

IMSK - another two "Multigas" LNG/LPG/Eth 10,000 cbm

I.M. Skaugen ASA - has confirmed with the subcontractors another two 10.000cbm sized Multigas carriers, however with advanced ice-class specifications (E3 in Germanischer Lloyd). IMS now has 11 gas carriers in various sizes under order through Skaugen Marine Construction (SMC) in China and 6 of these are of the unique Multigas design. The Multigas vessels will have the unique design capability to carry LNG, in addition to Ethylene and LPG.

I.M. Skaugen ASA - has confirmed with the subcontractors another two 10.000cbm sized Multigas carriers, however with advanced ice-class specifications (E3 in Germanischer Lloyd). IMS now has 11 gas carriers in various sizes under order through Skaugen Marine Construction (SMC) in China and 6 of these are of the unique Multigas design. The Multigas vessels will have the unique design capability to carry LNG, in addition to Ethylene and LPG.

SMC will utilize its existing set-up in China to build these vessels. Upon delivery in 2009 and 2010 these two additional vessels will trade as part of the Norgas fleet. The estimated total construction cost for Multigas vessel nr 5 and 6 is approx. US\$31 million, while the market price of a comparable sized Ethylene capable vessel, **without LNG capability**, is about US\$40. The price increase from the first four Multigas ships is mainly due to the added E3 ice-class specifications, but also the increasing steel- and metal prices, specially for the large stainless steel cargo tanks, as well as certain key components like the propulsion train add to the higher expected price levels compared to our first 4 ships of similar design.

The design and engineering of the vessels has been developed by IMS in cooperation with CarlBro AS in Copenhagen, while Germanischer Lloyd will assist in the classification process.

From an engineering and design viewpoint, the Multigas carriers are truly innovative, by offering increased flexibility and better capabilities in terms of cargo types at a construction price that puts us well ahead of the competition. The vessels will be constructed through SMC, utilizing our new building structure and J/V's in China. This means that the hulls will be built through the Skaugen Wuzhou Shipbuilding at the Wuzhou yard, while the cargo plants will be constructed at Shenghui Gas & Chemical Systems Company that is partly owned by SMC.

SMC is assuming responsibility for not only the ship design and construction, but also for sourcing of steel, major components and more importantly building the key cargo handling systems and components. These ships will be built to specifications satisfying Germanischer Lloyds (GL) class rules for ice conditions (E3) and the requirements of Singapore flag authorities.

IMS has for some time developed a framework for the renewal program of our Norgas fleet of gas carriers. Norgas is a market leader in the global transportation of petrochemical gases and chief amongst these is ethylene. Norgas currently operates a fleet of 19 ships and now have a newbuilding program of 15 gas carriers out of which 11 gas ships are confirmed. Over the next several years, we will recycle five of our older ships and we aim to renew and expand our fleet to stay competitive and meet future customer needs.

These new contracts are subject to customary approvals and formalities from all parties and that are expected to be cleared within short. IMS has another four vessels to agree to build under the current newbuilding order scheme for Multigas vessels developed in early 2006.

If you have any questions, please contact:

Bente Flø, Chief Financial Officer, on telephone +47 23 12 03 30/+47 91 64 56 08 or by e-mail: 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 (IMSK) - www.skaugen.com - is a Marine Transportation Service Company engaged in the hassle free transportation of petrochemical gases and LPG, ship-to-ship transfer of crude oil and LNG, as well as the design and construction of smaller and specialized high quality marine vessels.

IMSK is a fully integrated shipping company that designs, builds, owns, mans and manages their own ships. IMSK customers are major international companies in the oil and petrochemical industry, whom we serve worldwide from our operations in Dubai (UAE), Freeport and Houston (Texas), Oslo (Norway), Singapore Sunderland (UK), Nanjing, Shanghai, Taizhou, Zhanggiajagang and Wuhan (China). IMSK operates recruitment and training programmes in St. Petersburg (Russia) and Wuhan (China) for the crewing of vessels.

IMSK employs approx. 1,500 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 (China) and a small number of workboats for Skaugen PetroTrans (SPT).

IMSK has a comprehensive newbuilding project in China where it has three LPG vessels of 3,200 cbm; three purpose designed combination carriers with LPG/Ethylene/VCM and Organic chemicals carrying capability and up to ten advanced 10,000 cbm LNG/LPG/Ethylene gas carriers are on order for Norgas for delivery from beginning 2007 and onwards. IMSK has invested in infrastructure with both a shipyard and a 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.