

IMSK - Cooperative Joint Venture established in China

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Background.

In December, 2005, I.M. Skaugen announced another stage in its newbuilding program with a further ten (10) advanced LNG/LPG/Ethylene gas carriers (out of which four (4) are now committed including purchases from some major subcontractors). This commitment followed an earlier decision to build three (3) advanced chemical/ethylene carriers and two (2) pressurized gas carriers in China under the same newbuilding concept - now comprising in total fifteen (15) gas carriers. The agreements to build the new gas carriers and the corresponding investment in the ship yard's infrastructure through a joint venture were subject to customary conditions and precedents inclusive of governmental approval on establishing a Cooperative Joint Venture (CJV).

The building of the three different types of ships in the newbuilding program has commenced. The first vessel, a 3,200 cbm pressurized vessel will be delivered in 4Q06 and the others will be following in 2007 and onwards. The first LNG "capable gas carrier" type of ship, that is named "Multigas", will be completed in 1Q08.

The Taizhou Skaugen Wuzhou Shipbuilding Co Ltd. has now received all PRC governmental approvals and has been established to improve the infrastructure in the shipyard to enhance the production quality, productivity as well as safety for the employees. The Joint Venture calls for an investment by IMS of about \$4.5 million, with the possibility to obtain ownership in the shipyard. The benefit for IMS is to obtain stricter control of the operation of the shipyard and control of its infrastructure investments through a cooperative joint venture agreement. In this alliance; the yard is a sub-contractor to IMS, providing labor, consumables, yard facilities and their management. By this Cooperative Joint Venture, IMS plans to occupy the total capacity of this ship yard for some years to come.

I.M. Skaugen ASA.

IMS now have 9 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. Two of these are directly linked to the current newbuilding program of gas carriers.

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 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 also six new, purpose designed and built "Aframax sized tankers" on order for delivery to SPT on a long term Bareboat charter and commencing during 2007.