



I.M. Skaugen ASA  
3Q03

I.M. Skaugen ASA  
A Marine Transportation Service Company  
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## IMSK – 3 Quarter 2003

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I.M. Skaugen ASA, Oslo (IMSK) - IMS reports a pre-tax result of MUSD 23.6 accumulated 3Q03 including gain from sale of assets of MUSD 20.2 – (MUSD 7.1 accumulated per end of 3Q02) and MUSD 23 in the 3Q03. Pre-tax result in 3Q03 excluding the gain from sale of assets was MUSD 2.8 The EBITDA result is MUSD 19.4 accumulated per end of 3Q03 (MUSD 22 accumulated per end 3Q02) and MUSD 9.3 for 3Q03 (MUSD 6.0 in 3Q02 and MUSD 7.5 in 2Q02).

On September 11<sup>th</sup> IMS announced the joint venture with Teekay Shipping Corp. to jointly operate and expand its “ship-to-ship transfer” business and by Teekay buying 50 percent of its wholly owned business unit; Skaugen PetroTrans (SPT). We believe Teekay is an ideal partner with whom we can continue to grow the very specialized business of SPT. SPT commands a position of the customers preferred choice for the “ship to ship transfer” business and is the largest in the world in this specialized trade. The agreed price for 50 percent of SPT comprises of a cash payment of USD 25 million upon commencement and an “earn-out element”, which shall be calculated based on six times the average annual EBITDA from the current SPT core business in excess of USD 9 million (on 100 % basis) and over the next five years.

On September 29<sup>th</sup> IMS announced its alliance with A.P.Møller – Maersk for Gas Carrier Transportation Services (MNGC). This new development has been long sought after to further improve the performance of the Norgas fleet of gas carriers that we own and operate. Focusing on both improving services to our customers and achieving cost leadership in this segment – and the new alliance with “Maersk” will enable us to achieve significant progress within both areas.

I.M. Skaugen has by these two alliances placed its two business units in a “No 1 position” in the world and enhances their market leader position. The challenge is now to further grow and develop the business units within the alliances.

SPT – The Shuttle Tanker Activities reported a satisfactory overall performance in 3Q03 giving improved results after a most challenging period in the beginning of the year. SPT continues the focus on customer service and specially our ‘on time performance’, which are amongst the key drivers for the results.

The Gas Activities, and mainly Norgas, are showing improved results in 3Q03 vs. the last four quarters on EBITDA basis. The cost level for 3Q03 is in line with our program for 2003 to achieve a further reduced EBIT break-even level. Maintaining a high level of competitiveness continues to be the key focus for Norgas.

The IMS share price has increased 46 percent since 1 January 2003 and the yield has been 107 percent in the last 12 months. In March 2003 a dividend of NOK 7 per share was paid (USD 0.96). The Oslo Stock Exchange Benchmark Index (OSEBX) increased by 29 percent and the OSE Transportation Index (OSE2030GI) increased by 44 percent during the same period.

## 3Q03 Highlights – the new alliances

- **IMS teams up with Teekay for its Ship to Ship transfer Business**

**SPT:** Effective from October 1st 2003 IMS entered into a joint venture with Teekay Shipping Corporation to jointly operate and expand the ship to ship transfer business. Teekay has acquired 50 percent of SPT by purchase of shares in PetroTrans Holdings Ltd. The transaction resulted in a gain from sale of these shares of MUSD 20.5 in 3Q03.

The price for 50 percent of the SPT activities comprises of a cash payment of USD 25 million upon commencement and an additional “earn-out element”. The “earn out element” shall be calculated based on six times the average annual EBITDA from the current SPT core business in excess of USD 9 million (on 100 % basis) and over the next five years.

The Earn-Out Amount is payable during the next five years by way of instalments representing 75 percent of the dividend received by Teekay in excess of USD 5 million with a final adjustment at the end of the earn-out period in October 2008.

Securing an at all times efficient fleet that is matched to our needs are a key challenge and is one driving force behind of our new alliance with Teekay. Teekay is the world largest owner and operator of relevant sized tonnage and has made major investment into the specialized shuttle tanker business over the last several years.

- **MNGC – Alliance with A.P. Møller - Maersk**

**Norgas:** IMS entered into an agreement with A.P. Møller – Maersk to establish a new gas carrier pool to improve the marketing of the Norgas fleet of semi-refrigerated gas carriers. Norgas currently operates 20 vessels in 5 – 12,000 cbm range and with 155,000 cbm capacity. The new revenue sharing pool will be known to the industry by the trade name, “**Maersk Norgas Gas Carriers**” (**MNGC**). The products carried by MNGC will be mostly Ethylene, Propylene, VCM and LPG and for the customers in the global petrochemical and oil industry. The MNGC alliance is being established to provide customers with improved levels of services and to explore cost synergies.

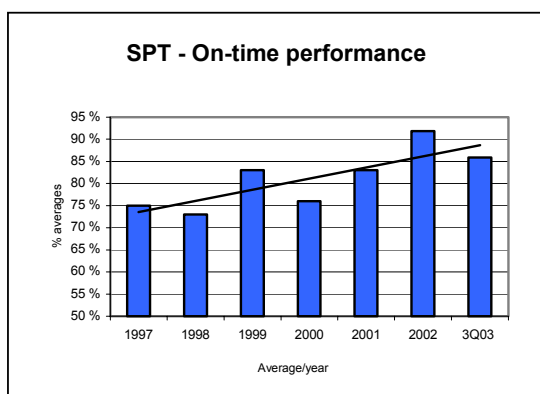
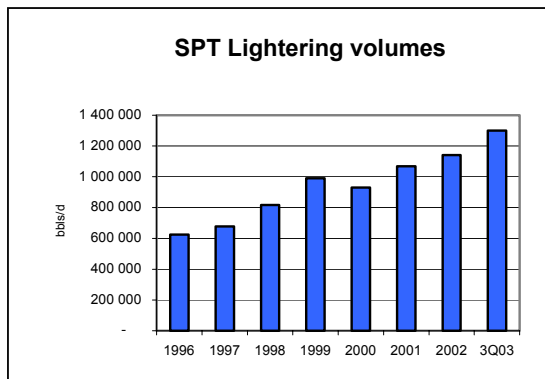
MNGC itself will operate a fleet of 37 vessels and 334,104 cbm (and 20 of these vessels will be from Norgas). The new alliance commenced its operation on 1 October 2003. The MNGC will market its fleet in cooperation with the larger semi-refrigerated vessels in the “Skandigas Pool”, to provide customers with the full range of semi-refrigerated gas carriers from 5,000 to 22,000 cbm. Maersk operates 25 vessels and 417,000 cbm in the size range from 12,000 – 22,000 cbm.

The new cooperation will create an alliance that will enable an improved focus on the smaller sized vessel segment of this industry and with a special attention on “short haul” and regional distribution of petrochemical gasses and LPG and complementing the “longer haul business” with the larger semi refrigerated vessels of Maersk and through the Skandigas pool cooperation.

A.P. Møller – Maersk and Norgas operates 62 vessels and 750,000 cbm or about 38 % of the LPG/petchem fleet from 5,000 – 22,000 cbm (distributed by operators and measured in cbm). This is five time more than the second largest operator. Within the specialized area of ethylene the MNGC will control more than twice the number of vessels than the “nr 2 operator”.



# SPT: a good quarter with good progress



- **Teekay (NYSE:TK) is the leading provider of international crude oil and petrochemical production services**
- **Transporting more than 10% of the world's sea-borne oil**
- **Offices in 12 countries**
- **Employs more that 4,200 seagoing and shore-based staff**
- **Earned a reputation for safety and excellence in providing transportation services to major oil companies, oil traders and government agencies worldwide**

**Skaugen PetroTrans – SPT** generated an EBITDA of MUSD 7.7 in 3Q03, MUSD 15.7 after three quarters in '03 (MUSD 20.8 after three quarters '02). The annualized EBITDA returns after 3Q is MUSD 21 vrs MUSD 25 for all of 2002.

The average EBITDA earnings of the core business of SPT over the last four calendar years have been MUSD 17.7 per annum (1999 – 2002). The average over the last five years, including three quarters of 2003 annualized, has been MUSD 18.

SPT is the largest company in the specialized business of “ship to ship transfers” of crude oil and currently handles approximately 1.3 million barrels of oil a day, which equates to roughly 14% of the US oil imports. The “lightering” offers a relatively low cost and flexible method of transportation compared to other logistical solutions. SPT's operations have an outstanding safety and service record.

SPT has successfully increased its overall level of activity in recent years fuelled by a determined focus on safety and service. In 1995 the company handled about 560,000 barrels on a daily basis and operated five vessels. Presently we handle about 1.3 million barrels and more than twice the number of vessels are needed. During 2002 the US oil imports declined, but we continued to increase our business during this year despite the decline. This year we again see an increase in US oil imports

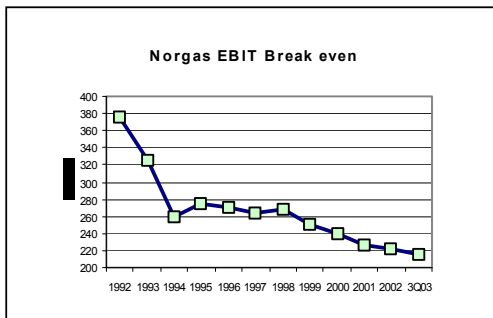
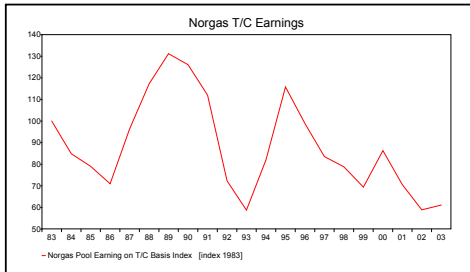
A key issue for SPT has been the challenge to match its supply of resources such as vessels and its experienced personnel to the demand of services from our customers. Matching customer and vessel contracts to mutual advantage is an essential part of our business model.

Only by offering the best of on time performance and safe operations with the best possible fleet utilization and other resources needed can we achieve profitability. The changing patterns in the sourcing of US crude oil imports, the fluctuating demand from the customers and the volatility of rates in the Aframax tanker market have made it necessary for SPT to secure a more steady supply of modern “double / double” tonnage. The aim is to provide our customers with the best of service - with our focus on safety - and with a much needed competitive pricing policy; in order to remain “the nr 1 supplier” for the customers..

SPT will continue to operate as an autonomous entity governed by a joint venture agreement with its own management and Board of Directors and the current management. With the support and backing of Teekay, the world's largest owner and operator of mid-sized tankers, SPT expects to be able to expand its service offerings globally as well as its core ship to ship transfer business in the Gulf of Mexico and the US east and West coast as it is doing today. Being associated with and receiving the backing of Teekay in addition to SPT's own position in the market, should solidify the SPT position, as the no.1 ship to ship transfer business in the world.

# The Gas Carriers: a steady progress to a competitive strength

- **The Norgas vessels generated an EBITDA of MUSD 2.4 in 3Q03, MUSD 2.5 in 2Q03 and MUSD1.5 in 1Q03**



- **Two full years in a row with a decline in the fleet – and scrapping during the first nine months was 3.4 % of the capacity**
- **It is expected that more vessels will be scrapped in the near future – which will improve trading conditions for our own vessels**

**Norgas** operates 20 semi refrigerated vessels with about 155,000 cbm capacity and is focusing on the short haul and regional distribution of petrochemical gasses. We specialize in the transportation of ethylene. Norgas is a key player in the transportation of petrochemical gasses in the world and enjoys a good market position in a very challenging in a very competitive business segment. With the new MNGC alliance we and Maersk are several times larger than the nr 2 operator in the world and the size will render further flexibility to service the customers.

Maintaining a high level of competitiveness continues to be the key focus for Norgas. For several years the goal has been to achieve the lowest operational cost world wide while offering the best of service to a global business with demanding customers. The “Somargas newbuilding program” almost completed in China brings Norgas a significant step closer to this goal. We have teamed up with GATX Capital of San Francisco to carry out this program and the vessels delivered have performed operationally well and above our expectations.

During 3Q03, IMS took delivery of the fifth of its six new ethylene LPG carriers – the Norgas Shasta. Together all six vessels will have a combined capacity of about 55,000 cbm, increasing our fleet by some 55 percent. The last vessel in the newbuilding program is expected to be delivered in 4Q03.

The longer-term market outlook for the markets served by Norgas are considered positive - a view supported by third-party market analysis. The short-term prospect for further recovery is dependent upon the wider prospects for recovery in the world economy and a resulting increase in demand and we have expected to see a degree of positive change throughout 2003. It is also very dependent upon the supply of new tonnage and the scrapping of older vessels.

The firm order book for new vessels in this “semi ref” segment (4,000 – 22,000 cbm) now stands at about 3.1 % or 58,300 cbm capacity and all expected delivered in 2003. The last Norgas vessel ordered in China amount to 10,200 cbm of this or 0.5%. During 2002, the world fleet capacity declined by 1.7% (a decline of 0.35% in 2001) in the Norgas segment (semi-refrigerated vessels 4,000 – 22,000 cbm), because about 3.4 percent of the capacity was scrapped. This was the second year in a row with a decline in the fleet. During the first nine months of 2003, the total fleet (capacity in cbm) decreased by 0.4% in the Norgas segment – as a result that about 3% of the capacity was delivered and 3.5% of the capacity was scrapped. From 1992 until 2002, average vessel scrapping per year was less than 1pct of capacity annually.

It is now expected, however, that more vessels will be scrapped in the near future than the historical trend of 1% p.a., which will help to improve trading conditions for our own vessels. With the current yard capacity restraints the expectations we have are that this worldwide fleet will be reduced every year from 2001 and up to and including 2006 or 6 years in a row.

In 3Q03 one of our vessels (6,000 cbm sized/1977 built) experienced a main engine breakdown. The breakdown resulted in the company agreeing with the insurers of a constructive total loss (CTL) as the repair cost was estimated above 80% of insured value of MUSD 1.8. The CTL resulted in a book loss of USD 185,000 in 3Q03. Norgas has acquired the vessel from the insurance company as we believe that there is value creation opportunity in the vessel beyond the potential scrap value.

## Our China Activities program

Our operations in China are part of our Gas Carrier activities and fall into two main categories. TNGC, a joint venture for gas transportation in the Yangtze River region, and Norgas Fleet Management Co. Ltd., which is responsible for the development of crewing, training and fleet management services including the supervision of newbuilding construction. The drive to build the Chinese petrochemical industry into a "world-class" operation will require the import of many oil and petrochemical raw materials and semi-finished products. We intend to secure a crucial role for TNGC by expanding the range of products it carries and by creating even more cooperative logistical solutions, in which Norgas imports the products to China and TNGC distributes them into China's heartland.

## Key Statistics

	3Q03	2Q03	1Q03	2002	2001	2000	1999	1998
Norgas idle time	11,50 %	6,50 %	4,10 %	10,00 %	13,20 %	5,00 %	7,00 %	5,00 %
Norgas offhire days	8,40 %	8,80 %	2,30 %	7,50 %	4,83 %	3,90 %	7,00 %	5,00 %
Norgas dry dockings	1	2	0	6	7	3	5	8
SPT no. of full service lightering operations	205	209	158	686	611	541	551	432
SPT no. of support lightering operations	38	38	41	147	170	132	182	150
SPT tanker operating days	1080	1040	903	3960	3 337	2 682	2 750	2 271
SPT daily lightering volume (bbls/d)	1 350 000	1 420 000	1 132 000	1 142 000	1 069 000	930 000	990 000	817 000
SPT share of US seaborne crude imports	14,8 %	15,0 %	15,0 %	14,4 %	14,0 %	10,5 %	11,8 %	9,7 %
IMS share price (end of each Q/year - NOK)	110,00	77,00	65,00	75,00	73,50	65,00	54,00	24,00
IMS share price average daily	81,60	72,50	72,90	73,55	69,78	64,90	44,00	51,90

## Capital and value assessment

- **Satisfactory liquidity and unchanged key figures**
- **Debt ratio of 58 % and current ratio of 1,035%**
- **Interest coverage at 3,1 and net interest bearing debt at MUSD 74.2**
- **Book equity is MUSD 95 or NOK 121 per share**
- **Equity ratio at 42 % of book value**

The mortgage debt has been repaid by MUSD 8.8 by end 3Q03 in accordance with the agreed repayment schedule. IMS is in compliance with all its loan covenants. We have also paid out MUSD 5.4 in dividend. By taking delivery of 4 of the newbuildings this year we have added MUSD 30.2 to our debt in by end 3Q03. Debt falling due during the next 12 months represents 8 % percent of the total debt.

The book equity excl. minority interest totaled MUSD 95 or USD 17.3 /NOK 121 per share. The book equity represents 42 % of the total assets.

The net debt per end 3Q03 was MUSD 65 and the net interest bearing debt totaled MUSD 74.2. The debt ratio is 58 % and the ratio between current assets and current liabilities is 1,048 %. Total liquidity as of end 3Q03 was MUSD 51 (39%), this is regarded as more than sufficient for our current business activities.

Interest coverage ratio (EBITDA / Net interest cost) was 3.1 per end 3Q03 vs. 5.42 in all of 2002.

IMS placed a convertible bond for NOK 124 million in the Norwegian market in June 2001. The bonds can be converted to IMS shares at a conversion price of NOK 76.5 after reduction of dividend payment in March 2003. The bond program could increase the share capital of IMS by 1,620,915 shares or by 30% if all bonds are converted at NOK 76.50. The convertible bonds have been trading at about 104 since they were issued.

## Segment information

USD '000	IMS Consolidated**					Norgas - the Gas activities ***				
	3Q03	3Q02	3Q03 Accum	3Q02 Accum	2002 Accum	3Q03	3Q02	3Q03 Accum	3Q02 Accum	2002 Accum
Freight revenue on t/c basis	42 275	31 932	127 989	104 001	142 986	7 748	6 781	23 263	19 311	25 158
Vessels' operating cost and t/c hire	-31 901	-24 528	-104 596	-78 616	-111 826	-4 970	-4 712	-15 202	-14 324	-18 938
Unallocated administration costs	-998	-1 412	-3 920	-3 445	-5 327	-316	-615	-1 528	-1 449	-1 693
EBITDA*	9 376	5 992	19 473	21 940	25 833	2 462	1 454	6 533	3 538	4 527

USD '000	SPT - the Shuttle Tanker Activities					IMS - China Activities				
	3Q03	3Q02	3Q03 Accum	3Q02 Accum	2002 Accum	3Q03	3Q02	3Q03 Accum	3Q02 Accum	2002 Accum
Freight revenue on t/c basis	34 386	25 025	104 274	84 176	114 996	142	126	453	514	664
Vessels' operating cost and t/c hire	-26 610	-19 523	-88 480	-63 366	-89 953	-321	-293	-914	-926	-1 255
Unallocated administration costs										
EBITDA*	7 776	5 502	15 794	20 810	25 043	-179	-167	-461	-412	-591

\* EBITDA: Earnings before interest, tax, depreciation and allocations.  
\*\* The above segment information does not add up into Group consolidated figures, as activities other than those of the main segments are not shown separately as immaterial activities.  
\*\*\* Including also parts in limited partnership.

## IMS: Key Financial balance sheet ratios

	3Q03	2Q03	1Q03	2002	2001	2000	1999
EBITDA MUSD	9,3	7,6	2,5	25,8	33,9	24,4	14,9
EBIT MUSD	5,5	3,9	(0,8)	13,7	17,5	7,9	1,0
Gain from sale of fixed assets	20,1	N/A	N/A	N/A	N/A	N/A	N/A
Net result before tax MUSD	23,0	2,0	(1,3)	4,8	10,4	1,5	(6,2)
Debt paid MUSD	4,4	0,0	4,4	11,6	8,8	8,8	8,8
Net debt MUSD	65,0	84,7	78,0	64,0	55,8	63,8	69,6
Net interest bearing debt	74,2	94,0	88,0	66,0	60,0	71,3	71,2
Equity ratio*	42,0 %	35,0 %	36,0 %	36,4 %	35,8 %	41,8 %	41,7 %
Interest rate coverage ratio**	4,30	2,90	1,75	5,90	6,57	3,62	2,11
Current ratio %***	1035 %	356 %	360 %	255 %	271 %	229 %	251 %
Total liquidity MUSD	50,90	28,1	25,5	34,6	35,6	14,7	21,6
Book equity MUSD excl. majority interests	95,00	72,00	70,00	71,30	66,50	74,00	77,40
Book equity per share USD	17,30	13,00	12,80	13,00	12,00	12,50	12,20
<b>NOK/USD</b>							% change from
exchange rate	3Q03	2Q03	1Q03	2002	2001	2000	2002 - 2Q03
Year/Period End	7,02	7,26	7,25	6,98	9,01	8,85	0,57 %
AVG rate	7,33	7,01	7,06	7,98	9,00	8,80	-20,93 %

\*Book equity divided by total assets  
\*\*EBITDA divided by net interest expenses  
\*\*\*Current assets divided by current liabilities

## The IMS Share

- **An estimated cash-earning model, is the best indicator for the value of the shares**
- **Present share price gives an EBITDA multiple of 6.4 using the last 12 months EBITDA and 5,8 using the annualized 3Q03 accumulated EBITDA**

The last 12 months EBITDA earning levels currently stand at MUSD 23.3, annualized 3Q03 accumulated EBITDA at MUSD 26 and the current net debt is MUSD 65. Number of shares is 5,471,697. The NOK/USD exchange rate is 7.02 per end of 3Q03

We believe that a cash earnings evaluation model is the most appropriate model to use for evaluating the value of our type of company and thus the value per share. As such we have elected to focus on a model based on *the last 12 months* EBITDA earnings of the company and applying the *current* net debt and exchange rates. Most companies of our type are valued by using a multiple of between 6 – 9 times on *the future* EBITDA earnings.

The current share price of the company is about NOK 110 and the current exchange rates reflect a multiple between 5.8 and 6.4 when applying this valuation model. The purchase by Teekay of 50% of SPT will change the future EBITDA earnings and one has to account for this and the "earn out element" to reflect future EBITDA and net debt to this model.

# I.M Skaugen Consolidated

<b>Statements of Income</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
<i>USD '000</i>	<i>1.1 - 30.9</i>	<i>1.1 - 30.9</i>	<i>1.7 - 30.9</i>	<i>1.7 - 30.9</i>	<i>1.1 - 31.12</i>
Gross freight revenue	174 760	139 720	59 092	50 612	188 978
Voyage-related expenses	(46 396)	(36 902)	(16 710)	(12 344)	(50 840)
<b>Net revenue on T/C-basis</b>	<b>128 364</b>	<b>102 818</b>	<b>42 382</b>	<b>38 268</b>	<b>138 138</b>
Gains from sale of assets	20 188	614	20 188	0	615
<b>Operating income</b>	<b>148 552</b>	<b>103 432</b>	<b>62 570</b>	<b>38 268</b>	<b>138 753</b>
T/C-hire	(79 214)	(55 883)	(23 232)	(20 401)	(83 136)
Other operating expenses	(25 600)	(21 696)	(8 743)	(8 661)	(24 870)
Group administration expenses	(3 920)	(3 445)	(998)	(721)	(4 445)
<b>Operating result before depreciations</b>	<b>39 818</b>	<b>22 408</b>	<b>29 597</b>	<b>8 485</b>	<b>26 302</b>
Depreciation of capitalized drydockings etc.	(2 443)	(2 372)	(853)	(689)	(4 017)
Depreciation of vessels	(8 570)	(6 806)	(3 060)	(2 505)	(8 478)
<b>Operating result</b>	<b>28 805</b>	<b>13 230</b>	<b>25 684</b>	<b>5 291</b>	<b>13 807</b>
Net result from associated companies	(249)	(632)	(80)	(333)	(490)
Financial income	340	606	99	284	1 311
Financial expenses	(5 943)	(3 985)	(2 279)	(1 483)	(5 679)
Gains/losses on exchange	353	(2 148)	(603)	0	(4 141)
<b>Result before taxes</b>	<b>23 306</b>	<b>7 071</b>	<b>22 821</b>	<b>3 759</b>	<b>4 808</b>
Changes in deferred tax	0	(1 980)	0	0	6 200
<b>Result</b>	<b>23 306</b>	<b>5 091</b>	<b>22 821</b>	<b>3 759</b>	<b>11 008</b>
Minority interests	(372)	N/A	(202)	N/A	n/a
<b>Result after minority interests</b>	<b>23 678</b>	<b>N/A</b>	<b>23 023</b>	<b>N/A</b>	<b>n/a</b>
<i>Earnings earnings per share (USD)</i>	<i>4,34</i>	<i>0,92</i>	<i>4,22</i>	<i>0,65</i>	<i>1,99</i>
<i>Diluted earnings per share (USD)</i>	<i>3,50</i>	<i>1,08</i>	<i>3,31</i>	<i>0,60</i>	<i>1,75</i>

<b>Balance sheets</b>	<b>30.09.2003</b>	<b>30.09.2002</b>	<b>30.06.2003</b>	<b>30.06.2002</b>	<b>31.12.2002</b>
<i>USD '000</i>					
<b>Fixed Assets</b>					
Intangible Fixed Assets	6 200	-	6 200		6 200
Tangible Fixed Assets	154 218	116 738	150 801	115 511	122 487
Financial Fixed Assets	3 593	4 990	3 762	5 339	6 692
<b>Total Fixed Assets</b>	<b>164 011</b>	<b>121 728</b>	<b>160 763</b>	<b>120 850</b>	<b>135 379</b>
<b>Current Assets</b>					
Receivables	15 648	22 975	23 862	22 901	23 472
Cash and bankdeposits	50 903	39 138	28 076	43 711	34 830
<b>Total Current Assets</b>	<b>66 551</b>	<b>62 113</b>	<b>51 938</b>	<b>66 612</b>	<b>58 302</b>
<b>Total Assets</b>	<b>230 562</b>	<b>183 841</b>	<b>212 701</b>	<b>187 462</b>	<b>193 681</b>
<b>Equity</b>					
Paid-In Equity	50 494	51 101	50 494	51 101	50 494
Other Equity	44 521	20 518	21 497	19 149	20 842
Minority interests	3 949	-	4 143	-	-
<b>Total Equity</b>	<b>98 964</b>	<b>71 619</b>	<b>76 134</b>	<b>70 250</b>	<b>71 336</b>
<b>Liabilities</b>					
Deferred tax	-	1 980	-	1 448	-
Long term liabilities	125 173	93 212	122 014	93 598	100 960
Other current liabilities, not interest bearing	6 425	17 030	14 553	22 166	21 385
<b>Liabilities</b>	<b>131 598</b>	<b>112 222</b>	<b>136 567</b>	<b>117 212</b>	<b>122 345</b>
<b>Total shareholders' equity and liabilities</b>	<b>230 562</b>	<b>183 841</b>	<b>212 701</b>	<b>187 462</b>	<b>193 681</b>

<b>Statement of Cash Flow</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
<i>USD '000</i>	<i>1.1 - 30.9</i>	<i>1.1 - 30.9</i>	<i>1.7 - 30.9</i>	<i>1.7 - 30.9</i>	<i>1.1 - 31.12</i>
Cash Flow from Operations	7 411	12 364	2 255	903	16 111
Cash Flow from Investments	1 839	(6 167)	26 699	(6 665)	(15 299)
Cash Flow from Financing	9 253	(2 757)	(3 677)	6 761	(4 110)
<b>Net changes in cash and cash equivalents</b>	<b>18 503</b>	<b>3 440</b>	<b>25 277</b>	<b>999</b>	<b>(3 298)</b>
<b>Cash and cash equivalents at start of period</b>	<b>32 400</b>	<b>35 698</b>	<b>25 626</b>	<b>38 139</b>	<b>35 698</b>
<b>Cash and cash equivalents at end of period</b>	<b>50 903</b>	<b>39 138</b>	<b>50 903</b>	<b>39 138</b>	<b>32 400</b>

<b>Changes in Equity</b>	<b>30.09.2003</b>	<b>30.09.2002</b>	<b>31.12.2002</b>
<i>USD '000</i>			
<b>Equity at start of period</b>	<b>71 336</b>	<b>66 528</b>	<b>66 528</b>
Acquisition of treasury shares	0	0	(708)
Dividends	0	0	(5 492)
Net result for the period	23 679	5 091	11 008
Minority interests	3 949	0	0
<b>Equity at end of period</b>	<b>98 964</b>	<b>71 619</b>	<b>71 336</b>

<b>Notes</b>
The interim report is presented in accordance with the same accounting principles as were used in the accounts at year end, except for recognition of fixed assets. Based on the current estimated value in use (discounted cash flows) under the new preliminary Norwegian Accounting Standard, no impairment charge is recognised.
The interim report is presented in accordance with the standard for interim reporting.
In 1Q03 IMS has entered into an agreement with Eikland AS, whereby IMS will vote for the 11.5 percent owned by Eikland AS, provided that IMS remains owner of the limited partnership and thereby the vessel. The share in Oslo Victory II KS is presented as subsidiary in the IMS Consolidated accounts and the vessels is included as vessel in the consolidated accounts. Book value of the vessel is based on best estimates.



Oslo, 6 October 2003  
I.M. Skaugen ASA  
Its Board of Directors

*If you have any questions, please contact:*

*Bente Flø, Chief Financial Officer, on telephone +47 23 12 03 30/+47 90 64 56 08 or by e-mail: [bente.flo@skaugen.com](mailto:bente.flo@skaugen.com). This press release is also available on the Internet at our website: <http://www.skaugen.com>.*

Listed on the Oslo Stock Exchange, I.M. Skaugen ASA 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 Freeport, Houston, Nanjing, Oslo, Singapore, Shanghai, and Wuhan. I.M. Skaugen is engaged in the management and ownership of recruitment and training programmes in St. Petersburg, Russia and Wuhan, China for the crewing of its vessels.

The Group currently operates 46 vessels worldwide - including two ethylene carriers due to be delivered in 3Q03. The fleet comprises petrochemical gas and LPG carriers, Aframax tankers, barges for transportation of gas on the Yangtze river and a small number of workboats for Skaugen PetroTrans.

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