

IMSK - Another company established in China

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Skaugen Marine Construction (SMC) will be a division within IMS group of companies. The new company will amongst others manage all IMS newbuilding activities in China; including the Joint ventures we have established that are engaged in newbuilding of ships. SMC has received the PRC Governmental business license to provide consultancy services in relation to shipbuilding technology, supervision of ship construction, international shipping market information, enterprise management and industrial pollution prevention.

The SMC has been developed with a project team closely involved in all aspects of a newbuilding. We control directly the process of vessel and cargo handling system design, the sourcing of steel and all the components as well as the process of construction of the vessels through its completion. SMC has even taken the steps of making investments in subcontractors as well as the yard's infrastructure to ensure we can build a range of ships tailored to the quality we need to satisfy our long-term needs.

This type of business model has been created to ensure that the IMS group of companies receives the gas carriers of the future at price levels that today can be considered very attractive compared to prevailing markets. Our strategic aim is to remain the provider of transportation services with the lowest cost and at the same time offering the best of service to our clients.

During 2005, IMS embarked on a program to build 15 gas carriers in China. Nine such carriers have been confirmed with our sub-contractors and six will be confirmed during the next quarters as per our plan. The first of our "SMC designed and built" gas carriers will be delivered in the 4Q06, and thereafter one ship about every six months going forward.

I.M. Skaugen ASA.

IMS now have 10 companies in China of which 7 are joint ventures established, or under the formation/approval process in China, to support its strategic approaches in China.

If you have any questions, please contact:

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Listed on the Oslo Stock Exchange, **I.M. Skaugen ASA** (IMSK) is a Marine Transportation Service Company engaged in the safe transport of petrochemical gases and LPG, and the ship-to-ship transfer of crude oil. Our customers are major, international companies in the oil and petrochemical industry, whom we serve worldwide from our operations in Dubai, Freeport (Texas), Houston (Texas), Nanjing, Oslo, Shanghai, Singapore, Sunderland (UK) and Wuhan. I.M. Skaugen operates recruitment and training programmes in St. Petersburg , Russia and Wuhan , China for the crewing of its vessels.

The Group employs approximately 1,100 people and currently operates 44 vessels worldwide. The fleet comprises petrochemical gas and LPG carriers, Aframax tankers, vessels and barges for the transportation of gases on the Yangtze River and a small number of workboats for Skaugen PetroTrans.

The Group has a comprehensive newbuilding project in China where we have two LPG vessels of 3200 cbm; three purpose designed combination carriers with LPG/Ethylene/VCM and Organic chemicals carrying capability and four advanced 10,000 cbm LNG/LPG/ethylene gas carriers are on order for Norgas for delivery from late 2006 and onwards.. There is an agreement to purchase up to six additional such 10,000 cbm vessels. IMS has invested in infrastructure with both a shipyard and cargo plant maker in China to ensure innovative and flexible vessels at low cost. Six new, purpose designed and built "Aframax sized tankers", are on order for delivery to SPT on a long term Bareboat charter and commencing during 2007.