

IMSK - Another LPG vessel for our China operations to be built

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In connection with the successful launching of the first 3.200 cbm LPG carrier, the shipbuilding agreement was entered into as we are pleased with the quality of their work and satisfied that the shipyard has reached the level of competence needed for us to complete our newbuilding projects of 16 gas carriers. Of the 16 vessels, now 10 have been confirmed.

The first 3,200 cbm LPG carrier was successfully launched on 25th September 2006 and is expected to be delivered within 2006. The second vessel is expected delivered medio 2007 and this new vessel will be delivered within 1Q08.

The estimated delivered price is about USD 8.5 mill incl. of all pre-delivery expenses. The construction of this vessel will be financed by use of our own working capital.

Background.

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.

Skaugen Marine Construction Co. (SMC), a new division within IMS group of companies, was established to execute on our newbuilding program and manage the relevant joint ventures associated with the project.

SMC has an organization mostly in China and the project teams that are closely involved in all aspects of the newbuilding process from design to construction incl. the cargo handling system design, the sourcing of steel and all the components SMC has made investments in some of the subcontractors as well as the yard's infrastructure to ensure we can build a range of ships tailored to the quality required to fully satisfy our long-term needs.

This type of business model has been created to ensure that the IMS group of companies receives the future gas carriers 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 quality service to all our clients.

I.M. Skaugen ASA.

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) 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 three 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.