

ANNUAL REPORT

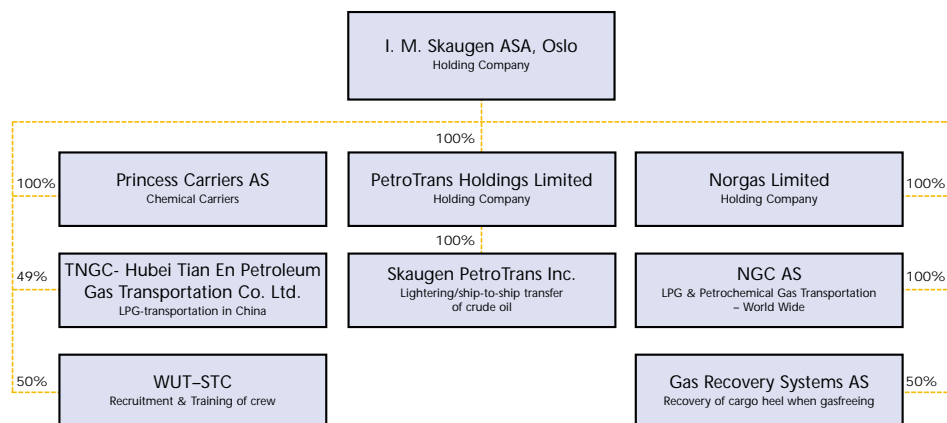
I. M. SKAUGEN | 2000



A Marine Transportation Service Company

Creating Shareholder Value through Cost- and Service Leadership

www.skaugen.com



Financial Calendar 2001

Annual General Meeting: Thursday March 8th 2001





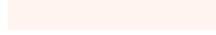
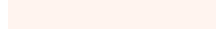







1 Quarter 2001: Monday April 9th

2 Quarter 2001: Monday July 9th

3 Quarter 2001: Monday October 8th

4 Quarter 2001: Monday January 14th

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CHINA ACTIVITIES	SPT	NGC
		
<p>The China activities develop logistically demanding LPG transportation as well as cost efficient fleet management functions.</p>	<p>SPT is a fully dedicated lighterage company operating out of Houston, Texas. We have performed more than 8,600 operations, bringing some 3.8 billion barrels of crude oil to US ports.</p>	<p>NGC is a fully integrated shipping company. We strive to offer our Customers in the petrochemical industry the optimal solutions for the sourcing of raw materials in the production of various plastic products.</p>

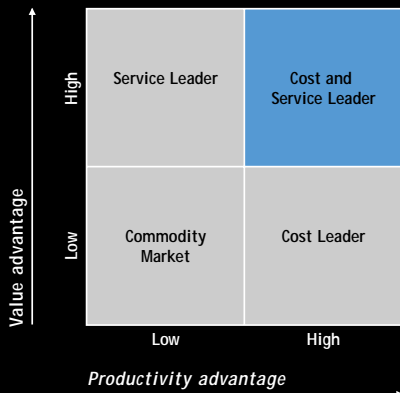
CEO'S ADDRESS

I. M. SKAUGEN ANNUAL REPORT | 2000

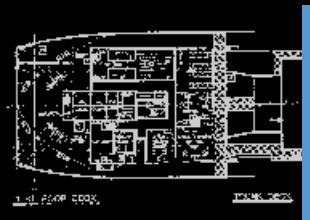
Our objective

Achieve sustainable competitive returns on capital through a combination of achieving cost leadership and providing the best service.

Corporate Strategy



**A contract for the future:
Offering our customers a more modern, flexible fleet**



Oslo, at the beginning of the year 2001

Dear Fellow Shareholders,

An eventful year has just ended for our company as I write this message to you. It is quite clear that last year's high point, and also a milestone for this company, was undoubtedly the newbuilding contract for four new ethylene gas carriers at the Zhonghua Shipyard in China.

The contract and the financing caps several years of hard work to place NGC firmly on the map as a gas carrier of the future. In our view, it completes a project that started less than a decade ago to create a viable business out of NGC – and therefore IMS - by focusing on quality, lower cost of operations and a service company culture – and with global direct marketing. We tried many avenues, and many projects failed - many were turned down. The good fortune for us was that we ended with the best of them all - a perfect fit with our Cost and Service Leadership strategy. A key factor in the process was the cooperation and confidence built up between GATX and ourselves – a valuable partnership and the type that we will seek to nourish in the years to come.

During the year, it has been a rewarding exercise to follow the much improved results for the company, especially the earnings for NGC. Undoubtedly, the company's increased efficiency and marketing strategy is paying dividends. Furthermore, there were not many who believed that we would be able to reduce our costs to reach our goal of USD 236,000 as our EBIT break even level for the year without significant deterioration of the quality of operations.

At SPT we had the second best year ever for this company, and our team managed this in spite of the very volatile Aframax market and the fact that our predictions for the tanker market were incorrect. This shows that the company manages to navigate under very unpredictable



circumstances. Safety is a top priority for SPT, and receiving prestigious awards for our efforts tends to be a frequent encouragement.

The possibilities for e-business are many, and I can safely state that this issue has been on our mind every day of 2000. We will intensify our focus in this area and have made investments to make sure our company and all our employees are equipped with a "license and vehicle to race down the digital super highway".

In spite of all this – to follow the share price is still a trial of patience. We maintain a view that the IMS share should be valued based on our EBITDA earnings capacity, and the historical correlation has not carried into the new millennium. The current pricing levels for the IMS share, and therefore the valuation of our activities, is a problem for us with regard to attaining the pace at which we think the business should grow.

Many demanding challenges are waiting, and many encouraging propositions have been made to our company that will enable us to capitalise on our initiatives over the years. The above mentioned accomplishments and the many strategic initiatives we are pursuing are most of all a tribute to the excellent team culture at IMS. The people in our teams are our most important asset.

Steady as she goes - is a phrase that was used by the old sailing ship Captain, and we will adhere to it as a slogan for the company for the years to come.

Morits Skaugen
morits@skaugen.com

Our Key Operational Goals for 2000

The Highlights from 2000

1. Positive cash flow and positive bottom line for the I. M. Skaugen Group by focusing on reduced cost of operations and a cyclical rebound of the markets for NGC.	▶	1. Improved EBITDA contribution from NGC results in a pre-tax profit of MUSD 1.3 from a loss of MUSD 6.2 in 1999 for the Group.
2. Maintain the EBIT margins and earnings for SPT and further market our services to the US based oil companies.	▶	2. Despite a volatile Aframax market, SPT delivered its second best year ever with an EBITDA-result of MUSD 8. Margins and our market position were maintained during this challenging year.
3. Position the NGC fleet as a stronger player in the petrochemical gas carrier segment with a focus on ethylene transportation. Focus on positioning NGC as the second largest ethylene carrier in the world.	▶	3. Contract for 4 new 8,400 cbm ethylene carriers with an option for six more vessels in cooperation with GATX Capital. Delivery 2002-3. The order is key to renewing the NGC fleet as well as strengthening NGC's position as a major ethylene transporter.
4. NGC «EBIT break-even» level down to USD 236,000 per vessel/month.	▶	4. NGC «EBIT break-even» level at USD 236,000 per vessel/month for 2000.
5. NGC offhire levels at less than 3% per annum for planned and unplanned offhire.	▶	5. NGC offhire levels at 3.9% which is still too high. This was mainly due to extensive dry dockings of certain vessels and our policy of dry dockings.
6. Employ our own trained Chinese crew on the entire Asia fleet and all TNGC units operational. Develop third party commercial services for our own training centre in Wuhan.	▶	6. Three NGC vessels with Chinese crew and our training center in China (WUT-STC) had 75% external students and posted positive earnings throughout the year.
7. Further develop e-business and thus the use of IT as a competitive tool for the Group and to enable us to create even more efficiencies in the operations.	▶	7. Investments made for establishing and utilising future e-business solutions.
8. Achieve a more realistic EBITDA multiple pricing of the IMS share and share price closer to its book value than in the recent past.	▶	8. Share price up 20% since 1 January 2000. The historic correlation between the development in EBITDA earnings and the share price is lagging.

Our Business

A Marine Transportation Service Company

Our Mission

Become the leading provider of transportation services to our Customers.

Our Objective

Achieve sustainable competitive returns on the capital through combination of achieving cost leadership and providing the best of service.

Our Key Operational Goals for 2001

- ▶ 1. Continued improvement in the I.M. Skaugen Group results as the underlying conditions for market recovery is present for NGC - and SPT should have another busy year.
- ▶ 2. Maintain the EBIT margins and earnings for SPT and further market our services to the US based oil companies.
- ▶ 3. Continue the efforts to achieve higher profitability through efficiencies in the market by further gas industry consolidation. Also, study the possible cooperation of NGC with other marine service providers to enable the enlarged entity to provide a broader transportation service concept.
- ▶ 4. Reduce NGC «EBIT break-even» level down to USD 226,000 per vessel/month.
- ▶ 5. Achieve NGC offhire levels at less than 3% per annum for planned and unplanned offhire.
- ▶ 6. The development of Asian Fleet Service Centre (AFSC) with fleet management services for NGC and third parties, including recruitment and training of seafarers at WUT-STC Man. NGC vessels trading in Asia with Chinese officers and crew.
- ▶ 7. Further utilising digital solutions and establishing e-business opportunities to improve the service level and increase efficiency.
- ▶ 8. Achieve a more realistic EBITDA multiple pricing of the IMS share in order to grow the business at a satisfactory pace.

Our Strategy

▶ A financially strong integrated service company for marine transportation with a globally oriented customer marketing approach operating a fleet of vessels out of hubs in Europe, Asia and North America.

Our Commitment

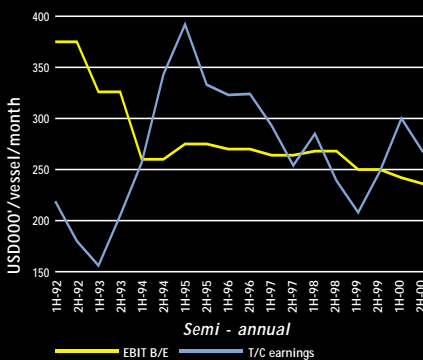
▶ Build lasting relationships with our customers by understanding their goals and exceeding their expectations through efficient and excellent service.

KEY FIGURES

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NGC EBIT B/E has been reduced from USD 375' per vessel/month in 1992 to USD 236' per vessel/month in 2000.

NGC: T/C earnings and EBIT Break-even level



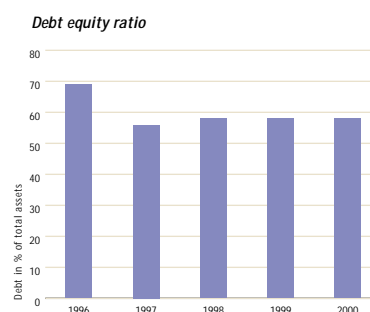
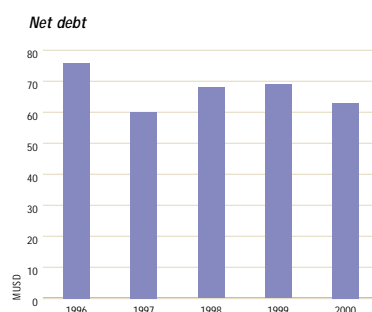
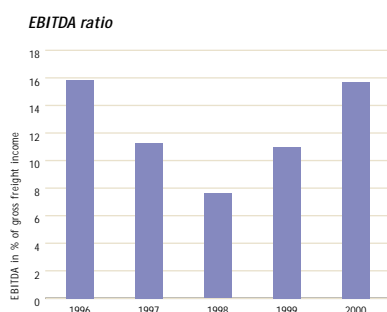
Our skilled and experienced people focus on efficiency. The result: improved service, better quality of operations, which leads to lower costs



	Note	2000	1999	1998	1997
Profitability					
Operating margin	1	7.1%	1.1%	(9.5%)	20.2%
Return on equity	2	2.01%	(7.6%)	(18.1%)	13.35%
Return on total assets	3	4.3%	0.73%	(3.8%)	9.8%
Cash flow incl. gains/losses on disposals (MUSD)	4	9.6	5.7	5.2	17.3
Cash flow excl. gains/losses on disposals (MUSD)	5	9.6	5.7	5.1	(3.2)
EBITDA ratio	6	15.3%	11%	7.6%	11.25%
EBITDA/interest	7	4.19	2.90	1.98	2.38
Return on capital employed	8	5.5%	0.68%	(5.42%)	22.83%
Liquidity					
Current ratio	9	229%	251%	303%	520%
Debt equity ratio	10	58%	58%	58%	56%
Interest coverage ratio	11	3.62	2.11	1.23	1.81
Net debt (MUSD)		64	69	68	60
Capital					
Total assets (MUSD)		177	186	204	227
Book equity (MUSD)		74	77	86	99
Equity ratio	12	41.8%	41.7%	42.1%	43.9%
EV/EBITDA	13	5.32	7.77	9.49	8.60
Key figures per share					
Market value as of 31 December 2000 (NOK)		65	54	24	64.5
Pre-tax income per share (USD)	14	0.26	(0.98)	(2.53)	1.9
Cash flow incl. gains/losses on disposals (USD)		1.62	0.9	0.79	2.61
Cash flow excl. gains/losses on disposals (USD)		1.62	0.9	0.77	(0.48)
Dividend (USD)		0.23	0	0	5
EBITDA per share (USD)		4.08	2.35	1.48	2.28
Book equity per share (USD)		12.5	12.2	13	15
EBIT per share (USD)		1.33	0.16	(1.37)	2.87

Definitions

- 1) Operating margin in per cent of freight income on t/c basis
- 2) Pre-tax income divided by average book value of equity
- 3) Pre-tax income plus financial expenses divided by average total assets
- 4) Net cash flow from operations incl. gains/losses from sale of vessels
- 5) Net cash flow from operations excl. gains/losses from sale of vessels
- 6) EBITDA in per cent of gross freight income
- 7) EBITDA divided by net interest cost
- 8) EBIT plus gains/losses on sale of vessels divided by avg. equity plus net interest bearing debt
- 9) Current assets per current liabilities
- 10) Total debt divided by total assets
- 11) Operating revenue before depreciation plus financial income divided by financial expenses
- 12) Book equity divided by total assets
- 13) Market Capitalisation plus net interest bearing debt divided by EBITDA
- 14) Pre-tax income divided by average outstanding shares



BOARD OF DIRECTORS REPORT

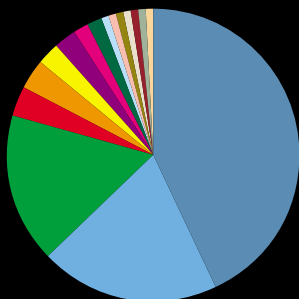
I. M. SKAUGEN ANNUAL REPORT 2000

2000



IMS is a global service company with employees from 16 nations.

IMS Shore Side Employees



- Norway
- China
- USA
- India
- Singapore
- Russia
- Belgium
- Venezuela
- UK
- Portugal
- Sweden
- Cayman
- Philippines
- Canada
- Ukraine
- Spain

A global, real-time organisation ready to serve 24/7/365



I.M. Skaugen ASA (IMS) is a marine transportation service company engaged in the transport of petrochemical gases and LPG in addition to the lightering of crude oil. Our customers are major, international companies in the oil and petrochemical industry whom we serve on a global basis from our representation in Oslo, Houston, Singapore, Shanghai, Wuhan/ Jingzhou, and Gent. We also have our own training program for our seagoing personnel in Wuhan, China and St.Petersburg, Russia. The Group currently operates 35 units consisting of 14 gas carriers in NGC, 2 chemical carriers in Princess Carriers, 1 LPG carrier and 4 barges for the river transport of gas and 2 work boats in Hubei Tian En Petroleum Gas Transportation Co. (TNGC), and 8 Aframax tankers and 4 work boats in Skaugen PetroTrans (SPT). IMS has ordered 4 ethylene gas carriers to be employed with NGC and with delivery 2002-3 and with an option for 6 more with delivery 2003-4.

The year 2000 was a year with improved profitability for the Company. Our EBITDA was about 60% above the year before, and the outlook for the near term is considered satisfactory despite some turbulence on the near horizon regarding the worldwide economy. NGC experienced improved trading conditions with higher freight rates while achieving a further reduction of its operating cost levels. SPT rode off a volatile Aframax market and experienced another satisfactory year. Our activities in China were instrumental in securing lower cost of operations in addition to the fleet renewal for NGC.

The last five years have been marked by very difficult trading conditions in our business segment combined with declining asset values mostly due to the replacement cost of vessels with reduced newbuilding prices of about 35%. Nevertheless, we have still during these 5 years managed to repay MUSD 70 of our debt and MUSD 40 to our shareholders - a total of about MUSD 110. We are hopeful that the overall conditions are improving for our type of business, and that we, in addition to repaying debt and paying out to shareholders through dividends and purchase of treasury shares, can generate funds to further renew and refocus our business.

Improved results and a profit for the Company

I.M. Skaugen ASA (IMS) reported a result before taxation for the Group of MUSD 1.5 for 2000 (loss of MUSD 6.2 in 1999 and a loss of MUSD 16.8 for 1998). The EBITDA* for the Group was MUSD 24.3 for 2000 (MUSD 14.9 for 1999 and MUSD 10 for 1998). The Group reports in USD.

The improved result is mainly due to our main business activity (NGC), provider of transportation of petrochemical gases with a focus on ethylene, improved earnings and lower cost operations.

There is one exceptional item affecting the 2000 result - a write-down of the value of our two chemical vessels in Princess Carriers of MUSD 1.3 in 4Q00.

The Group's gross freight earnings totalled MUSD 155 in 2000 (MUSD 133 in 1999 and MUSD 126 in 1998). This increase is mainly due to the improved freight rates which helped absorb the much higher cost of fuel for our vessels.

IMS achieved a positive cash flow from its operational business units of MUSD 9.6 compared to MUSD 5.6 in 1999 and MUSD 5.1 in 1998. This represents NOK 14 per share in contrast to NOK 7 for 1999 and NOK 5.8 for 1998. For 2000 the ratio between the EBITDA and the net financial expenses was 3.62 (2.11 for 1999 and 1.23 for 1998).

*EBITDA: Earnings before interest, taxes, depreciation and allocations.

- **Satisfactory liquidity and unchanged key figures**
- **Newbuilding project requires only minor cash injections by IMS prior to delivery**
- **Options have a beneficial value**

Key financial figures

	2000	1999	1998	1997	1996 Proforma
EBITDA MUSD	24.3	14.9	10	15.1	20
EBIT MUSD	9.2	1.0	(4.7)	(1.4)	3.4
Net pre-tax result MUSD	1.5	(6.2)	(16.8)	12.6	0
Debt paid MUSD	8.8	8.8	12	30	10
Net debt MUSD	64	70	68	60	76
Interest-bearing debt MUSD	86	92.7	101.5	114.3	144
Interest coverage ratio	3.62	2.11	1.23	1.81	2.43
Debt ratio %	58%	58%	58%	56%	66%
Current ratio %	229%	251%	297%	520%	227%
Total liquidity MUSD	18	24	34	46	125
Total liquidity %	18%	22%	28%	36%	50%
Book equity MUSD	74	77.4	85.8	99.5	104
Book equity per share USD	12.52	12.49	12.95	15	15.6
Book equity per share NOK	111	98	98	110	101
Book equity / total assets %	42%	42%	42%	44%	34%

- **More focus on e-business in 2001**

Key financial balance sheet ratios unchanged

The mortgage debt to our banks has been repaid with MUSD 8.8 during the year and in accordance with the agreed repayment profile for the Group's main loan facility, and the operating cash flow makes a positive contribution to our liquidity throughout the year. Debt falling due during the next 12 months represents 10% of the total interest bearing debt. IMS was in compliance with the loan covenants at the year-end.

The newbuilding program for NGC

During 3Q00, IMS finalised the contract with Zhonghua Shipyard, Shanghai, for construction of four new 8,400 cbm ethylene carriers. The contract includes an option for six more vessels. The total delivered cost of the four firm vessels will be about MUSD 22 per vessel inclusive of all predelivery costs. We have teamed up with GATX Capital Corporation (www.gatxcapital.com), San Francisco, a subsidiary of GATX Corporation (NYSE: GMT, www.gatx.com) on a 50/50 basis. GATX, a well-known and highly reputed specialised finance company, that amongst others specialises in equipment for logistic services.

The financing of the four new ethylene vessels will not require IMS to issue any further equity or take on more risk capital. We have developed a fully financed newbuilding project that will only require cash injection of relative minor amounts of equity during the construction period. At delivery, the available financing is for about 85% of the newbuilding price. The options in the contract with the yard give IMS full flexibility. We can alter vessel size at the same basic terms, bypass and sell any option. The first option will have to be declared no later than August 2001.

IT as a competitive advantage

In IMS, we have sought to utilise IT as a more competitive tool for new e-business solutions. In 2000, we have thus made the necessary investments for implementing new systems at both NGC and at SPT at a cost of about USD 700,000. We expect to see an improved service level and further efficiency gains as a result. We have also made a USD 600,000 investment in a "dot.com venture" during the year and invested in a new freight futures venture.

NGC: Improved result and margins

NGC is the Group's largest business area and in the year 2000 represents 68% of the total assets, 34% of revenues and 75% of the EBITDA. NGC operates 14 vessels ranging from 6,000 to 9,000 cbm with a total of about 100,000 cbm of capacity. 13 of the vessels have ethylene capacity. Currently 6 units are employed in Asia and 8 units in the Atlantic segment. Combined with our continued efficiency gains, this business unit increased the margins and the EBITDA compared to last year and also relatively compared to similar historical freight rate levels.

The initial consolidation of the semi-refrigerated gas carrier segment (below 22,000 cbm size of vessels) that took place in late 4Q99 improved the trading conditions also for NGC and made it possible to achieve more reasonable earnings from the market.

In 2002-3, the four newbuildings from the Zhonghua Shipyard in China will join the NGC fleet and further improve our service level and our cost position by a reduced EBIT break even* level for NGC. The project is key to renewing the NGC fleet as well as strengthening NGC's position as a major ethylene transport provider. This is our goal for the future, and we will position ourselves as the second largest operator in the world in this segment.

The EBITDA for NGC was MUS\$ 18.3 for 2000 (MUS\$ 6.5 in 1999 and MUS\$ 7.2 in 1998). The offhire this year was logged at 3.9%, which is lower than last year, but still considered too high. It will be an area of focus also in 2001 to ensure that we reach our longer term goal of an average of 3% for all unplanned and planned offhire. 3 vessels were drydocked in 2000, and 8 drydockings are planned for 2001.

In June, Norgas Discoverer was hit by the oil tanker "Greek Fighter" in the Straits of Malacca and needed extensive repairs. By appropriate and timely measures, we managed to reduce the negative impact to the environment and to our customers. No personnel were injured. The P&L effects were all recorded in 2000.

■ Increased margins



■ 4 new vessels to be delivered in 2002-3

■ Improved EBITDA at MUS\$ 18.3

■ Offhire level still too high, but now at 3.9%

**EBIT Break-even: The earnings we need per vessel/month to cover all costs incl. depreciation, but excluding interest and taxes.*

- **EBIT BE down to USD 236,000/vessel/month – according to plan**

- **Average T/C earnings at USD 283,000/vessel/month**

- **Positive overall market outlook and a modest short-term outlook**

- **Reduced oil price is positive**

Key statistics – IMS

	2000	1999	1998	1997	1996
NGC Idle time	5%	7%	5%	8%	16%
NGC Offhire days	3.90%	7%	5%	2%	4.50%
NGC Drydockings	3	5	8	2	9
NGC On-time performance	99%	90%	92%	n/a	n/a
SPT No. of Full Service Lightering operations	541	551	432	372	328
SPT No. of Support Lighterings	132	182	150	159	117
SPT Tanker Operating days	2,682	2,750	2,271	1,945	1,792
SPT Daily Lightering volume (bbls/d)	930,000	990,000	817,000	677,000	625,000
SPT Share of US Seaborne Crude Imports	10.50%	11.80%	9.70%	8.60%	8.30
IMS Share price (end of each quarter/year - NOK)	65	54	24	64.5	132
Average daily share price	64.9	44	51.9	87	119.1

The EBIT B/E level for NGC was reduced according to plan from USD 250,000/vessel/month in 1999 to USD 236,000 in 2000. The goal for 2001 is to further decrease this figure to USD 226,000.

Average earnings on a time-charter basis for the year 2000 were USD 283,000/vessel/month (USD 228,000 for 1999 and USD 258,000 for 1998) (before deductions for lost time in connection with technical offhire for maintenance/docking, but inclusive of any idle time for commercial reasons).

With the current short-term outlook for a reduced growth in the industrial production and reduced GDP growth world wide, we expect business prospects to be softer in 1H 2001 as we experienced a slowdown in 4Q00. A possible scenario of reduced oil prices will make bunker (fuel) available at lower prices than the very high levels we have had in 2000. This, combined with anticipated lower interest rates in USD, will further enhance trade opportunities that have been limited due to higher raw material prices for our customers.

The long-term market outlook for NGC is considered positive, and this view is supported by market analysis we have commissioned from third parties. The fundamental, underlying conditions point to a gradual recovery for this business and our customers in the petrochemical industry.

This year has seen some growth in the fleet of new vessels in the semi-refrigerated gas carrier segment (below 22,000 cbm size of vessels), but less contracting. The fleet increased by 12 vessels, equal to 8.2% of capacity, in 2000, and 4 vessels, equal to about 1% of capacity, were retired. Scrapping is expected to remain at this low level. The order book now stands at 10%, with an expected 1.4% increase in 2001, 4.3% in 2002, 2.9% in 2003 and 1.4% in 2004. Of the 10%, 6.2% are firm orders and 3.8% are options.

We expect newbuilding or replacement cost of vessels to be stable or rise moderately and thus halting the reductions of the recent past that have affected the trading conditions adversely for our type of business.

We will continue the efforts to achieve better profitability through efficiencies in the market by possible further gas industry consolidation. Further, we will study the possible cooperation or alliances of NGC with other marine service providers to enable the enlarged entity to provide a broader transportation service concept.

GRS: Seeking partner

Gas Recovery Systems (GRS), which is owned 50% by a subsidiary of IMS, is now fully tested and has been used in commercial operations with success. We will seek to enable GRS to cooperate with other companies more suitable for a global marketing of these services as they are intended, in order to better utilise the commercial possibilities for this project.

SPT: A strong year despite volatile Aframax market

SPT is the market leader for the lightering of crude oil in the US Gulf with a market share of about 40% among the independent operators, and the company currently handles more than 10% of the crude oil imported to the USA by sea. In 2000 the company handled an average of 930,000 barrels of crude oil per day (990,000 barrels per day in 1999). SPT represents 64% of the total turnover, 10% of the total assets and 34% of our EBITDA result. SPT operated a total of 2,682 days in all 2000 (2,750 in 1999 and 2,271 in 1998) - an average of 8 Aframax tankers. The capacity utilisation for the SPT fleet is still high, the operational regularity is good and the level of service is high.

SPT reported an EBITDA for the year of MUS\$ 8.2 (MUS\$ 11.4 in 1999 and MUS\$ 6.6 for 1998). The year was marked by a volatile Aframax market which presented a challenge in cost control and in pricing the services. Despite this, the result for SPT is the second best in the history of this company. The activity level continues to be high. For 2001, the Board assumes high import activity for SPT-customers resulting in high utilisation and, thus, another busy year for SPT.

SPT has also this year received prestigious awards from the US Coast Guard for their safety and environmental efforts.



- A market leader in lightering
- Strong SPT EBITDA result of MUS\$ 8.2
- SPT received awards from US Coast Guard

- Higher barriers of entry



- Opportunities for growth

- Team in China is key to success in fleet renewal project and reduction of our EBIT B/E level in NGC

The Board believes that growth opportunities for SPT exist in a situation where there is more outsourcing of services from the integrated oil companies and changing import patterns of crude oil into USA. Considering this year's volatile Aframax market, SPT will seek to secure a more steady supply of tonnage in order to render an improved service to our customers. A core fleet of five ships is secured for 2001.

The lightering business is marked by reasonably high barriers of entry due to the focus on safety and the infrastructure needed. There are three independent operators that serve this market niche in addition to one oil company that serves its own needs. This combined capacity is sufficient to serve the customers, and we do not anticipate any new competing modes of logistics to replace the lightering trade in the near future. Lightering offers relatively low cost and flexible solutions with an outstanding safety record between the current operators.

China activities: The strategy is now creating results for the Group

Our activities in China consist of our joint venture for gas transport on the Yangtze river, TNGC, organic chemical transportation by Princess Carriers as well as "AFSC" (Asian Fleet Service Centre) which is under development for crewing, training and fleet management services. The AFSC includes the recruitment and training of Chinese seafarers in the WUT-STC (Wuhan University of Technology – Skaugen Training Centre).

The activities in China represent 8% of the tied-up capital, 3% of turnover and had EBITDA contribution of minus 1.75%.

The EBITDA was minus USD 427,000 for 2000 (minus USD 935,000 in 1999).

Although the China activities isolated contribute insignificantly to the Group's result, the Board considers this business unit to have potential and offers a competitive advantage of strategic importance. The development of the infrastructure in the inland areas served by TNGC is slower than expected, and the very high LPG

prices due to the high oil prices have slowed down the imports of LPG to China. The Board continues to view China as a promising market for the transport of petrochemical gases and LPG as well as a source of affordable crewing, fleet management services and vessel construction and repairs.

The contract for four new ethylene carriers could not have been achieved without our presence and experience in China, and our activities in China are an investment towards further reductions in the NGC EBIT B/E. We consider the TNGC operations as the final leg of a possible future integrated waterborne logistic chain to be offered. For 2001, we will work further to utilise the TNGC fleet as well as commercialise the crewing and training services. TNGC completed its newbuilding program with the delivery of two work boats and three barges in 1H00.

One of TNGC's barges was involved in a collision on the Yangtze river in May 2000. The incident happened at night and no personell was injured and there was no damage to our vessel, but serious damage to the other unit. The case is closed, and all costs involved are absorbed in the results or covered by insurance policy.

Quality, Safety and Environmental issues

Human resources and the overall working environment

The Group employs 488 persons world-wide. In 2000, 380 were employed as sailing personnel and 108 persons (including the newbuilding supervision team) were in the shore side offices. This compared to 427 and 110 respectively in 1999. The reduced shore side headcount for the Group over the last three years has been some 15% mostly due to investments in IT and more streamlined processes.

The working environment, both onshore and onboard the vessels, is considered to be satisfactory. The absence due to illness for the shore side staff in NGC was 3.7% in 2000, 2.7% for SPT and 1.6% for China Activities - about 3% for the Group. The Group had no major personell related incidents in 2000.

- **Our presence in China is a strategic advantage**
- **China activities EBITDA improves**



- **Reduction in headcount**
- **Positive development on incidents**

A rationalisation and tightening of the vessel inspection regime by classification societies, flag states, port states and charterers will help weed out substandard operators. We support all efforts to make operations more transparent. However, in the immediate aftermath of the Erika sinking, several charterers focused on vessel age as the key determinant for assessing the safety and quality of a vessel. There are many well-maintained and well-managed older vessels in the world fleet, as well as a number of younger vessels run by substandard operators that are not so well looked after. We at IMS and thus at NGC build and maintain ships for active service of 30 years and more ensuring a high-quality service to all customers throughout the full working life of the vessel.

Environment:

Safe handling of hazardous cargo

The IMS Group business units all transport and handle cargo which represent significant pollution threats to the environment, however at NGC not as much to the sea as other types of tanker transportation such as that of SPT. The transport of petrochemical gases and LPG as well as lightering of crude oil in the US Gulf is governed by international and national rules and regulations. SPT is taking an active part in further developing the safety and service of the lightering industry together with US authorities.

Emissions to the atmosphere

The Group's emissions to the atmosphere entail exhaust gas from vessel machinery as well as cargo remnants in connection with cleaning of vessel tanks and loading and discharging of cargo. When emptying and cleaning a cargo tank, all vessels release vapour to the atmosphere.

For an ethylene carrier as much as 20-40 tonnes of ethylene, or 0.5-1.0% of the total cargo, may be released to the atmosphere and is regarded as acceptable. This issue was addressed in the "Kyoto charter", and member countries have committed to reducing such releases, but no rules and regulations have been drafted or suggested that we cannot comply with. NGC has invested in developing technology which can recover these gases on a commercial basis through in Gas Recovery Systems (GRS).

DEPARTMENT OF TRANSPORTATION UNITED STATES COAST GUARD



Public Service Commendation IN RECOGNITION of notable services which have assisted greatly in furthering the aims and missions of the Coast Guard

This certificate is awarded to

SKAUGEN PETROTRANS

Executed this 7th day of August, 2000
at Light Guarded Bunk, New Orleans, Louisiana

1941 J. 111.14
The United States Coast Guard
Washington, D.C. 20540-0001

- SPT work with the US government on safety issues

Efficient and more environmentally friendly newbuildings

The new ethylene vessels that we have ordered are designed to meet the present and the future environmental restrictions and will use about 10% less fuel and energy compared to conventional vessels. The main and auxiliary engines comply with the future Nitrogen Oxide (Nox) regulations. The vessels shall be painted with tin free anti-fouling paint, which is becoming mandatory in 2003.

Ballast water can be changed during the sea passage meeting anticipated future requirement of not carrying ballast water from one port to another if not within the same geographical region.

Waste and garbage handling on board will thermally be destructed in the ship's incinerator. The vessels will be outfitted with equipment complying with MARPOL 'Low Sludge' notation. All fuel residues, used lube oil and sludge will be conditioned and utilised in the thermal oil boiler for heat generation or as fuel in the main engine.

The IMS share

The share capital was written down with the amount of NOK 37,233,660, from NOK 397,830,300 to NOK 360,596,640 and effective as of 28 June 2000, through redemption of 620,561 own shares with par value NOK 60, equivalent to the company's treasury shares as of 14 February 2000. The shares were acquired at an average cost of NOK 46 per share or MNOK 28.5 in total. New share capital is NOK 360,596,640 distributed on 6,009,944 shares.

IMS had at year-end a holding of 97,647 treasury shares or 1.6%, at a cost of MNOK 5.9 or NOK 61 per share. The Company has acquired an additional 40,700 shares or 0.7% at MNOK 2.7 or NOK 66.50 per share in 2001. The Board has authority to purchase up to 10% of the company's shares. The Board will propose to the Annual General Meeting to write down the current holding of 138,347 treasury shares as well as renew the authorisation for the purchase of up to 10% of the Company's shares.

The price of IMS shares has increased by 20% during 2000 and closed at NOK 65 (NOK 54 at year-end 1999). During this same period the Oslo Stock Exchange's (OSE) total index has fallen by 1.7% and the shipping index has fallen by 0.4%.

We are pleased about the improvement in the share price during 2000. The historical and empirical correlation of EBITDA improvement and the share price has, however, not been evident during this year.

We believe that an estimated earnings model is the correct model to use for our type of company and thus a model based on the EBITDA of the company multiplied by an assessed factor and deducting its current net debt. Today most analysts estimate this multiple should be between 6 and 8 which deducting for the net debt of MUSD 64 gives a value ranging between MUSD 82 and MUSD 133 which equals USD 14 or USD 22 per share (NOK 124 or NOK 195 respectively).

An alternative approach to such a valuation of the company is to review the independent evaluations of our vessels compared to our book value and thus the equity per share. Many Sale and Purchase brokers have evaluated all our vessels over the last months. All these evaluations have stated an average value of MUSD 121.8 for all of our vessels on 100% ownership basis, and this is MUSD 6.3 below the book value of these vessels. The 14 NGC vessels have by six different brokers been evaluated at MUSD 102.5 to MUSD 112.4 with an average of MUSD 105. This type of valuation does not allocate any value to the EBITDA earning capability of SPT which is much higher than the value of its assets as per the book value. Consequently the recorded equity at year end on our books of USD 12.52 per share or MUSD 74 in total is one statement of the valuation of the company and also this is above the OSE pricing of the shares.

Allocation of the year's result

The Parent Company I.M. Skaugen ASA had a result of MNOK 14 in 2000. The current equity of the company is MNOK 702, and of this MNOK 343 is available for possible dividend payment.

The Board proposes the following allocations (MNOK):

Transferred to other equity	2
Dividends	12
Total allocations	14

The Board of Directors proposes payment of dividends equal to NOK 2 per share to the shareholders this year.

The Board finds that the assumptions for further and continued operations has not been changed as the basis for approving the accounts for the company and as a consequence the annual accounts are based on the going concern assumption.

Our global organisation is still a key competitive advantage, and in conclusion, the Board would like to express its respect and gratitude towards our employees ashore and at sea who also over the past year have made great contributions to our efforts in order to reach our goals and objectives. We are one global team, and we have passed the following resolution as our expression of this:

In the global competition, the winning companies are those that can put together the people with the best knowledge and the highest enthusiasm – wherever they can find them, anywhere in the world.

Oslo, 12 February 2001
Board of Directors,
I.M. Skaugen ASA



Erik Eik
Chairman



Bjarne Aamodt



Christian Wessel



Harald Schjoldager



Morten Arntzen



Morits Skaugen jr.
CEO

PROFIT AND LOSS ACCOUNTS I.M. SKAUGEN ASA GROUP 1.1-31.12

USD 000	Notes	2000	1999	1998
Gross freight revenue		155 544	133 424	126 492
Voyage related expenses incl. marketing	4	(43 747)	(38 679)	(31 328)
Freight income on Time Charter basis		111 797	94 745	95 164
Gains from sale of fixed assets	11	-	-	109
Operating income		111 797	94 745	95 273
Time charter hire		(56 941)	(43 372)	(42 119)
Salaries and social expenses	4	(13 812)	(15 976)	(18 075)
Ordinary depreciation vessels	11	(9 750)	(9 387)	(9 907)
Ordinary amortisation of capitalised docking/other	11	(4 330)	(4 314)	(4 325)
Write-down vessels	11	(1 316)	-	(4 310)
Other operating expenses vessels	6	(14 748)	(16 770)	(21 117)
Other operating expenses/administration costs	4	(2 947)	(3 893)	(4 505)
Operating profit/(loss)		7 953	1 033	(9 085)
Income/(loss) on investments in associates	14	(192)	(993)	(334)
Interest income		822	860	1 692
Other financial income		212	377	-
Changes in market value of financial current assets	15	(543)	150	(500)
Write down of shares	15	-	(450)	-
Interest expense		(6 341)	(6 011)	(6 655)
Other financial expense		(272)	(1 095)	(1 639)
Gains/Losses on exchange		(117)	(87)	(276)
Net result before taxes		1 522	(6 216)	(16 797)
Change in deferred tax	9	(1 522)	-	3 151
Net result for the year		0	(6 216)	(13 646)
Earnings/diluted earnings per share	19	0	(0.98)	(2.06)

BALANCE SHEETS I.M. SKAUGEN ASA GROUP

USD 000	Notes	31.12.00	31.12.99	31.12.98
ASSETS				
Fixed assets				
Intangible fixed assets				
Deferred tax assets	9	10 415	11 937	11 937
Tangible fixed assets				
Vessels and capitalised dry-docking	11	117 400	125 711	133 036
Other fixed assets	11	4 479	3 046	3 060
Total tangible fixed assets		121 879	128 757	136 096
Financial fixed assets				
Investments in associates	14	3 977	4 441	4 071
Pension assets	7	249	381	502
Long-term receivables	5	1 321	1 537	1 720
Total financial fixed assets		5 547	6 359	6 293
Total fixed assets		137 841	147 053	154 326
Current assets				
Receivables				
Trade debtors		13 443	8 529	7 463
Other debtors		7 554	5 963	7 870
Total receivables		20 997	14 492	15 333
Shares	15	3 615	2 342	5 481
Bank deposits	15	14 746	21 613	28 633
Total current assets		39 358	38 447	49 447
TOTAL ASSETS		177 199	185 500	203 773
EQUITY AND LIABILITIES				
Equity				
Paid-in capital				
Share capital		54 275	59 008	59 008
Treasury shares	3	(753)	(3 335)	-
Total paid-in equity		53 522	55 673	59 008
Earned equity				
Other equity		20 482	21 730	26 842
Total equity	2	74 004	77 403	85 850
Liabilities				
Other long-term liabilities				
Liabilities to financial institutions	17	85 680	92 400	101 200
Other long-term liabilities	17	360	376	391
Total long-term liabilities		86 040	92 776	101 591
Short-term liabilities				
Trade creditors		3 348	6 392	6 386
Public duties payable		890	743	38
Dividends	2	1 327	-	-
Other short-term liabilities	16	11 590	8 186	9 908
Total short-term liabilities		17 155	15 321	16 332
TOTAL LIABILITIES		103 195	108 097	117 923
TOTAL EQUITY AND LIABILITIES		177 199	185 500	203 773
Pledges of security	17			
Guarantees	18			
Related parties	20			

Oslo, 12 February 2001
Board of Directors,
I.M. Skaugen ASA


Erik Eik
Chairman


Bjarne Aamodt


Christian Wessel


Harald Schjoldager


Morten Arntzen


Morits Skaugen jr.
CEO

STATEMENTS OF CASH FLOW I.M. SKAUGEN ASA GROUP

USD 000	2000	1999	1998
Cash Flow from Operations			
Received payments of gross freight income	147 673	135 068	131 944
Payments of voyage related expenses, t/c hire and other op. exp.	(129 933)	(120 731)	(115 186)
Payments of dry-docking expenses	(2 274)	(2 769)	(5 170)
Received payments of interest	1 034	1 230	1 692
Payment of interest	(6 855)	(7 109)	(8 176)
Net Cash Flow from Operations 1)	9 645	5 689	5 104
Cash Flow from Investments			
Received payments from sale of vessels and other fixed assets	0	0	710
Payments of purchase of vessels	(3 979)	(2 745)	(3 830)
Payments of purchase of treasury shares	(2 071)	(2 231)	0
Payments of purchase of shares and parts in other companies	(2 402)	(2 211)	(3 803)
Received payments from sale of shares and parts in other companies	(1 816)	2 989	0
Payments of purchase of other investments	492	304	(477)
Net Cash Flow from Investments	(9 776)	(3 894)	(7 400)
Cash Flow from Financing			
Received payments from raising new long-term debt	2 080	(15)	391
Repayment of long-term debt	(8 816)	(8 800)	(12 090)
Net Cash Flow from Financing	(6 736)	(8 815)	(11 699)
Net change in cash and cash equivalents	(6 867)	(7 020)	(13 995)
Cash and cash equivalents 1 January	21 613	28 633	42 628
Cash and cash equivalents 31 December	14 746	21 613	28 633
1) Reconciliation:			
Net result before taxes	1 522	(6 216)	(16 797)
Gains/Losses from sale of fixed assets	0	0	(109)
Ordinary depreciation	15 396	13 701	14 232
Writedown of shares and fixed assets	543	300	4 810
Capitalised dry-docking	(2 274)	(2 769)	(5 170)
Change in short term receivables	(6 106)	834	5 618
Change in short term liabilities	564	(161)	2 520
Net Cash Flow from Operations	9 645	5 689	5 104

NOTE 1: ACCOUNTING PRINCIPLES I. M. SKAUGEN ASA**General**

The accounts of I.M. Skaugen ASA and the consolidated accounts for the Group are prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway.

Change of accounting principles

Due to the implementation of the new Accounting Act effective 1 January 1999, the company changed some accounting principles. The comparables for 1998 are restated.

Reporting currency

The Parent Company accounts are recorded in NOK. The Group's accounts are presented in USD. I.M. Skaugen ASA's areas of operation are mainly in USD. Based on historic figures, almost 100% of the freight revenue, the operating expenses of the vessels, bank deposits, receivables, vessels, trade debts, allocations, external financing etc. are in USD. Management reporting is also in USD. Monetary items denominated in other than USD are translated at the exchange rate on the Balance sheet date. Paid-in Equity and fixed assets, with associated depreciation and write-downs, are translated at historic rates of exchange. Other items in the Profit and Loss Accounts are translated at average rates. Currency translation gains and losses related to deferred tax assets and liabilities are classified as income taxes.

Consolidation Principles

When consolidating the Parent Company with the respective subsidiaries, the Parent Company's shares in the subsidiaries are replaced with the assets and liabilities of these subsidiaries. Subsidiaries are companies where I.M. Skaugen ASA directly or indirectly has a majority vote, controlling all material decisions. However, if the control is considered temporary, the investment is not treated as a subsidiary. Inter-company receivables and liabilities are eliminated together with other material inter-company transactions. Shares in subsidiaries are recorded in accordance with the purchase method of accounting. Compensation paid at the time of the acquisition in excess of the recorded equity is attributed to the assets in question and is depreciated over the assets remaining economic lifetime.

The balance sheets of subsidiaries are translated at the USD-exchange rates at year-end, and their profit and loss accounts are translated at the average exchange rate (for the year), with the exception of fixed assets, depreciation, write-downs and gain on sales of vessels, which are translated at historic rates. Translation differences are classified as foreign exchange gains/losses in the Profit and Loss accounts, as all subsidiaries are determined to be integrated. The Group's accounts are prepared using the same principles as in the Parent Company's.

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 period. A voyage is defined as starting after unloading at the end of the previous voyage. Voyage-related expenses, as a result of idle time (freight seeking days), are recorded in the period incurred.

Use of Estimates

The preparation of the financial statements is based on available information at the time of finalising annual accounts. Actual results/outcome may differ. The effects of changes in accounting estimates are accounted for in the same period as the estimates are changed.

Fixed Assets

Fixed assets are recorded at acquisition cost less accumulated depreciation and write-downs. 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 vessels are considered to have an economic life of 30 years. If market value is less than the recorded value, the vessels are written down to the lower of the two, if the reduction is considerable and permanent. Nominal cash flows are used to determine if there is an impairment in value. Vessels sold after year-end or planned sold, are written down if there is a material impairment in value compared to the carrying amount on the books. Fixture and fittings are depreciated on a straight-line basis based on the remaining useful economic life.

Interests in Associates

Interests in associates 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 is presented net as a separate caption in the Profit and Loss Account. This item includes freight income, operating expenses, depreciation and write-downs, as well as net financial items in the respective partly owned companies. The Group's accounting principles regarding depreciation of vessels in associates have been applied based on allocated higher/lesser value at the time of acquiring the interest.

Joint Ventures

Participation in joint ventures are included using the proportional consolidation method. The Group's share of the results in the joint venture is presented gross in the Profit and Loss Account. The Group's share of assets and liabilities in the joint ventures is presented gross in the Balance Sheets.

Financial current assets

Listed shares and bonds included in a trading portfolio and that are traded on a regular basis, are recorded at market value. Shares not classified as current financial instruments are recorded at the lower of market estimated values and historic cost.

Foreign Exchange

Monetary items in foreign currencies are recorded at year-end exchange rates. Items, which are hedged through forward contracts, are recorded at the forward contract rate. The following year-end/average rates are used per 31 December 2000: NOK/USD 8.85/8.80.

Financial Instruments

Financial contracts are defined as hedging or trading contracts. The hedging contracts are accounted for based on the underlying asset/debt of the future transactions. Further, the premium or allowance is recorded on a straight-line basis over the period of the hedge. Trading contracts are recorded at market value.

Bunkers

Inventories are recorded at the lower of historic cost, as defined by the FIFO ("first in first out") method, and market values.

Receivables

Receivables are recorded at their nominal value less provisions for bad debt. "Demurrage" is recorded at 80% of nominal value. Outstanding "demurrage" is evaluated separately at year-end. Specific provisions are made when/if considered necessary.

Pension Obligations

Net pension expenses are classified in its entirety as salary-related expenses in the Profit and Loss Accounts and include 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 are recognised over the remaining service life of the employees, only when the accumulated effect exceeds 10% of the larger of the pension fund and the pension obligation. Excess financing (plan asset) likely to be utilised is recorded in the Balance Sheet as financial assets.

Taxes

Deferred tax is calculated on the temporary differences existing at year-end between the values for accounting purposes and the values for taxation purposes. Tax increasing and decreasing temporary differences, as well as tax losses carried forward which are offset or can be offset in the same period, are offset and recorded net, and are basis for deferred tax assets for the Group. The Group's total deferred tax asset is calculated with a tax rate of 28 percent. Deferred tax assets made probable through prospective earnings, and which can be utilised against the tax reducing temporary differences are recognised as intangible asset. Deferred tax liabilities and deferred tax assets are included net.

Classification of items in the Balance Sheet

Current assets and short-term liabilities include items due less than one year from draw-down and items tied to the operating cycle. Other assets are classified as fixed assets/long-term liabilities. First year's instalment of long-term debt is included as long-term debt. Financial motivated investments in shares are classified as current assets, while strategic investments are classified as fixed assets.

Treasury shares

I.M. Skaugen ASA's shareholding of treasury shares is reported at par value under share capital. The difference between purchase price and par value is included in other equity.

Loan expenses

Fees incurred in connection with the arrangement of loan facilities are capitalised and amortised over the instalment periods.

Periodic maintenance (drydocking)

Periodic maintenance related to classification and drydocking is capitalised and amortised over the period to the next periodic maintenance. Correspondingly, a part of the cost price of vessels acquired is capitalised as periodic maintenance. Actual expenses related to regular maintenance are charged to expenses when incurred.

Sale of vessels

Purchase and sale of vessels are regarded as an integrated part of the activities. Sales gains are consequently shown as operating income.

New-building contracts

New-building contracts are recorded at instalments paid to the yard, as a fixed asset. Interest is capitalised on instalments paid during construction. Building supervision costs and project costs related to the new-building contracts are capitalised.

Leased Operating Equipment

The Company distinguishes between financial- and operational leases. In the case of operational leases, the lease cost (time charter hire) is recorded as an ordinary operating expense. Financial leases are recorded as asset and liability, and the yearly lease payment is shown as interest expense and instalments.

Participation in Pools

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

Reporting by segments

The Group consists of three segments; gas transportation, lightering activity and activities in China (chemical transportation, LPG-transportation and training activities). The segmentation is based on the company's internal management- and reporting structure in addition to evaluation of risk/earnings. Transactions between segments are based on market related pricing and are eliminated on Group level.

Related parties

Eikland AS (main shareholder) and representatives, members of the Board of Directors and top management are regarded as related parties. All transactions between the related parties are based on the principle of "arm's length" (estimated market value).

Earnings per share

Earnings per share is calculated by dividing the result for the Group on the average number of outstanding shares weighed over the period in question. Treasury shares are not included in the calculation. Buy-backs of ordinary shares in this period are weighted based on the period outstanding.

Contingent liabilities

Provisions for contingent liabilities are included in the accounts to the extent they are likely to occur, and that the value of settlement can be estimated with a reasonable degree of certainty. Other contingent liabilities are disclosed in notes.

Contingent gains

Contingent gains/income are not recognised.

Statement of Cash Flow

The statement of cash flow is based on the direct method. Restricted cash related to the operations is included as cash equivalents. Shares are considered to have a high price risk and are therefore not classified as cash equivalents.

Subsequent events

New information concerning affairs existing at the year-end is incorporated in the estimates. Material incidents arising after year-end are disclosed in notes.

All figures are in USD 000 unless otherwise clearly stated.

NOTE 2: EQUITY

	Share capital	Treasury-shares	Total paid-in equity	Other equity	Total earned equity	Total equity
Equity per 31 December 1999	59 008	(3 335)	55 673	21 730	21 730	77 403
Acquisition of treasury shares		(2 151)	(2 151)	79	79	(2 072)
Amortisation of treasury shares	(4 733)	4 733	-	-	-	-
Dividends				(1 327)	(1 327)	(1 327)
Net result for the year			-	-	-	-
Equity per 31 December 2000	54 275	(753)	53 522	20 482	20 482	74 004

NOTE 3: TREASURY SHARES/SHAREHOLDERS

Please also refer to Parent Company note number 2.

The Parent Company's share capital per 31 December 2000 consists of 6,009,944 ordinary shares with nominal value of NOK 60,- totaling NOK 360,596,640. The annual general meeting on 7 March 2000 resolved to write down the share capital with the amount of NOK 37,233,660 from NOK 397,830,300 to NOK 360,596,640, by redemption of 620,561 shares with par value NOK 60, equivalent to the Company's treasury shares. The Board of Directors also received renewed authorisation from Annual General Meeting to acquire treasury shares and authorisation to issue convertible loans.

Acquisition of treasury shares:

In 2000 I.M. Skaugen ASA acquired 286,057 shares for USD 2,071,700, of which 188,410 shares were redeemed at the annual general meeting on 7 March 2000. Capitalised value per share was USD 8.25. As per 31 December 2000 the Company holds 97,647 shares or 1.6% at a capitalised value of USD 679,839. The Board of Directors believes that the acquisition of the Company's treasury shares will improve the shareholders' return and assure the Company greater financial flexibility in a situation where the Company's equity and liquidity situation is satisfactory.

Shareholders per 31 December 2000 holding more than 1% of the shares:	No of shares	%
Eikland AS	2 436 499	40.54 %
Aksjefondet Odin NORGE	530 221	8.82 %
Verdipapirfondet Skagen Vekst	255 286	4.25 %
Steen, Erik Otter	241 826	4.02 %
Steen Bertel O. c/o Torkildsen, Tennøe & Co	229 469	3.82 %
SES AS c/o Advokat Bertel O. Steen	223 109	3.71 %
Skandinaviska Enskilda A/C Clients Account	105 119	1.75 %
Suveren Lars Hansen A/S	101 200	1.68 %
D/S A/S Theologos	100 000	1.66 %
I.M. Skaugen ASA	97 647	1.62 %
E-Invest AS v/ Erik Eik	81 515	1.36 %
Verdipapirfondet Odin Maritim	76 000	1.26 %
Steen, Tore B	71 594	1.19 %
A/S Bemacs C/O Adv. Bertel O. Steen	71 123	1.18 %
Bikuben Girobank C/O Sparebanken NOR	63 674	1.06 %
Part Invest AS	60 000	1.00 %
Shareholders holding more than 1%	4 744 282	78.94 %
Other	1 265 662	21.06 %
Total no of shares	6 009 944	100.00 %

Shares in I.M. Skaugen ASA held by Members of the Board and auditor	Number of shares *)
Eik, Erik (Chairman)	82,049
Arntzen, Morten	5,000
Schjoldager, Harald **)	0
Skaugen, Morits jr. **)	8,110
Wessel, Christian	5,800
Aamodt, Bjarne	0
Auditor	0

*) Includes shares owned by close family/relatives and controlled companies.

***) Boardmember of Eikland AS. Eikland AS holds 40.54 % shares in I.M. Skaugen ASA.

NOTE 4: SALARIES, NUMBER OF EMPLOYEES

Salaries, wages and social expenses	2000	1999	1998
Total salaries and wages	15 216	17 099	19 182
Social Security Tax	929	1 050	1 275
Pension expenses	210	228	211
Other benefits	405	467	300
Total salaries and other expenses	16 760	18 844	20 968

Share of wages and social expenses is allocated to voyage-related expenses and administration costs as follows:

	2000	1999	1998
Voyage related expenses	2 405	2 348	2 318
Administration costs	543	520	575
Total	2 948	2 868	2 893
Total salaries and social expenses	13 812	15 976	18 075

Average number of employees in the Group for the financial year 2000 was 488, 538 in 1999 and 529 in 1998.

NOTE 5: REMUNERATIONS

Expensed remuneration	2000	1999	1998
The Board of Directors	55	77	75
Chief Executive Officer - remuneration	150	178	188
Chief Executive Officer - pension expenses	18	20	22
Chief Executive Officer - bonuses	114	90	53
Auditors (audit)	253	266	280
Auditors (advisory)	6	12	103
Total	596	643	721

Morits Skaugen jr is employed as Chief Executive Officer of I.M. Skaugen ASA. A separate remuneration if the Chief Executive Officer leaves the Company, equal to two years remuneration, has been agreed. The CEO has the right to retire at the age of 60. He will then receive a pension of 66% of his salary until the standard retirement age.

A bonus agreement which includes a certain part of the EBITDA result exceeding a pre-defined part of the operating result from 1997 and 1998 exists for one executive of the business activities. This profit-sharing payment is vested after three years. Two executives hold loans of a total of MUSD 1.3. The loans hold a maximum period of total repayment of three years. Interest rate is 6%. One of the loans holds a pledge of security in property related to staying abroad and one is car financing.

NOTE 6: OTHER OPERATING EXPENSES VESSELS

Other operating expenses	2000	1999	1998
Other crew expenses	1 480	1 407	1 540
Marine consumable stores	3 472	4 018	4 136
Spare parts, repair and maintenance	5 346	5 924	7 520
Insurance	1 122	1 332	1 576
Technical fees and other operating expenses	3 328	4 089	6 345
Total other operating expenses	14 748	16 770	21 117

NOTE 7: PENSIONS

I.M. Skaugen ASA Group has insured retirement plans (benefit plan) for their employees in Norway. As of 31 December 2000 the benefit plan included 48 employees in the Group. In addition to the funded retirement plan, the Group has unsecured pension obligations. The obligations cover employees not included in the insured plan, additional pensions above 12G and some early retirements. The assumptions used have been consistent and are in accordance with recommendations from Norsk Aktuar Forening.

Pension expenses consist of:	2000	1999	1998
Present value of this years pension fund Contribution-plan*)	153	173	187
Interest on projected benefit obligation	115	121	75
Expected return on pension assets	77	86	94
Social Security Tax	(137)	(155)	(162)
Amortisation	13	15	17
Pension expenses	210	228	211

*) For its employees in USA the Group has a contribution plan

	2000	1999	1998
Estimated value of benefit obligations per 31 December	(2 074)	(2 116)	(2 307)
Estimated value of pension assets per 31 December	2 676	2 887	3 234
Unamortised variances from plan/assumptions pr 31 December	(353)	(390)	(425)
Net (estimated) pension assets per 31 December	249	381	502

NOTE 8: FINANCIAL MARKET RISK

Currency risks. The Company is using USD as its reporting currency as this is the major currency for this type of business. All freight rates and most services are agreed in USD. Vessel prices and values are stipulated in USD and loans are agreed and paid in USD. Only to a limited extent the company is sensitive to currency fluctuations as only a small part of the administration and operating expenses are in currencies other than USD or USD linked currencies - and then mostly in NOK. The Company has three forward contracts of NOK 6 million each to an average exchange rate of NOK/USD 9.19 and maturing within three months. From time to time we have also entered into minor USD/EURO positions when we believed this to be correct to match USD fluctuations. The sensitivity of a NOK 1 incremental change in the NOK/USD exchange rate is MUSD 1 effect on the annual net result. This exposure is normally covered by short-term currency swaps and these are maturing within 12 months.

Interest rate risks. The company is exposed to interest risk. Depending on the development of the interest rate market, the company regularly is considering entering into fixed interest rate agreements. In January 2001 the company entered into such agreement for total debt of MUSD 35, for a fixed interest rate of 5.48 % and the interest period is fixed for this amount and for three years. The sensitivity of a 1 % incremental change in the LIBOR will have an effect on the net result of about MUSD 0.8 calculated on outstanding loan at year end.

Credit risk. The credit risk and liquidity risks are considered quite low.

Oil Price. The development in the oil price has considerable impact on Company. Oil price variation will, inter alia lead to fluctuations in bunker prices. Fluctuations in bunker prices tend over time to be reflected in the freight rates, but with certain time lags and it is of course dependent upon competitive pressures. A few of our freight contracts do have «bunker clauses that compensates for this fluctuation». Financial instruments are so far not used by us to hedge bunkers. The real effect of fluctuations in oil prices on the demand for our transportation services is uncertain, but it is believed that high oil prices are negative for the overall demand for most of the products we transport.

Cost of crude oil tonnage for SPT. SPT is dependant upon hiring aframax sized crude oil tonnage for its needs and the costs for these vessels have fluctuated quite significantly in year 2000. SPT attempts to match its needs for hiring such tonnage with corresponding freight contracts with its major customers. Alternative methods for hedging these types of risks are currently not available.

Risk of accidents. The company has full cover for its Hull and Machinery damages and for all, but some of its smaller vessels. The agreed values for such vessels in case of total loss covers its estimated market values at the beginning of the year. There is a deductible that makes the company pay a certain amount of its damage claim before the insurance companies will pay its share. The Company carries full P and I insurance for all its vessels and for all its operations that covers against all third party damages and any personnel injuries and the cost of cleaning up any oil or bunker spill. The Company does not cover any "loss of hire insurance" with third party insurance companies, but maintains an internal self insurance "loss of hire pool" for the NGC vessels only.

The following methods and assumptions were used to estimate the fair market values:

Cash and marketable securities

Recorded market value of those instruments as quoted on the stock exchange.

Long-term debt

Book value of the long-term debt approximates its fair value due to the fact that the interest rates and maturities of the loans reflect the market conditions for similar loans raised at the balance sheet date.

NOTE 9: TAXES

Tax expense for the year:	2000	1999	1998
Taxes payable	-	-	-
Changes in deferred tax	(1 522)	-	3 151
Total income tax	(1 522)	-	3 151

Reconciliation of the year's income tax:	2000	1999	1998
Estimated tax expenses	(133)	1 740	4 891
Limitation recognised tax asset	-	(1 048)	-
Other (inclusive NOKUS and currency translation)	(1 389)	(692)	(1 740)
Income taxes	(1 522)	-	3 151

The change of deferred tax assets is mainly related to changes in the rate of exchange USD/NOK. The deferred tax/deferred tax assets are calculated based on the temporary differences between accounting- and tax values. Temporary differences are related to the following items:

Tax effect of temporary differences:	31.12.00	31.12.99	31.12.98
Gain and loss account	4 936	5 810	9 210
Fixed assets	(5 808)	(15 085)	(12 121)
Tax losses carried forward incl. remuneration, excluding NOKUS	(9 543)	(3 710)	(9 026)
Limitation recognised tax asset	-	1 048	-
Deferred tax (deferred tax assets)	(10 415)	(11 937)	(11 937)
Tax rate applied	28 %	28 %	28 %

Tax losses carried forward

As of 31 December 2000 the Group has tax losses to carry forward of approximately MUSD 30 in Norway. The tax losses carried forward expire approximately 2010.

NOTE 10: REPORTING BY SEGMENTS

The segments of the I.M. Skaugen ASA are defined as marine transportation of LPG and petrochemical gases, ship-to-ship transfer of crude oil (lightering) and activities geographically located in China. The activities in China is related to develop a market potential for gas transportation in China, chemical transportation and training activities. The Group's assets and current liabilities are allocated to the segments, while the interest-bearing liabilities are not allocated to the segments as these are not responsible for own financing. There have been no material transactions between the segments in 1998, 1999 and 2000.

	LPG and petrochemical gas *)			Limited liability companies pro rata consolidation *)		
	2000	1999	1998	2000	1999	1998
Gross freight revenue	56 654	44 096	49 030	3 370	2 550	3 175
Voyage related expenses incl. marketing	(16 357)	(13 800)	(13 441)	(855)	(757)	(902)
Freight revenue on T/C basis	40 297	30 296	35 589	2 515	1 793	2 273
Gain from sale of vessels	-	-	-	-	-	-
Operating income	40 297	30 296	35 589	2 515	1 793	2 273
Vessel operating expenses and T/C hire	(20 711)	(22 418)	(25 935)	(1 423)	(1 518)	(1 579)
Other unallocated operating costs	(1 244)	(1 385)	(2 481)	(98)	(90)	(97)
EBITDA	18 342	6 493	7 173	994	185	597
Ordinary depreciation vessels	(8 891)	(8 892)	(8 890)	(640)	(639)	(639)
Ordinary amortisation of capitalized docking/other	(3 239)	(2 949)	(2 929)	(352)	(171)	(151)
Write-down vessels	-	-	-	-	-	-
Operating profit/(loss)	6 212	(5 348)	(4 646)	2	(625)	(193)
Average T/C-result						
Gas transport USD 1000/month	283	228	258			
	31.12.00	31.12.99	31.12.98	31.12.00	31.12.99	31.12.98
Total assets	127 197	130 714	141 759	6 805	7 737	8 273
Non interest bearing debt/trade creditors	4 928	5 616	6 517	291	261	279
Investments in fixed assets in the period	5 141	3 001	5 537	-	650	177
Cash flow from operations	16 133	4 650	4 332	545	(223)	551

*) Investment in limited partnerships is reported by segment under LPG and petrochemical gas using pro-rata consolidation. In I.M. Skaugen ASA Group accounts limited partnerships are accounted for using the equity method.

	Lightering			China Activities		
	2000	1999	1998	2000	1999	1998
Gross freight revenue	97 208	87 084	75 734	5 052	4 794	4 903
Voyage related expenses incl. marketing	(25 608)	(23 732)	(17 202)	(2 637)	(1 903)	(1 587)
Freight revenue on T/C basis	71 600	63 352	58 532	2 415	2 891	3 316
Gain from sale of vessels	-	-	-	-	-	-
Operating income	71 600	63 352	58 532	2 415	2 891	3 316
Vessel operating expenses and T/C hire	(63 371)	(51 941)	(51 918)	(2 842)	(3 277)	(4 244)
Other unallocated operating costs	-	-	-	-	(549)	-
EBITDA	8 229	11 411	6 614	(427)	(935)	(928)
Ordinary depreciation vessels	(538)	(400)	(279)	(957)	(734)	(1 377)
Ordinary amortisation of capitalized docking/other	(670)	(685)	(441)	(778)	(860)	(1 018)
Write-down vessels	-	-	-	(1 315)	-	(4 310)
Operating profit/(loss)	7 021	10 326	5 894	(3 477)	(2 529)	(7 633)

Average T/C-result

Organic chemical (USD/vessel/day)	N/A	N/A	N/A	3 898	4 767	4 788
No of Full service lighterings	541	551	439	N/A	N/A	N/A

	31.12.00	31.12.99	31.12.98	31.12.00	31.12.99	31.12.98
Total assets	17 066	12 948	14 467	12 798	16 414	16 884
Non interest bearing debt/trade creditors	8 069	6 816	6 949	706	651	321
Investments in fixed assets in the period	1 767	1 140	2 795	965	2 871	3 195
Cash flow from operations	3 002	10 733	12 921	(731)	(1 379)	(1 377)

	Other activities			I.M. Skaugen ASA Group *)		
	2000	1999	1998	2000	1999	1998
Gross freight revenue	-	-	-	155 544	133 424	126 492
Voyage related expenses incl. marketing	-	-	-	(43 747)	(38 678)	(31 328)
Freight revenue on T/C basis	-	-	-	111 797	94 746	95 164
Gain from sale of vessels	-	-	105	-	-	105
Operating income	-	-	105	111 797	94 746	95 269
Vessel operating expenses and T/C hire	-	-	(793)	(85 501)	(76 118)	(81 311)
Other unallocated operating costs	(1 801)	(2 049)	(2 222)	(2 947)	(3 893)	(4 606)
EBITDA	(1 801)	(2 049)	(2 910)	23 349	14 735	9 352
Ordinary depreciation vessels	-	-	-	(9 750)	(9 387)	(9 907)
Ordinary amortisation of capitalized docking/other	-	(4)	(118)	(4 330)	(4 314)	(4 325)
Write-down vessels	-	-	-	(1 316)	-	(4 310)
Operating profit	(1 801)	(2 053)	(3 028)	7 953	1 033	(9 085)
	31.12.00	31.12.99	31.12.98	31.12.00	31.12.99	31.12.98
Total assets	26 943	14 845	20 710	177 199	185 500	203 773
Non-interest bearing debt/trade creditors	2 416	2 499	2 824	15 828	15 321	16 332
Investments in fixed assets in the period	847	-	-	8 720	6 362	11 350
Cash flow from operations	(9 304)	(8 538)	(10 221)	9 645	5 689	5 104

The reporting of geographical segments of LPG and petrochemical gases is based on location of income from external clients and the vessels:

		2000		1999		1998	
		USD	%	USD	%	USD	%
Gross freight income	Asia	31 928	20%	24 899	18%	27 137	21%
	Atlantic (Europe/USA)	126 986	80%	111 075	82%	102 539	79%
Fixed Assets	Asia	69 894	55%	73 086	54%	81 384	57%
	Atlantic (Europe/USA)	59 339	45%	62 526	46%	61 880	43%
Investment in Fixed Assets	Asia	4 946	57%	4 223	66%	5 421	48%
	Atlantic (Europe/USA)	3 774	43%	2 139	34%	5 929	52%

NOTE 11: TANGIBLE FIXED ASSETS	2000			1999			1998		
	Vessels	New-buildings	Capitalised drydockings	Vessels	New-buildings	Capitalised drydockings	Vessels	New-buildings	Capitalised drydockings
Balance per 1 Jan.	234 053	-	11 942	227 937	3 371	17 519	227 307	-	12 349
Additions	693	3 286	2 274	6 116	2 052	2 769	630	3 371	5 170
Disposals	-	-	-	-	(5 423)	-	-	-	-
Cost price per 31 December	234 746	3 286	14 216	234 053	-	20 288	227 937	3 371	17 519
Accum. depreciation/amortisation 31 Dec.	(118 328)	-	(10 894)	(108 726)	-	(15 594)	(99 339)	-	(12 142)
Accumulated write-downs 31 Dec.	(5 626)	-	-	(4 310)	-	-	(4 310)	-	-
Reversals of write-downs 31 Dec.	-	-	-	-	-	-	-	-	-
Book value per 31 December	110 792	3 286	3 322	121 017	-	4 694	124 288	3 371	5 377
This year's depreciation	(9 602)	-	(3 646)	(9 387)	-	(3 452)	(9 907)	-	(3 796)
This year's write-downs	(1 316)	-	-	-	-	-	(4 310)	-	-
This year's reversals	-	-	-	-	-	-	-	-	-
Gain from sale	-	-	-	-	-	-	-	-	-
Economic lifetime	30 yrs		3-5 yrs	30 yrs		3-5 yrs	30 yrs		3-5 yrs

	2000		1999		1998	
	Land/property	Fixture and fittings	Land/property	Fixture and fittings	Land/property	Fixture and fittings
Balance per 1 Jan.	983	7 766	983	6 918	2 411	5 286
Additions	-	2 324	-	848	537	1 642
Disposals	-	-	-	-	(1 965)	(10)
Cost price per 31 December	983	10 090	983	7 766	983	6 918
Accumulated depreciation 31 Dec.	(29)	(6 565)	-	(5 703)	-	(4 841)
Accumulated write-downs 31 Dec.	-	-	-	-	-	-
Reversals of write-downs 31 Dec.	-	-	-	-	-	-
Book value per 31 Dec.	954	3 525	983	2 063	983	2 077
This year's depreciation	(29)	(862)	-	(862)	-	(529)
Gain from sale	-	-	-	-	109	-
Economic lifetime	-	3-5 yrs	-	3-5 yrs	-	3-5 yrs

T/C-commitments

The Group has operational leases for a core fleet of 5 Aframax tankers in the lightering segment to cover freight contracts with its major customers. There are no purchase options tied to the leases.

Vessels	Size	Capacity	Built	Commitment period
Aegean Legend	107,000	741,400	2000	April 2000 April 2003
Genmar Commander	96,758	711,241	1989	Jan 2001 Dec 2002
Rich Duchess	81,279	593,108	1986	May 2001 May 2003
Regent	81,279	593,108	1986	May 2001 May 2003
Genmar Sun	85,570	620,671	1985	Jan 2001 Febr 2002

Future minimum t/c commitments are MUSD 73 of which MUSD 44 is covered by freight contracts in 2001. Minimum rental payments under office leases for the Group are MUSD 1.2.

Newbuilding contracts

The Group has through its 50% interest in the joint venture Somargas Ltd, signed contracts for building of four new gas carriers at Zhonghua Shipyard. Delivery is expected in March 2002, July 2002, November 2002 and January 2003. The joint venture has entered into a predelivery financing of the newbuildings and a term-sheet for post delivery financing. Please refer to note 17.

	Contract price	Instalments Paid	Remaining 31.12.00	Due date 2001	Due date 2002
Newbuilding contracts					
Hull 429	10 400	520	9 880	1 560	8 320
Hull 430	10 400	520	9 880	1 040	8 840
Hull 431	10 400	520	9 880	520	9 360
Hull 432	10 400	520	9 880	520	9 360
Total	41 600	2 080	39 520	3 640	35 880

NOTE 12: SHARES IN SUBSIDIARIES

Shares in subsidiaries are included in note 14 for the Parent Company. There has been no material changes in 2000, but certain intra group reorganisations have taken place.

NOTE 13: JOINT VENTURES

Companies	Time of establishment	Cost price	Equity at the time of establ.	Excess value	Business office	Ownership/ Voting-share
J/V TNGC	01.12.96	100	100	0	Hubei, Kina	49 %
Somargas Limited	June 2000	0	0	0	Cayman Island	50 %

	Net result	Current Assets	Fixed Assets	Current Liabilities	Mortgage debt other	Book Value
J/V TNGC						
Owned by I.M. Skaugen ASA	(11)	75	301	2	-	374
Owned by IMS Marine Services AS	(271)	1 812	7 235	70		8 977
Total J/V TNGC	(282)	1 887	7 536	72	-	9 351
Somargas Limited	-	28	3 286	444	2 080	790
Total	(282)	1 915	10 822	516	2 080	10 141

NOTE 14: INVESTMENTS IN ASSOCIATES

Companies	Time of purchase/establ.	Purchase/establ. price	Equity at the time of purch./est.	Excess value 01.01.00	Depr. excess value	Excess value 31.12.00	Business office	Ownership/ voting-share
Labogas VIII KS	Aug 31, 90	837	737	63	6	62	Oslo	45 %
Oslo Victory II KS	Aug 31, 90	3 217	2 611	302	27	275	Oslo	42.50 %
Gas Recovery Systems AS	April 08, 94	11	11	0	-	0	Oslo	50 %
Haugesund Reisebyrå AS	Aug 08, 97	190	190	0	-	0	Haugesund	51 %

	Opening balance 01.01.00	Net result	Current Assets	Fixed Assets	Current Liabilities	Mortgage debt/ other long-term debt	Book Value 31.12.00	Uncalled capital, guarantees
Shares of limited liability companies owned by Norgas Limited:								
Oslo Victory II KS *)	2 143	112	144	4 214	40	2 189	2 129	611
Labogas VIII KS	1 307	(304)	345	1 995	111	825	1 404	597
Shares owned by IMS Marine Services AS:								
Haugesund Reisebyrå AS **)	136	51	570	50	462	-	158	-
Gas Recovery Systems AS	(168)	(51)	19	281	5	9	286	-
Total	3 418	(192)	1 078	6 540	618	3 023	3 977	1 208

The excess values of the recorded equity are attributed to the asset in question and depreciated over the assets remaining economic life.

*) Oslo Victory II KS was in default with one of the loan covenants at year end, a waiver is given by the bank.

**) I. M. Skaugen ASA has issued a call option for 50% of its shares in Haugesund Reisebyrå AS, to an external party with three years duration.

NOTE 15: DEPOSITS AND SHARES IN OTHER COMPANIES

Cash and cash equivalents		31.12.00	31.12.99	31.12.98
Bank deposits *)		13 521	19 586	24 827
Bank deposits in joint ventures		1 224	2 027	3 806
Total bank deposits		14 745	21 613	28 633
Specification of restricted deposits		31.12.00	31.12.99	31.12.98
Bank deposit		354	407	544
Specification of assignment of bank accounts to lender		31.12.00	31.12.99	31.12.98
Assignment of bank accounts		2 346	1 928	2 182
Shares	Cost price	31.12.00	31.12.99	31.12.98
Financial current assets	2 736	2 194	1 813	4 502
Other shares	1 871	1 421	529	979
Total shares	4 607	3 615	2 342	5 481

*) I.M. Skaugen ASA has foreign exchange options to purchase EURO. These options are considered as trading contracts and recorded at market value.

NOTE 16: OTHER SHORT-TERM DEBT

	31.12.00	31.12.99	31.12.98
Accrued expenses from gas activities	2 343	1 908	3 346
Accrued expenses from lightering activities	6 458	3 406	2 729
Accrued expenses from China activities	565	345	100
Accrued expenses and debt other	2 224	2 527	3 733
Total short-term debt	11 590	8 186	9 908

NOTE 17: LONG-TERM LIABILITIES**Liabilities due more than five years after draw down:**

The long-term mortgage debt amounts to MUSD 83.6 per 31 December 2000. The long-term debt is secured by the pledge of vessels, assignment of earnings, pledge of bank accounts to which charter-hire is deposited and the assignment of assurance for the same vessels. The loan is repayable in semi-annual installments of MUSD 4.4 over 4.5 years with a balloon payment of MUSD 44 due at the end of the loan period. The loan bears an interest of LIBOR plus 0.7 % (7.5% per 31 December 2000). The average interest rate in 2000 has been 7.06%. The loan agreement includes a number of financial and non-financial covenants. The main covenants are associated with change in majority ownership and strategy, value adjusted equity and minimum requirements regarding free liquidity. I.M. Skaugen ASA was in compliance with the loan covenants at year-end.

Installments are due as follows:

2001	8 800
2002	8 800
2003	8 800
2004	8 800
2005 and thereafter	48 400
Total	83 600

Book Value of mortgaged Assets	31.12.00	31.12.99	31.12.98
Gas- and chemical tankers	103 612	114 850	123 950

Somargas Limited

The Group has through its 50% share in the joint venture Somargas Limited, entered into a pre-delivery financing for the newbuildings for 20% of the contract price, by way of four instalments in the amount of MUSD 1.04 for each vessel in accordance with the Shipbuilding Contracts. The pre-delivery loan is repayable upon delivery of the vessels. Please also refer to note 11. The loan bears an interest at LIBOR plus 1.5%.

The joint venture has also entered into term-sheets for financing of 75% of the net contract price for vessels in addition to a subordinated loan of up to MUSD 25.0 and commitment from the shareholders of periodic equity injections coinciding with the capital requirements up to MUSD 15 in total equity on a 100% basis.

Other long-term debt consists of a mortgage payable to a mortgage company in conjunction with the purchase of a condominium.

NOTE 18: GUARANTEES

	31.12.00	31.12.99	31.12.98
Guarantees provided	4 850	500	526
Total	4 850	500	526

Uncalled capital in limited liability companies are shown in note 14.

I.M. Skaugen ASA has issued a counter guarantee in favour of the bank in the amount of MUSD 4.6 and a guarantee in favour of GATX Capital Corporation for drawn amount under the subordinated loan to be provided to Somargas Limited by GATX. Somargas Limited has issued a guarantee in favour of the banks, of 10% of contract price, in the amount of MUSD 8.32 and a predelivery guarantee of MUSD 12.48.

NOTE 19: EARNINGS PER SHARE

Earnings per share is calculated by dividing net result of USD 0 for 2000 (USD minus 6,216,000 in 1999 and USD minus 13,646,000 in 1998) by the weighted number of outstanding shares of 5,959,464 shares in 2000 (6,348,731 in 1999 and 6,630,505 in 1998). Ordinary shares re-purchased in the period are weighted based on the number of days they were outstanding.

NOTE 20: RELATED PARTIES

Eikland AS, the main shareholder with 40.54% of the shares and its board representatives, I.M. Skaugen ASA members of the board of directors and the senior management, are regarded as related parties.

Eikland AS rents office space from I.M. Skaugen ASA and paid USD 16 250 for these premises in 2000. I.M. Skaugen ASA has in 1999 and 1998 engaged resources from Eikland AS for some administration services. Total administrative remuneration under this service agreement was USD 0 in 2000, USD 154 000 for 1999 and USD 225 000 for 1998. The remuneration is based on time used and commercial market terms. In addition the Company rents on a short-term basis a vacation apartment in Spain. This apartment belongs to Eikland and the annual rent is USD 15 000. Short-term liabilities to Eikland are per 31 December 2000 USD 0, per 31 December 1999 USD 0 and per 31 December 1998 USD 210 000.

Morten Arntzen, a board member and shareholder of I.M. Skaugen ASA is the CEO of American Marine Advisors (AMA) I.M. Skaugen ASA and Somargas Limited has engaged AMA as advisors for establishment and structuring of the IMS/GATX joint venture to carry out the newbuilding project. Total fees paid to American Marine Advisors in 2000 are USD 142 500 from I.M. Skaugen ASA and USD 703 000 from joint venture Somargas Limited.

NOTE 21: ENVIRONMENTAL ISSUES

The Group is not committed to environmental initiatives beyond what is stated in the Directors' report. The Group has not been subject to requirements or been imposed with fines due to violations of the environmental legislation.

NOTE 22: CONTINGENCIES

Per 31 December 2000 the Company is not involved in, to the knowledge of the Board of Directors, material claims or litigations. The estimated pay-back of funds from "Krigsforsikringen for Skib" is dependant upon governmental approval and not recognised in the financial statements.

NOTE 23: MAJOR TRANSACTIONS AND SUBSEQUENT EVENTS

During 3Q'00, I.M. Skaugen ASA entered into a joint venture (Somargas Limited) with GATX Capital Corporation of USA on a 50/50 basis. The joint venture finalised the contract with Zhonghua Shipyard, for construction of four newbuildings. The total delivered cost for the four firm vessels will be about MUSD 22 per vessel including predelivery costs. (See note 11)

In 1999 TNGC became operational with its first units.

In 1998 the Group increased the stake in «Norgas Pilot» and transferred «Princess of Yosu» to the Ministry of Communication and the Wuhan Transportation University. There has been no material subsequent events after year-end 2000.

NOK MILL	Notes	2000	1999	1998
Salaries and social costs	3	(5)	(3)	(4)
Ordinary depreciation	9	0	0	0
Other operating expenses	6	(14)	(17)	(19)
Operating result		(19)	(20)	(23)
Interest income from other Group companies		69	56	57
Interest income		3	3	4
Other financial income		6	3	0
Dividends	14	41	69	39
Write-down of shares in subsidiaries	14	(47)	(250)	(67)
Write-down of other shares	11	0	(3)	0
Changes in market value of financial current assets	11	(5)	1	(4)
Interest expenses		(54)	(48)	(52)
Other financial expenses		(3)	(6)	(5)
Gains/Losses on exchange		23	12	5
Result before taxes		14	(183)	(46)
Taxes	8	0	0	76
Result for the year		14	(183)	30
Group contributions		0	(30)	-
Dividends		(12)	-	-
Transferred (to)/from other equity		(2)	213	-

BALANCE SHEETS I.M. SKAUGEN ASA

NOK MILL	Notes	31.12.00	31.12.99	31.12.98
ASSETS				
Fixed assets				
Intangible fixed assets				
Deferred tax assets	8	98	98	98
Tangible fixed assets				
Vessels	9	32	3	-
Other fixed assets	9	5	4	2
Total tangible fixed assets		37	7	2
Financial fixed assets				
Investments in subsidiaries	14	347	374	657
Loans to group companies	10	871	921	889
Pension assets	5	1	1	2
Long-term receivables	10	10	12	13
Total financial fixed assets		1 229	1 308	1 561
Total fixed assets		1 364	1 413	1 661
Current assets				
Receivables				
Receivables to Group Companies		32	61	21
Other debtors		3	3	2
Total other receivables		35	64	23
Shares	11	28	18	40
Bank deposits	11	79	94	107
Total current assets		142	176	170
TOTAL ASSETS		1 506	1 589	1 831
EQUITY AND LIABILITIES				
Equity				
Paid-in equity				
Share capital				
(6,009,944 shares of par value NOK 60,-)		361	398	398
Share premium reserve		4	4	4
Treasury shares		(6)	(26)	-
Total paid-in equity	2, 3	359	376	402
Earned equity				
Other equity		343	341	454
Total earned equity	2	343	341	454
TOTAL EQUITY	2	702	717	856
Liabilities				
Other long-term liabilities				
Liabilities to financial institutions	12	758	740	767
Other long-term liabilities		9	115	185
Total long-term liabilities		767	855	952
Short-term liabilities				
Public duties payable		-	-	1
Dividends	2	12	-	-
Other short-term liabilities		25	17	22
Total short-term liabilities		37	17	23
TOTAL LIABILITIES		804	872	975
TOTAL EQUITY AND LIABILITIES		1 506	1 589	1 831
Pledges of security	12			
Guarantees	13			
Related parties	16			

Oslo, 12 February 2001
Board of Directors,
I.M. Skaugen ASA


Erik Eik
Chairman


Bjarne Aamodt


Christian Wessel


Harald Schjoldager


Morten Arntzen


Morits Skaugen jr.
CEO

STATEMENTS OF CASH FLOW I.M. SKAUGEN ASA

NOK MILL	2000	1999	1998
Cash Flow from Operations			
Received payments operating income	0	0	3
Payments of operating expenses	(19)	(15)	(14)
Received payments of dividend	41	69	39
Interest received	78	62	61
Interests paid	(57)	(54)	(61)
Net Cash Flow from Operations 1)	43	62	28
Cash Flow from Investments			
Payments received from sale of tangible fixed assets	0	0	5
Payments regarding purchase of tangible fixed assets	(30)	(5)	0
Payments of purchase of shares and parts in other companies	(61)	0	0
Payments of purchase of other investments	2	2	(1)
Net Cash Flow from Investments	(89)	(3)	4
Cash Flow from Financing			
Received payments from raising new long-term debt	18	0	0
Repayment of principal of long-term debt	(77)	(69)	(66)
Payment of purchase of treasury shares	(17)	(17)	0
Received group contribution	0	0	120
Payment of principal of loans to subsidiaries	(870)	(6)	(57)
Received payments of principal of loans to subsidiaries	993	0	(9)
Payments and purchase of shares	(16)	20	(12)
Net Cash Flow from Financing	31	(72)	(24)
Net change in cash and cash equivalents	(15)	(13)	8
Cash and cash equivalents 1 January	94	107	99
Cash and cash equivalents 31 December	79	94	107
1) Reconciliation			
Result before taxes	14	(183)	(46)
Loss/gain on sale of tangible fixed assets	0	0	1
Ordinary depreciation	0	0	0
Write-down of shares	47	253	67
Change in other debt	5	(1)	0
Change in short-term liabilities	4	3	11
Effect of changes in exchange rate	(27)	(10)	(5)
Net Cash Flow from Operations	43	62	28

All figures in NOK MILL if not stated otherwise.

NOTE 1: ACCOUNTING PRINCIPLES

The Parent Company and the Group's accounting principles are identical, please refer to note 1 for the Group. Shares in subsidiaries are stated to cost price, less write-downs, in the Parent Company accounts.

NOTE 2: EQUITY

	Share capital	Share premium reserve	Treasury- shares	Total paid-in equity	Other equity	Total earned equity	Total equity
Equity per 31 December 1999	398	4	(26)	376	341	341	717
Acquisition of treasury shares	-	-	(17)	(17)	-	0	(17)
Amortisation of treasury shares	(37)	-	37	0	-	0	0
Net result for the year	-	-	-	0	14	14	14
Dividends	-	-	-	-	(12)	(12)	(12)
Equity per 31 December 2000	361	4	(6)	359	343	343	702

The Parent Company's share capital per 31 December 2000 consists of 6,009,944 ordinary shares with nominal value of NOK 60,- totaling NOK 360,596,640. The annual general meeting on 7 March 2000 resolved to write down the share capital with the amount of NOK 37,233,660 from NOK 397,830,300 to NOK 360,596,640, by redemption of 620,561 shares with par value NOK 60, equivalent to the Company's treasury shares. The Board of Directors also received renewed authorisation from Annual General Meeting to acquire treasury shares and authorisation to issue convertible loans.

Acquisition of treasury shares:

In 2000 I.M. Skaugen ASA has acquired 286,057 shares for NOK 17,090,925, of which 188,410 shares were redeemed at the annual general meeting on 7 March 2000. Capitalised value per share is NOK 57.75. As per 31 December 2000 the company holds 97,647 share or 1.6% of the share capital, at a capitalised value of NOK 5,937,905. The Board of Directors believes that the acquisition of the Company's treasury shares will improve the shareholders' return and assure the company greater financial flexibility in a situation where the Company's equity and liquidity situation is satisfactory.

NOTE 3: SALARIES, NUMBER OF EMPLOYEES (NOK '000)

Salaries and social expenses	2000	1999	1998
Salaries	3 807	2 363	4 379
Social Security Tax	648	716	614
Pension expenses	123	123	191
Other expenses	267	-	-
Total	4 845	3 202	5 184

Administration expenses in I.M. Skaugen ASA are included in other operating costs.
The Parent Company had two employees per 31 December 2000.

NOTE 4: REMUNERATIONS (NOK '000)

Expensed remuneration	2000	1999	1998
The Board of Directors	486	600	563
Chief Executive Officer - remuneration	1 317	1 393	1 403
Chief Executive Officer - pension expenses	158	158	158
Chief Executive Officer - bonuses	1 000	700	400
Auditors (audit)	589	514	578
Auditors (advisory)	50	45	780
Total	3 600	3 410	3 882

Morits Skaugen jr is employed as Chief Executive Officer of I.M. Skaugen ASA. A separate remuneration, if the Chief Executive Officer leaves the company, equal to two years remuneration, has been agreed. The CEO has the right to retire at the age of 60. He will then receive a pension of 66% of his salary until the standard retirement age.

NOTE 5: PENSIONS (NOK '000)

I.M. Skaugen ASA has insured retirement plans (benefit plan) for their employees. As of 31 December 2000 the benefit plan included the 5 employees. The obligations cover employees not included in the insured plan, additional pensions above 12G and some early retirements. The assumptions used have been consistent and are in accordance with recommendations from Norsk Aktuar Forrening.

Pension expenses consists of:	2000	1999	1998
Present value of this year's pension assets	271	271	298
Interest on projected benefit obligation	49	49	53
Expected return on pension assets	(179)	(179)	(184)
Social Security Tax	20	20	24
Amortised estimate/plan deviation	(38)	(38)	-
Pension expenses	123	123	191
	2000	1999	1998
Estimated value of benefit obligations per 31 December	(1 044)	(1 384)	(1 726)
Estimated value of pension assets per 31 December	3 369	3 832	4 436
Unamortised deviation from plan/assumption per 31 December	(932)	(932)	(1 070)
Estimated pension assets /(obligations) in the balance sheet per 31 December	1 393	1 516	1 640

NOTE 6 : OTHER OPERATING EXPENSES (NOK '000)

Other operating expenses	2000	1999	1998
Office expenses	5 465	4 805	6 684
Fees	1 447	6 301	7 369
Project costs	7 518	5 507	3 776
Total	14 430	16 613	17 829

NOTE 7: FINANCIAL MARKET RISK

For information regarding financial market risk please refer to note 8 for the Group.

NOTE 8: TAXES

Due to the fact that the comparable figures for 1998 have been restated, the reconstruction of expenses for 1998 is not shown.

Tax expense for the year:	2000	1999
Taxes payable	0	0
Changes in deferred tax	0	0
Total tax expenses	0	0
	2000	1999
Reconciliation of taxes for the year:		
Estimated tax expenses	(4)	51
Limitation recognised tax asset	3	(16)
Other and NOKUS	1	(35)
Income taxes	-	-

The deferred tax/deferred tax assets are based on the differences as of 31 December 2000 between the accounting and tax values. Temporary differences are related to the following items:

Tax effect of temporary differences	31.12.00	31.12.99	31.12.98
Intercompany receivables	(31)	(31)	(54)
Gain and loss account	39	49	61
Interests in limited partnership	0	0	(4)
Shares	(44)	(119)	(68)
Tax losses carried forward incl. remuneration	(75)	(13)	(33)
Limitation recognised tax asset	13	16	-
Deferred tax (deferred tax asset)	(98)	(98)	(98)
Tax rate used	28 %	28 %	28 %

NOTE 9: TANGIBLE FIXED ASSETS

	2000		1999		1998	
	Vessels	Other	Vessels	Other	Property	Other
Balance per 1 Jan.	3	15	0	13	14	13
Additions	29	1	3	2	0	0
Disposals	0	0	0	0	(14)	0
Cost price per 31 December	32	16	3	15	0	13
Accumulated depreciation 31 December	0	(11)	0	(11)	0	(11)
Reversals of write-down 31 December	0	0	0	0	0	0
Book value per 31 December	32	5	3	4	0	2
This year's depreciations	0	0	0	0	0	0
The financial years reversals	0	0	0	0	0	0
Economic lifetime	30 years	3-5 years	30 years	3-5 years	30 years	3-5 years

NOTE 10: LONG-TERM INTER-COMPANY RECEIVABLES AND LOAN TO EMPLOYEES

When Norwegian Gas Carriers Ltd. was established, I.M. Skaugen ASA granted loans totaling MUSD 82.2. The loans were 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 MUSD 13 in the "MUSD 15 Variable Rate Note" - program. The VRN-loan was refinanced in September 1997 with I.M. Skaugen ASA as borrower. In December 2000 Norwegian Gas Carriers Ltd. sold its vessels and subsidiaries to Norgas Limited, a 100%-owned subsidiary of I.M. Skaugen ASA, and the loan was repaid. As of 31 December 2000 the Parent Company has receivables on Norgas Limited of MUSD 98.3. The loan to Norgas Limited is on demand and is fixed at Libor plus 1 percentage point.

Loan to subsidiaries/employees 31 December 2000	Long-term receivables	Interest rate
Employees	10	6%
Norgas Limited	871	7.5%
Total	881	

NOTE 11: DEPOSITS AND SHARES IN OTHER COMPANIES

	31.12.00	31.12.99	31.12.98
Cash and cash equivalent	79	94	107

Specification of restricted deposits	31.12.00	31.12.99	31.12.98
Bank deposit	2	2	3
Total	2	2	3

Shares	Cost price	31.12.00	31.12.99	31.12.98
Financial current assets	24	19	15	34
Other shares	12	9	3	6
Total shares	36	28	18	40

NOTE 12: LONG-TERM LIABILITIES

Long-term mortgage debt amounts to MUSD 83.6 per 31 December 2000. The long-term debt is secured by a pledge of vessels, assignment of earnings, pledge of bank accounts to which charter-hire is deposited and the assignment of assurance for the same vessels. The loan is repayable with semi-annual installments of MUSD 4.4 over 4.5 years with a balloon payment of MUSD 44 due at the end of the loan period. The loan bears interest of LIBOR plus 0.7% (7.5% per 31.12.00). The average interest rate in 2000 has been 7.06%. The loan agreement includes a number of financial and non-financial covenants. The main covenants are associated with change in majority ownership and strategy, value adjusted equity and minimum requirements for free liquidity. I.M. Skaugen ASA was in compliance with the loan covenants at year end.

Installments are due as follows:

2001	78
2002	78
2003	78
2004	78
2005 and thereafter	428
Total	740

For information regarding financing of newbuildings please refer to note 17 of the Group.

NOTE 13: GUARANTEES

Guarantees	31.12.00	31.12.99	31.12.98
Guarantees for group companies	0	0	24
Guarantees provided	43	4	5
Total	43	4	29

For information regarding the guarantees please refer to note 18 of the Group.

NOTE 14: INVESTMENT IN SUBSIDIARIES (NOK '000)

Shares in subsidiaries	Business office	Time of purchase	Cost price	Voting share	Ownership/				
					Number of shares	Share capital	Par value	Total par value	Book value
Anders Jahre AS	Oslo	Aug 31, 90	200	100 %	200	200	1 000	200	200
Norgas Limited *)	Bermuda	Nov 28, 00	268 076	100 %	12 000	USD 12	USD 1	USD 12	268 076
Norwegian Gas Carriers Ltd. *)	Bermuda	Oct 31, 90	517 590	100 %		USD 90 713		USD 90 713	17 625
Norwegian Gas Carriers AS	Oslo	Dec 15, 00	60 709	100 %	19 600	980	50	980	60 709
IMS Marine Services AS	Oslo	Aug 31, 90	16 825	100 %	17 000	17 000	1 000	17 000	-
PetroTrans Holdings Limited	Bermuda	May 19, 93	89 160	100 %	1 200	USD 12	USD 100	USD 12	86
Faber Shipping Corp	London			100 %	500	-	-	-	-
Total									346 696

*) Norwegian Gas Carriers Ltd, a wholly owned subsidiary of I.M. Skaugen ASA, sold its gas carriers in December 2000 to a new subsidiary of I.M. Skaugen ASA, Norgas Limited.

In 1994, the subsidiary Norwegian Gas Carriers Ltd. issued a MUSD 15 long-term loan with warrants, of which MUSD 10 was bought of non-affiliated companies. The warrants could not be separated from the debt for the first three years. From the summer 1997, the warrants and the loan were separated. Of the MUSD 10 sold to non-affiliated parties, MUSD 8 was repurchased by the Company in 1995 through the issuance of shares in the Company and MUSD 2 was sold. The warrants outstanding as of 31 December 2000 represent 1 % of the share capital of Norwegian Gas Carriers Ltd. and expire in June 2001. The warrants outstanding are owned by two investors and are considered of no value.

Shares in subsidiaries owned by Group companies (NOK 000):	Ownership/					
	Business office	Voting share	Number of shares	Share capital	Par value	Total par value
Owned by IMS Marine Services AS:						
Princess Carriers AS	Oslo	100 %	27 000	27 000	1 000	27 000
Marine Technology Services AS	Oslo	100 %	7 500	750	100	750
Owned by Norgas Limited:						
Oslo Victory AS	Oslo	100 %	50	50	100	50
Owned by Norwegian Gas Carriers AS:						
NGC (Asia) Pte. Ltd.	Singapore	100 %	100 000	SGD 100	SGD 1	SGD 100
Owned by PetroTrans Holdings Limited:						
Skaugen PetroTrans Ltd.	Bermuda	100 %	12	USD 12	USD 1 000	USD 12
Skaugen PetroTrans Inc.	Houston	100 %	750	USD 750	USD 1 000	USD 750
Oyster Bay Steamship LLC.	Delaware	100 %		USD 50		USD 50
SPT Offshore LLC	Delaware	100 %		USD 50		USD 50

IMS Marine Services AS owns 50% of the shares in the associated company Gas Recovery System AS and 51% of Haugesund Reisebyrå AS. The shares in IMS Marine Services AS was in 2000 written down by NOK 16.8 million. The shares in Kosmos Holding AS were written down by NOK 30 million in 2000. Kosmos Holding AS was dissolved in 2000.

NOTE 15: JOINT VENTURES

Companies	Time of establishment	Acquisition cost	Equity at time of establishment	Business office	Owner-share	Voting share
J/V TNGC	Dec 1999	3	100	Hubei, China	2 %	2 %
Somargas Limited	June 2000	7	-	Cayman Island	50 %	50 %
Owned by						
I.M. Skaugen ASA	Net income/(loss)	Current Assets	Fixed Assets	Current Liabilities	Long-term Liabilities	Book value
J/V TNGC	0	1	2	0	0	3
Somargas Limited	0	0	29	4	18	7

NOTE 16: RELATED PARTIES / SUBSEQUENT EVENTS AND MAJOR TRANSACTIONS

Please refer to notes 20 and 23 for the Group.



TRANSLATION FROM NORWEGIAN

AUDITOR'S REPORT FOR 2000

To the Annual Shareholders' Meeting of
I. M. Skaugen ASA

Arthur Andersen & Co.
Stattdato: serts revisorer

Drammensveien 16B
Postboks 22B - Skøyen
0213 Oslo

Telefon 22 92 88 00
Telefaks 22 92 68 00
Org. nr. NO - 910 167 707

Medlemmer av
Den Norske Revisortanning

We have audited the annual financial statements of I. M. Skaugen ASA as of 31 December 2000, showing a profit of NOK 14 million for the parent company and a net result of USD 0 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit. The financial statements comprise the balance sheet, profit and loss accounts, the statements of cash flow, the accompanying notes and the consolidated accounts. These financial statements are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

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

In our opinion,

- the financial statements have been prepared in accordance with law and regulations and present the financial position of the Company and of the Group as of 31 December 2000, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the Company's management has fulfilled its obligation in respect of registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the appropriation of the profit is consistent with the financial statements and comply with law and regulations.

ARTHUR ANDERSEN & CO.

Ashjorn Radal
State Authorised Public Accountant (Norway)

Oslo,
12 February 2001

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SHAREHOLDER &

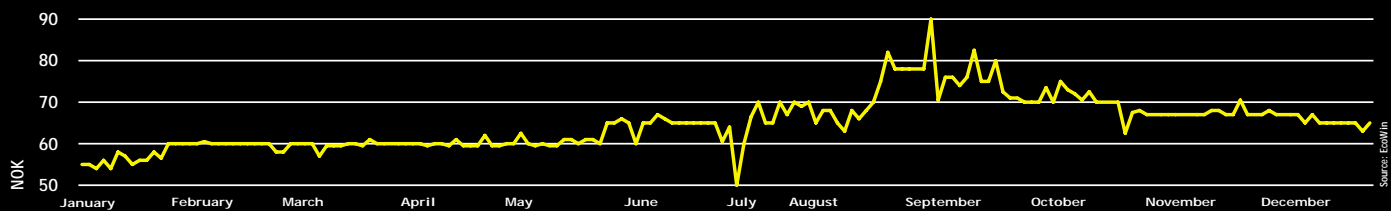
I. M. SKAUGEN ANNUAL REPORT | 2000

ANALYTICAL INFORMATION

A recent independent study, by a well-known PR firm, looking at reporting practices in public companies gave IMS top scores. Our focus on timely reporting is a direct result of our core corporate culture of transparency and no surprises.

Timely information to our investors: IMS rates best in class

I.M. Skaugen Share Price



Source: EasWin

The IMS Share

The IMS share increased during 2000 by 20% from NOK 54 to NOK 65 while the Shipping Index on the Oslo Stock Exchange (OSE) decreased by 0.4% in the same period. The Company redeemed 620,561 treasury shares during 2000, bringing the total outstanding shares to 6,009,944.

Stock/Index	31 December, 2000	31 December, 1999	31 December, 1998	Change +/- % from	
				31.12.98	31.12.99
I.M. Skaugen ASA (NOK)	65.00	54.00	23.50	176.60%	20.37%
OSE Total Index	1,336.82	1,359.60	934.16	43.10%	(1.68%)
OSE Shipping Index	968.98	973.20	657.60	47.35%	(0.43%)
Dow Jones Transportation Index	2,946.60	2,977.20	3,149.31	(6.44%)	(1.03%)
S&P Transportation Index	697.65	596.91	668.35	4.38%	16.88%
S&P Chemicals Index	428.01	526.77	412.39	3.79%	(18.75%)

Source: EcoWin

Valuation per year-end 2000

We believe that an estimated earnings model is the correct model to use for our type of company and thus a model based on the EBITDA of the Company multiplied by an assessed factor and deducting the current net debt. Today most analysts estimate this multiple should be between 6 and 8. The year-end EBITDA of MUSD 24.3 multiplied by 6 or 8 and deducting for the net debt of MUSD 64, gives a value ranging from MUSD 82 to MUSD 131 which equals USD 14 or USD 22 per share (NOK 124 or NOK 195).

An alternative approach to such a valuation of the company is to review the independent evaluations of our vessel assets compared to our book value and thus the equity per share. Many Sale and Purchase brokers have evaluated all our vessels over the last months. All these evaluations have stated an average value of MUSD 121.8 for all of our vessels on 100% ownership basis. This is MUSD 6.3 below the value of these assets on our books at 31.12.00. The 14 NGC vessels have in the last months, by six different brokers, been evaluated at MUSD 102.5 to MUSD 112.4 with an average of MUSD 105. This type of valuation does not allocate any value to the EBITDA earning capability of SPT which is much higher than the value of its assets as per the book value. The recorded year-end equity on our books of USD 12.31 per share or MUSD 74 in total is one statement of the valuation of the Company and also this is above the OSE pricing of the shares.

Valuation Method	Implied Equity Value MUSD	Corresponding Value of Share USD
EBITDA x 6	82	14
EBITDA x 8	131	22
Book Value	74	12.52
SKA Market Capitalisation 31 Dec. 2000	44.1	7.35

Information Policy

IMS will strive to give its shareholders and the OSE complete, identical and simultaneous information regarding the development of the Company through annual reports, quarterly reports and other statements to the stock exchange and press. Presentations will be made at regular intervals for investors and analysts. IMS will aim to be timely and early with its regular financial reporting and we thus aim to report within 10 days of

the end of every quarter - except the annual results which are to be within 15 days of the end of the year. IMS has been granted dispensation from the OSE to report in English rather than Norwegian and will henceforth issue all statements and reports to all the shareholders and the OSE in English only. The legal requirements for Norwegian reporting will, however, be satisfied. The Company is reporting its Accounts in USD according to the New Accounting Act of 1998.

Financial Calendar 2001

Annual General Meeting: Thursday March 8th 2001

1 Quarter 2001: Monday April 9th

2 Quarter 2001: Monday July 9th

3 Quarter 2001: Monday October 8th

4 Quarter 2001: Monday January 14th

Quarterly reports will be published on the Internet and distributed to the shareholders via e-mail starting 1Q 2001.

We publish on:

www.skaugen.com

www.huginonline.com

www.ose.no



Shareholder Statistics

Number of shares	Number of holders	%
1-100	2,153	1.49
101-1000	839	4.52
1001-5000	177	6.16
5001-10000	15	1.82
10001-100000	29	17.41
100001-	8	68.60

Source: VPS

Buy-back of treasury shares in 2000

Date	No. Of shares	Price
18.01.00	28,900*	55.00
26.01.00	11,800*	59.40
09.02.00	19,800*	60.00
14.02.00	2,900*	60.00
14.02.00	125,010*	60.00
08.03.00	15,447	59.05
17.05.00	23,600	60.00
03.07.00	58,600	50.00

*Redeemed as of 7 March 2000.

Source: I.M. Skaugen/ASA

Dividends and Purchase of Treasury Shares

We aim to use possible surplus cash to pay dividend to our shareholders and/or purchase treasury shares in the market if deemed more optimal for creating shareholder value. By possible future share capital increases, through the issue of new shares against payment in cash, existing shareholders of the Company will, unless not deemed optimal, be given preference to subscription. Since 1.1.1996 the Company has paid a total of MUSD 35.7 in dividends, and we have repurchased MUSD 4.3 worth of treasury shares – a total of MUSD 40. Our latest equity increase by raising new equity was in 1995.

Shareholder Information

Payment of Dividends/Tax Issues

Any dividend is taxable according to Norwegian law. When paying dividends to foreign shareholders, the Company is obliged to withhold tax at source. Dividends paid to Norwegian Shareholders are according to Norwegian law taxable with 11% on the receivers' hands for dividends declared after 1 September 2000. The Board of Directors has proposed to pay dividends equal to NOK 2 per share for the year 2000.

Acquisition of Treasury Shares

The Company's Annual General Meeting on 7 March 2000 granted the Board authority to write down the company's treasury shares, thus reducing the share capital by NOK 37,233,660, from NOK 397,830,300 to NOK 360,596,640 by redemption of 620,561 shares with par value NOK 60. New total number of outstanding shares is 6,009,944. The Board of directors also received renewed authorisation to acquire treasury shares for up to 10% of total outstanding shares equaling 600,944 shares.

The Company has throughout the year acquired 286,057 treasury shares, of which 188,410 shares have been redeemed. The holding of treasury shares as of 31 December 2000 was 97,647, corresponding to 1.62% of the total outstanding shares. The book value of these shares is MNOK 5.9 (MUSD 0.6) or NOK 53.96 per share.

The Board will ask the Annual General Meeting for renewal of the authority to purchase treasury shares.

Retained Profit Adjustment RISK - Norwegian Rules

According to the tax reform effective 1 January 1992, the taxable gain on a share will equal the actual gain less a figure equivalent to the Company's retained after tax profit per share (this adjustment is of importance in relation to the taxation of Norwegian nationals). This capital adjustment will take place annually on 1 January, but the amount will not be computed until the tax returns have been processed in October/November the financing year. Shareholders as of 1 January will be credited with the adjustment. Estimated adjustment as of 1 January 2001 is (NOK 2) per share.

Trading in Shares and Rights of Voting

The Company has one class of shares. Each share carries one vote in the General Meeting.

Shares in IMS may be freely traded on the Oslo Stock Exchange. The Public Companies Act sets forth that shares shall be registered in the name of the owner. Arrangements whereby shares are registered in the name of a manager are generally prohibited. If the owner is a foreigner, shares registered in the Norwegian Registry of Securities may be entered in the shareholders' list in the name of a manager (a bank or another entity approved by the Ministry of Finance). Upon request, an approved and registered manager is required to inform the company and Norwegian authorities of the actual owners of the shares listed under their name. In the case of registration by manager, the Norwegian Registry of Securities shall clearly show that the owner listed is manager. Such registration shall include the name and address of the manager and the number of shares covered by the arrangement. A registered manager is entitled to receive dividend and other disbursements relating to the shares, but he may not as manager exercise voting rights in general meetings. The proper owner must be registered with the Norwegian Registry of Securities or otherwise announce and give proof of his stockholding in order to vote in general meetings.

Board and Employees Bonus Plans and the Purchase/Sale of Shares

The Company maintains no share bonus scheme for members of the Board of Directors or for the Group's employees. All employees and members of the Board must clear any purchase or sale of shares with the Company's CEO, who in turn must clear his with the Chairman.

RISK adjustments earlier years NOK per share**

1.1.2000	15.91
1.1.1999	0.42
1.1.1998	19.40
1.1.1997	(33.60)
1.1.1996	(5.99)
1.1.1995	(10.98)
1.1.1994	(8.98)
1.1.1993	(2.99)

IMS Shares held by Members of the Board	No. Of shares *)
Erik Eik (Chairman)	82,049
Morits Skaugen-jr (**)	8,110
Christian Wessel	5,800
Morten Arntzen	5,000
Harald Schjoldager (**)	0
Bjarne Aamodt	0

IMS Shares held by the IMS Executive Committee	No. Of shares *)
Erik A. Lind	11,060
Trygve P. Munthe	9,000
Morits Skaugen-jr (**)	8,110
Terje Ørehagen	0

*) Includes shares owned by close family/relatives and controlled companies.

***) Boardmembers of Eikland AS. Eikland AS holds 40.54 % of the shares in I.M. Skaugen ASA.

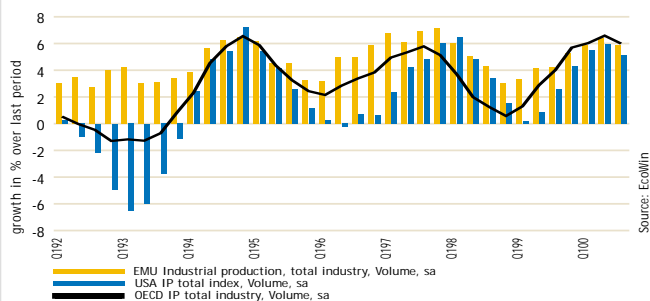
Source: VPS

Ownership structure - I.M. SKAUGEN ASA

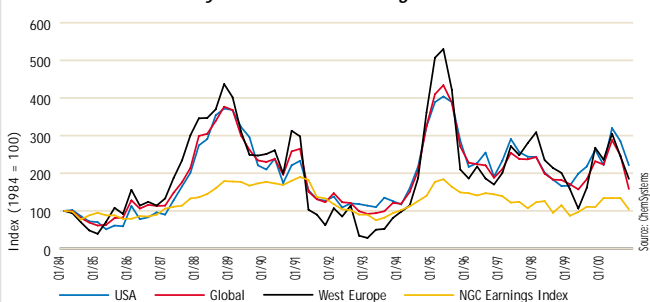
31 December, 2000	No. of shares	%
Eikland AS	2,436,499	40.54 %
Aksjefondet Odin NORGE	530,221	8.82 %
Verdipapirfondet Skagen Vekst	255,286	4.25 %
Steen, Erik Otter	241,826	4.02 %
Steen Bertel O. c/o Torkildsen, Tennøe & Co	229,469	3.82 %
SES AS c/o Advokat Bertel O. Steen	223,109	3.71 %
Skandinaviska Enskilda A/C Clients Account	105,119	1.75 %
Suveren Lars Hansen A/S	101,200	1.68 %
D/S A/S Theologos	100,000	1.66 %
I.M. Skaugen ASA	97,647	1.62 %
E-Invest AS v/ Erik Eik	81,515	1.36 %
Verdipapirfondet Odin Maritim	76,000	1.26 %
Steen Tore B	71,594	1.19 %
A/S Bemacs C/O Adv. Bertel O. Steen	71,123	1.18 %
Bikuben Girobank C/O Sparebanken NOR	63,674	1.06 %
Part Invest AS	60,000	1.00 %
Lombard, Odier & CIE General Dossier	45,666	0.76 %
DNB Markets, Corporate Market-Making Innlend	43,896	0.73 %
AS Deodata C/O Warendo AS	31,724	0.53 %
Taxus AS	29,000	0.48 %
Total 20 largest	4,894,568	81.44 %
Other	1,115,376	18.56 %
Total shares	6,009,944	100.00 %
Total shares excl. treasury shares	5,912,297	98.38 %

Source: VPS

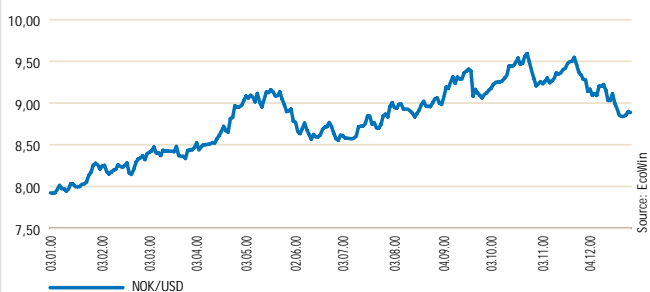
Industrial Production Growth



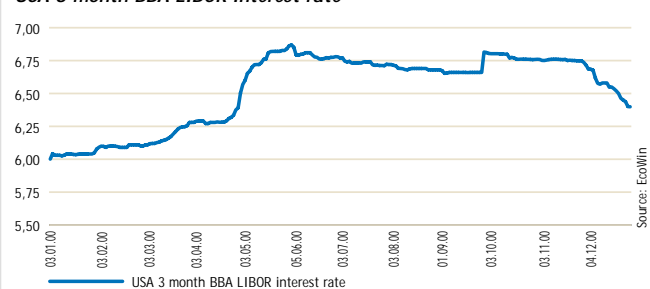
Petchem Profitability Index Vs NGC Earnings index



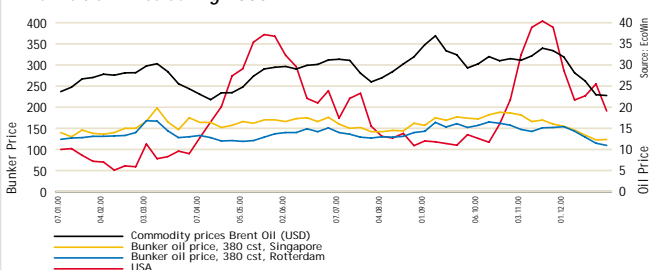
NOK/USD



USA 3 month BBA LIBOR interest rate



Bunker/Oil Price during 2000



Analytical information - Market drivers and -risks

GDP Growth and Industrial Production

Over the past two years there has been considerable global economic growth, which has spurred demand for manufactured goods and thus led to increased industrial production and world trade.

Industrial production is a main driver for seaborne transportation, and is as such a substantial market driver for the NGC business.

An Investment in the Downstream Oil and Petrochemical Industries

NGC's earnings have historically seen a clear correlation with the profitability of the petrochemical industry. Likewise, SPT business prospects have a correlation with the development in US long-haul imports of crude oil.

A USD Investment

As of 01.01.1999 the IMS Group reports all figures in USD. All of the Group's revenues and most expenses are in USD. Also the Group's Credit Facilities are in USD, and the vessels are valued in USD. The Group's limited currency risk is primarily related to its administration cost in NOK, and the sensitivity of a NOK 1 change in the NOK/USD exchange rate is MUUSD 1 on the annual net result.

Interest Rates

IMS is exposed to interest risk. The interest on the Company's main credit facility is USD LIBOR based. In 2000 the 3 month USD LIBOR moved between 5.70% and 6.87%.

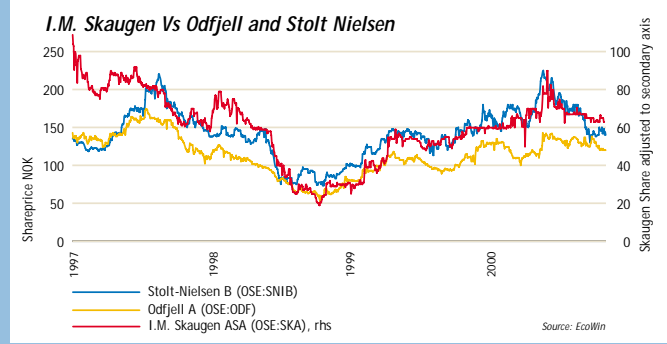
Bunker Prices

The IMS Group is exposed to operating market risk with regard to bunker oil prices. The bunker price (IFO380) in 2000 was 50% higher on average as compared to 1999. This higher bunker price resulted in bunker consuming 4% more of NGC's gross freight income. Bunker oil price is driven by the price of crude oil, which has seen an average price of USD 28.5 (Brent Blend) throughout 2000. The US Energy Information Administration (EIA) predicts the price to remain within the OPEC's basket oil price target range of USD 22 – 28 until 2002 following OPEC's output quotas and a general slowdown in the US economy.

For more information: www.ecowin.com www.imf.org
www.eia.doe.gov www.bunkerworld.com

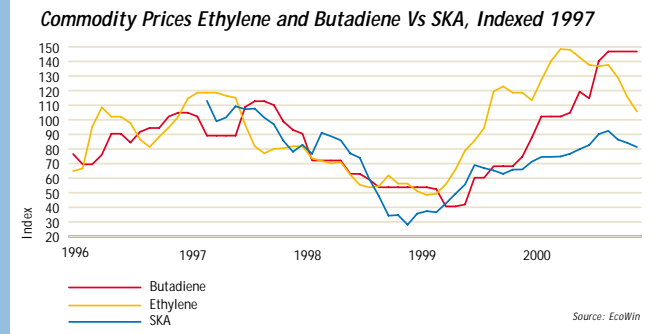
Related Shipping Shares

The IMS share's performance on the Oslo Stock Exchange strongly correlates to certain peer shipping shares with similar underlying drivers.



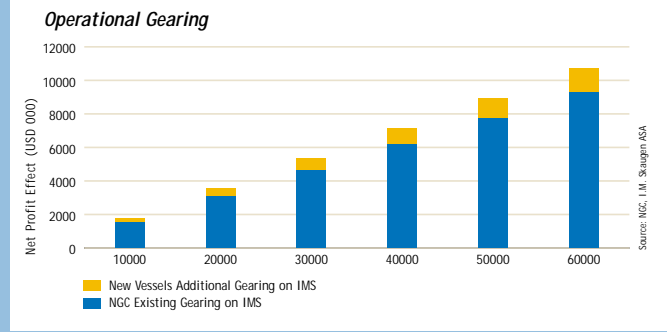
Commodity Prices

The IMS share price has historically followed the same trend as key commodity prices affecting NGC.



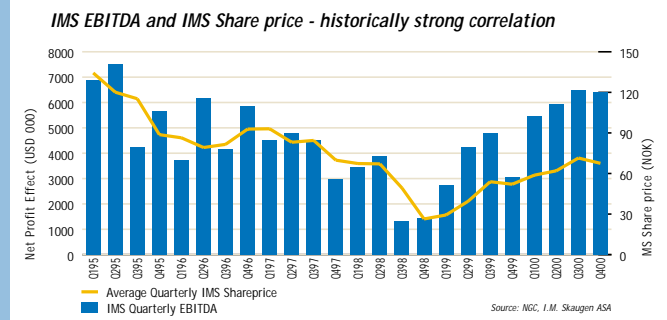
Operational Gearing is High

An increase in NGC's average net TC earnings per vessel per month of USD 10,000, will result in a direct yearly bottom line effect for IMS of MUSD 1.5, increasing to MUSD 1.78 after delivery of the 4 new vessels.



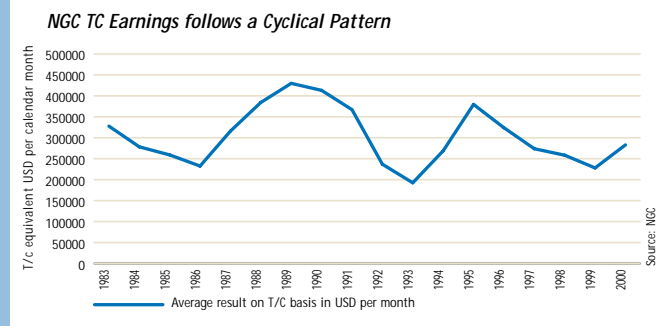
IMS Share Price/Earnings Correlation

IMS Quarterly EBITDA have followed the improved market condition for the NGC business. The IMS share price, which historically has been strongly correlated to EBITDA, has recently not seen the same upturn.

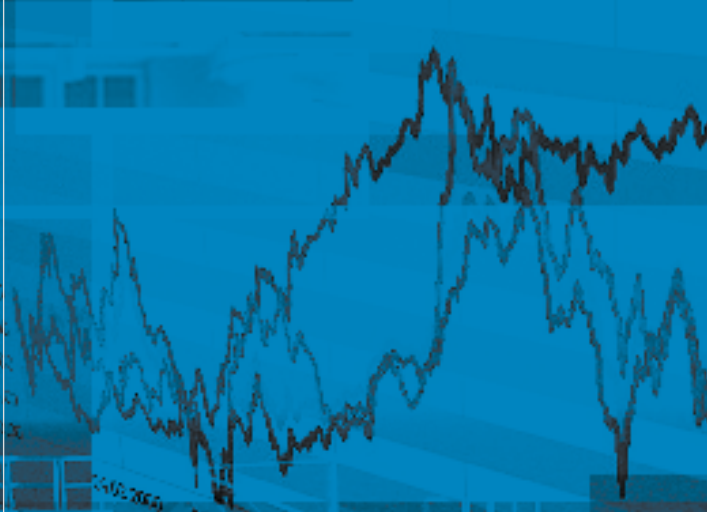


Cyclicality

NGC operates in a cyclical market with an average cycle length of approximately 7 years, thus experiencing fluctuations in its earnings according to the business cycle.



We believe that the current market conditions points to a more gradual recovery than the steep recovery seen during the last cyclical rebound.



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Valuing cyclical companies

Cyclical stocks such as airlines and steel can appear to defy valuation. But an approach based on probability will help managers and investors draw up a reasonable estimate.

Marco De Heer and Timothy M. Koller

The McKinsey Quarterly, 2000 Number 2

Companies in industries prone to significant swings in profitability present special difficulties for managers and investors trying to understand how they should be valued. In extreme cases, companies in these so-called cyclical industries—airline travel, chemicals, paper, and steel, for example—challenge the fundamental principles of valuation, particularly when their shares behave in ways that appear unrelated to the discounted value of their underlying cash flows.

We believe, however, that cyclical operations can be valued using a modified discounted-cash-flow (DCF) method similar to an approach used to value high-growth Internet start-ups.¹ First, though, we will explore the underlying relationships between the cash flows and share prices of cyclical companies, as well as the role securities analysts may well play in distorting market expectations of performance.

When theory and reality conflict

Suppose that you are using the DCF approach to value a cyclical company and have perfect foresight about its industry cycle. Would you expect the value of the company to fluctuate along with its earnings? The answer is no; the DCF value would exhibit much lower volatility than earnings or cash flow because DCF analysis reduces expected future cash flows to a single value. No individual year should have a major impact on the DCF value because high cash flows cancel out low ones. Only the long-term trend matters.

Company A, for example, has a business cycle of ten years and a highly volatile cash flow pattern that ranges from positive to negative (Exhibit 1, part 1). These cash flows can then be valued on the basis of the forecast from any one year forward. Discounting the free

cash flows at 10 percent produces the DCF values in Exhibit 1, part 2. Exhibit 1, part 3, which brings together the cash flows and the DCF value (indexed for comparability), shows that the DCF value is far less volatile than the underlying cash flow. Indeed, there is almost no volatility in the DCF value, because no single year's performance affects it significantly.

EXHIBIT 1

The long-term view: Free cash flow and DCF volatility

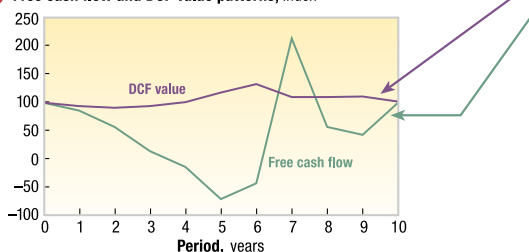
1 Free cash flow pattern, Company A, \$ million

Period, years	0	1	2	3	4	5	6	7	8	9	10
After-tax operating profit	10	9	6	3	0	-2	3	18	7	6	10
Net investment	3	3	2	2	1	3	5	3	3	3	3
Free cash flow	7	6	4	1	-1	-5	-2	15	4	3	7

2 DCF value

DCF value	34	33	27	28	30	35	40	33	33	34	31
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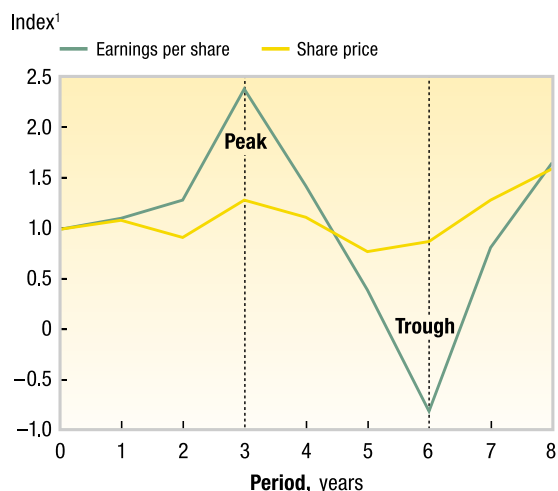
3 Free cash flow and DCF value patterns, index



In the real world, of course, the share prices of cyclical companies are less stable. Exhibit 2 shows the earnings and share values (indexed) for 15 companies with four-year cycles. The share prices are more volatile than the

EXHIBIT 2

Instability rules: Cyclical in the real world



¹Composite index of 15 companies, each with a four-year cycle.

DCF approach would predict—suggesting that theory and reality conflict.

Are earnings forecasts the culprit?

How can theory and reality be reconciled? On the assumption that the market values of companies are linked to consensus earnings forecasts, we examined these forecasts for clues.

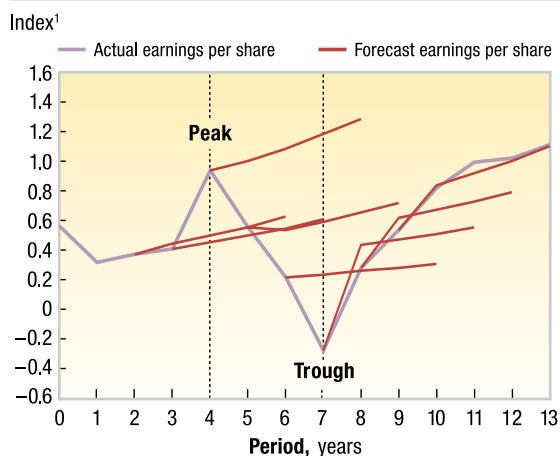
What we found was surprising: consensus earnings forecasts appeared to ignore cyclical entirely by almost always showing an upward trend, regardless of whether a company was at the peak or the trough of a cycle. Apparently, the DCF model is consistent with the facts, but the earnings and cash flow projections of the market are not (assuming that the market followed the analysts' consensus).

This conclusion was based on an analysis of 36 cyclical companies in the United States between 1985 and 1997. We divided these companies into groups with similar cycles (three, four, or five years from peak to trough, for example) and calculated indexed average earnings and consensus earnings forecasts for each. We then compared actual earnings with forecast earnings over the course of the cycle.²

Exhibit 3 plots the actual and forecast consensus earnings for 15 of the companies, in the primary-metals or transportation equipment manufacturing industries. All have four-year cycles. As the exhibit shows, the consen-

EXHIBIT 3

Fact versus fiction



¹Composite index of 15 companies, each with a four-year cycle.

sus forecasts don't predict the earnings cycle at all. In fact, except for the next-year forecasts in the years at the bottom of the trough, earnings per share are forecast to follow an upward path, with no variation. The forecasts don't acknowledge even the existence of a cycle.³

Academic research has shown that earnings forecasts have a generally positive bias. Sometimes this is attributed to the pressures faced by equity analysts at investment banks⁴. Analysts might fear that a company subjected to negative commentary would cut off their access, for example, or that a pessimistic forecast about a company that is a client of the bank they work for could damage relations between the two. In light of these worries, it is reasonable to conclude that analysts as a group are unable or unwilling to predict the business cycle for these companies.

The market is smarter

Business cycles, and particularly their inflection points, are hard for anyone to predict. It is not surprising, then, that the market fails to get its predictions exactly right. But we would be disappointed if it failed entirely at the task, as the consensus earnings forecasts do. This takes us back to the question of how the market ought to behave. Should it be able to predict the cycle and thus avoid fluctuations in share prices?

That might be asking too much; at any point, a company or industry could break out of its cycle and move to a new one that was higher or lower (Exhibit 4). Suppose, for example, that you are valuing a company that is apparently at a peak in its earnings cycle. On the basis of past cycles, you would expect the industry to

turn down soon, but there might be signs that it was about to break out of the old cycle.

In this situation, a reasonable valuation procedure might be to build two scenarios and weight their values. Under the first scenario, you assume, with a 50 percent probability, that the cycle will repeat the past and that the industry will turn down in the next year or so. Under the second, you assume, also with a 50 percent probability, that the industry will break out of the cycle and follow a new long-term trend based on current improved performance. The weighted average of these two values is the company's value. We found evidence that this is in fact the way the market looks at problems of this sort.

We valued the four-year cyclical companies in three ways:

- With perfect foresight about the upcoming cycle
- With zero foresight, assuming that current performance represents a point on a new long-term trend (essentially the consensus earnings forecast)
- With 50 percent perfect foresight and 50 percent zero foresight

Exhibit 5 summarizes the results. As they show, the market follows the path of neither perfect foresight nor zero foresight but, rather, a middle path, closer to 50-50. It could be argued that this is the right place for the market to be.

How to value cyclical companies: A cookbook

No one can predict an industry's cycle precisely, and any single forecast of performance has to be wrong. But managers and investors can benefit by explicitly following the probabilistic approach to valuing cyclical companies that is outlined above. This approach avoids the traps of a single forecast and makes it possible to explore a wider range of outcomes and their implications.

The following method of valuing cyclical companies involves creating two scenarios (though it is of course possible to create more than two). This approach provides an estimate of a company's value and scenarios—an estimate that puts boundaries on the valuation. Managers can use the boundaries to think about how they should modify their strategies and possible ways of responding to signals that one scenario was more like-

EXHIBIT 4

When the cycle changes

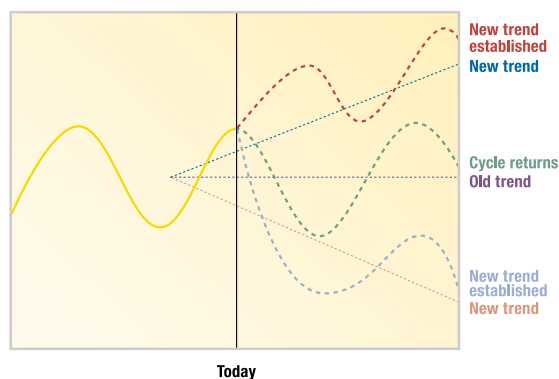
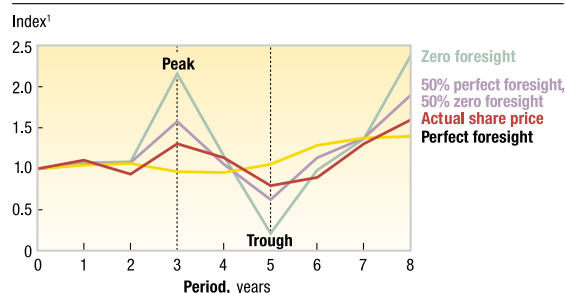


EXHIBIT 5

The market is smarter

¹Composite index of 15 companies, each with a four-year cycle.

ly to materialize than another.

Construct and value the "normal-cycle" scenario using information about past cycles. Pay particular attention to the long-term trend line of operating profits, cash flow, and return on invested capital because this will affect the valuation. Make sure the continuing value is based on a "normalized" level of profits—that is, on the company's long-term cash flow trend line.

Construct and value a "new trend-line scenario" based on recent performance. Again, focus most on the long-term trend line because it will have the greatest impact on value. Don't worry too much about modeling future cyclicity, although it will be important for financial solvency.

Develop an economic rationale for each scenario, considering factors such as growth in demand, technological changes that will affect the balance of supply and demand, and the entry or exit of companies into the industry.

Assign probabilities to the scenarios and calculate their weighted value, basing it on your analysis of the likelihood of the events leading to each of them.

Can managers do anything to reduce cyclicity or to exploit it? They do, after all, have detailed information about their markets and might thus be expected to do a better job than the stock market at predicting the cycle and reacting appropriately. In our experience,

however, managers do exactly the opposite and exacerbate the problem. Cyclical companies often commit themselves to big capital-spending projects just when prices are high and the cycle is hitting its peak. They then proceed to retrench when prices are low. Some develop forecasts that are quite similar to those issuing from equity analysts: upward sloping, regardless of where in the cycle the company is. In so doing, these companies send the wrong signals to the stock market.

Rather than spreading confusion, managers should learn to exploit their superior knowledge. They could first improve the timing of capital expenditures and then follow up with a strategy of issuing shares at the peak of the cycle and repurchasing them at the trough. The most aggressive managers could take this one step further and adopt a trading approach, acquiring assets at the bottom of the cycle and selling them at the top. In this way, a typical company in a cyclical industry could more than double its returns.

Again, however, theory is at odds with reality. In the real world, companies are reluctant to take the contrarian view. It is hard for a CEO to persuade a company's board and backers to expand when the outlook is gloomy and to retrench when the future looks good and competitors are building. Instead, companies are quite more likely to act in lockstep with others in their industries and to perpetuate cyclicity. So while it might indeed be possible for a company to break out of the business cycle, it is a rare CEO who can make this happen.

Notes

Marco de Heer, a McKinsey alumnus, works at the Dutch investment bank Kempen & Company; Tim Koller is a principal in McKinsey's Amsterdam office. This article is adapted from Tom Copeland, Timothy Koller, and Jack Murrin, *Valuation: Measuring and Managing the Value of Companies*, third edition (New York: John Wiley & Sons), to be published in the United States in summer 2000. Copyright © 2000 McKinsey & Company. All rights reserved.

¹ See Driek Desmet, Tracy Francis, Alice Hu, Timothy M. Koller, and George A. Riedel, "Valuing dot-coms," *The McKinsey Quarterly*, 2000 Number 1, pp. 148–57.

² Note that we had already adjusted downwardly the normal positive bias of analysts' forecasts to focus solely on the issue of cyclicity. See V. K. Chopra, "Why so much error in analysts' earnings forecasts?" *Financial Analysts' Journal*, November–December 1998, pp. 35–42.

³ Similar results were found for companies with three- and five-year cycles.

⁴ See M. R. Clayman and R. A. Schwartz, "Falling in love again—analysts' estimates and reality," *Financial Analysts' Journal*, September–October 1994, pp. 66–8; J. Francis and D. Philbrick, "Analysts' decisions as products of a multi-task environment," *Journal of Accounting Research*, Autumn 1993, Volume 31 (2), pp. 216–30; K. Schipper, "Commentary on analysts' forecasts," *Accounting Horizons*, December 1991, pp. 105–21; and B. Trueman, "On the incentives for security analysts to revise their earnings forecasts," *Contemporary Accounting Research*, Volume 7 (1), pp. 203–22.

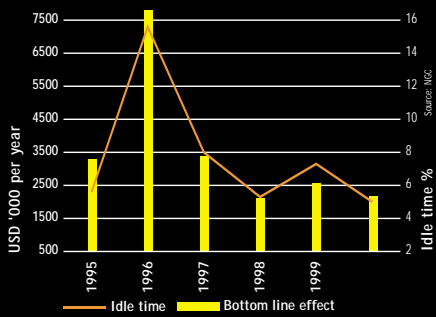
NGC

I. M. SKAUGEN ANNUAL REPORT 2000



Direct communication increases fleet utilisation.

Bottom Line effect of NGC Idle Time



Direct customer relations: Creating win-win situations



NGC increased the margins and the EBITDA compared to last year and relatively compared to similar historical freight rate levels. The consolidation in the smaller gas carrier segment in late 1999 lifted market rates, and the market forecast predicts a peak for this cycle in 2002-3. With four newbuildings and our continued focus on cost and service leadership, we are positioned for increased margins.

Business Sector: NGC is a fully integrated shipping company specialising in petrochemical gas transportation with a focus on ethylene. By investing in quality and safety, introducing timesaving operations, communicating directly with our customers, and utilising Information Technology, we work hard to provide a higher level of service than our competitors.

Financial Highlights:	2000	1999	1998	1997
Freight Revenue on a T/C basis	40.297	30.296	35.589	43.024
Vessel Operation Expenses	20.711	(22.418)	(25.935)	(28.942)
Other unallocated Operating Costs	1.244	(1.385)	(2.481)	(2.696)
EBITDA	18.342	6.493	7.173	11.386

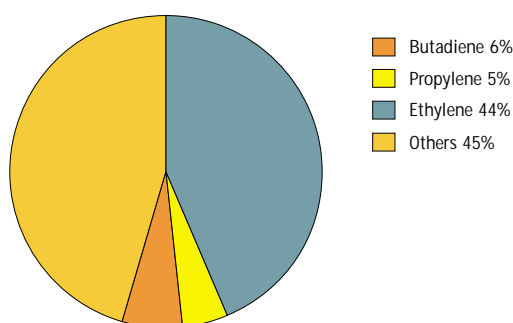
Fleet: 14 Vessels between 6,000-9,000 cbm (13 with ethylene capacity). In 2000, 4 8,400 cbm ethylene capable vessels were ordered from Zhonghua Shipyard in Shanghai to be delivered during 2002-2003 with options for 6 additional units.

Offices: Houston, Gent, Singapore, Shanghai, St. Petersburg, Wuhan and Oslo

Employees: 55 shore side
296 sailing personnel

Customers: The major oil and petrochemical producers, importers and traders such as BP, Dow, Enichem, Exxon, IPCL, Marubeni, Mitsubishi Corporation, Mitsui, PCC, PDVSA, PMI, Qapco, Reliance, Sabic, Sumitomo

Products Carried:



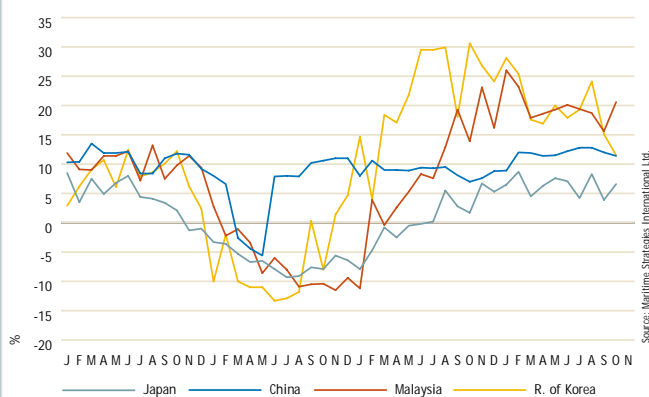
Main Competitors: AP Moller, Gaschem, Medgas, Unigas, Tarquin International

Market Drivers:



**NGC
EARNINGS**

**Year-on-Year Percentage Changes in Industrial Production
Selected Asian Countries**



- Strong industrial production across Asia
- Quicker than expected recovery in Asian chemical demand
- Increased East-West arbitrage trade

Rate Surge Buys Earnings

Owners of semi-refrigerated gas carriers in the 4,000 - 22,000 cbm segment enjoyed substantially improved earnings over 1999. Average spot market returns rose by almost a quarter, with, for example, an 8,200 cbm ship earning around \$370,000/month in timecharter equivalent terms (excluding waiting time), according to shipbrokers Fearnleys. Better than expected outcomes for both demand and supply in this market segment have driven the improvement.

Taking demand first, the health of the world economy during 2000 has impacted positively on petrochemical production and trade. While the US enjoyed GDP growth close to 5%, the 4th year of +4% expansion, Asian industrial production soared.

The accompanying chart illustrates the strength of industrial production across Asia. In most countries output now far outstrips levels prior to the Asian Crisis. As a result, Asian chemical demand has recovered more quickly than expected.

Ethylene and propylene spot price differentials between Europe and Asia have also boosted East-West arbitrage trade in these gases. In total an estimated 200,000 tonnes moved from Asia to Europe in 2000, compared with 20,000 in 1999.

The tight Atlantic market for ethylene kept north European CIF prices above \$800/tonne for much of 2000. Plant operating rates have risen well above 90% and with stocks low, unplanned outages at European plants have created short-term supply shortages.

In contrast, the Asian market remained oversupplied and prices low. Despite rising demand there remains substantial excess, export-oriented capacity. In addition, a surplus of exportable gas in North East Asia arose from a trade dispute between China and South Korea that saw the latter's polyethylene temporarily banned from Chinese markets. As a result Korean producers closed down polymer plants and gratefully seized the opportunity to ship ethylene and propylene gas to Europe.

The final piece in the jigsaw promoting these arbitrage trades has been the relatively low freight rate environment. Although rates improved substantially during 2000 they remain well below the next forecasted peak in 2003.

On the supply side, total 4,000 - 22,000 cbm semi-refrigerated capacity is estimated to have expanded by 6% during 2000, but the impact on vessel availability has been less severe than this headline figure implies.

Of the increase in supply, only 60% of the ships delivered were available to trade in the fourth quarter as a number of large semi-refrigerated ships (with capacity over 20,000 cbm) were largely confined to delivery in the fourth quarter. A primary reason for this skewed pattern has been the delayed delivery of the Navigator Transport ethylene-capable ships. In addition, ongoing disputes between participants in the latter project have meant that even those vessels that have been delivered were not an effective market presence during 2000.

The upturn in earnings during 2000 was widely anticipated, though perhaps not its scale. There will be further improvements in the coming years.

Underlying demand for petrochemicals is extremely robust. Across the economic cycle underlying trade growth averages around 4%. There is little doubt that production and trade in ethylene and the other chemical gases will surge over the next five years.

Short-Term Uncertainty

But that is not to say that progress will be smooth. Volatility is inherent in both the petrochemical manufacturing and gas shipping markets and there are several factors that suggest a bumpy ride.

First, arbitrage trades – which played a key role in mopping up surplus shipping capacity in 2000 - remain sporadic and vulnerable to the delicate gas price/freight rate balance.

New European ethylene capacity of up to 1 million tonnes/year in 2001 should ease supply shortages, reduce prices and hence undermine arbitrage opportunities, at least at freight levels seen during 2000.

- **Positive overall market outlook and a modest order book**

- **Steady demand for petrochemicals**

- **European ethylene capacity expansion should ease supply shortages**

Petrochemical Industry Consolidation Slows

Consolidation in the petrochemical industry will have a major impact on trade over the next five years. Merger activity continued in 2000, but not at the scale of recent years, although some significant regional deals were concluded. For example, the tie up between Sumitomo and Mitsui marks the first between rival Japanese keiretsu. The merged company will be the largest in Asia, with the most significant overlap in olefins and specialty chemicals.

Many chemical industry analysts feel the current wave of M&A activity has peaked. The industry now enjoys a concentration of ownership on a previously unknown scale.

The increased concentration in ownership should allow petrochemical companies to enhance profitability and reduce market volatility, but could reduce the share of petrochemical gas production that is traded and impact on the balance between intra- and inter-regional trades.

At the same time, ethylene prices in Asia will also come under pressure from increasing capacity. Asian capacity could grow by another 0.85M Tonnes/year by end 2001, with a further 1.8M Tonnes/year due on-stream in the Middle East over the same period.

Second, supply-side pressures will remain in 2001. Nominal growth in 4,000 - 22,000 cbm semi-refrigerated capacity over the course of the year will be just 3% - the lowest in five years - but effective supply growth could be much greater if Navigator becomes an active participant in the ethylene trades. Scrapping - currently running at around 1% of supply each year - will remain insignificant.

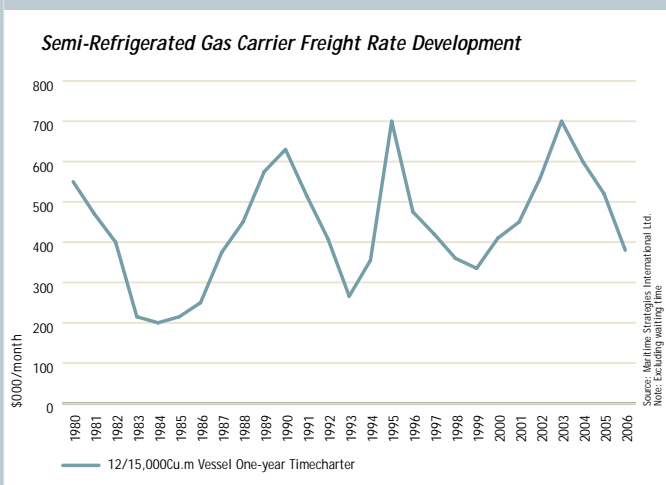
The third risk is uncertainty over global economic prospects in the short-term. There is near consensus among economists for a softening in economic growth across the globe in 2001.

MSI anticipate a soft landing in the US over next two to three years, but fear a more violent correction. Any negative developments could very quickly burst the bubble of a rising stock market and buoyant consumer sentiment.

Moreover, the role of US imports in supporting Asian manufacturers over the last year or two should not be underestimated. Consequently, a slowdown in the US could have dramatic effects globally. The danger to Asian economies should be seen in the context of concerns that the spectacular Asian recovery is once again masking the need for financial and structural reforms.

Medium-Term Improvement

As noted above, however, this short-term uncertainty should not mask the underlying, medium term growth potential for chemical gas shipping.



- Next freight market peak estimated in 2003

Total trade in 2000 will almost certainly match the all time highs of the mid 1990s. Looking to the medium term, long haul trades will enjoy the strongest rates of growth, with the Middle East a key source of exports. After 2001 European ethylene import growth should re-emerge with a focus on Middle East or even Asian supplies at the expense of transatlantic movements. At the same time, low Asian prices may stimulate trade from oversupplied South East Asia to North East Asia. The total semi-refrigerated orderbook for ships of 4-22,000Cu.m is now equivalent to 10% of the fleet.

With limited further ordering anticipated for 2002/2003, supply growth of 3-4%/year will be manageable in the context of trade growth expectations. On this basis, Maritime Strategies International forecast the next freight market peak in 2003.

Asset Values Under Pressure

Impressive gains in newbuilding prices in most shipping sectors during 2000 – including the large gas carrier segment - have (somewhat surprisingly) not been reflected in the small gas carrier prices.

New building prices across the shipping sector have on average increased by about 10% from the lowpoint in 1999 (Clarksons Newbuilding Price Index). Suezmax and Aframax prices have increased by as much as 25% while the annual average newbuilding prices for semi-refrigerated ships were static, up 1% based on broker estimates. Consequently, newbuilding prices remain at their lowest for over a decade.

The lack of movement may be due in part to the difficulty in establishing benchmark prices in this sector. Newbuilding activity rose last year but only three deals were recorded.

NGC has ordered four 8,400 cbm ethylene ships from Zhonghua in China (with options for another six vessels). These orders were followed at year-end by reports of two possible 9,000 cbm ethylene ships for Montanari Group from an Italian yard.

The remaining contracts were placed by Naftomar and were for semi-refrigerated ships of 22,000 cbm. The latter segment of the fleet is few in number and modern. These ships are not directly competitive with NGC tonnage, but will contribute to aggregate semi-refrigerated tonnage balances.

Newbuilding prices are also being capped by the relative surplus in ship building capacity oriented towards vessels under 10,000dwt. Indeed, many of the small to medium yards that specialise in gas carriers suffer from uncomfortable forward cover positions, with berths open for second half 2002. In contrast, the shortage of capacity is acute for large dock space.

With newbuilding prices static, secondhand prices have been unresponsive to the improvement in ship earnings, despite an increase in secondhand market activity in 2000.

The first sales of ethylene ships for three years were recorded and in total nine semi-refrigerated ships of around 0.04Mn cbm changed hands.

Nevertheless, this is equivalent to only 2% of the fleet and turnover at this level is low compared to bulk shipping sectors. This relative lack of liquidity – due to consolidation among ship operators – has acted to keep a lid on prices, but perhaps the most important factor is the continuing unattractiveness of secondhand versus newbuilding acquisition at current price levels.

With quoted secondhand prices close to straight line depreciation, values may have to fall to stimulate further sales, especially of tonnage over 15 years old.

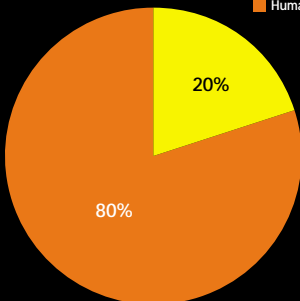
SPT

I. M. SKAUGEN ANNUAL REPORT 2000

Commitment, attitudes, and competence of all individuals have made SPT a leading lightering company.

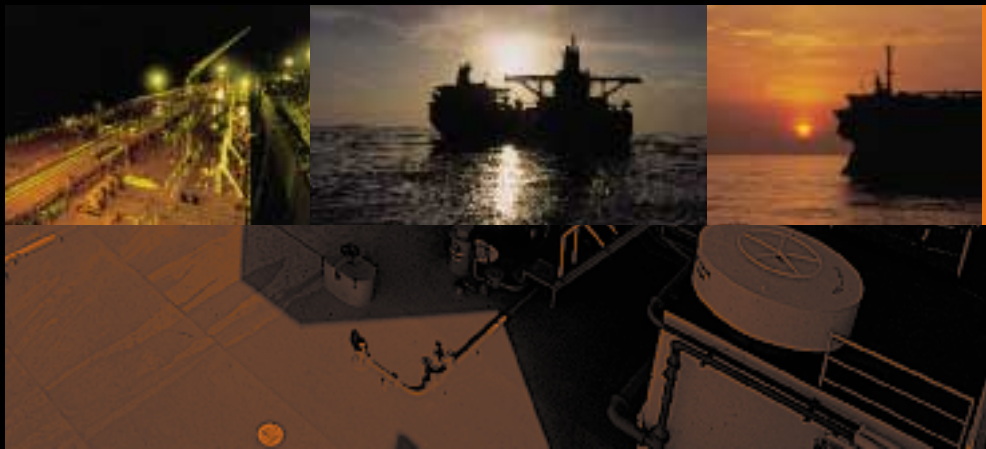
Accident Causes

- Technical Related Causes
- Human Related Causes



Source: ENP

Focus on quality and safety: A way of life at SPT



SPT enjoyed the second best year ever despite the volatile Aframax Market. It was a challenge to price SPT's services, however, we maintained satisfactory margins. With US imports increasing, SPT expects another good year in 2001.

Business Sector: SPT is a fully dedicated lightering company with safety, environmental protection and incident free operations as their highest priority.

Financial Highlights:	2000	1999	1998	1997
Freight Revenue on a T/C basis	71,600	63,352	58,532	50,057
Vessel Operation Expenses and T/C Hire	(63,371)	(51,941)	(51,918)	(44,162)
Other unallocated Operating Costs	-	-	-	-
EBITDA	8,229	11,411	6,614	5,895

Fleet: Core fleet of 5 Aframax tankers on charter and 4 lightering support vessels. Additionally, SPT charters extra Aframax tonnage as required, on a short term basis.

Offices: Houston and Freeport Texas

Employees: 35 shore side, 31 sailing personell

Customers: Integrated oil companies, refiners and oil traders such as BP Amoco, Statoil, Phillips Petroleum, Valero, Saudi Petroleum International, Premcor, Coastal

Products Carried: 348.1 million barrels of oil lightered during 2000

Main Competitors: MTL Petrolink, American Eagle Tankers (NOL), Oil Majors performing their own Lightering, LOOP (Louisiana Offshore Oil Port)



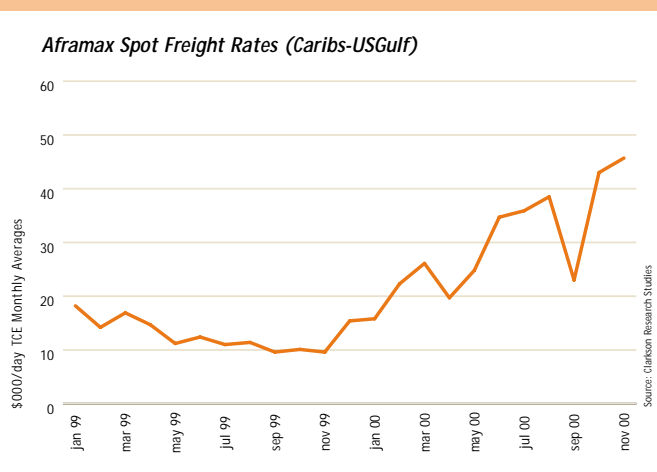
Market Drivers:

Long haul US Oil Imports →
(Oil transported by Supertankers requires Lightering to reach US ports)

Port and water restrictions →

**SPT
EARNINGS**

- **SPT: A strong year despite volatile Aframax market**



- **SPT continues to build strong customer relationships:**
 «Service is one of the reasons for continuing doing business with SPT and our long standing relationship. SPT is prompt, courteous, and environmentally friendly. We especially appreciate the communications and the quality and experience of the personnel.»
Don Thomas, Phillips

- **Recent Aframax rate increases are unlikely to be maintained**

Unusually Dramatic

The last two years have been unusually dramatic for both the crude oil and tanker markets. The oil price soared to ten-year highs during September 2000, compared with less than \$10/bbl at the start of 1999. Crude oil tanker charter markets have also soared.

Reflecting the rapid swings in oil supply and market sentiment, crude oil shipments to the US have similarly been unusually volatile over the last two years. Hence while annualised data shows only a modest increase (of 1%) in US imports during the first nine months of 2000, quarterly data shows enormous variation. Accordingly, US lightering has also endured a turbulent year.

US crude imports fell sharply in line with falling Opec production to reach a low in the first quarter of 2000. Long-haul imports (ie those from the Middle East and West Africa) also nosedived during January to March 2000, after holding up remarkably well during 1999.

In contrast, the turnaround in shipments over the remainder of 2000 has been remarkable. By the third quarter total imports were up 16%, while long haul shipments rose an impressive 28% to average 4.05M b/d during July-September.

Aframax Market

The surge in crude tanker markets during 2000 was nothing short of spectacular. Spot market earnings for aframax ships remained comfortably above \$40,000/day over most of the second half of 2000, compared with less than \$10,000/day in November 1999. The causes for the dramatic turnaround are complex, but can be narrowed down to four key factors.

First, Opec's attempts to manage oil prices over the last two years have produced enormous short-term swings in the global supply of oil and hence tanker demand.

Second, there has been a sea-change in charterer attitudes to vessel age in the aftermath of the Erika sinking. As a result, vessels over 20 years have become barely acceptable on many European trades. This has exacerbated the scramble among charterers to secure modern ships.

Third, tanker scrapping has been substantial during 2000. Large numbers of tankers were sold for scrap in late 1999 and early 2000, as OPA regulations began to bite on

Suezmax tonnage and rates remained resolutely low for VLCCs. This dramatically reduced supply just as oil supplies increased. Scrapping continued through 2000, despite strong spot market returns, due to the large number of ships approaching 25 years.

Fourth, control of modern tankers has become increasingly concentrated due to ongoing industry consolidation and the formation of vessel operating pools.

In such circumstances the feverish nature of tanker markets during 2000 is hardly surprising. And with many of these factors yet to be resolved, the outlook is for further volatility. But the underlying supply/demand fundamentals are also good – at least for 2001 and 2002. Tanker employment will grow by 4% and the supply outlook is positive: there will be relatively few newbuilding deliveries during 2001 across all the crude tanker sectors and high levels of scrapping. Hence, while recent spot market highs are unlikely to be maintained, average earnings will be at historically high levels.

Short-Term Turbulence

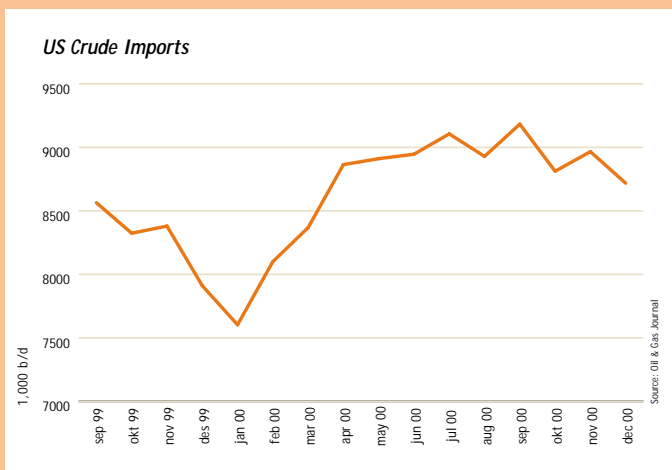
The short-term outlook remains turbulent. With oil prices falling towards the end of 2000 and Opec warning of production cuts in the first quarter of 2001, a tightening of global oil supplies is in prospect. US crude imports and their long-haul component will remain vulnerable to Opec policies.

Medium-Term Growth

Notwithstanding the current volatility, underlying growth in US crude imports is assured. In the last five years imports have risen 25% and declining domestic production will contribute to a further increase of 13% over the next five. The sourcing of this additional oil will be relatively evenly divided between Latin American and long-haul suppliers. This will translate into a 15% rise in shipments from the Middle East and Africa by 2005. Draft restrictions at US ports and capacity constraints at the Louisiana Offshore Oil Port (LOOP) will ensure that this translates into further growth in demand for lightering.

The main threat to lightering could be the booming crude tanker freight market, which raises the cost of lightering and improves the viability of new port developments, such as the mooted Texan deepwater port. However, sky-high tanker rates will not prevail for five years, let alone the 20+ years required for payback on these projects, and it seems unlikely that serious alternatives to LOOP and lightering will emerge.

- **The level of service is high at SPT:**
«Lightering is a very important part of our supply chain. We are dependent upon that to keep our refineries running. The service SPT provides is excellent. They stay on schedule and perform better than the rest.»
Buddy Neubauer, V.P. Transportation, Valero



- **Opportunities for growth**
- **Lightering offers relatively low cost and flexible solutions**

SOLUTIONS AT SEA

I. M. SKAUGEN ANNUAL REPORT | 2000

HISTORY OF THE SKAUGEN GROUP

Solutions at sea – experience, opportunities and innovation

Throughout the history of I.M. Skaugen, there are some common denominators:

- Partnership
- Spreading of risk
- Finding niche sections within shipping



From Captain to Shipowner (1900-16)

Isak Martinius Skaugen, a captain and owner of sailing vessels, becomes master and a part owner of the four masted bark Alcides bought in 1912 and sold in 1916.

Wood and Coal trading (1916-30)

Captain Skaugen realises that the future belongs to steam vessels. He establishes his own company and buys his first 2040 dwt. steam vessel raising money on the Oslo Stock Exchange. Mr Olaf Eikland is the first shareholder and the company is named after him. A second vessel joins the fleet in 1926.

Tank and Logwood (1930-40)

The Skaugen Group matures from tramp trade in close-by waters to transoceanic trade with modern motor ships. By 1939, all the steam vessels are sold, and the fleet consists of three tankers and one dry bulk vessel.

Serving the Allied Forces (1939-45)

The Skaugen Group participates in the Wartime Agreement between the UK and the exile Norwegian Government (150 Norwegian tankers for the transport of oil and gasoline to the disposition of the UK) and later joins the war fleet transporting troops and equipment for the allied forces.

New Trades and Passengers Onboard (1945-58)

The Skaugen Group enlarges: A pool with Swedish Salén employs 10 vessels in trade between the US and Asia.

After World War II, the Skaugen Group expands into passenger vessels and transports 275,000 people, many of them refugees, from Europe to Australia, Canada and South America.

Bulk Pool (1960s)

Due to the changing market conditions, the Skaugen Group develops the bulk fleet from 14.000 dwt vessels to ten 100.000 dwt vessels. Skaugen is one of the founders of the Norwegian Bulk Carriers pool established in 1965.

Cruise in the Caribbean (1968-88)

Using the competence gained from operating passenger ships, the Skaugen Group sees new opportunities and establishes Royal Caribbean Cruise Lines (RCCL) with Gotaas-Larsen and Anders Wilhelmsen. Cruise is the Group's main activity for the next 20 years.

Offshore Oil and New Trades (1970s)

The Skaugen Group enters offshore oil exploration in Canada and the USSR with 4 supply ships.

For the combination trades of Canadian lumber and Japanese cars, the Skaugen Group takes delivery of the world's two largest "roll-on-roll-off" ships.

Mergers and New Focus (1980s)

Norwegian Gas Carriers AS (NGC) is formed and operates 20 gas carriers. The Skaugen Group gradually becomes the largest shareholder.

The Skaugen Group exits the cruise business by selling its interest in RCCL at the same time as its long-standing partner Gotaas Larsen.

Skaugen acquires Kosmos AS, a conglomerate, with long shipping traditions including lightering. The non shipping business is sold off.

Turnaround Process (1990-1995)

The new I.M. Skaugen (IMS) is established on the Oslo Stock Exchange after a merger of the Skaugen privately owned business with the publicly held business of Laboremus (NGC) established in 1910 and Kosmos Shipping AS established in 1912.

Due to weaknesses in the merged companies, the focus shifts from a diversified investment company to a marine service company, with core business activities of lightering and gas transportation which have the potential for strong brand names and customer bases.

New Directions Forward (1996-1999)

IMS enters into the first Sino-foreign shipping joint venture in China with Hubei Tianfa to transport LPG on the Yangtze River.

To secure a stable supply of competent, affordable manning, IMS establishes its own training and recruiting centers as joint ventures with maritime universities in St.Petersburg, Russia and Wuhan, China.

SPT receives prestigious awards for its safety and environmental efforts and passes the milestone of 3 billion barrels of crude oil lightered.

Contract for the Future (2000-Present)

IMS joins forces with GATX Capital of San Francisco to order 4 new ethylene carriers, with an option for 6 more, to be built at Zhonghua Shipyard in Shanghai, China.

Gas Carrier Fleet - NGC

		Norgas Carine						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	8,406		9,422	8.6	7,288/2,201	132.20/17.80	4.5/3.3	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
4,696	5,025	5,380	8,008	1989	1997	100%		
		Norgas Challenger						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,363		7,492	7.9	5,739/1,756	115.10/17.50	4.6/4.0	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,492	3,804	3,990	6,048	1984	1989	100%		
		Norgas Chief						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	8,070		8,379	8.3	7,791/2,338	119.54/19.50	5.0/4.0	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
4,429	4,824	5,061	7,671	1983	1983	100%		
		Norgas Discoverer						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	7,418		8,725	8.7	7,173/2,152	125.33/19.00	3.8/3.4	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
4,071	4,434	4,652	7,051	1971/90/95	1988	100%		
		Norgas Energy						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,126		9,095	8.8	6,521/1,956	116.55/19.50	3.8/3.8	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,362	3,662	3,842	5,823	1979	1979	100%		
		Norgas Navigator						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,006		7,154	7.5	6,848/2,054	112.69/18.52	4.0/2.5	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,296	3,590	3,767	5,709	1977	1991	100%		
		Norgas Patricia						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	8,238		9,500	8.6	7,095/2,137	126.20/17.80	4.5/3.2	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
4,521	4,925	5,166	7,831	1991	1991	100%		
		Norgas Pilot						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,080		6,035	7.6	5,696/1,709	112.36/16.80	5.0/4.2	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,337	3,635	3,813	5,083	1977/98	1982	100%		
		Norgas Pioneer						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,133		9,065	8.8	6,521/1,956	116.55/19.50	3.8/3.8	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,366	3,666	3,846	5,830	1979	1990	100%		
		Norgas Trader						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	7,334		8,493	8.8	7,000/1,908	118.72/18.50	4.0/2.5	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
4,025	4,384	4,600	6,971	1981	1988	100%		
		Norgas Traveller						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	7,187		7,770	7.6	6,684/2,005	130.05/17.60	5.0/3.2	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,944	4,296	4,507	6,831	1982/87	1991	100%		
		Norgas Sailor						
Flag	Size (cbm)	100%	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR	
Liberian	6,080		6,111	7.6	5,696/1,709	112.36/16.80	5.0/4.2	
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership		
3,337	3,635	3,813	5,083	1976/99	1982	45%		



Norgas Victory						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
Liberian	8,936	11,772	9.5	8,592/2,578	127.82/21.50	4.0/4.0
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
N/A	5,342	5,604	8,494	1982	1991	42.5%



Norgas Voyager						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
Liberian	7,418	8,700	8.7	7,173/2,152	125.33/19.00	3.8/3.4
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
4,071	4,434	4,652	7,051	1972/90/96	1988	100%



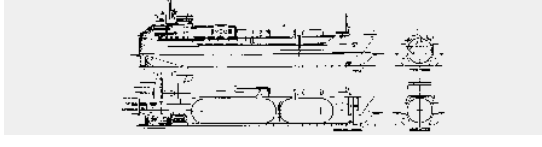
Newbuilding 1						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
	8,400	9,500	8.3	9,990/4,380	124.90/19.80	7.0/4.8
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
4,690	5,046	5,103	8,001	1stQ 2002	2000	50%



Newbuilding 2						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
	8,400	9,500	8.3	9,990/4,380	124.90/19.80	7.0/4.8
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
4,690	5,046	5,103	8,001	3rdQ 2002	2000	50%



Newbuilding 3						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
	8,400	9,500	8.3	9,990/4,380	124.90/19.80	7.0/4.8
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
4,690	5,046	5,103	8,001	4thQ 2002	2000	50%



Newbuilding 4						
Flag	Size 100% (cbm)	DWT	Draft	GT/NT	LOA/Beam M	IMO/USCG BAR
	8,400	9,500	8.3	9,990/4,380	124.90/19.80	7.0/4.8
ETH cap.	PPL cap.	BTD cap.	VCM cap.	Built /Rebuilt	Acquired	Ownership
4,690	5,046	5,103	8,001	1stQ 2003	2000	50%



Aframax Vessels – ship-to-ship transfer – SPT

Vessel	Size	Capacity	Built	Commitment period
Aegean Legend	107,000	741,400	2000	April 2000 - April 2003
Genmar Commander	96,758	711,241	1989	Jan 2001 - Dec 2002
Rich Duchess	81,279	593,108	1986	May 2001 - May 2003
Regent	81,279	593,108	1986	May 2001 - May 2003
Genmar Sun	89,570	620,671	1985	Jan 2001 - Feb 2002

Lightering Support Vessels – ship-to-ship transfer – SPT

Vessel	Size(bhp)	LOA(ft)	Built/rebuilt	Acquired	Ownership
Gulf Defender	2,250	180	1977/91	1991/97	100%
Gulf Guardian	2,250	180	1976/91	1991/97	100%
Gulf Protector	2,250	180	1977/91	1991/97	100%
Abdon Callais	1,610	145	1997	-	t/c

Chemical Carriers – Princess Carriers

Vessels	Flag	Size(dwt)	Type	Cargo cap.	Built/rebuilt	Acquired	Ownership
Princess of Penang	Panama	9,034	IMO II & III oil & chemical	10,467 cbm	1979/96	1996	100%
Princess of Rotterdam	Panama	8,327	IMO II oil & chemical	8,897 cbm	1976/97	1996	100%



LPG Vessels – coastal & river transport – TNGC

In operation	CBM (100%)	Year build	Flag	LOA	Beam	DWT	Draft	Tank press	Temp	Speed
Tian En 1001	2,057	1999	PRC	86.70	13.80	1000	2.40	1.68 Mpa	-10	10.5 kt
Tian En 101	1,590	1998	PRC	62.50	14.00	800	2.23	1.175 MPa	-10	N/A
Tian En 102	808	2000	PRC	60.00	10.80	459.5	1.85	1.76 MPa	-10	N/A
Tian En 103	1,213	2000	PRC	60.00	15.00	689.2	1.90	1.76 MPa	-10	N/A
Tian En 104	1,213	2000	PRC	60.00	15.00	689.2	1.90	1.76 MPa	-10	N/A

Tugs	Year build	Flag	LOA	Beam	Draft	Power
A029L-1	2000	PRC	24.00	12.00	2.40	2*600 kw
A029L-2	2000	PRC	24.00	12.00	2.40	2*600 kw

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