

I.M. SKAUGEN IN BRIEF



CUSTOMER STRATEGY

I.M. Skaugen puts much emphasis on being an active partner in co-operation with its customers. Customised solutions, product differentiation and economies of scale are important competitive advantages. And it stresses also the exploitation of information technology with a view to developing support systems and improving communications and operations. The minimal storage capacity in the market for petrochemical products underlines the importance of timely product deliveries. 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 ASA is today a holding company with 100% ownership of the specialised and fully integrated shipping company Norwegian Gas Carriers Ltd (NGC). NGC is a service company

for the petrochemical industry. Through NGC an effective organisation has been built up covering all functions from chartering to technical maritime operation. At the end of 1995, the NGC fleet consisted of 16 vessels in the 5,000 - 9,000 cbm range, of which 15 were wholly or partly owned. The average age of the fleet is approximately 14 years, which is also the average age of the world's fleet of gas carriers between 2,000 and 20,000 cbm.

Together with Unigas International B.V., of the Netherlands, with whom NGC has a marketing agreement, NGC operated 22 gas carriers in the 5,000 - 9,000 cbm range in 1995, representing a total capacity of 200,000 cbm. Thus, NGC is one of the leading players in the world within the 2,000 - 20,000 cbm segment for transportation of petrochemical gases. The NGC pool accounts for almost 1/3 of all seaborne transportation of ethylene and 1/5 of the seaborne transportation of propylene. Of the seaborne transportation of gases, the petrochemical gases account for approximately 10% of the volume. The main volume is LPG for energy purposes.

THE YEAR 1995

THE MARKET

- The significant improvement in 1994 continued into the first half of 1995. After the summer, the market weakened. Earnings were 40% up from 1994.
- High level of activity in the Far East.
- After the summer, the level of activity in Europe was low.
- Insignificant increase in ethylene tonnage, but considerable new-buiding activity for small LPG carriers for India and China trade.

RESULTS

- Profits of NOK 64 million represent an improvement of NOK 99 million compared to 1994.
- Necessary amendments to the company's accounting principles and estimates have improved the result by NOK 36 million.
- The company has arranged for a total re-financing at substantially better terms.

- In February, 1995 a new share issue was arranged which provided the company with NOK 202 million.
- Repaid/reduced longterm debt by NOK 161 mill.

OPERATIONS

- The advanced use of information technology aimed at improving communications and freight assignments has borne fruit.
- Scheduled docking and maintenance of Norgas Discoverer and Norgas Voyager (completed 18 February 1996) ensure that these vessels have a useful economic life of more than 30 years.
- With effect from 1 January 1996, the association with Unigas International B.V. is changed from a joint revenue pool to one where the accounts are settled for each vessel separately.
- The company's 50.53% stake in the "Sunny Lady" was sold at the beginning of 1995 at a small book profit.

Customer relevant information

I.M. Skaugen is an active link in the petrochemical industry's value-added chain. The company has therefore developed a sweeping information system that compiles and processes the various data that can contribute to an optimum transportation function. When information from the customer, the market and the vessel is compared and analysed, both customer and shipowner enjoy substantial operational savings.

KEY FIGURES

PROFITABILITY	Note	1995	1994	1993	1992	1991
Operating margin	1	17 %	-7 %	-65 %	-28 %	-11 %
Return on equity	2	17 %	-14 %	-61 %	-78 %	-17 %
Return on total assets	3	11 %	4 %	-16 %	-20 %	2 %
LIQUIDITY						
Cash flow incl gains/losses on disposals (NOK million)	4	130	34	-151	-383	305
Cash flow excl. gains/losses on disposals (NOK million)	5	130	19	-182	-300	-1
Current ratio	6	217 %	330 %	221 %	159 %	173 %
Debt-equity ratio	7	58 %	78 %	77 %	63 %	66 %
Interest coverage ratio	8	2.2	-0.7	-1.4	-0.5	0.7
CAPITAL						
Total assets (NOK million)		1,344	1,143	1,110	1,314	2,779
Equity (NOK million)		539	225	259	487	956
Value-adjusted total assets (NOK million)		1,685	1,478	1,397	1,464	3,196
Value-adjusted equity (NOK million)		880	560	546	613	1,369
Value-adjusted equity ratio	9	52 %	38 %	39 %	42 %	43 %
KEY FIGURES PER SHARE						
Market price as of 31 December (NOK)		3.60	5.50	3.85	1.40	4.10
Earnings (NOK)		0.38	-0.31	-1.99	-4.93	-1.60
Cash flow incl. gains/losses on disposals (NOK)		0.78	0.30	-1.32	-3.34	2.66
Cash flow excl. gains/losses on disposals (NOK)		0.78	0.25	-1.59	-2.62	-0.01
Value-adjusted equity		5.27	4.89	4.76	5.35	11.95
Price/earnings ratio		9.4	neg.	neg.	neg.	neg.
Price/cash flow incl. gains/losses (NOK)		4.6	18.5	neg.	neg.	1.54
Price/Cash flow excl. gains/losses (NOK)		4.6	33.2	neg.	neg.	neg.

1. Operating margin as a per cent 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 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. Current assets as a percentage of current liabilities.
7. Total debts divided by total assets.
8. Operating revenue before depreciation plus net financial items.
9. Value-adjusted equity divided by value-adjusted assets.

Target time reporting

The company's most important asset is people. In 1995, the majority of the employees participated in comprehensive training courses. Emphasis is placed on learning to exploit data technology and the infrastructure that has been built up. Education, practical experience and linguistic abilities are required of those who serve at sea or on land. The company will continue its effort to make use of the employees' total resources.

BAHÍA BLANCA

17,2

HOUSTON

20,2

24,7

20,1

0,3

PAJORITOS

REPORT BY THE BOARD OF DIRECTORS

(Translation from the Norwegian)

In 1995, I.M. Skaugen passed a number of milestones, without doubt the most important of which was that the company again reported a profit. Through resolute efforts, the company's efficiency has been bettered and the quality improved. The improvement in the results is not only a consequence of the more favourable freight market and realised foreign exchange gains. Just as important is the fact that the fleet's utilisation has improved, cost control has been even stricter and our contact with the market has been broadened. The company's objective is to offer the most cost-effective service, while at the same time providing the best service. Extensive use of information technology plays a part in improving operations, in exploiting the know-how found at all levels of the company, and in particular in ensuring that as many as possible in the organisation have contact with the market. We call this the "small steps route". Nevertheless, the 1995 result is satisfactory only in light of where we came from, not in light of where we are going.

RESULT, BALANCE SHEET AND FINANCING

The company is engaged in the transportation of petrochemical gases and LPG through its wholly-owned subsidiary Norwegian Gas Carriers Ltd. The company defines its operations as an integral part of the petrochemical industry's logistics chain by providing transportation services for LPG and petrochemical products. The company is to be conceived as a service company focusing on offering its customers optimal and cost-effective solutions regarding the transportation of raw materials for their production. In addition to the transport assignment as such, the company now offers other services in the field of port services, such as cleaning and purging cargo-tanks for other types of cargo. The company has all its freight income and appr. 50 per cent of its expenses in USD-

based currencies. In addition to this, the fleet is financed in USD. Against this background, I.M. Skaugen is financially managed with USD as the functional currency.

During the year, 432 voyages were made, and a total of 1.94 million tonnes of products were carried. These were distributed as follows:

	1995	1994
	%	%
Ethylene	44	35
Propylene	22	20
Butadiene	2	4
VCM	2	2
LPG and other chemical products	30	39

Together with its partner, Unigas International, the company operated 22 carriers, with a total market share of approximately 25 per cent of the world's seaborne transport of ethylene, and approximately 20 per cent in the case of propylene.

In 1995, the activity was geographically concentrated on three market "hubs": Europe/Mediterranean; South, Central and North America and the Far East. These three regions accounted for 40 per cent, 34 per cent and 27 per cent respectively on gross freight revenue in 1995.

Gross freight revenue for the Group amounted to NOK 484 million in 1995, an increase of NOK 129 million.

The operating result was a profit of NOK 67 million, or an improvement of NOK 88 million on the preceding year.

Compared to 1994, operating expenses fell somewhat in 1995. In 1995, the oldest vessel in the fleet, Norgas Discover was dry-docked as per schedule. Her sister-ship, Norgas Voyager, was dry-docked at the turn of the year 1995/1996. The two vessels will now be able to operate to the company's specifications for a further classification-period of at least five years. The

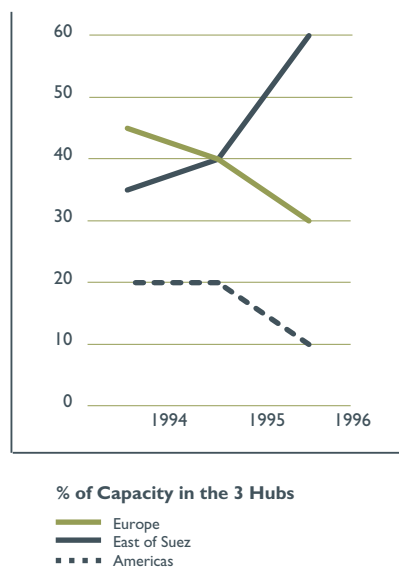
aggregate capital expenditure for upgrading and major maintenance work in 1995 amounted to NOK 25 million, of which NOK 14 million has been expensed in 1995. In the coming years, we expect daily operating costs per vessel to fall as a result of resolute efforts to increase efficiency.

Over the last few years, an efficiency programme has been implemented aimed at achieving a competitive cost level.

Improvements in operations and the development of control routines resulted in lower insurance costs for 1995, and these are expected to be cut by approximately 25 per cent in 1996 as well. Compared to the Norwegian krone, the US dollar weakened by about 10 per cent during 1995. This is the main reason for the 1995 accounts in NOK showing a net foreign exchange gain of NOK 36 million through refinancing. In February 1996, the company refinanced the rest of the mortgage debt from the comprehensive financial solution that was established in June of 1994. This refinancing resulted in a net foreign exchange gain of NOK appr. 19 million which will be recorded as a net foreign exchange gain in the first quarter of 1996. Net financial expenses, excluding foreign exchange gains/losses, amounted to NOK 57 million, which is down NOK 13 million. The profit for the year amounted, therefore, to NOK 64 million, an improvement of NOK 99 million on the 1994 figure. With effect from the 1995 accounting year, the Group has amended its accounting principles for classification- and maintenance costs and translation of the current part of mortgage debt in foreign currencies. In addition, the estimate of the useful economic life of the vessels has been increased from 25 years to 30 years with effect from 1995. These amendments in principles and estimates have a positive impact on the profit and loss account of NOK 36 million for 1995.

The profit for the year represents a return on the company's book equity of 12 per cent, or NOK 0.38 per share, (calculated on the average number of shares outstanding during the year).

I.M. Skaugen had a positive cash flow of NOK 130 million for the year, or NOK 0.78 per share. This is an improvement of NOK 96 million.



Liquid funds rose from NOK 173 million at the end of 1994 to NOK 339 million at the end of 1995. On 20 February 1995 a share issue was arranged which brought in NOK 257 million in new equity, and this, together with the positive trend in profits through the year strengthened the balance sheet and allows for more financial freedom. During the course of the year, the company's loans have been refinanced at more favourable terms, with reduced interest margins, more flexibility and for longer periods.

In accordance with the company's financial strategy, off-balance-sheet items are kept at a minimum, and to the extent they are used it is for hedging interest rates or foreign exchange positions. Taking into consideration the fleet's age spread, it is important that the company exploits any future opportunities to buy vessels in the

second-hand market or to contract new tonnage. However, current freight rates cannot support the present price of new-buildings, and there have been few possibilities in the second-hand market. Newbuildings will only be contracted in connection with long-term customer contracts, where the customer carries part of the risk.

At the end of 1995, I.M. Skaugen's equity ratio was 40.1 per cent, compared to 19.7 per cent at the end of 1994. During the year, COFR insurance has been obtained for 5 vessels sailing to the United States in order to cover the environmental risk inherent in these operations. On average, the cost of COFR insurance has been USD 10,000 per vessel that has called at a US port. The company sold its share in the "Sunny Lady" at the beginning of the year with a gain of NOK 5 million.

ALLOCATION OF THE PROFIT FOR THE YEAR

The parent company, I.M. Skaugen ASA had a net profit of NOK 21,208,041, which is proposed allocated as follows:

Net profit for 1995	21,208,041
Transferred to reversal fund by merger	40,016,105
Transferred from reversal fund	(31,976,025)
Transferred from statutory reserves	(4,631,461)
Transferred to uncovered losses	17,799,422
Total Appropriations	21,208,041

As a result, the company's accumulated losses have now been covered and the company is in a position to declare a dividend in 1996. The group's overall tax position implies a very moderate tax charge in the next few years.

NGC'S MARKET ORGANISATION GIVES THE EXPRESSION "CLOSENESS TO THE CUSTOMER" A REAL MEANING

Traditional shipping focuses on ships, the quality of operations and operative routines. I.M. Skaugen insists that the high quality of the company's operation is a necessary prerequisite if it is to succeed, but not the sole prerequisite. As with all other business, it is necessary to understand the needs of the customer, and to create added values above and beyond the core business, which continues to be the transportation of petrochemical products. The transportation of gases is an integral part of the petrochemical industry's production chain, and it is therefore necessary to contribute to the customers' formation of values, and to operate on the customers' terms. I.M. Skaugen zealously strives to provide the customer with a better product by adding value to its services.

Management systems have been implemented that make important marketing information and operational information available to all parts of the company as well as to customers. By exploiting the breadth of know-how found at all levels in the company, the services will be continually improved. In particular, the company's data-base containing experience from port operations has proved to be a competitive edge for developing new trades and ensuring that operating schedules and sailing patterns are optimal.

New technology allows for a much more effective flow of information than was previously the case, and I.M. Skaugen is an integrated company in more than one sense of the word. A comprehensive communication system has been built, and data-bases based on standard applications have been adapted to the special needs of the company. By combining operating and marketing information, the system provides management with details in the form of operating reports, customer-related information, reports on market conditions

and information on the competition. In the next stage, this information is used vis-a-vis the customers. The information makes it possible for the company to optimise the operations through continually improving the service provided by vessel and crew. Another effect, which the company places great emphasis on, is that the open flow of information and the transfer of know-how between the various professional groups bring about an improvement in safety and a common understanding of goals. From a technical viewpoint, information is made available to everyone, irrespective of where he or she may be located.

I.M. Skaugen has defined a number of projects in what are strategically important areas for the company.

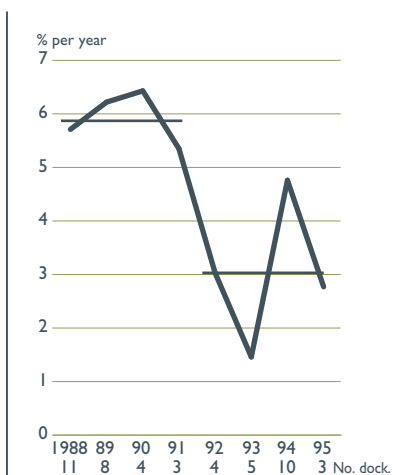
Customer adaptation

The establishment of information systems that satisfy the need for both market-related and operational information has been a challenge. Our "Customer Monitoring System" has been implemented onboard all vessels. Further, most captains and the company's management are linked to the information system from their homes and when they are travelling. This provides unique access to important data and personnel. Information is drawn from a wide range of sources and used to update the central data-base. Based on this information, a "Target Time Reporting System" has been compiled which measures the time used for all elements in the loading/discharging operations. This system has been developed to simplify the planning of port calls and to make it easier to identify areas where the company or the customer can make improvements. In other words, the underlying concept for this system is not only our own profitability, but the customer's profitability too.

Customer Monitoring System

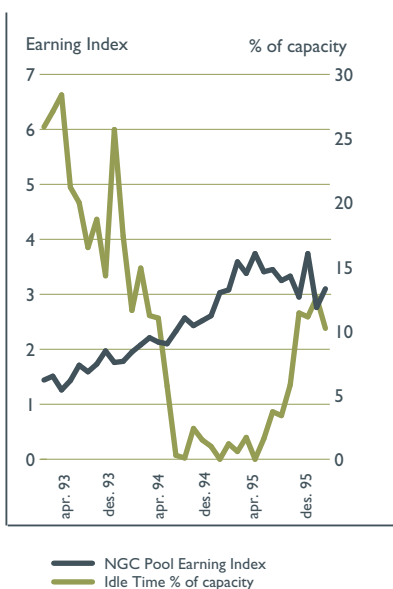
Better quality and productivity: Basically, the company's readjustments are to make operations cheaper and faster, without

compromising safety and quality. A Total Quality Management programme that satisfies the requirements of the individual customer's systems has been implemented and is resulting in ever better operations. During the first six months of 1995 the company had only 1 per cent idle time, if we exclude scheduled dockings. This is a record and proves that resolute efforts and management produce results. Due to market-related conditions, the idle time rose to 3.5 per cent in the second half of the year. In 1995, the number of insurance claims was 1, compared to 1 in 1994 and 0 in 1993.



Offhire 1988-1995

Average 1988-91: 5.93%
Average 1992-95: 3.01%
Goal 2.7%



A regular flow of updated information on all sectors of the business, customers, the competition etc. should make it possible for the management to plan today's business and the business of the future.

THE FAR EAST ACTS AS THE MARKET'S LOCOMOTIVE

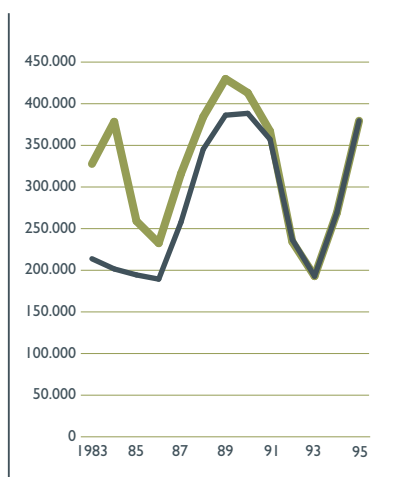
Historically, the company's prime market has been Europe. This segment of the market is well developed and has a number of pipelines used for the transportation of petrochemical gases between the customers' various production plants, and sea-borne transportation, therefore, is only a supplement to transportation via these pipelines. It is expected that the rate of growth in the demand for transportation in this market will reflect the general moderate economic growth forecasts. On the other hand, there is a substantial increase in the demand for petrochemical gas transportation in the Far East as a result of the sharp economic growth rate and the industrial development. This drove the freight rates up during the first half of 1995. Contrary to the situation of the European market, there are few alternatives to seaborne transportation of these products in this part of the world, and the company expects demand for petrochemical gases to continue to grow in line with the good forecasts for the economic activity in this market. In this part of the world, the petrochemical market is still immature, and there are only a few enterprises that are directly represented in China, for example, which is expected to be the largest market in the long term. With this in mind, the company opened its own representative office in Shanghai in the spring of 1995, and it intends to increase the total transportation resources aimed at the Far East market by dedicating about 60 per cent of the fleet to this area in 1996, compared to 40 per cent in 1995, and less than 20 per cent back in 1982. One direct result of the Shanghai representation is that the company, in November 1995,

carried the very first cargo of ethylene ever imported into China. In markets that have to be developed from "the rock bottom", I.M. Skaugen, through NGC, has a particularly strong position thanks to the extensive, systematic knowledge the company has built up on management and operations.

The third and smallest market area is South America and North America, where all activity is centred around the Mexican Gulf, and marketing is carried out by the company's representative office in Houston.

The company's transportation assignments are regulated by means of "Contracts of Affreightment" which are reviewed annually, time charter parties and spot voyages. In the Far East, players in the market focus primarily on T/Cs while in the other markets contracts of affreightment and spot voyages account for most of the business.

The gas fleet's average earnings were USD 380,000 per month per vessel on T/C basis, compared to USD 268,000 in 1994, or an improvement of more than 40 per cent.



Timecharter equivalent USD per calendar month

— Average result on T/C basis in USD per month
 — Adjusted for Equivalent average size of NGC vessel

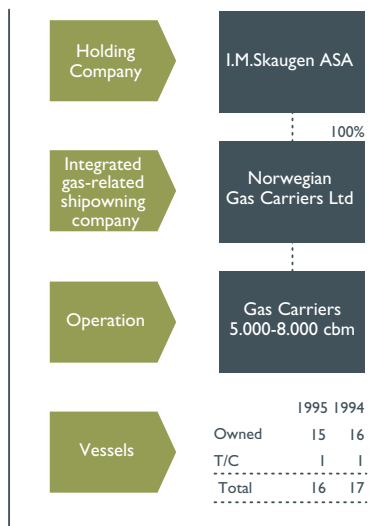
Earnings were lower in the second half of the year than in the first half, with an increase in the number of freight-seeking

days and a spot market with rates under pressure. If the positive development in the world economy continues, this change should be of a temporary nature.

The supply of new tonnage between 2,000 - 20,000 cbm was low in 1995 as well, amounting to 4.9 per cent. 0.25 per cent of the tonnage was withdrawn from the market. The supply of new tonnage is expected to be at an acceptable level with 12.3 per cent of the existing capacity on order. Scrapping is expected to stay low, at less than 1 per cent of the total capacity per annum, which implies a slight net increase in tonnage.

At 31 December 1995, the company had a pool agreement with Unigas International B.V., Rotterdam. This association continues, but with effect from 1 January 1996 with separate settlement of the accounts for each vessel.

ORGANISATION AND PERSONNEL



Corporate Structure

At 31 December 1995, the company had 301 employees, in the following categories:

Sailing officers	140
Other crew members	122
Office staff	39

For sailing staff, this is the same as in 1994, while the number of office staff has

increased somewhat. By and large, the new staff members are to be found in the marketing department.

The positive trend we have seen during the last few years regarding accidents involving personnel, cargo and equipment continues in 1995. There were only three accidents that involved personnel onboard the company's vessels in 1995. Of 67,890 available working days, 7 working days were lost due to injuries to personnel, compared to 114 working days three years ago.

In 1995, the most important aspect was that the modernisation of the organisation and working methods started to bear fruit. This modernisation implies that the individual must shoulder a great deal more responsibility, and that all parts of the organisation must strive to add values and to differentiate for customer and the company alike. One result is a flatter, more open organisation. It should be possible, within the company, to influence one's job situation in line with one's ambitions. But a precondition for this is that there is a common standard of values in the organisation that provides a framework for the development.

A comprehensive programme of courses and training was carried out in 1995, with most employees participating. Emphasis is particularly placed on training in the use of computer technology and on the infrastructure that has been built up. Efforts to raise the level of competence continues, with a view to making use of the employees' total resources.

As part of this, stricter requirements have been introduced on recruitment. Education, practical experience and linguistic abilities are required if one is to serve onboard or on land, and officers must now pass psychological tests before being employed.

HEALTH, THE ENVIRONMENT, SAFETY AND THE PURSUANCE OF QUALITY

In the autumn of 1995, IMO Marine Environment Protection Committee acceded to the supplement to the 1973/78 Marine Pollution Convention, denominated Annex VI. The new guidelines not only refer to gases from engines, but also to "greenhouse gases" and other emissions from shipping operations that are detrimental to the environment. Through the development of systems for Vapour Emission Control (VEC), I.M. Skaugen is well ahead in its development of better systems for gas carriers. For example, when cleaning and purging an ethylene carrier, as much as 20 - 40 tonnes ethylene may be released to the atmosphere. Currently, a loss of 0.5 - 1.0 per cent of the total cargo is regarded as satisfactory. I.M. Skaugen assumes that the authorities' demands will be much more stringent in the future.

Assessments made by the Society of International Gas Tanker and Terminal Operators Ltd. show that the world's fleet of gas carriers can emit 275,000 tonnes of gas per year in connection with the transportation of liquid gases. In addition to being environmentally damaging, these emissions are far from cheap. The released gas is estimated to have a value in the region of NOK 500 million.

I.M. Skaugen places a great deal of emphasis on complying with the environmental ambitions in Annex VI before they become part of national or international legislation. In connection with the development of the VEC programme, which aims at eliminating gas emissions as economical as possible, a number of specific goals have been defined:

- A) Increase efficiency and ensure the environmentally-safe loading and discharging of gases;
- B) Recover all cargo rests without emitting any damaging gases;
- C) Reduce the use of neutral gases in

connection with cleaning and purging tanks; and

- D) Ensure that all systems are commercially acceptable and viable.

Prototypes of the new system that have been developed by I.M. Skaugen in association with the Foundation for Industrial and Technical Research and the Norwegian Institute of Technology manage to recover more than 95 per cent of what is left after discharging. According to Dow's guidelines for industrial standards, the solutions developed can be used by approximately 80 per cent of the world's gas fleet without the need of any substantial modifications. The Board of Directors considers this to be very positive indeed.

The gas recovery module will normally have a pay-back period of less than 5 years and will therefore be a profitable investment in addition to having a positive impact on the atmosphere.

The company's environment-related efforts should therefore have a commercial potential. In this connection, a separate company has been established, Gas Recovery Systems AS, which will develop the systems further and market them.

In 1995, we again stressed the need to prevent accidents resulting in pollution and damages resulting from collisions and groundings. Every accident or near-accident is immediately reported to management and subjected to analysis and evaluation. Experiences and conclusions are thereafter made available to everyone in the organisation, and any necessary steps are taken. Our customers, the authorities and the classification societies also represent an important external corrective. 16 of the company's vessels have been subjected to 18 inspections by 7 of the oil companies in 1995, compared to 27 in 1994. All inspections called for by the authorities as well as classification inspections are carried out in accordance with legislation and regulations, within the certification deadlines.

The company stresses the fact that any increase in efficiency must not be at the

cost of health, the environment or safety.

The quality control system now used onboard all the vessels and in all the offices is adapted to the quality system which gas and chemical producers in Europe, in association with representatives from the shipping companies in Europe have developed under the auspices of the Conseil European De L'Industrie Chimique (CECIF).

The company caused no major pollution of the external environment in 1995.

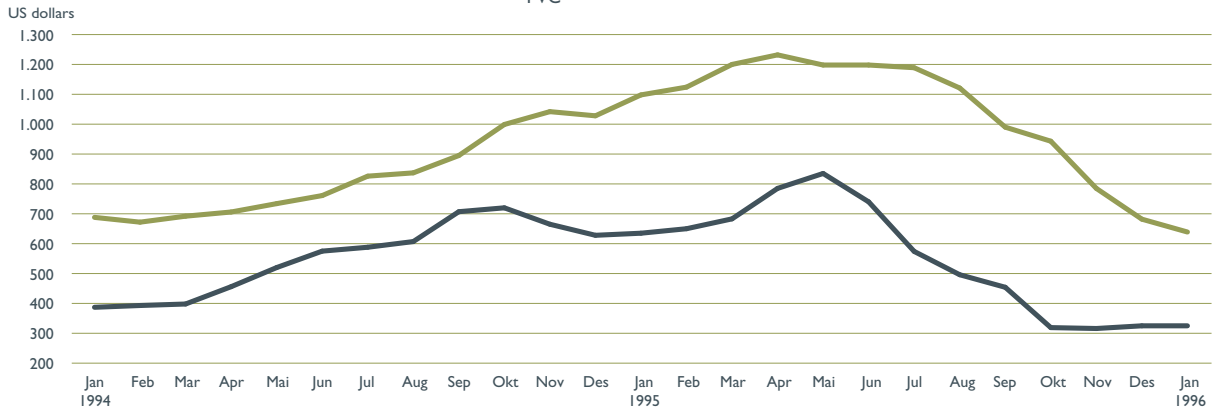
SHAREHOLDERS AND MANAGEMENT

The I.M. Skaugen ASA share had a price of NOK 3,60 at the end of 1995, compared to NOK 5,50 at the beginning of the year. The share price fell by 35 per cent while Oslo Stock Exchange's shipping index rose by 2,5%.

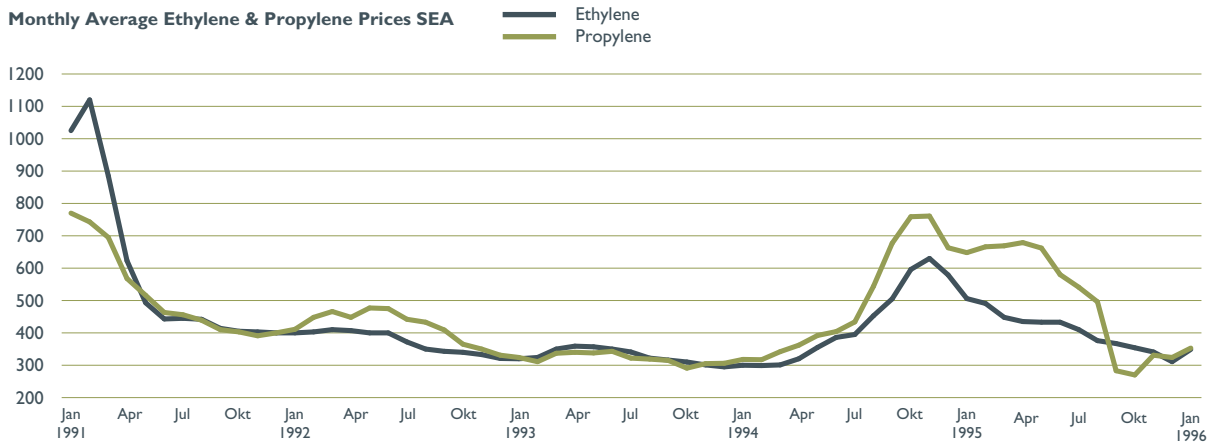
During the year, 90 million shares in I.M. Skaugen ASA were traded, with an aggregate value of NOK 396 million. The share was traded every day. On average 246,500 shares were traded daily. The company has 13,900 shareholders, down 200 from the preceding year. Foreign ownership was 11 per cent at the end of 1995. By the end of the year 166,912,516 shares had been issued, of which 162,787,185 were voting stock. In connection with a new issue in February 1995, 52,320,000 ordinary shares were issued, which increased the share capital by NOK 252,182,400, bringing it to NOK 804,518,327.12. The number of listed shares is 162,787,185. As a result of the new issue, the main shareholder, Kosmos AS reduced its stake in the company from 46.1 per cent to approximately 33 per cent. Further information regarding shareholders is shown on page 28.

The management team at Norwegian Gas Carriers is made up of Morits Skaugen jr., Hans-Jørgen Blomseth, Harald Henriksen and Jan Christian Berg. The parent company's management comprises Morits Skaugen jr. and Hans-Jørgen Blomseth.

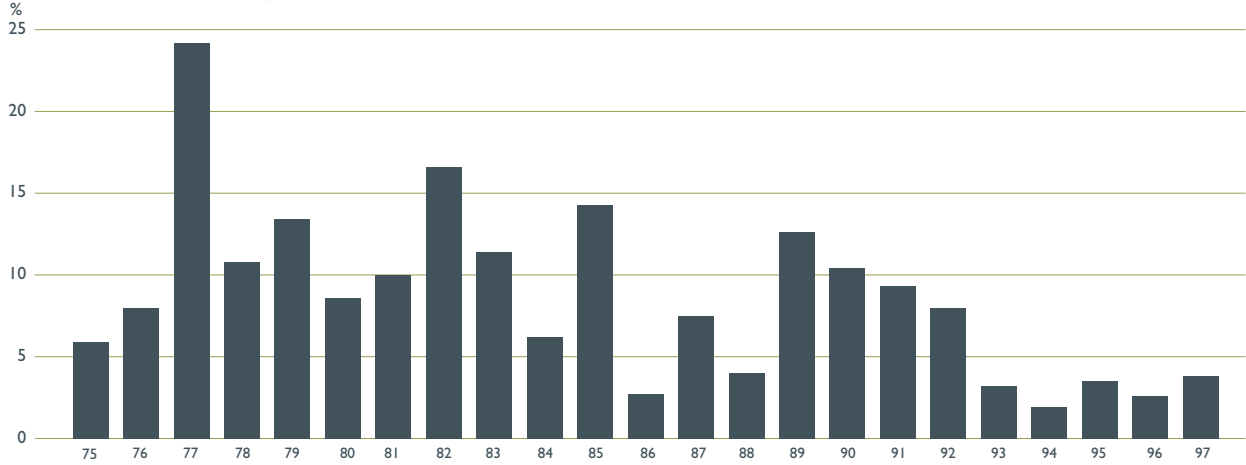
Monthly Average VCM & PVC Prices NWE



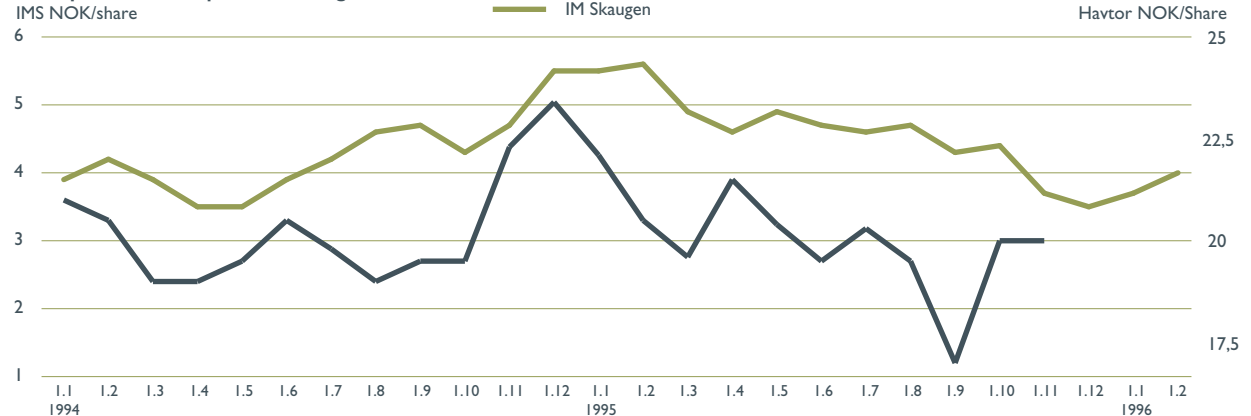
Monthly Average Ethylene & Propylene Prices SEA



Increase in Ethylene fleet from previous year



Development in share price I.M. Skaugen-Havtor



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

Remuneration to the Board of Directors, the Chief Executive Officer and the Auditor is disclosed in Note 1 to the Accounts.

PROSPECTS

I.M. Skaugen is now in a financial and operational position that allows the company to exploit market opportunities. The

company has been turned into a service company, and the staff is working hand-in-hand to sharpen the company's competitive edge through customer-adaptation and effectiveness.

The weakening seen on the market during the last half of 1995 resulted in lower prices for petrochemical products and subsequently lower margins in the petrochemical industry, a lower degree of utilisation of production plants, and thus less demand for shipping. This also put freight rates under pressure. If the world's economy continues its positive trend, this weakening is expected to be of a temporary nature. Even though contracts for small

LPG carriers to be used for the LPG trade to China and India have risen extensively, the company does not believe that this will have any major impact on the market for petrochemical vessels.

The basis on which we are to reach our goals - to create earnings which provide a foundation for a renewal of the fleet and a reasonable return on capital employed would appear to be present as we enter into 1996.

Yet another demanding year has passed, and the Board of Directors would like to thank all employees onboard and on land for the positive contribution throughout the year.

Oslo, 31. December 1995

Oslo, 26. February 1996



EGIL ABRAHAMSEN
Chairman



ERIK EIK



HARALD SCHJOLDAGER



ARILD ULMO



MORITS SKAUGEN JR.
President and CEO

PROFIT AND LOSS ACCOUNTS I.M. SKAUGEN

PARENT COMPANY				GROUP			
1993	1994	1995	NOK MILL	Note	1995	1994	1993
0	0	0	Gross freight revenue		484	355	294
0	0	0	Voyage related expenses		(79)	(74)	(92)
0	0	0	Freight income on Time Charter Basis		405	281	202
0	0	0	Time-charter hire		(36)	(20)	(98)
(5)	(9)	(11)	Other operating expenses	1	(223)	(213)	(169)
0	0	0	Ordinary depreciation vessels	2	(63)	(69)	(66)
-	-	0	Ordinary depreciation of capitalised classification/upgrading and other	2	(16)	-	-
(5)	(9)	(11)	Operating (Loss) before Limited Partnerships, Sale and Write-down of Vessels and Discontinued Operations		67	(21)	(131)
0	0	0	Profit/ (loss) from limited partnerships		5	1	(35)
6	34	0	Result from sale and write-down of vessels and discontinued operations		0	15	20
1	25	(11)	Operating profit/(Loss)		72	(5)	(146)
10	14	25	Financial income		17	8	17
89	(6)	0	Dividends from/write-downs of shares in subsidiaries		-	-	-
-	-	(11)	Accounting effect regarding merger with subsidiaries		-	-	-
(6)	(3)	(5)	Financial expenses		(74)	(78)	(35)
0	0	(1)	Result on foreign exchange		36	40	(64)
93	5	8	Net Financial Items	10	(21)	(30)	(82)
-	-	-	Extraordinary income	2	14	-	-
94	30	(3)	Result before Taxes		65	(35)	(228)
0	0	24	Taxes	4	0	0	0
-	-	-	Minorities		(1)	-	-
94	30	21	Result for the year		64	(35)	(228)
Appropriations and Transfers of Equity							
-	-	40	Transferred to reversal fund by merger				
		(32)	Transferred from reversal fund				
		(4)	Transferred from statutory reserve				
94	30	17	Transferred to uncoverd losses				
94	30	21	Total				

BALANCE SHEETS I.M. SKAUGEN

PARENT COMPANY			NOK MILL	Note	GROUP		
31.12.93	31.12.94	31.12.95			31.12.95	31.12.94	31.12.93
ASSETS							
20	21	228	Bank deposits	5	339	173	153
17	7	6	Short-term receivables	6	58	75	98
0	0	0	Bunkers		3	3	4
37	28	234	Total Current Assets		400	251	255
369	673	519	Shares in subsidiaries	7	-	-	-
0	0	1	Other shares	7	1	2	2
3	1	1	Long-term receivables		3	2	3
0	0	0	Investments in partly owned companies	3	7	19	15
319	58	95	Intercompany receivables	8	-	-	-
0	0	0	Vessels	2	924	860	851
2	2	6	Other fixed assets	2	9	9	10
693	734	622	Total Investments and fixed assets		944	892	881
730	762	856	Total Assets		1,344	1,143	1,136
LIABILITIES AND EQUITY							
1	0	2	Accrued salaries, vacation pay and related taxes		2	1	1
0	0	0	Current portion of long-term mortgage debt	10	127	5	0
22	6	6	Other short-term liabilities	6	55	70	114
23	6	8	Total Current Liabilities		184	76	115
0	0	0	Long-term mortgaged debt	10	566	728	725
9	8	2	Other long-term debt	10	10	14	37
194	183	3	Intercompany payables		-	-	-
203	191	5	Total Long-term Liabilities		576	742	762
226	197	13	Total Ordinary Liabilities		760	818	877
0	0	0	Subordinated unsecured loan	11	14	70	0
0	30	30	Convertible loan	11	30	30	0
0	30	30	Total liabilities with contingent rights		44	100	0
-	-	-	Minorities		1	-	-
552	552	805	Share capital		805	552	552
(48)	(17)	8	Retained Earnings		(266)	(327)	(293)
504	535	813	Total Equity	12	539	225	259
730	762	856	Total Liabilities and Equity		1,344	1,143	1,136
			Mortgages	10			
			Guarantees	13			
			Other commitments	14			

GENERAL

The accounts of I.M. Skaugen ASA 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 wound up. The consolidated accounts for 1993 - 1995 consequently reflect the whole operation period for gas activity as an independent integrated shipping company under the name Norwegian Gas Carriers Ltd.

Change of accounting principles

As of 1995 the group has changed its principle of accounting for classification and maintenance costs, as well as its principle of recording of short term portion of long term mortgage debt denominated in foreign currency. Due to changes in the ownership structure etc., some of the ownership interests previously accounted for by the equity method are now accounted for using the pro rata method of consolidation.

Further, the estimated economical life of the vessels has been increased from 25 to 30 years as of 1995.

The changes have contributed positively to the 1995 result with NOK 36 mill. and are described under the respective captions below.

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 ASA has directly or indirectly a majority vote, controlling all material decisions. However, if the control is considered temporal the investment is not treated as a subsidiary. For this reason Bulk Management AS is not consolidated. Labogas IX KS is consolidated in 1995 given that the group's share is not considered to be of a temporal nature.

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

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 (excessive value) is attributed to the asset in question and capitalised in the consolidated accounts as fixed assets, 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 rates, and long term mortgage 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 influence is considered material, but not by itself gives full control over the companies assets, are presented according to the equity method. The group's share of the result in the partly owned company is presented net as a separate caption in the Profit and Loss Account. This item accordingly includes both freight income, operating expenses, depreciation and write downs, as well as net financial items in the respective partly owned companies.

Interests in joint ventures are presented according to the pro rata method of consolidation.

The group's accounting principles regarding depreciation of vessels have been applied based on allocated higher/lesser value at the time of acquiring the interest.

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 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 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 6,33/6,35 and NOK/DEM 4,42/4,43.

Effective 1.1.95, short term part of long term mortgage debt has been accounted for at the exchange rate prevailing at the balance sheet date. Previously, the higher of the rate of exchange prevailing at the balance sheet date, and at the drawdown rate has been applied. The change of principle has had a positive effect of NOK 7 mill. for 1995. The group did not have short term mortgage debt in foreign currency as of 31.12.94.

Financial Instruments

The contracts are defined as hedging or trading contracts. The hedging contracts are accounted for based on the underlying asset/debt or the future transactions. Further the premium or allowance is recorded on a straight line basis over the period which is hedged.

Extraordinary Items

Classification as an Extraordinary Item requires 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 Statement.

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.

Cost of share issues

The cost of the share issue has been charged to the premium between the issue price and the par value, and thereby to the statutory reserve fund.

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 classified as fixed assets and 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 30 years.

Estimated economical lifetime for the vessels have been increased from 25 to 30 years in 1995. This has influenced the group result positively by NOK 19 mill in 1995, compared to the estimates used for 1993 and 1994.

Pension Obligations

Net pension expense is classified in its entirety as salary related expenses in the Profit and Loss account 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 fund and the pension obligation.

In the Balance Sheet the net funded plan assets and unfunded pension obligations are shown as long-term liabilities. The reason for presenting this as a net liability is materiality considerations.

Timing of classification, investments and upgrading of the vessels

Until December 31, 1994, expenses regarding classification and intermediate dockings, as well as expenses related to the classification inspection, were charged when the actual work took place.

This principle has been changed to reflect that the criteria used when deciding the extent of repairs and maintenance while docking increasingly should be viewed as an investment decision.

Repairs and maintenance expenses related to dockings are capitalised and expensed over the time until the next docking is due, normally 30 months. It is the view of the group that this method in a better way reflects the underlying investment decisions, and that capitalising and depreciating the docking expenses over the remaining time to the next docking in a better way match income and expenses to the same period.

The company's operational policy aims at carrying out maintenance during normal operation of the vessels, and beyond that, without loss of freight income. Work carried out during periodical dockings are limited to classification, investments aimed at increased productivity, and work requiring freeing of gas or dry ship.

Other repairs and maintenance costs are expensed as they are carried out.

In the 1995 consolidated accounts, docking expenses in the amount of NOK 11 mill. have been capitalised, of which NOK 1 mill. have been expensed in the same period. The operating result has further been charged with NOK 14 mill., which represents the depreciation expense to be charged if this change of accounting principle had been given retroactive effect. The charge has been reversed as an extraordinary income.

Taxes

The company's total deferred tax is calculated with a tax rate of 28 percent. The 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 carryforward tax losses. Deferred tax is thus 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 1993-1994

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

The Group's 42.5% interest in Oslo Victory II KS (LPG Norgas Victory), 45% interest in Labogas VIII KS (LPG/E Norgas Sailor) and 78.57% interest in Labogas IX KS (LPG/E Norgas Pilot) was accounted for using the equity method in 1993 and 1994. In 1995 the companies are pro rata consolidated since they now are considered to be joint ventures. Pro-forma result for the period 1993 - 1995, disclosed in note 16, shows the result as it would have been applying the changed accounting principles and estimates in the respective years.

The fully owned subsidiary Laboremus AS have in 1995 been merged with the parent company I.M. Skaugen ASA. The parent company accounts for 1993 and 1994 has not been changed. The merger does not affect the consolidated accounts.

NOTES

NOTE 1 REMUNERATION FOR I.M. SKAUGEN ASA (PARENT COMPANY) NOK 1,000

Expensed:	1995	1994	1993
The Board of directors (*)	413	413	413
Chief Executive Officer (*)(**)	1,000	-	--
Auditors (auditing)	81	355	250
Auditors (assistance)	0	110	0
Total	1,494	878	663

(*) 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 through the group. The CEO received a bonus in 1995 after completion of the turnaround. The combined remuneration to the CEO including bonus and social expenses were NOK 2.4 mill in 1995. The parent company had 2 employees pr. 31.12.95.

NOTE 2 FIXED ASSETS NOK MILL

Parent company	Cost price 1.1.95	Additions during the year	Disposals during the year	Acc. depr./ write-downs 31.12.95	Book value 31.12.95	Depreciation during the year
Properties	14	0	0	(10)	4	0
Machinery, equipment	2	0	0	0	2	0
Total parent company	16	0	0	(10)	6	0

Group	Cost price 1.1.95	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 *	1,344	6	0	(436)	914	63
Investments in vessels/other:						
Capitalised docking expenses**		11	0	(1)	10	1
Properties ***	14	0	0	(10)	4	0
Machinery, fixtures etc.	14	0	0	(9)	5	1
Total group	1,372	17	0	(456)	933	65

*Cost price for partly owned vessels have been included as of 1.1.95 with NOK 261 mill. The vessels are depreciated based on an estimated economical lifetime of 30 years.

**Capitalised docking expenses are depreciated over the time to the next planned docking, on average 30 months.

In addition to the depreciation of capitalised docking expenses in 1995, the operating result has been charged with NOK 14 mill to reflect the charge that would have taken place if the principle for depreciation of docking expenses had been implemented retroactively. The charge is reversed under extraordinary income.

***Accumulated write-down of NOK 10 mill. on property relates to 95.000 square meters of undeveloped land in Sandefjord.

Investments/ sale of fixed assets last 5 years NOK Mill.

Parent company	1991	1992	1993	1994	1995
Investments	375	14	0	0	0
Sale	871	1.353	0	0	0
Group					
Investments	504	17	0	77	17
Sale	1,006	684	0	0	0

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%	5	7	0	0	0	7	7
Labogas IX KS	Norgas Pilot	78,57%	3	6	38	22	17	5	0
Labogas IX KS (minority part)	Norgas Pilot	21,43%	1	2	10	6	5	1	0
Labogas VIII KS	Norgas Sailor	45,00%	3	4	17	13	0	8	14
Labogas XVI KS	Norgas Pioneer	50,00%	3	7	33	7	16	17	0
Oslo Victory II KS	Norgas Victory	42,50%	3	2	40	5	22	15	19
Total partly owned firms			18	28	138	53	60	53	40
<i>Of which accounted for by the pro rata method of consolidation/consolidated</i>			13	21	138	53	60	46	33
Total group interests in limited partnerships			5	7	0	0	0	7	7

With the exception of the interest of 50.53% in Gas Lady KS, the companies interests in limited partnerships have been accounted for using the pro rata method of consolidation in the group accounts for 1995. The interests owned by the parent company which have been decided to be discontinued are classified as short term receivables. This includes the parent company's 90% interest in Laborank IV KS and 79.5% interest in Kosmos Seafarer I KS. In addition, the parent company has a 5.1% interest in Eikland Shipping ANS The vessel LPG Sunny Lady, owned by Gas Lady KS, was sold and delivered to the owners at March 10, 1995, with a gain of approximately NOK 5 mill.

NOTE 4 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				GROUP		
1993	1994	1995		1995	1994	1993
94	30	(3)	Result	64	(35)	(228)
0	(239)	39	Permanent differences and other items	45	(88)	0
30	424	59	Change in temporary differences	(36)	288	365
124	215	95	Taxable result before tax losses carried forward	73	165	137
(124)	(215)	(95)	Tax losses carried forward	(73)	(165)	(137)
0	0	0	Taxable result	0	0	0
0	0	0	Estimated income tax (28%)	0	0	0

The deferred tax liability/(assets) is based on the differences as of December 31st between the accounting and taxable values. Temporary differences are related to the following items for 1993, 1994 and 1995:

PARENT COMPANY				GROUP		
1993	1994	1995		1995	1994	1993
(1)	0	0	Current assets	0	(1)	(1)
(245)	280	220	Shares and intercompany items	(286)	(262)	(150)
466	373	371	Gain and loss account	368	461	642
18	1	1	Interests in limited partnerships	4	4	47
0	0	0	Difference balance and Rating reserve	10	(1)	1
(20)	(12)	(9)	Fixed assets	365	224	174
218	642	583	Total temporary differences	461	425	713
(580)	(795)	700	Tax losses carried forw. incl. Adv. Corp. Tax Cr.	(787)	(860)	(1,025)
(362)	(153)	(117)	Basis for the computation of deferred tax liability/(asset)	(326)	(435)	(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 ASA 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%.

Temporary differences and tax loss carryforwards related to the NOKUS company NGC Ltd. have been included in the figures. The temporary differences will change in relation to fluctuations in the rate of exchange. Estimated RISK-amount is 0 per 1.1.96., 1.1.95 and 1.1.94. The RISK regulation of the shares in NGC Ltd. have been taken into account in the parent company. The tax expense for the parent company is related to the merger with Laboremus AS. The parent company's tax gain and loss account has also been influenced by the merger.

NOTE 5 LIQUID FUNDS NOK MILL

Specification of Liquid Funds

PARENT COMPANY				GROUP		
1993	1994	1995		1995	1994	1993
10	21	228	Bank deposits	325	162	123
0	0	0	Bank deposits in limited partnerships (pro rata)	14	2	2
10	0	0	Bonds	0	9	28
20	21	228	Total	339	173	153

Angivelse av bundne (pantsette) likvide midler

Specification of restricted/pledged liquid funds

0	2	2	Bank deposits	5	2	45
6	0	0	Bonds/notes	0	0	24
6	2	2	Total	5	2	69

In addition, some of the bank deposits in the limited partnerships are pledged in connection to their mortgage debt.

NOTE 6 OTHER CURRENT RECEIVABLES / LIABILITIES NOK MILL

	GROUP	
	Short-term Receivables	Short-term Liabilities
<i>Accrued/deferred items relating to discontinued activities</i>	5	5
<i>Pro rata current assets / liabilities in limited partnerships</i>	7	11
<i>Short-term receivables from gas activities</i>	46	39
Total	58	55

NOTE 7 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						
<i>Anders Jabre AS</i>	100%	200	200	1,000	200	200
<i>Kosmos Seafarer I AS</i>	100%	500	500	1,000	500	500
<i>Labotank IV AS</i>	100%	4,000	400	100	400	400
<i>Norwegian Gas Carriers Ltd: (*)</i>	100%		USD 90,713'		USD 90,713'	517,590
<i>Bulk Management AS (**)</i>	100%					0
Total Parent company						518,690

(*) Value adjusted equity for NGC Ltd., based on broker estimates of vessel values, exceeded the combined accounting value of I.M. Skaugen ASA's shares in NGC Ltd. pr. 31.12.95

(**) 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 decision to liquidate the company.

Bulk Management AS comprise the activity previously operated through KS Jabre Skaugen Carriers AS, KS NBC AS and Portland Tankers Services Ltd. The operations of Portland Tankers Services Ltd. and the limited partnerships KS Jabre 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 Jabre Skaugen Carriers AS and NBC AS were decided liquidated due to the merger with Bulk Management on the same date. The general partners Jabre Skaugen Carriers AS filed for bankruptcy May 27, 1994. The case has not yet been closed. The subsidiaries Laboremus AS, Labotank II AS and Labotank III AS were merged with the parent company I.M. Skaugen ASA as per 1.1.1995. The figures for the parent company for 1995 and 1994 have not been restated.

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.:						
<i>Labogas V AS (*)</i>	100%	57,000	5,700	100	5,700	0
<i>Labogas VII AS (*)</i>	100%	32,000	3,200	100	3,200	0
<i>Labogas XV AS (*)</i>	100%	50,000	5,000	100	5,000	0
<i>AS Laboremus III AS (*)</i>	100%	115	58	500	58	0
<i>Oslo Victory II AS</i>	100%	50	50	100	50	(4,200)
<i>Chem Olefine GTS GmbH</i>	100%	1,002	DEM 50	DEM 500	DEM 50	34,801
<i>Norwegian Gas Carriers AS</i>	100%	19,600	980	50	980	2,104
<i>Gas Recovery System AS</i>	50%	75	150	1,000	75	75
Total subsidiaries						32,780

(*) 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. The companies are due for final deletion from the company register primo April 1996. All shares owned by Norwegian Gas Carriers Ltd. are transferred from I.M. Skaugen ASA, based on the net asset value as of August 31, 1992, and carried at the same value.

Shares in Other Companies - own shares owned by I.M. Skaugen ASA

<i>Skaugen PetroTrans ASA</i>	660,150	20,000	0.18	119	1,188
<i>I M Skaugen ASA</i>	660,150	804,518	4.82	3,182	0

NOTE 8 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 ASA participated with USD 5 mill of the "USD 15 mill Variable Rate Note"-program, issued by Norwegian Gas Carriers Ltd. At the share issue February 20, 1995, I.M. Skaugen ASA invested another USD 8 mill in the mentioned VRN-program by issuing 12.320.000 shares of NOK 5.05 per share.

NOTE 9 PENSIONS AND PENSION COMMITMENTS (NOK 1000)

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 1995 the retirement benefit plan included 2 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. Actuarial estimates are performed regularly by Aktuar Consult AS based on information from I.M. Skaugen and their subsidiaries.

Assumptions used to estimate the pension obligations:	31.12.1995	31.12.1994
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	14.1%	14.3%

Net pension cost 1995 consists of:

	Parent company 1994	Group 1994	Parent company 1995	Group 1995
Service cost	194	1,250	194	1,250
Interest on projected benefit obligation	271	680	297	819
Expected return on pension funds	(236)	(681)	(250)	(728)
Social Security Tax	(55)	91	34	189
Pension cost	174	1,340	275	1,530

Net pension fund/obligation as of	Parent company 31.12.1994	Group 31.12.1994	Parent company 31.12.1995	Group 31.12.1995
Projected benefit obligations	4,244	11,708	4,068	12,875
Estimated value of assets	3,129	9,106	3,569	12,796
Accrued pension funds in the Balance Sheet	(1,115)	(2,602)	(499)	(79)

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 0.5 mill, while the subsidiary Norwegian Gas Carriers AS has net pension assets of NOK 0.4 mill.

NOTE 10 NET FINANCIAL ITEMS / MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES NOK MILL

Mortgage Debt and other Long-term Liabilities

PARENT COMPANY				GROUP		
1993	1994	1995		1995	1994	1993
0	0	0	Short-term mortgage debt	85	5	0
-	-	-	Short term mortgage debt in limited partnerships (pro rata cons.)	42	0	25
0	0	0	Long term mortgage debt	529	705	725
-	-	-	Long term mortgage debt in limited partnerships (pro rata cons.)	60	23	-
0	0	0	Elimination of inter-group mortgage debt	(23)	-	-
0	0	0	Total mortgage debt	693	733	750
9	8	2	Other long term debt	10	11	12
0	0	0	Subordinated unsecured debt	14	70	-
0	30	30	Convertible debt (mortgaged)	30	30	-
9	38	32	Total	747	844	762

**NOTE 10 NETTO NET FINANCIAL ITEMS / MORTGAGE DEBT AND OTHER LONG-TERM LIABILITIES
(CONTINUES)**

Total mortgage debt amounts to USD 91,2 mill as of 31.12.95, consisting of 2 bank syndicates. No principal payments are due before June 1996 with a downpayment structure until June 2001. 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 has pr. 31.12.95 paid USD 10,78 mill in principle. The mortgage loan cannot be more than 65% of the average broker estimated value of the 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. During 1995 both of the loans were renegotiated with a lower margin and a flexible downpayment structure. One of the renegotiations is not due to take effect until medio February 1996. The accounting effect of this renegotiation will be a positive agio of approximately NOK 19 mill, which will be taken as income in 1996.

Book Value of Mortgaged Assets

PARENT COMPANY				GROUP		
1993	1994	1995		1995	1994	1993
0	0	0	Vessels	924	860	851
10	28	28	Short-term financial investment	0	0	28
10	28	28	Total	924	860	879

"The loan agreements includes covenants of "Assignment of Earnings" for mortgaged vessels.
"Reference is made to note 5 for restricted bank accounts.

NOTE 11 LOAN WITH CONVERSION RIGHTS

In connection with the refinancing of the company in June 1994, the group committed to loan agreements on subordinated conditions totaling NOK 100 mill. Of the mentioned amount, NOK 30 mill is a convertible loan in I.M.Skaugen ASA at 12 % p.a. and conversion 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 ASA committed 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 equaling 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 February 20, 1995, the parent company acquired 8 of 10 externally owned VRN of USD 1 mill each, by issuing shares of I.M. Skaugen ASA.

In connection with this transaction, I.M. Skaugen ASA has capitalized an interest and warrant element as a long term receivable. In the consolidated accounts the interest element is expensed over the loan period, while the warrant element has been booked as an equity transaction. For details refer to note 8. The VRN-loan is subordinated to mortgage debt and an interest swap.

NOTE 12 EQUITY NOK MILL

PARENT COMPANY	Share Capital	Statutory reserves/ Reversal fund	Retained Earnings/ Acc.loss	Total Equity
Equity 31.12.1993	552		(48)	504
Implementation of the new standard for pension accounting			1	1
Net result after taxes 1994			30	30
Equity 31.12.95	552		(17)	535
Share issue 22 February 1995	253	4	0	257
Net result after taxes 1995		4	17	21
Equity 31.12.95	805	8	0	813
GROUP	Share Capital	Statutory reserves/ Reversal fund	Retained Earnings/ Acc.loss	Total Equity
Equity per. 1.1.1993	552		(293)	259
Implementation of the standard for pension accounting			1	1
Net result after taxes 1994			(35)	(35)
Equity 31.12.94	552		(327)	225
Share issue 22 February 1995	253		(3)	250
Net result after taxes 1995			64	64
Equity 31.12.95	805		(266)	539

The company owns 660.150 treasury shares. The cost is deducted under equity capital. The parent company's share capital consists of 162.787.185 ordinary shares and 4.125.331 class C shares with a nominal value of NOK 4,82, totaling NOK 804.518.327,12. The class C shares have no voting rights and are not listed on any exchange but have otherwise the same rights as the ordinary shares. The shareholders meeting on 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. The expenses connected to the share capital increase has been booked as an equity transaction.

NOTE 13 GUARANTEES NOK MILL

PARENT COMPANY				GROUP		
1993	1994	1995		1995	1994	1993
590	662	614	Guarantees for group companies	0	0	0
0	9	2	Guarantees for others	2	9	17
590	671	616	Total	2	9	17

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 ASA 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 ASA to the creditors of Norwegian Gas Carriers Ltd. are continued in the new financial structure. Further, the parent company I.M. Skaugen ASA has guaranteed for an interest and currency swap (USD 12 mill). For further information, refer to note 14.

NOTE 14 OTHER CIRCUMSTANCES/ CONTINGENCIES

I.M. Skaugen ASA 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 ASA 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 Borgarting Lagmannsrett in September 1995, where I.M. Skaugen ASA won on all accounts, including reimbursement of legal fees. Two of the participants have appealed the case further to the Supreme Court. 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 basis of the prospectus and other documentation. The limited partners have also sued Fearnely Finans AS and the 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 ASA and Fearnely Finans AS won the case in its entirety including reimbursement of legal fees. The three limited partners have appealed the ruling to Borgarting Lagmannsrett. The Oslo City Court ruled in September 1995 in the case filed by the participants against the former CEO in AS Laboremus, where the former CEO was acquitted. The suit has been appealed to Borgarting Lagmannsrett.

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 Gulating Lagmannsrett which in February 1995 ruled that the three limited partners were released from their payment of the capital. The Board of the ship owning company has appeal the ruling to the Supreme Court. "Høyesteretts Kjæremålsutvalg" has accepted the case to be presented for the supreme court.

T/C-agreement

The commitment of T/C Norgas Christian expires 10th August 1996.

Subsidies

The wholly owned subsidiary Chem Olefine Gas Tanker Shipping GmbH received subsidies of DEM 6.6 mill in 1987 in connection with the ship's refit. All the commitments relating to this subsidy expired in July 1995.

Swaps

The group has entered into an interest and foreign currency swap, where a NOK loan is swapped to USD 12.23 mill. The interest on the NOK loan is 10.19% and is swapped into 6 months floating USD LIBOR. The net effect is a positive margin taking into account an interest subsidy. The USD loan is covered by cash collateral in the same amount. The loan and the bank account is netted in the consolidated accounts.

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

The group, has through its subsidiary NGC Ltd., in 1995 entered into an interest swap with a notional amount of USD 50 mill. where the interest is fixed at 5.96% p.a. The swap runs on a quarterly basis and expires in June 1998.

NOTE 15 TRANSACTIONS WITH RELATED PARTIES

The parent company shares offices with its main shareholder Kosmos AS. I.M. Skaugen has engaged resources 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 NOK 4.4 mill in 1995.

NOTE 16 PROFORMA RESULTS 1993 - 1995

The Pro forma Profit and Loss accounts presents the years 1993 - 1995 based on the accounting principles and estimates applied in 1995. In order to get comparable figures for the years in question, the Profit and Loss account for 1995 has been changed to include the amortisation of docking expenses capitalised in 1993 and 1994. Interests in companies that are presented according to the pro rata method of consolidation in 1995, have been presented according to this method in 1993 and 1994 as well.

	PROFORMA PROFIT AND LOSS ACCOUNT-GROUP		
	1995	1994	1993
Gross freight income	484	408	337
Voyage related expenses	(79)	(85)	(105)
Income on T/C basis	405	323	232
T/C hire	(36)	(20)	(98)
Other operating expenses	(223)	(225)	(188)
Ordinary depreciation	(79)	(78)	(77)
Operating result before result partly owned companies and discontinued operations	67	0	(131)
Result partly owned companies	5	(2)	(7)
Result discontinued operations	0	15	20
Operating result	72	13	(118)
Financial Income	17	8	18
Financial Expense	(74)	(84)	(42)
Agi/disagio	36	50	(73)
Net Financial items	(21)	(26)	(97)
Result before taxes	51	(13)	(215)
Result according to the annual report	64	(35)	(228)

CASH FLOW STATEMENTS I.M. SKAUGEN

PARENT COMPANY			NOK Mill.	GROUP		
1993	1994	1995		1995	1994	1993
<i>Cash Flow from Operations:</i>						
88	30	19	<i>Generated by operations (*)</i>	129	19	(182)
11	10	1	<i>Change in receivables and other current assets</i>	17	24	15
(63)	(17)	2	<i>Change in payables and other current liabilities</i>	(14)	(44)	(23)
36	23	22	A= Net Cash Flow from Operations	132	(1)	(190)
<i>Cash Flow from Investments:</i>						
0	0	0	<i>Investments in fixed assets</i>	(17)	(77)	0
-	-	-	<i>Vessels resulting from pro rata consolidation of partly owned companies 95'</i>	(104)	-	-
10	(41)	(62)	<i>Change in other investments</i>	(4)	13	24
10	(41)	(62)	B= Net Cash Flow from Investments	(125)	(64)	24
<i>Cash Flow from Financing:</i>						
0	30	0	<i>Loan proceeds</i>	0	87	163
-	-	-	<i>Loans resulting from pro rata consolidation of partly owned subsidiaries</i>	61	-	-
(213)	(11)	(6)	<i>Repayment of principal</i>	(161)	(2)	(6)
86	0	253	<i>Change in equity, group contributions and dividends</i>	250	0	0
(127)	19	247	C= Net Cash Flow from Financing	150	85	157
(81)	1	207	<i>Net change in liquidity (A+B+C)</i>	157	20	(9)
-	-	-	<i>Liquidity from pro rata consolidation of partly owned companies</i>	9	-	-
101	20	21	<i>Liquid assets at 1.1.</i>	173	153	162
20	21	228	=Liquid assets at 31.12.	339	173	153
<i>(*)</i>						
94	30	(3)	<i>Pre tax result</i>	64	(35)	(228)
(6)	0	0	<i>Gain/loss from sale of vessel</i>	0	(15)	(20)
0	0	22	<i>Depreciation of vessels, capitalised classification and other depr.</i>	65	69	66
0	0	0	<i>Taxes</i>	0	0	0
88	30	19	Cash Flow from Operating Activities	129	19	(182)
Liquid assets 31.12:						
10	21	228	<i>Bank deposits</i>	339	164	125
10	0	0	<i>Bonds</i>	0	9	28
20	21	228	Liquid assets	339	173	153

AUDITORS' REPORT

To the Annual General Meeting of I.M. Skaugen ASA
 We have audited the annual accounts of I.M. Skaugen ASA for 1995, showing net profit of NOK 21 mill. for the company and net profit of NOK 64 mill. for the group. The annual accounts, which consist of the Board of Directors' report, profit and loss accounts, balance sheets, cash flow statements, 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 profit and equity transfers, 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 1995 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, February 26, 1996

THE GAS MARKET

The gas market experienced from June 1994 a general upswing driven by the improved profitability of the petrochemical industry. This upswing lasted until mid 1995 when the petrochemical industry with increased stock levels and a weakening demand particularly from China were faced with a significant price fall in most products. This resulted in less activity and pressure on the spot market for freight rates, depending on vessel size category. A key to understanding this development is the fundamentals behind the various size segments. To assist you in this, we have made the summary below:

VLGC

Dependant on LPG supply ex. AG and the newbuilding orderbook. Today the market consists of 89 vessels and 5 newbuildings. Newbuilding prices are about \$ 68 mill. The T/C market today is about \$ 725,000-750,000 pcm., but spot market yields only about \$ 400,000.

50,000 CBM

This segment has the same problems as the VLGCs, but these vessels have their advantage in the Ammonia market. The other advantage is the fact that 15 out of the total of 25 vessels are controlled by one owner. Outlook depends on the Ammonia market and the fate of the VLGCs. There is 1 newbuilding in this segment. Newbuilding prices are about USD 57 - 59 mill. The T/C market is about \$ 610,000 pcm.

20-40,000 CBM

These vessels are much more flexible and are used in LPG, Ammonia and petrochemical trade. Outlook positive provided you believe in the world economy. The fleet consists of 45 vessels and 8 newbuildings. Newbuilding prices are about \$ 50 mill. The T/C market from 590,000 to 600,000 pcm. (22 - 30,000 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 83 vessels and 6 newbuildings. Newbuilding prices are about 40 mill., and T/C about \$ 500-600,000 pcm.

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 continues to require tonnage, and one question mark is: Will new shore based storage reduce tonnage requirements? There are 45 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 dependent 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 according to our analysis this will continue. Given a positive development of the world economy, the current period with less activity for gas vessels is considered to be temporary.


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.

In a market place where the activity level can vary significantly, our renewed efforts and systems for scheduling, port turnaround time and technical maintenance will improve utilization of the vessels.

Through these efforts we have the possibility to meet our goals in terms of profitability by a continuous improvement of the service given to our customers.



Specification of time in port



For a pool with vessels on time charter, improvements and time-saving may appear to be contradictory. For I.M. Skaugen, however, being our customers' most efficient and reliable partner is of paramount importance. We work on the basis of what we term the «Delivered value» concept, and our intention is to be at the forefront with regard to low costs.

THE SERVICES MUST BE ADAPTED TO THE NEEDS OF THE CUSTOMER

Shipping is normally thought of as ships, by some as "steel" for investments, but by the majority only as a means of transporting raw materials by sea. The shipping industry itself often focuses on the technical operations and on financial matters, and little on the contribution the services make to the added value chain. The customers and the charterers are also regarded as being less interested in who carries out the transport, as long as the price is right.

I.M. Skaugen, on the other hand, acknowledged long ago the fact that the products and services comprise much more than just financial matters and technical operations. With the customer in mind and based on our concept of total service, we diversify the entire service chain. We want to provide the customer with real value-adding services that can be measured. The added value is to be reflected in what we provide in addition to the basic service - which in our case is the transportation of petrochemical products.

PART OF THE VALUE CHAIN

As our starting point, we take the customer's real demands and needs. Throughout the entire process, the customer should feel comfortable with all links in the chain, from loading to discharging, and quality assurance in all parts of the operation. We might say that what we are really selling is "trust". This is done through using advanced information technology and standardised formats. All types of information are gathered centrally and are made available to the customer. The company has set routines for gathering information. After a few hours, for example, all details and data in connection with a port call are registered in NGC's data base in Oslo.

I.M. Skaugen is an active segment of the petrochemical industry's chain of values. That is why the company has developed its encompassing information system that gathers and processes all the data that can contribute to optimum transportation. When information from the customer, the market and the vessel is brought together and analysed, both the customer and the carrier achieve substantial operational savings with regard to port calls, docking etc. In this way, the information becomes an important tool for the shipowner and for the customer.

For a pool with vessels on time charter, improvements and time-saving may appear to be contradictory. For I.M. Skaugen,

however, being our customers' most efficient and reliable partner is of paramount importance. We work on the basis of what we term the "Delivered Value" concept, and our intention is to be at the forefront with regard to having low costs.

We want to be able to document this vis-à-vis the customer. For this reason, most of the information regarding the transportation part of the production process is made available to all our customers. As a result, they have a unique opportunity to introduce measures and make improvements.

Reports are produced on the basis of details from all parts of the process. In this way, the use of resources can be measured in terms of clearly defined goals. When a deviation from these goals is registered, measures are recommended and implemented. The company is an integrated part of the process, not only the supplier of a "stand-alone" service.

COMPETITIVE ADVANTAGES

Competition based on information was the basis for the turn-around I.M. Skaugen has been through. For us, it is just as important to exploit and take care of intangible assets as it is to have the ability to invest in and manage physical assets.

This implies that in addition to the traditional management figures, we have introduced three new dimensions:

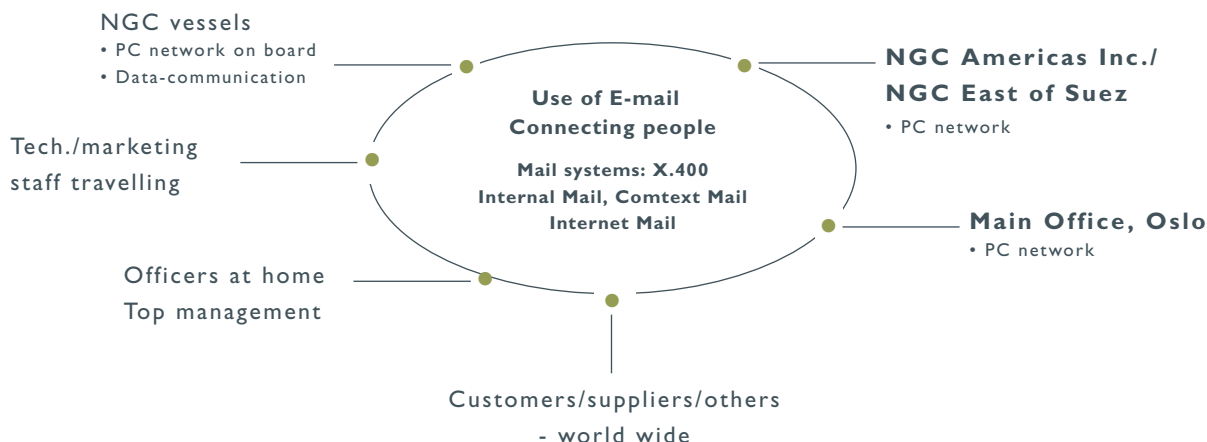
- The customer's demands and real needs
- Internal processes
- Learning and growth

With such a perspective, it is possible to survey the growth of understanding in our own organisation and to develop the value of intangible assets. This is in addition to the normal reports.

The objective is to combine long-term, strategic goals with short-term, local action.

It is important that everyone in the organisation has a close knowledge about the customer and the market, and thus is able to focus especially on those areas that are of importance to the customer. This is the syntax of what we have defined as I.M. Skaugen's obligation:

"Build lasting relationships with our customers by understanding their goals and exceeding their expectations through efficiency and excellent service".



SHARE CAPITAL AND SHAREHOLDERS SITUATION

SHARE CAPITAL

At 31 December 1995 the company's share capital was NOK 804,518,327.12 divided into 162,787,185 ordinary shares and 4,125,331 Class C shares with a nominal value of NOK 4.82 fully paid and registered. In 1995, the share capital was increased pursuant to a resolution adopted at the extraordinary general meeting on 20 February 1995 by NOK 252,182,400 from NOK 552,338,927.12 to NOK 804,518,327.12 through subscriptions to 52,320,000 ordinary shares of NOK 4.82 each. With the exception of this new issue, there have been no changes in the company's share capital during the last three years.

CONVERTIBLE LOAN

As part of the refinancing of the company in the spring of 1994, the ordinary general meeting on 23 June 1994 adopted a resolution to float a convertible loan in the amount of NOK 30 million on the following terms:

Amount	NOK 30 million
Term:	7 years from 17 June 1994 to 17 June 2001
Maturity:	The loans fall due for full repayment on 17 June 2001 at par value
Interest:	12 per cent per annum
Conversion date:	Throughout loan term
Conversion rate:	NOK 5.00 to be adjusted for share splits, dividend distribution etc.
No. of lenders:	Up to 6 lenders at any one time
Borrower's redemption right:	IMS is entitled to repay the loan after 17 June 1997.

So far, no lender has exercised his right to convert this loan to shares in I.M. Skaugen ASA.

SHAREHOLDERS

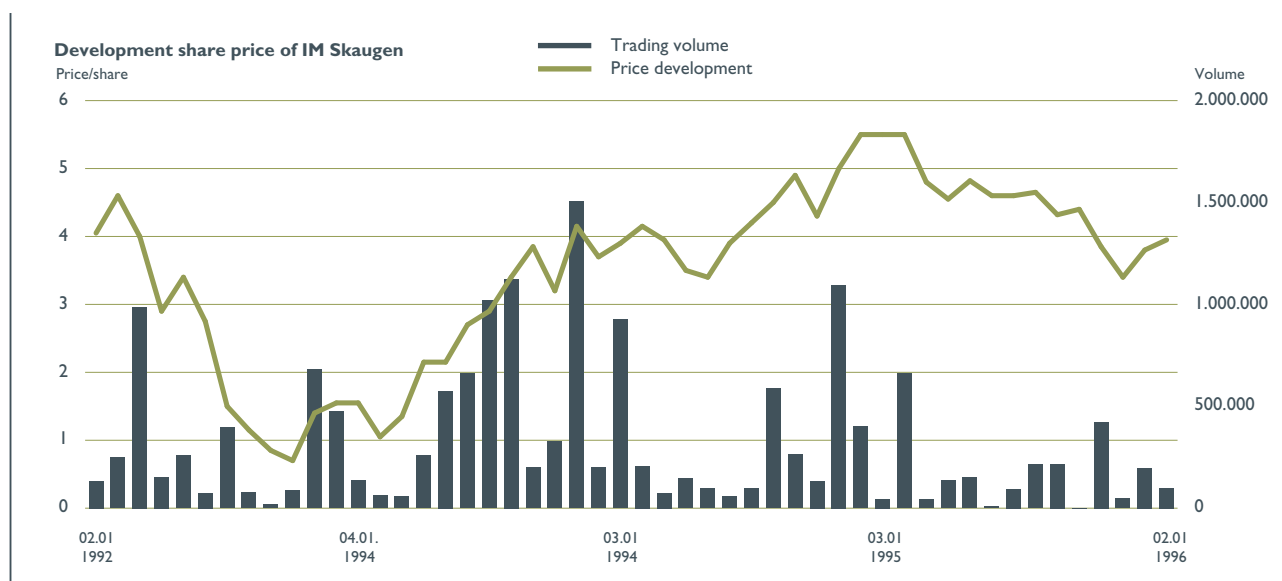
As of 14 February 1996, I.M. Skaugen ASA had 13,900 shareholders.

Shareholder:	No. of shares:	Percentage of ordinary shares:
Eikland/Kosmos	54,130,802	32.25
Procedo Cap. Corporation , c/o Cock & Cie	4,025,000	2.47
Avanse Forvaltning	3,670,000	2.25
Atlantis Vests AS	3,090,000	1.90
Skaugen Petrotrans AS	2,894,617	1.78
GT Greater European Fund	2,800,000	1.72
E Invest/Erik Eik	2,690,000	1.65
Norsk Hydros Pensjon	2,600,000	1.60
Arne Hellestø AS	2,593,000	1.59
V/F Alfred Berg	2,524,000	1.55
TS Invest AS	2,500,000	1.54
Gjensidige Livsforsikring	2,165,000	1.33
Morgan Guaranty	2,164,542	1.33
Lombard, Odier & Cie	1,625,000	1.00
Høegh & Co. AS	1,618,000	0.99
Clover Offshore Inc	1,615,000	0.99
Betel O. Steen AS	1,603,789	0.99
Leif Engh	1,410,000	0.87
Erik Steen	1,400,036	0.86
Meieribrukets Pensjon	1,400,000	0.86
Others (13,877 shareholders)	62,888,399	38.63
Total Class A shares	162,787,185	100.0

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

PRICE DEVELOPMENT OF THE I.M. SKAUGEN ASA SHARE

The market price of the IMS share and its volume traded on the Oslo Stock Exchange from 2 January 1992 to 2 January 1996 are shown on the chart below.



	1995	1994	1993
No. of shares traded	89.988.000	114.312.000	216.957.000
Value of shares traded:	396.275.000	496.115.000	642.659.999
Rate of turnover*:	0,66	0,82	1,53

* traded volume/capitalised value

SHAREHOLDER POLICY

I.M. Skaugen ASA wishes to achieve the most correct possible pricing of the company's share. I.M. Skaugen ASA will seek a competitive return from appreciating the value of the company's share and, when circumstances permit, the distribution of dividend commensurate with the company's profits and prospects.

I.M. Skaugen ASA will work to make the share an attractive and competitive investment alternative for Norwegian and foreign investors. In case of any expansion in the company's share capital, the company's shareholders will have pre-emptive right to subscribe in the first instance.

INFORMATION

I.M. Skaugen ASA will seek to furnish the Oslo Stock Exchange and shareholders with full, identical and simultaneous information on company developments through its annual reports, interim reports and releases to the exchange and the media. Moreover, the company presents regular reviews for Norwegian and international investors. With effect from 1995, the company started to publish quarterly reports.

DIRECTORS AND MANAGEMENT

Shares owned or controlled by I.M. Skaugen ASA's directors, general management and auditors are listed below:

Name	No. of shares
Egil Abrahamsen, Chairman	0
Arild Ulmo	0
Harald Scholdager	0
Erik Eik	2,703,990
Morits Skaugen jr., President and C.E.O	31.894
Hans-Jørgen Blomseth, Executive Vice President	300,000
The company's elected auditor	0

SHAREHOLDER SCHEMES

The company maintains no share schemes for members of the Board of Directors or for the Group's employees. Leading employees and members of the Board must clear any purchases or sales of shares with the company's President.


















VOTING RIGHTS AND NEGOTIABILITY

The company maintains two classes of shares, ordinary shares and Class C shares. The Class 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.

WITHHOLDING TAX AT SOURCE

Any dividend declared is subject to tax under Norwegian law. In connection with the distribution of a dividend to foreign shareholders, the company is required to withhold tax at source.

THE FLEET AS PER 26.02.96

Vessels	Size (cbm)	Min.temp °C	GT/NT	LOA/BEAM M	IMO/USCG BAR	ETH Cap.	PPL Cap.	BTD Cap.	VCM Cap.	Built
Norgas Victory	 8.936	-48	8592/2578	127.82/21.50	4.0/4.0	N/A	5342	5604	8494	1982
Norgas Patricia*	 8.238	-104	7095/2137	126.20/17.80	4.5/3.2	4521	4925	5166	7831	1991
Norgas Christian*	 8.237	-104	7083/2137	126.20/17.80	4.5/3.2	4520	4924	5165	7830	1990
Norgas Chief*	 8.070	-104	7791/2338	119.54/19.05	5.0/4.0	4429	4824	5061	7671	1983
Norgas Discoverer*	 7.418	-104	7173/2152	125.33/19.00	3.8/3.4	4071	4434	4652	7051	1971/90/95
Norgas Voyager*	 7.418	-104	7173/2152	125.33/19.00	3.8/3.4	4071	4434	4652	7051	1972/90/96
Norgas Trader*	 7.334	-104	6976/2093	118.72/18.50	4.0/2.5	4025	4384	4600	6971	1981
Norgas Traveller*	 7.187	-104	6684/2005	130.05/17.60	5.0/3.2	3944	4296	4507	6832	1980/87
Norgas Mariner	 6.568	-48	6356/1907	115.15/18.50	7.0/4.6	N/A	3926	4119	6243	1982
Norgas Challenger*	 6.363	-104	5739/1756	115.10/17.50	4.6/4.0	3492	3804	3990	6048	1984
Norgas Pioneer*	 6.133	-104	6521/1956	116.55/19.50	3.8/3.8	3366	3666	3846	5830	1979
Norgas Energy*	 6.126	-104	6521/1956	116.55/19.50	3.8/3.8	3362	3662	3842	5823	1979
Norgas Pilot*	 6.080	-104	5696/1709	112.36/16.80	5.0/4.2	3337	3635	3813	5080	1977
Norgas Sailor*	 6.080	-104	5696/1709	112.36/16.80	5.0/4.2	3337	3635	3813	5080	1976
Norgas Transporter	 6.077	-48	6808/2043	114.20/18.30	5.0/3.7	N/A	3633	3811	5776	1982
Norgas Navigator*	 6.006	-104	6848/2054	112.69/18.52	4.0/2.5	3296	3590	3767	5709	1977
Total	 112.271						49.771	67.116	70.408	105.320

* Ethylene capacity

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Comtext: A93NN380

Enterprise no.: 833159372

T no.: 01955643

COMMERCIAL DEPARTMENT

After office hours

	Home:	Mobile:
Odd-Jarle Jensen Sr. Chartering Manager	22 30 76 41	92 83 49 60
Gunnar Thorvildsen Sr. Marketing Man. - East of Suez	22 49 57 01	90 69 20 05
Hans Verswijver (Belgium) Marketing Man - Europe	(32)93844916	(47)90532035
Hans R. Reff Chartering/Commercial Services	64 93 07 96	92 26 76 17
Bård Norberg Manager Customer Services	33 32 26 91	92 82 57 74
Erik Staubo Commercial Support	22 44 06 21	92 83 49 61
Per Nylund Operations Manager	22 49 05 96	94 24 25 34
Per Vollestad Operations Assistant	22 23 71 48	94 24 48 30
Peder Øybo Operations Assistant	22 69 03 25	90 02 24 92

EXECUTIVE COMMITTEE

Morits Skaugen jr.

Chief Executive Officer

Hans-Jørgen Blomseth
Executive Vice President

Jan Chr. Berg
Sr. Vice Pres. Fleet Management

Harald Henriksen
Sr. Vice Pres. Accounting and Control

FLEET MANAGEMENT/TECHNICAL

After office hours

	Home:	Mobile:
Jan Chr. Berg Sr. Vice Pres. Fleet Manager	22 62 53 44	92 26 57 51
Arvid Kverne Assist Fleet Manager	66 78 27 81	94 25 57 38
Sveinung B. Hansen Sr. Superintendent	22 43 67 48	92 82 57 75
Einar Roos Sr. Superintendent	69 26 57 33	90 05 14 43
Karl R. Kristiansen Maritime Personnel Manager	33 38 75 95	92 82 57 73
Johan L. Eidem Maritime Manager	22 55 62 76	92 82 57 71 71 26 21 63
Svein Gaarder Purchasing Manager	64 93 33 69	90 03 11 70
Road Mo Superintendent	22 83 14 41 (office)	
Jje Shu Superintendent	22 18 77 53	

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Regional Office:

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NGC EAST OF SUEZ

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Direct line: (86) 21 6358 5155
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Home: (86) 21 6268 1575

Our Business

Ocean transportation of LPG and petrochemical gases for the petrochemical industry including active fleet management to adjust capacity, performance and age profile.

Our Mission

Through our operating subsidiary Norwegian Gas Carriers Ltd. Bermuda, become the leading global transporter of petrochemical gases.

Our Commitment

Build lasting relationships with our customers by understanding their goals and exceeding their expectations through efficient and excellent service.

Our Objective

Achieve sustainable competitive returns on capital through value appreciation of the company's shares and distribution of dividend commensurate with the company's profits and prospects.

Our Strategy

A financially strong integrated service shipping company with a globally oriented customer marketing approach operating a fleet of vessels out of hubs in Northern Europe, East of Suez and the Americas.

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