I.M. Skaugen ASA

Oslo, 10 January 2003

IMSK – Preliminary Results 2002

SUMMARY

The financial results in 2002 as in 2001 show another relatively good year for I.M. Skaugen ASA although the performance in the second half of 2002 was somewhat weaker. The overall result, as well as the present financial position of the company is considered acceptable by the Board during the present economic ‘cyclical down turn. A dividend payment for 2002 of NOK 7.00 per share (NOK 7.50 in 2001), totalling USD 5.5 million, will be proposed at the Annual General Meeting on 27 February.

I.M.Skaugen as a group reported a net pre-tax result of US$ 4.8 million (US$10.4 million in 2001) and net result after tax of US$11 million (US$ 0 in 2001). The EBITDA result* is US$25.8 million for 2002 (US$33.9 million for 2001). The results for 2002 are affected by an unrealised currency loss of US$4 million due to the appreciation of the Norwegian krone against the US dollar during 2002 of about 23 percent. I.M. Skaugen has a convertible bond of NOK 124 million nominated in NOK.

The markets served by Norgas Carriers experienced a “10 year low” in terms of earnings on t-c basis and the results improved due to focus on cost and efficiency programs, which we have successfully implemented. The shuttle tanker business of SPT create a more steady earning level and we enjoyed another year with improved market share of the US oil imports (14%). The outlook for I.M. Skaugen in 2003 is considered positive, despite current political turbulence and the sluggish economic growth prospects in the world. A looming conflict in Iraq and the ongoing conflicts in Israel and Palestine make any predictions more uncertain.

HIGHLIGHTS DURING 2002

- IMS: The year-end IMS share price (IMSK) closed at NOK 75 (NOK 73.50 end 2001), an increase of 2 percent during the year. The yield has been 12 percent including the dividend of NOK 7.50 per share paid in March. The Oslo Stock Exchange Benchmark Index (OSEBX) declined 31 percent and the OSE 2030 Transportation Index (OSE2030GI) by 34 percent during the same period.

- SPT: - The shuttle tanker activities continued to report a good overall performance giving satisfactory financial results. The year passed with a record number of operations and record performance of ‘on time’ for our customers. Our focus on customer service in general, and ‘on time performance’ in particular are amongst the key drivers for the results achieved.

- SPT: Volumes continued to increase throughout the year, and as one of the largest transporters of US crude oil imports, SPT handled on average over 1.1 million barrels per day or about 14 percent of the US seaborne crude oil import. SPT operated on average 11 tankers in 2002.

- Norgas: The world economy remained depressed in 2002 resulting in continuing low levels of growth in industrial production, and thus the EBITDA generating capability of the Norgas fleet decreased during 2002. The recorded earnings level on a time charter basis per month per vessel in 2002 was on a "10 year low". The likelihood of recovery in the short term is dependant upon the economic outlook for recovery in the growth of world economy.

- Norgas: Historically Norgas's earnings have had a high correlation with the changes in the GDP and industrial production growth levels, which currently remain low. The world's GDP growth is now estimated by Goldman Sachs to be 2.5 – 3.0 percent in 2003, but it is very dependant upon the US economy as a key driver. The possibility of a modest increase in growth in 2003 coupled with a gradual increase in growth levels would affect trading opportunities for both our customers and Norgas.

- Norgas: In October 2002 IMS took delivery of the first new 8,600 cbm ethylene LPG gas carrier from Hudong-Zhonghua Shipbuilding Group in Shanghai, China. The remaining 5 vessels will be delivered in 2003.

Segment information

	*IMS Consolidated***				*Norgas - the Gas activities ****			
USD '000	*4Q02*	*4Q01*	*2002 Accum*	*2001 Accum*	*4Q02*	*4Q01*	*2002 Accum*	*2001 Accum*
Freight revenue on t/c basis	38 985	40 685	142 986	157 232	5 847	6 238	25 158	29 974
Vessels' operating cost and t/c hire	-33 210	-28 133	-111 826	-119 820	-4 614	-3 572	-18 938	-18 684
Unallocated administration costs	-1 882	-1 235	-5 327	-3 470	-244	-745	-1 693	-1 712
EBITDA*	3 893	11 317	25 833	33 942	989	1 921	4 527	9 578

	SPT - the Shuttle Tanker Activities				*IMS - China Activities*			
USD '000	*4Q02*	*4Q01*	*2002 Accum*	*2001 Accum*	*4Q02*	*4Q01*	*2002 Accum*	*2001 Accum*
Freight revenue on t/c basis	30 820	33 738	114 996	123 707	538	709	664	3 551
Vessels' operating cost and t/c hire	-26 587	-23 644	-89 953	-97 613	-962	-917	-1 255	-3 523
Unallocated administration costs		-		-				-
EBITDA*	4 233	10 094	25 043	26 094	-424	-208	-591	28

* 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.

Key operating statistics for I.M. Skaugen Group	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
Norgas idle time	10%	13.20%	5.00%	7.00%	5.00%	8.00%	16.00%
Norgas off hire days	7.5%	4.83%	3.90%	7.00%	5.00%	2.00%	4.50%
Norgas drydockings	6	7	3	5	8	2	9
SPT no. of full service lightering operations	686	611	541	551	432	372	328
SPT no. of support lighterings	147	170	132	182	150	159	117
SPT tanker operating days	3 960	3 337	2 682	2 750	2 271	1 945	1 792
SPT daily lightering volume (bbls/d)	1 142 000	1 069 000	930 000	990 000	817 000	677 000	625 000
SPT share of US sea-borne crude imports	14.4%	14.00%	10.50%	11.80%	9.70%	8.60%	8.30%
IMS share price (end of each year – NOK)	75.00	73.50	65.00	54.00	24.00	64.50	132.00
IMS share price average daily	73.55	69.78	64.90	44.00	51.90	87.00	119.10

SPT - THE SHUTTLE TANKER / LIGHTERING ACTIVITIES

Skaugen PetroTrans – SPT, our US-based shuttle tanker or lightering business, generated an EBITDA of US$25 million in 2002 (US$26 million in 2001). Gross revenues accounted for 80 percent of IMS Group revenues and 96 percent of the EBITDA result.

SPT is the market leader for the lightering of crude oil in the US Gulf. Lightering offers a relatively low cost and flexible method of transportation, compared to other logistical solutions. SPT's current operations have an outstanding safety record. With US oil production declining and the increasing trend within the key integrated oil companies towards more outsourcing to reliable and independent lightering companies, we believe that growth opportunities still exist for SPT.

SPT has successfully increased its overall level of activity in recent years based on service and focusing on safety. In 1995 the company operated five vessels and presently it operates on average 11 vessels. The company currently handles over 1.1 million barrels of oil per day which equals 14 percent of US seaborne crude oil imports.

Changing patterns in the sourcing of US crude oil imports and volatility of rates in the Aframax tanker market have made it necessary for SPT to secure a more steady supply of tonnage in order to provide customers with competitive pricing. A core fleet of three ships has so far (early January) been secured for 2003 (seven ships in 2002) to service contracts with agreed volumes and/or rates. Matching customer and vessel contracts to mutual advantage is an essential part of our business model.

This year's continuing satisfactory performance is mainly due to efficient utilisation of our combined resources as well as the tangible benefits of economies of scale due to the increased volumes handled – all this combined with high operational regularity and a good safety record.

In 2001, SPT signed an agreement with Navion Inc., establishing a joint venture company, American Shuttle Tankers (AST LLC.), which is exploring the feasibility of providing shuttle tankers for transportation of crude oil from deepwater fields in the Gulf of Mexico. The developments in the US Gulf for this type of transportation are promising, but it will take time to develop both the customer interest to enter longer term contracts and to bring the specially designed and US made vessels into operation.

THE GAS CARRIER ACTIVITIES - (Norgas Carriers and the China Activities)

NORGAS

Norgas generated an EBITDA of US$4.5 million in 2002 (US$9.6 million in 2001). Gross revenues accounted for 18 percent of IMS Group revenues and 17 percent of the EBITDA result.

Maintaining a high level of competitiveness continued to be the key focus for Norgas during the year. For several years the goal has been to achieve the lowest operational cost world wide while offering the best service. The newbuilding program in China now being completed brings Norgas a step closer to this goal.

In October 2002, IMS took delivery of the first of its six new 8,600 cbm ethylene LPG gas carriers – the Norgas Orinda. Together all six vessels will have a combined capacity of about 55,000 cbm and will increase our fleet by some 55 percent. The five remaining sister vessels are expected to be delivered in 1H2003.

We are pleased with the cooperation and with the quality of the work of the shipyard – the Hudong – Zhonghua yard in Shanghai. This is the first ethylene gas vessel built by this shipyard. The management of the yard has gone to great lengths to ensure customer satisfaction and to deliver a first class product to enable us to provide our customers with a competitive service. All tests and trials have indicated vessels which perform better than specified.

The vessels are built in China, owned by a Chinese company and will fly the Hong Kong flag. A 10 years 'Buyers Credit' facility is in place with the Export Import Bank of China in Beijing (CEXIMBANK). This facility has a fixed US$ interest rate of 4.8 percent for 75 percent of the vessels' contract price for the full 10 year period. Financing for the 'stretch' of the repayment profile of the loans for the vessels is provided by Nordea Bank, Oslo and NIB Capital Bank, Holland. These banks also provide a guarantee to CEXIMBANK for the export financing.

The longer-term market outlook for Norgas freight earnings is still considered positive, a view which is supported by third-party market analysis. The short-term prospects for recovery are considered to be dependant upon the wider prospects of a recovery in the world economy and we expect to see a degree of volatility in the early months of 2003.

Growth in demand over the longer term for the petrochemical products that we carry has historically been around 4-5 percent p.a., which is some 1.5 times higher than the growth in the GDP levels. The reduced level of long haul trading has been a significant contributor to the reduced demand on a cubic-mile basis over the last several years. Regional trading has seen an increase, but this has not compensated for the effects of the lack of long-haul trades. Norgas specialises in regional trading, particularly in the transportation of ethylene, which is a key component in plastics industry. Significant developments in the Arabian and Persian Gulf with new production capacity for exports will improve the trading possibilities for Norgas in the years ahead.

During 2002, the world fleet capacity *declined* by 1.7 percent in the Norgas segment (semi-refrigerated vessels 4,000 – 22,000 cbm) – as a result of about 3.4 percent of the capacity being scrapped. From 1992 until 2002, average vessel scrapping per year has been less than 1 percent and it is expected that further vessel scrapping will take place in the period ahead. This will contribute to improve trading conditions for our vessels.

The semi refrigerated gas vessels are capable of trading well beyond 30 years of life, if well built and maintained. A political motivated and necessary focus on safety and the environment is creating an increased challenge for the operation of vessels up to their technical life and this will force many of the less maintained vessels to be scrapped. This will improve the economic conditions for quality operators such as Norgas and the younger vessels such as the Norgas newbuildings. A reduced number of newbuildings combined with an increase of scrapping will help to improve the trading conditions in the years ahead.

The firm order book for new vessels in the 'semi ref' segment now stands at about 7.1 percent or 132,668 cbm capacity. The Norgas vessels ordered in China amount to 45,900 cbm of this or 34.6 percent. The expected annual increase in no of vessels in this segment of the fleet will be 5.8 percent in 2003 (before deductions are made for vessels being scrapped or removed from trading).

CHINA ACTIVITIES

Our China Activites generated a turnover of US$ 1.1 million and a negative EBITDA of US$590,000 in 2002 (positive US$59,000 in 2001). Our operations in China fall into two main categories. TNGC, a joint venture for gas transportation on the Yangtze River, and The Norgas Fleet Management Co. Ltd. which is responsible for the development of crewing, training and fleet management services incl. newbuilding construction supervision. This activity also includes the recruitment and training of Chinese seafarers in the WUT-STC (Wuhan University of Technology – Skaugen Training Centre) in Wuhan.

The Group's China activities do not as yet contribute significantly to the Group's results and comprise only a minor portion of our assets. The Board considers this business unit to have a long-term potential, which offers a competitive advantage of strategic importance. The building up of the Group's presence in China is a challenging process and is heading in the right direction. We see China as a promising market for the transport of petrochemical gases and LPG as well as a source of affordable crewing and fleet management services, vessel construction and repairs. Many of the cost improvement programs we so far have implemented in Norgas have their background in the experience we have gained through our China Activities initiative and strategy. The training and crewing policies and the fleet replacement programs are two such initiatives. There are other initiatives and these should produce reduced break-even levels for Norgas also in the future. These effects do not show directly in the EBITDA of the China Activities, but are crucial for the group. The two chemical vessels, Princess of Rotterdam and Princess of Penang, were sold with a gain of US$ 600,000 in early 2002.

FINANCIALS

During 2002 the Group paid down its main loan facility by US$11.6 million in accordance with the agreed repayment schedule. IMS is in compliance with all its loan covenants. Debt falling due during the next 12 months represents 8 percent of the total debt.

The net debt as at year-end was US$64 million and the net interest bearing debt totalled US$66 million. The debt ratio is 64 percent. The book equity totalled

US$71.3 million or US$13/NOK91 per share, which represents 36 percent of the Group's total assets. The ratio between current assets and current liabilities is 255 percent. The EBITDA/net interest cost ratio for 2002 is 5.9 (6.57 in 2001).

Total liquidity as of 31 December 2002 was US$35 million (28 percent) and this is regarded as sufficient for our current business activities.

IMS placed a convertible bond for NOK124 million in the Norwegian market in June 2001. The bonds can be converted to IMS shares at a conversion price of NOK 83.50. If a dividend is approved as recommended the conversion price will be reduced to NOK 76.50. The bond program could increase the share capital of IMS by 1,485,030 shares. The convertible bonds have been trading at about 103 percent since placement and at 106 percent in 2002.

ANNUAL REPORT 2002

The Annual Report for 2002 will be delivered in a new format to better serve the shareholders. The goal is to save time by providing more efficient access to key information. The Annual Report will be produced as a web version only and the shareholders will receive a CD Rom containing the electronic version.

The Annual Report will be approved by the Board of Directors on 6 February, 2003 and the Annual General Meeting will be held on 27 February, 2003.

I M Skaugen Consolidated

Statements of Income *USD '000*	**2002** **1.1 - 31.12**	**2001** **1.1 - 31.12**	**2002** **1.10 - 31.12**	**2001** **1.10 - 31.12**
Gross freight revenue	189 000	203 878	49 280	52 519
Voyage-related expenses	(47 682)	(48 981)	(10 780)	(12 742)
Net revenue on T/C-basis	141 318	154 897	38 500	39 777
Gains from sale of vessels	650	0	36	0
Operating income	141 968	154 897	38 536	39 777
T/C-hire	(79 747)	(89 310)	(23 864)	(21 683)
Other operating expenses	(31 201)	(28 227)	(9 505)	(5 128)
Group administration expenses	(4 732)	(3 828)	(1 287)	(1 593)
Operating result before depreciation	26 288	33 532	3 880	11 373
Depreciation of capitalized drydockings etc.	(4 038)	(3 952)	(1 666)	(1 790)
Depreciation of vessels	(8 522)	(9 484)	(1 716)	(1 949)
Writedown of vessels	0	(2 594)	0	(2 594)
Operating result	13 728	17 502	498	5 040
Net result from associated companies	(533)	(747)	99	(315)
Financial income	1 199	829	593	397
Financial expenses	(5 551)	(6 693)	(1 566)	(1 487)
Gains/losses on exchange	(4 005)	(476)	(1 857)	(476)
Result before taxes	**4 838**	**10 415**	**(2 233)**	**3 159**
Changes in deferred tax	6 200	(10 415)	8 180	-
Result	**11 038**	**0**	**5 947**	**-**
Earnings earnings per share (USD)	*1,99*	*0,00*	*1,08*	
Diluted earnings per share (USD)	*1,75*	*0,08*	*0,90*	

Balance sheets *USD '000*	**31.12.2002**	**31.12.2001**	**30.09.2002**	**30.09.2001**
Fixed Assets				
Intangible Fixed Assets	6 200	-	-	10 415
Tangible Fixed Assets	123 144	116 786	116 738	120 490
Financial Fixed Assets	6 237	4 907	4 990	5 037
Total Fixed Assets	**135 581**	**121 693**	**121 728**	**135 942**
Current Assets				
Receivables	25 794	25 930	22 975	20 626
Cash and bankdeposits	34 637	37 907	39 138	28 912
Total Current Assets	**60 431**	**63 837**	**62 113**	**49 538**
Total Assets	**196 012**	**185 530**	**183 841**	**185 480**
Equity				
Paid-In Equity	51 101	51 101	51 101	51 460
Other Equity	20 265	15 427	20 518	27 365
Total Equity	**71 366**	**66 528**	**71 619**	**78 825**
Liabilities				
Deferred tax	-	-	1 980	-
Long term liabilities	100 960	95 696	93 212	94 000
Other current liabilities, not interest bearing	23 686	23 306	17 030	12 655
Liabilities	**124 646**	**119 002**	**112 222**	**106 655**
Total shareholders' equity and liabilities	**196 012**	**185 530**	**183 841**	**185 480**
	-	-	-	-

Changes in Equity *USD '000*	**31.12.2002**	**31.12.2001**
Equity at start of period	**66 528**	**74 004**
Acquisition of treasury shares	(700)	(2 856)
Dividends	(5 500)	(4 620)
Net result for the period	11 038	0
Equity at end of period	**71 366**	**66 528**

Notes

The interim report is presented in accordance with the same accounting principles as were used in the accounts at year end.

Oslo, 10 January 2003
I.M. Skaugen ASA
Its Board of Directors

If you have any questions, please contact:
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Listed on the Oslo Stock Exchange, I.M. Skaugen ASA is a Marine Transportation Service Company engaged in the safe transportation of petrochemical gases and LPG, and the lightering of crude oil. Our customers are major companies in the oil and petrochemical industry, whom we serve worldwide from our operations in Houston, Freeport, Singapore, Shanghai, Nanjing, Wuhan and Oslo. I.M. Skaugen runs its own recruitment and training program in St. Petersburg and Wuhan for the crewing of its vessels.

The Group currently operates 46 vessels worldwide (including the 5 vessels on order) – they are of petrochemical gas and LPG carriers, Aframax tankers, LPG river vessels and barges for the Yangtze river transportation of gas, and a small number of workboats for SPT.