular reviews for Norwegian and international investors. From 1995 (inclusive) the company will go over to quarterly reports.

DIRECTORS AND MANAGEMENT

The shares owned or controlled by I. M. Skaugen AS directors, general management and auditors are listed below:

Board of Directors:	Number of shares
Egil Abrahamsen, (Chairman)	60.579
Arild Ulmo	0
Harald Schjoldager	0
Erik Eik	2.690.000
Morits Skaugen jr., (President)	187.999
Hans Jørgen Blomseth, (Vise President)	300.000
Auditor	0

SHAREHOLDER SCHEME

The company does not maintain a shareholder scheme for members of the board of directors or employees of the group. Leading employees and directors must clear any purchases or sales of shares with the managing director of the company.

VOITING RIGHTS AND TRADING

The company maintains two classes of shares: ordinary shares and C shares. The C shares do not carry a right to vote and are not listed on the stock exchange, but otherwise enjoy the same rights and privileges as the ordinary shares. The ordinary shares each carry one vote at the general meeting.

SOURCE TAX

Dividend is subject to tax under Norwegian law. In connection with distribution of the dividend to foreign shareholders, the company is required to retain source tax.

The Fleet as per 20.3.95

GAS CARRIERS - Vessels owned/partially owned: 15, T/C vessels: 1

LPG/E **Norgas Navigator**
6,006cbm
Built: 1977
Purchased: 1991
Our share: 100%

LPG/E **Norgas Pilot**
6,083cbm
Built: 1977
Purchased: 1982
Our share: 55%

LPG/E **Norgas Sailor**
6,083cbm
Built: 1976
Purchased: 1982
Our share: 45%

LPG/E **Norgas Energy**
6,126cbm
Built: 1979
Purchased: 1990
Our share: 100%

LPG/E **Norgas Pioneer**
6,133cbm
Built: 1979
Purchased: 1990
Our share: 50%

LPG/E **Norgas Challenger**
6,363cbm
Built: 1984
Purchased: 1989
Our share: 100%

LPG **Norgas Mariner**
6,568cbm
Built: 1982
Purchased: 1987
Our share: 100%

LPG/E **Norgas Traveller**
7,187cbm
Built: 1980/87
Purchased: 1991
Our share: 100%

LPG/E **Norgas Trader**
7,334cbm
Built: 1981
Purchased: 1988
Our share: 100%

LPG/E **Norgas Discoverer**
7,418cbm
Built: 1971/90
Purchased: 1988
Our share: 100%

LPG/E **Norgas Voyager**
7,418cbm
Built: 1972/90
Purchased: 1988
Our share: 100%

LPG/E **Norgas Chief**
8,070cbm
Built: 1983
Purchased: 1983
Our share: 100%

LPG/E **Norgas Patricia**
8,250cbm
Built: 1991
Purchased: 1991
Our share: 100%

LPG **Norgas Victory**
8,936cbm
Built: 1982
Purchased: 1991
Our share: 42,5%

LPG **Norgas Transporter**
6,077cbm
Built: 1982
Purchased: 1994
Our share: 100%

LPG/E **Norgas Christian**
8,200cbm
Built: 1990
Purchase option
T/C period: 08 96 + 4x1year

Our Commitment

We will build lasting relationships with our customers by understanding their goals and exceeding their expectations.

We will meet this commitment by demonstrating teamwork, candor, and capability, and by excellent service with efficiency and with integrity.

Content

The cover shows the position of all NGC vessels in March 1995

I.M. SKAUGEN

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HUGIN
NÆRINGSLIVETS INFORMASJONSBANK
1994