

I.M. Skaugen SE

Preliminary Result 2013

17 February 2014



I.M. Skaugen SE

Innovative Maritime Solutions
www.skaugen.com

I.M. Skaugen SE – Preliminary result 2013

I.M. Skaugen SE' (IMSK) core business is liquefied gas transportation. Norgas Carriers is managing this business with a pool of 15 vessels (of which 5 are owned by strategic associates and partners). The Norgas Carriers segment generated revenues in 2013 of **USD172 mill** and in 4Q13 **USD35.9 mill** of which **USD110.7 mill** and **USD21.1 mill** respectively were IMS' share on a proportional consolidated basis reflecting IMS' share.

USD mill (except per share data) 4Q13 Highlights	4Q		2013	2012	2011
	2013	2012			
EBITDA	(2.1)	2.5	5.9	21.2	23.0
EBIT	(4.7)	(3.2)	23.6	0.1	0.8
Financial items, investments, associates and tax	7.0	(1.0)	(4.5)	(16.0)	(9.2)
Net result	1.7	(4.4)	18.4	(15.9)	(8.4)
Total assets	262.6	211,8	262.6	211.8	233.4
Net debt	92.4	93,8	92.4	93.8	89.4
Net interest bearing debt	110.7	119.6	110.7	119.6	94.5
Net interest bearing debt (incl. derivatives)	117.3	121.2	117.3	121.2	104.1
Interest rate coverage ratio **	(0.6)	0.5	0.2	1.0	1.3
Total liquidity	59.4	22.6	59.4	22.6	41.0
Equity ratio *	27.2%	25%	27.2%	25%	29.7%
Book equity	71.3	52,7	71.3	52.7	69.3
Book equity per share - USD	2.6	1,9	2.6	1.9	2.6
EPS	0.06	(0.16)	0.68	(0.59)	(0.31)

* book equity/total assets, ** EBITDA/net interest cost

USD '000 Segment reporting	2013	2012	4Q13	4Q12
Gross Revenue gas transportation activities managed by IMS	172 042	239 891	35 904	57 848
EBITDA gas transportation activities managed by IMS	21 451	45 848	(2 572)	6 893
Gross Freight Revenue-Gas Transportation Activity	110 652	165 912	21 056	39 895
Revenues gas transportation activities	110 652	165 912	21 056	39 895
Voyage related expenses	(37 939)	(71 864)	(7 700)	(17 716)
Other operating cost and charter hire	(64 306)	(69 961)	(14 811)	(18 551)
Segment profit (EBITDA)	8 407	24 087	(1 454)	3 628
Depreciation and amortization	(9 574)	(11 399)	(1 967)	(1 887)
Gains/losses from restructuring and sale of assets	31 783	2 048	2 359	(155)
Segment operating profit (EBIT)	30 616	14 736	(1 062)	1 586
Unallocated	(2 493)	(2 847)	(639)	(1 097)
Depreciation	(212)	(687)	(212)	(662)
Share of investments of non-strategic joint ventures/associates *	4 896	(4 913)	6 647	665
Net financial items **	(13 702)	(22 053)	(2 386)	(5 405)
Other	(681)	(208)	(681)	613
Net result	18 424	(15 972)	1 667	(4 300)

The I.M. Skaugen Group (IMSK) achieved a result for 2013 of USD18.4 mill, compared to a negative USD15.9 mill for 2012. The EBITDA for the Norgas segment for 2013 was USD8.4 mill, compared to USD24.1 mill for 2012.

PERFORMANCE 2013

2013 proved to be yet another year of external challenges and this brings the “Financial Crisis” of 2008 to have had rippling effects for 5 years. The world economy delivered growth numbers below what was originally expected, at the beginning of the year, and this shortfall in economic activity has weighted heavily on world trade which has registered only a slight increase from 2012. As our core business of liquefied gas transportation is directly linked to growth in the world economy in general and to the growth industrial production and demand for plastic products in particular, the year has proved to be more challenging than first envisaged. We still suffer from the overcapacity within these markets for liquefied gas transportation and much so within our core market segments. We have also seen a year-on-year decline in the ton-miles demanded for our type of services which has made the prevailing overcapacity even more visible.



The action plans initiated to improve our profitability and balance sheet capacity have delivered tangible results in 2013;

- We made the profitable exit from our non-strategic joint-ventures in China. Our share in Shenghui Gas and Chemical Systems was sold in 4Q13 (50%) for RMB259 mill, or about USD42 mill. The sale generated a book gain of USD5.3 mill. Our initial equity investment was USD11 mill in 2006. At that time the Shenghui company had a turnover of RMB145 mill, whereas

this year it is expected to be over RMB1 billion. Shenghui has thus since IMS’ equity investment was made in 2006 been able to grow sevenfold in turnover while EBIT margins have been kept stable at above 10%.



- The very unfortunate incident with Norgas Cathinka in Indonesian waters came to its conclusion in 2Q13 and the ship and its crew were finally released after sitting in a “hostage” like situation for more than seven months. The incident generated in total a USD6.7 mill shortfall in EBITDA for the company inclusive of loss of revenues and costs incurred during the detention also including legal expenses in the process to free up the ship.

- In line with our strategy to focus on the long-haul transport of petrochemicals and regional distribution of LNG, we have during the year:

→ Sold three of our older and smaller vessels; Norgas Chief, Norgas Challenger and Norgas Carine and in January 2014 Norgas Patricia was delivered. The sale of these vessels generated a gain compared to book value. We now operate a young fleet of fifteen vessels with an average age of six years and which includes six unique Multigas carriers that can transport LNG in addition to all the conventional petrochemical products.

→ Re-structured our joint venture companies with GATX. As we acquired control of our part of the joint venture assets, the previously held interests were re-measured to fair value and a gain of USD30.7 mill was recognized in the income statement in 1Q13.

→ Expanded our joint venture in the GCC region by selling the vessel Norgas Sonoma to our strategic partner and associated company Skaugen Gulf Petchem Carriers (SGPC) where we hold 35% ownership. This region of the world will continue to be important for the long haul petrochemical trade in the long run and thus adding ownership of a fleet should strengthen our regional position.

- We have reached the initial targets of the “Centralise and Simplify” program and we have over a period of three years managed to reduce shore-based head count with more than 50% or about 100 people. This includes the centralisation of all key business functions and processes for our core business of Gas Transportation into Singapore. Our efforts will continue, and the focus is now on lowering cost further in order to regain the position as a “cost and service leader” within our market segment.



In 2012/2013 we have been working to resolve several outstanding issues with MAN, a key German based marine diesel engine supplier. This included refund of prepayments on cancelled engines, warranty questions for malperformance and compensation for deliberate manipulation of Factory Acceptance Tests (FAT) on

engines manufactured by MAN and supplied by them to us. We had reached an overall agreement in August 2013 to resolve all our outstanding issues, but MAN suddenly and unexpectedly decided to contest the validity of the agreements reached and agreed upon after more than a year of negotiations. We are now seeking redress for this. In addition we have found it necessary to put forward well founded claims for extended warranty for performance deficiencies on marine engines already delivered by MAN. We are also seeking compensation for excess fuel consumption of ships to which MAN has delivered engines. This compensation claim is based on MAN admitting to having manipulated FAT and thereby stating lower fuel consumption than what was actually achieved at the tests and higher than the agreed design specifications. The manipulation of the FATs have been going on for more than a decade and the MAN entity in question has in 2013 agreed to be given a fine by the German authorities for this unethical and fraudulent conduct.



The restructuring measures implemented in the SPT group of companies (50% ownership) during 2013 have had much of the intended effect and the SPT group has delivered more positive results on a EBIT level throughout the year. The much needed restructuring sprung from the continuing decline in SPT Ltd's core market – crude oil lightering in the US Gulf and due to the much declining imports of crude oil to the US. This is the result of the rapidly changing energy balances in USA brought by shale oil developments. As a consequence of the losses SPT Ltd did re-deliver four out of six Aframax

tankers on a bareboat charter to its owners in December and the two remaining ones in the early part of 2014. The owners of these six vessels have now been able to employ these on their own and by this they can enjoy a much more promising market for crude tankers than being tied to the SPT Ltd business in the US Gulf. The SPT group of companies has now a sounder platform for the further growth of its global service business for both conventional products and LNG. With the joint venture departure from the sole dependence on the crude oil business in US Gulf we will be able to embark on a process of enabling the companies to participate more in the field of LNG handling - a business much closer to the core business of IMS.

Bond	Maturity	End 2013 (MNOK)	End 2012 (MNOK)
IMSK10	15.03.2013	-	60
IMSK12	27.02.2015	300	385
IMSK13	11.04.2017	261	350

Throughout 2013 we have used excess liquidity to reduce our debts. The book value of the outstanding long term bond debt has been reduced with USD44.5 mill from USD143.5 mill to USD99 mill by repayments as well as buying back bonds in the market at prices below par. In January 2014 we bought back bonds with a nominal value of NOK37 mill. Our consolidated mortgage debt by the end of 2013 was USD77.6 mill.

We have maintained an equity ratio of above 25% through the year, and our target of 30% remains.

CORE BUSINESS – NORGAS PERFORMANCE 2013

The result on EBITDA basis in Norgas Carriers segment for 4Q13 was a negative USD1.5 mill and USD8.4 mill for the year 2013 - compared to USD3.6 mill and USD24.1 mill respectively, for the same periods in 2012.

The main factor affecting our performance this year has been the lack of recovery in the export of

petrochemicals and especially ethylene from the Gulf region (GCC region) and the loss of volumes from Iran following the international embargoes implemented mid-2012. Compared to 2012, the export volumes from the region were down with more than 30% in 2013 (see fig.1).

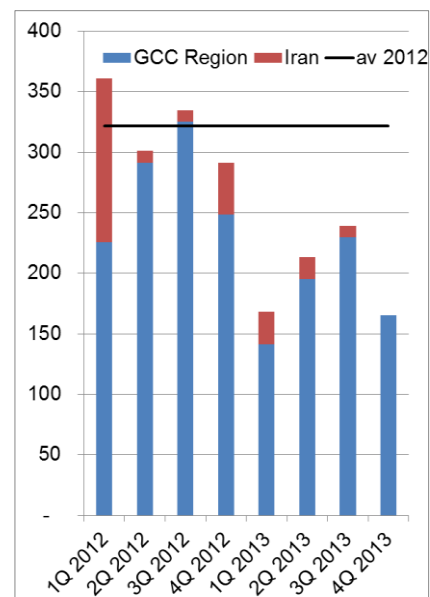


Fig. 1 Quarterly export of ethylene from the Gulf region ('000 tons). Source; various brokers and internal tracking

The shortfall in ethylene export volumes from the GCC region was for the most replaced by intra-Asia trade which is mainly short haul trade and thus less ton-miles. The results we have seen is an overall reduction in ton-miles demand for the global ethylene fleet and thus an increase in commercial idle time which resulted in a weaker spot market (see fig. 2).

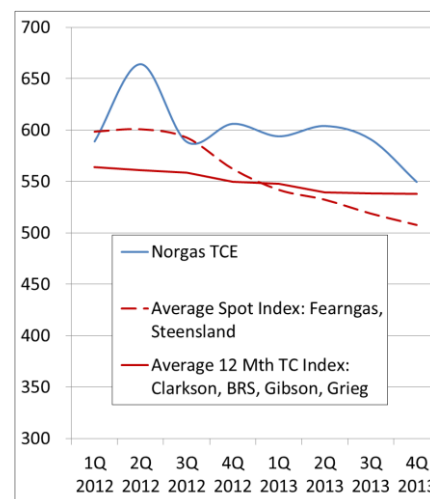


Fig. 2 Norgas TCE vs. spot and time charter market ('000 USD/month).

Much of the reductions and volatility in volumes were from contracted customers in the GCC region. This is also probably a likely trend in the near future. We have had a large part of our fleet tied into contracts for exports out of the GCC region and with less volumes from these contracts we have experienced the effects of the softer spot markets. However, we do believe that we did continue to outperform our peers in these markets. At the end of the year we declined to renew certain freight contracts for exports from the GCC region due to the low rates offered and the substantial amount of ships needed to cover the contract to be permanently placed in the region. With our view of an improvement in the markets we decided it was financially better to try other regions for the majority of our fleet.

As a consequence we therefore started to reposition part of our fleet to other regions in 4Q13 and thereby increasing our overall spot market exposure. The repositioning of the fleet did affect the 4Q13 results negatively.



For butadiene, which is our second largest product transported, volumes declined in 2013 due to a complex set of reasons and this contributed to the further decline in demand for long-haul transportation of petrochemicals. A significant build-up of naphtha based cracker capacity in Korea created an oversupply of butadiene (as a bi-product of ethylene) in Asia and at the same time Europe's large crackers had un-planned shutdowns, which resulted in less available butadiene supply. In addition the US has steadily increased its imports of finished car tires from China

thereby replacing locally made tires, leading to reduced demand for butadiene in the US. Korean exports to US thus disappeared due to lower demand. We expect that some of these butadiene volumes should be recovered as Europe's cracker maintenance schedule is lighter in 2014 which should lead to increased supply of butadiene. We do see a gradual recovery of the prices for Butadiene and we do see more volumes being shipped and expect that this market will make a gradual recovery.



Our three short haul combination carriers (about 6,000 cbm size and capacity to carry a combination of petrochemicals and chemicals) continued to show an unsatisfactory performance in their spot trade. With a low order book for smaller sized vessels for short haul and with the chemical markets improving the performance of these ships is expected to improve in 2014.

CORE BUSINESS – NORGAS SUPPLY&DEMAND

The by far biggest game changer for all energy related business as well as ours will be the US shale gas and oil boom that now is gaining momentum. We expect this will have a positive impact on the market for seaborne logistics of all kinds of gases. We have already seen the fast growing export of LPG from the US leading to a more ton-miles for the global LPG fleet and with this a healthy order book for LPG carriers. We do expect the large amounts of LPG will increase the discount of LPG to oil and this again will drive demand for LPG. Soon to follow will be the export of the excess ethane (shale oil- and gas is rich

on ethane) to provide feed-stock to overseas crackers and many of these in Europe that today use naphtha as feedstock. When all the planned and new cracker expansions and additions in the US (currently 30-40% of existing capacity) will become operational in a few years' time, we expect an increase in exports of ethylene.



We will also see potential imports of butadiene and propylene due to structural deficiencies because of choice of feedstock. The availability of the lower cost gas in the US has also lead to an unprecedented number of LNG export facilities being planned. Even though far from all of the 240+ million tons of planned LNG capacity will be built, US export of LNG will have an impact on both availability and the pricing of LNG. Much of this LNG will be destined for the over-seas markets but also the regional markets in the Caribbean will now have a large LNG source nearby.



The current order book for semi-ref and ethylene capable vessels of sizes 8,000 cbm and larger sizes is mainly driven by the enthusiasm for growing export opportunities of LPG from the US as well as export of ethane and certain other petrochemical products. In percentage terms the order book, measured in cbm, stands at 30% or an annualized growth of 7% the coming 3-4 years, but in 2014 the

fleet will probably grow by 12 %. Much of the growth in cbm capacity comes from larger sized vessels destined for the LPG market and a size of vessels which are not normally used in the long-haul trade of ethylene.

With the now imminent suspension of the Iran sanctions; Iran is set to re-enter the market in the near to medium term. Iran was prior to the sanctions a major exporter with about 30% of the ethylene global long haul trade market. This should create a long awaited boost for the demand for our type of ships.



IMS currently controls and operates the largest small scale LNG fleet in the world. So far the lack of successful projects requiring short haul distribution mainly stems from the absence of infrastructure (smaller LNG receiving terminal) as well as low growth in supply of available LNG outside of major long term contracts. There seems to be a shortage of LNG that will take some more time to overcome. We continue to believe that the small scale LNG market will develop as expected and planned for and we are now seeing more and more changes to the conventional LNG business models. These changes are driven by three main factors; market, infrastructure and the entrance of new players. We have seen growing synergies between SPT and Norgas for LNG operations and we find ourselves often in the situation of proposing

joint solutions to prospective clients.

By offering our combined skills and competencies of both Norgas and SPT we as a company can provide customers with a more complete solution for regional distribution of LNG. We have a fleet of six LNG capable vessels that with short notice can be deployed in LNG trade; be it as a long term solution or as a stop-gap solution until a tailor made ship can be built if the client's needs should change. We can also provide solutions for the effective loading of LNG, irrespective of size of terminals, as well as discharge at the receiving end.



With low gas prices both in the US and Europe, and with an increasing decoupling from the oil price (see Fig 3), the LNG sellers are looking to access new markets with a better margin. At the same time the users are looking to switch from oil to gas to benefit from the widening price gap as well as to meet new and more stringent emission legislation. Many new users of LNG in emerging nations are willing to replace diesel with gas and enjoy the lower cost of power generation. New LNG supply coming to the market is therefore seeking out these high-value non-established markets. These markets like that of the transportation market for both ships and vehicles, do not want to receive LNG in huge cargo lots from a large conventional LNG vessels of 170,000 cbm– but quantities more in line with what our Multigas ships can supply.

Pipeline costs, geography and politics are preventing the movement of gas by pipeline; therefore LNG is becoming economic, despite relatively short distances due to new technologies

and creative thinking, as for example our LNG capable Multigas ships

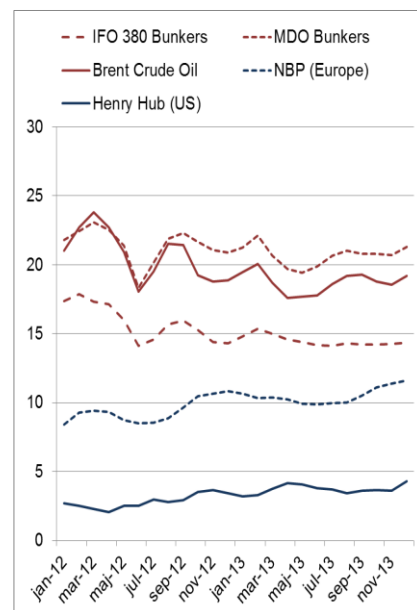


Fig 3. Oil- and gas prices expressed as USD/MMBTU. Source: SouthCourt Ltd

The high level of capital required in the LNG chain has previously acted as an entry barrier for many companies. It has tended therefore to only be the province of large companies. Small scale LNG technologies have reduced the size of financial exposure and meant that new players can enter the business as we have seen in Europe, the US and in China. These companies, often operating in a different market segment, also bring different skills and innovative approaches. We like to think that we are one of these companies.

NON-STRATEGIC JOINT VENTURES AND ASSOCIATES

These businesses, which consist of our SPT business and our remaining activities in China, delivered an EBIT of USD2 mill in 2013. This is an improvement compared to last year's result of a negative EBIT of USD3.9 mill for the two businesses.



COMPANY OUTLOOK

We enter the year 2014 as a leaner and more focussed organisation with a core strategy within gas transportation; long-haul trade of petrochemical products and regional distribution of LNG.

We have within Norgas Carriers the most modern fleet consisting of 15 unique and technically advanced gas carriers that can both transport petrochemicals and LNG. We have a young fleet with an average age of 6 years, compared to the world average of 12 years. Our ships have superior cargo cooling plants that also ensure a fast change of grade in order to be ready to load the next cargo as soon as possible and thus reduce idle time and unnecessary ballast voyages.

By combining the Group's LNG expertise from both the SPT and the Norgas organisations and with our fleet of six LNG capable gas carriers – we can offer a complete solution for the growing market for regional distribution of LNG.



The world economy is forecasted to have a more positive development in 2014 than was in 2013, which will benefit the long-haul trade of petrochemicals. We expect more demand for long-haul

transportation and driven by Iran entering these markets again. A gradual impact of the effects of the US exports of liquefied gasses will be noticed. However, the business environment will remain volatile and it will be important that we continue to improve our ability to quickly adapt to changes and respond to market opportunities as they arise.

One of the major risks to our outlook is oil price volatility, as both the petrochemical trades and the growing small scale LNG market is benefitting from the arbitrage between gas and oil prices. The available supply of energy in all forms, with the exception of LNG, seems to be ample right now and this could give way to a downward pressure on oil prices in the near term.

SEGMENT REPORTING

For management purposes, the Group has been organized into business segments based on their products and services.

The Gas Transportation Activities managed by IMS includes the all the vessels in the pool managed by Norgas Carriers, including vessels owned by strategic partners and associates.

<i>USD '000</i>				
Segment reporting	2013	2012	4Q13	4Q12
Gross Revenue gas transportation activities managed by IMS	172 042	239 891	35 904	57 848
EBITDA gas transportation activities managed by IMS	21 451	45 848	(2 572)	6 893
Gross Freight Revenue-Gas Transportation Activity	110 652	165 912	21 056	39 895
Revenues gas transportation activities	110 652	165 912	21 056	39 895
Voyage related expenses	(37 939)	(71 864)	(7 700)	(17 716)
Other operating cost and charter hire	(64 306)	(69 961)	(14 811)	(18 551)
Segment profit (EBITDA)	8 407	24 087	(1 454)	3 628
Depreciation and amortization	(9 574)	(11 399)	(1 967)	(1 887)
Gains/losses from restructuring and sale of assets	31 783	2 048	2 359	(155)
Segment operating profit (EBIT)	30 616	14 736	(1 062)	1 586
Unallocated	(2 493)	(2 847)	(639)	(1 097)
Depreciation	(212)	(687)	(212)	(662)
Share of investments of non-strategic joint ventures/associates *	4 896	(4 913)	6 647	665
Net financial items **	(13 702)	(22 053)	(2 386)	(5 405)
Other	(681)	(208)	(681)	613
Net result	18 424	(15 972)	1 667	(4 300)

I.M Skaugen Consolidated Accounting Policies

These consolidated condensed financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The interim financial information for 2013 and 2012 are unaudited. The accounting policies applied in the preparation of these financial statements are consistent with those used in preparation of the Group's annual financial statements for the year ended 31 December 2013. These consolidated condensed financial statements should be read in conjunction with the 2012 annual financial statements, which include a full description of the Group's accounting policies.

<i>USD '000</i>	2013	2012	2013	2012
Income Statements - Equity method	1.1. - 31.12	1.1. - 31.12	1.10. - 31.12	1.10. - 31.12
		Restated		Restated
Gross freight revenues	96 288	83 867	20 736	18 294
Revenues	96 288	83 867	20 736	18 294
Share of investments in strategic joint ventures/associates	1 984	12 741	(1 555)	7 833
Voyage related expenses	(32 562)	(32 765)	(7 411)	(6 720)
Charter hire	(22 730)	(26 280)	(5 612)	(5 781)
Depreciation and amortisation	(8 339)	(4 687)	(2 386)	(602)
Gains from sale of fixed assets	1 059	2 048	(76)	(152)
Gains from restructuring	30 724	-	2 435	-
Other operating expenses vessels	(40 077)	(31 974)	(9 936)	(10 067)
Other operating expenses/administration costs	(2 493)	(2 922)	(639)	(1 172)
Exchange gain/(losses) - Operations	(245)	-	(245)	-
Operating profit	23 609	28	(4 689)	1 633
Share of investments in non-strategic joint ventures/associates	7 740	893	8 665	(1 962)
Financial revenue	3 400	1 165	62	1 043
Financial expenses	(16 998)	(16 617)	(3 491)	(3 866)
Gains/losses on exchange	1 354	(1 327)	1 801	(1 109)
Net result before taxes	19 105	(15 858)	2 348	(4 261)
Taxes	(681)	(114)	(681)	(114)
Changes in deferred tax		-	-	-
Net result for the period	18 424	(15 972)	1 667	(4 375)
Attributable to:				
Minority interests	-	-	-	34
Equity holders of the company	18 424	(15 972)	1 667	(4 409)
Earnings per share - basic and diluted	0.68	(0.59)	0.06	(0.16)

<i>USD '000</i>	2013	2012	2013	2012
Statement of Comprehensive Income	1.1. - 31.12	1.1. - 31.12	1.10. - 31.12	1.10. - 31.12
		Restated		Restated
Net result for the period	18 424	(15 972)	1 667	(4 375)
Other comprehensive income:				
Currency translation differences	(1 423)	(304)	(1 349)	(628)
Hedging reserve	146	184	54	322
Available for sale investments	97	39	97	39
Other comprehensive income	(1 180)	(81)	(1 198)	(267)
Items that will not be reclassified to profit and loss				
Remeasurments of pension obligations	1 356	41		
Other comprehensive income for the period, net of tax	176	(40)	(1 198)	(267)
Total comprehensive income for the period	18 600	(16 012)	469	(4 642)
Comprehensive income attributable to:				
Minority interests	-	-	-	34
Equity holders of the company	18 600	(16 012)	469	(4 676)

<i>USD '000</i>				
Balance Sheets - Equity method	2013-12-31	2012-12-31	2013-09-30	2012-09-30
		Restated		Restated
Non-current assets				
Deferred tax assets	2 500	2 500	2 500	2 500
Non-current other debtors	8 514	5 156	7 090	4 066
Tangible fixed assets	139 310	27 048	144 185	31 192
Investments in strategic associates and joint ventures	7 492	65 470	4 864	63 727
Investments in non-strategic associates and joint ventures	5 417	43 372	41 230	43 791
Non-current financial assets	447	2 992	523	14 978
Total non-current assets	163 680	146 538	200 392	160 254
Current Assets				
Receivables and other current assets	30 025	29 730	32 841	31 896
Other financial assets	9 500	12 866	9 500	-
Cash and Bank deposits	59 364	22 636	26 023	27 133
Total Current Assets	98 889	65 232	68 364	59 029
Total Assets	262 569	211 771	268 756	219 283
Equity				
Paid in equity	81 319	81 319	81 319	81 319
Retained earnings	(22 221)	(40 720)	(24 763)	(36 311)
Other reserves	12 191	12 091	13 991	14 258
Minority interest	-	-	-	576
Total Equity	71 289	52 690	70 547	59 842
Liabilities				
Long term liabilities	159 130	133 028	165 837	129 553
Current interest bearing liabilities	11 061	10 574	10 818	10 384
Derivative financial instruments	6 652	1 562	6 200	3 742
Other current liabilities	14 437	13 917	15 354	15 762
Total Liabilities	191 280	159 081	198 209	159 441
Total Equity and Liabilities	262 569	211 771	268 756	219 283

<i>USD '000</i>				
Statement of Changes in Equity	2013	2012	2013	2012
	1.1. - 31.12	1.1. - 31.12	1.10. - 31.12	1.10. - 31.12
		Restated		Restated
Equity at start of period	52 690	69 312	70 820	57 942
Comprehensive income for the period	176	(40)	(1 198)	(267)
Disposal of shares	-	(610)	-	(610)
Net result	18 424	(15 972)	1 667	(4 409)
Net result Minority interest	-	-	-	34
Equity at end of period	71 290	52 690	71 289	52 690

<i>USD '000</i>	2013	2012	2013	2012
Statement of Cash Flow	1.1. - 31.12	1.1. - 31.12	1.10. - 31.12	1.10. - 31.12
Cash Flow from Operations:		Restated		Restated
Received payments of gross revenues	94 411	85 792	23 203	31 982
Payments of operating expenses	(96 507)	(102 025)	(34 686)	(40 320)
Payment of taxes	(681)	(114)	(681)	(114)
Net Cash Flow from Operations	(2 777)	(16 347)	(12 164)	(8 452)
Cash Flow from Investments:				
Payments of purchase of fixed assets	(2 707)	(632)	(1 281)	(632)
Receipts from sale of fixed assets	39 034	3 952	1 530	502
Investment in associates	(5 039)	-	(2 539)	-
Disposal of shares in subsidiary	-	1 276	-	1 276
Restructuring	24 732	-	13 116	-
Proceeds from sale of shares and parts in other companies	45 624	5 065	44 681	5 065
Dividend distribution from joint ventures	-	7 815	-	7 815
Loan to/from others	4 030	(4 832)	-	(4 832)
Loan to associates	-	(4 641)	-	(4 641)
Net Cash Flow from Investments	105 674	8 003	55 507	4 553
Cash Flow from Financing:				
Receipts from raising new long-term debt	3 850	131 710	-	(485)
Repayment of long-term debt	(54 635)	(124 953)	(6 663)	8 655
Received payments of interest	1 093	1 165	1 048	1 140
Payment of interest	(16 477)	(17 944)	(4 387)	(9 908)
Net Cash Flow from Financing	(66 169)	(10 022)	(10 002)	(598)
Net change in cash and cash equivalents	36 728	(18 366)	33 341	(4 497)
Cash and cash equivalents beginning of	22 636	41 002	26 023	27 133
Cash and cash equivalents end of period	59 364	22 636	59 364	22 636

Restatement – Changes in accounting policies.

I.M. Skaugen SE adopted IAS 19 (revised 2011), "Employee benefits" on 1 January 2013. Before then, the Group applied the corridor method for the recognition of the Group's pension liability. The revised employee benefit standard no longer permits the application of the corridor method. Consequently, changes in actuarial assumptions are recognized directly in other comprehensive income. Furthermore, the standard requires the Group to apply the same interest rate for discounting the pension obligation as that used to calculate the anticipated return on plan assets. The updated standard has been applied from 1 January 2013 with full retrospective application. For the Group, this entails an immediate increase in the net pension obligation and a corresponding reduction in retained earnings. The Group's Financial Statements for the years ended 31 December 2012 and 2011 have been restated for the effects of the change to of the accounting policy, and are summarized below.

USD '000	2011-12-31		Restated		2012-12-31		Restated	
	2011-12-31	adj	2011-12-31		2012-12-31	adj	2012-01-01	
ASSETS								
Non-current Assets								
Deferred tax assets	2 500		2 500		2 500		2 500	
Tangible fixed assets								
Vessels	31 023		31 023		25 762		25 762	
Other fixed assets	4 338		4 338		1 286		1 286	
Total tangible fixed assets	35 361	-	35 361		27 048		27 048	
Financial assets								
Investments in associates	3 725		3 725		2 140		2 140	
Investments in strategic joint ventures	61 862		61 862		63 330		63 330	
Investments in non-strategic joint ventures	45 536		45 536		43 372		43 372	
Non-current other debtors	3 096		3 096		5 156		5 156	
Non-current financial assets	7 383	-799	6 584		3 650	-658	2 992	
Total financial assets	121 602	(799)	120 803		117 648	(658)	116 990	
Total non-current assets	159 463	(799)	158 664		147 196	(658)	146 539	
Current Assets								
Projects under construction	-		-		0		0	
Trade debtors	4 429		4 429		9 069		9 069	
Inventory/Bunkers	3 541		3 541		2 540		2 540	
Other debtors	25 746		25 746		18 121		18 121	
Other financial assets	-		-		12 866		12 866	
Cash and cash equivalents	41 002		41 002		22 636		22 636	
Total current assets	74 718	-	74 718		65 232	-	65 232	
Non-current assets classified as held for sale	-		-		0		0	
TOTAL ASSETS	234 181	(799)	233 382		212 428	(658)	211 771	
EQUITY AND LIABILITIES								
Equity								
Share capital	62 643		62 643		62 643		62 643	
Other paid-in capital	18 676		18 676		18 676		18 676	
Treasury shares	-		-		0		-	
Retained earnings	(24 748)		(24 748)		-40 645	-75	(40 720)	
Other reserves	14 072	-1941	12 131		13 991	-1 900	12 091	
Equity attributable to equity holders	70 643	(1 941)	68 702		54 665	(1 975)	52 690	
Minority interest	610		610		0		0	
Total equity	71 253	(1 941)	69 312		54 665	(1 975)	52 690	
Liabilities								
Long term liabilities								
Bonds	70 154		70 154		131 710		131 710	
Liabilities to financial institutions	-		-		0		-	
Pension liability		1142	1 142		0	1 318	1 318	
Derivative financial instruments	5 775		5 775		0		-	
Total long-term liabilities	75 929	1 142	77 071		131 710	1 318	133 028	
Current liabilities								
Current interest-bearing liabilities	65 373		65 373		10 574		10 574	
Derivative financial instruments	3 846		3 846		1 562		1 562	
Trade creditors	3 868		3 868		2 437		2 437	
Other short-term liabilities	13 912		13 912		11 480		11 480	
Total current liabilities	86 999	-	86 999		26 053	-	26 053	
Total liabilities	162 928	1 142	164 070		157 763	1 318	159 081	
TOTAL EQUITY AND LIABILITIES	234 181	(799)	233 382		212 428	(657)	211 771	
Book equity ratio	30,43%		29,70%		25,73%		24,88%	

The impact on the consolidated income statement for year ended 31 December 2011 is immaterial and has not been restated.

Income Statement	Restated			Restated		
USD '000	2011-12-31	adj	2011-12-31	2012-12-31	adj	2012-12-31
Other operating expenses/administration costs				(2 847)	(75)	(2 922)
Operating profit				103	(75)	28
Net result before taxes	-8 064		-8 064	(15 783)	(75)	(15 858)
Income taxes	-345		-345	(114)		(114)
Net result for the year	-8 409	0	-8 409	(15 897)	(75)	(15 972)

	2011-12-31	adj	2011-12-31	2012-12-31	adj	2012-12-31
Net result for the year	-8 409	0	-8 409	-15 897	-75	-15 972

Other comprehensive income:

Items that may be subsequently reclassified to profit or loss

Currency translation differences	-1 099		-1 099	(304)		(304)
Recycling of discontinued cash flow hedge	184		184	184		184
Available for sale investments	-267		-267	39		39
	(1 182)	-	(1 182)	(81)		(81)

Items that will not be reclassified to profit or loss

Implementation effect of IAS 19-Revised		(1 941)	(1 941)		41	41
Other comprehensive income, net of tax	-1 182	-1 941	-3 123	(81)		(40)
Total comprehensive income for the period	(9 591)	(1 941)	(11 532)	(15 978)		(16 012)

USD '000	Note	Attributable to owners of the parent					Total	Minority interest	Total Equity
		Share capital	paid-in capital	Treasury shares	Retained earnings	Other reserves			
Shareholders' equity at 01.01.2011		62 696	18 676	-53	-16 127	15 254	80 446	651	81 097
Restatement prior years error	26				-253		-253		-253
Comprehensive income:									
Profit or loss					-8 368		-8 368	-41	-8 409
Other comprehensive income:									
Currency translation differences - Joint ventures						-467	-467		-467
Currency translation differences						-632	-632		-632
Implementation effect of IAS 19-Revised						-1 941	-1 941		-1 941
Hedging reserve						184	184		184
Available for sale investments						-267	-267		-267
Other comprehensive income						-3 123	-3 123	0	-3 123
Total comprehensive income					-8 368	-3 123	-11 491	-41	-11 532
Transactions with owners:									
		-53		53			0		0
Shareholders' equity at 01.01.2012 - restated		62 643	18 676	0	-24 748	12 131	68 702	610	69 312
Disposal of shares								-610	-610
Comprehensive income:									
Profit or loss					-15 972		-15 972	0	-15 972
Other comprehensive income:									
Currency translation differences						-213	-213		-213
Currency translation differences - Joint ventures						-91	-91		-91
Implementation effect of IAS 19-Revised						41	41		41
Hedging reserve						184	184		184
Available for sale investments						39	39		39
Other comprehensive income		0	0	0	0	-40	-40	0	-40
Total comprehensive income		0	0	0	-15 972	-40	-16 012	0	-16 012
Shareholders' equity at 31.12.2012 - restated		62 643	18 676	0	-40 720	12 091	52 690	0	52 690

Oslo, 17th February 2014

I.M. Skaugen SE
Board of Directors

I.M. Skaugen SE

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: www.skaugen.com.

I.M. Skaugen SE is a Marine Transportation Service Company, with a focus on Innovative Maritime Solutions. Our core business activity is to provide logistics solutions for seaborne regional distribution of liquefied gasses such as LNG and petrochemical gases as well as LPG.

The Skaugen Group of companies currently operates a fleet of 22 vessels worldwide. In our core fleet of 15 advanced gas carriers, we have 6 vessels with the capacity to transport LNG in addition to petrochemical gases. Our global teams can provide on- and off-shore LNG terminal management as well as ship to ship transfer services of LNG/LPG. We have in-house capabilities for the development and design of specialized high quality LNG- and gas carriers for our niche markets. We recruit, train and employ our own team of seafarers.

IMS employs approximately 700 people globally and with nearly 30 nationalities represented. We manage and operate our activities and service our clients from our offices in Singapore, Oslo, Shanghai, Houston, St. Petersburg and Sunderland.

Address list

I.M. Skaugen SE, Oslo

Visiting address: Karenslyst Allè 8 B, 0278 Oslo, Norway
Post address: P.O. Box 23 Skøyen, 0212 Oslo, Norway
Main Telephone: (47) 23 12 04 00
Fax: (47) 23 12 04 01
E-mail: info@skaugen.com
Website: www.skaugen.com
Reg. of bus. enterprises NO 977 241 774 MVA

I.M. Skaugen Marine Services Pte. Ltd., Singapore

Visiting address: 78 Shenton Way #17-03, Lippo Centre, Singapore 079120
Main Telephone: (65) 6226 6006
Administration fax: (65) 6226 3359
E-mail: adm.mspl@norgascarriers.com

Skaugen (China) Holding Co. Ltd.

Skaugen (Shanghai) Trading Co. Ltd.

1603 UC Tower, 500 Fushan Rd, Pudong,
Shanghai 200122
P.R. of China
Telephone: (86) 21 6163 2100
Fax: (86) 21 6163 2111
E-mail: webmaster@skaugen.cn
Website: www.skaugen.cn

Gas Activities

Norgas Carriers Pte. Ltd.

78 Shenton Way #17-03
Lippo Centre
Singapore 079120
Telephone: (65) 6 226 6006
Commercial fax: (65) 6 233 9071
Administration fax: (65) 6 233 9072
E-mail: chartering@norgascarriers.com
Website: www.norgascarriers.com

Norgas Fleet Management Co. Ltd.

1603 UC Tower, 500 Fushan Rd, Pudong,
Shanghai 200122
P.R. of China
Telephone: (86) 21 6163 2100
Fax: (86) 21 6163 2111
E-mail: nfm@norgascarriers.com

Norgas Carriers – US office

801 Travis Street
Suite 1950
Houston, TX 77002
United States of America
Telephone: (1) 713 266 8000
Fax: (1) 713 266 0309
E-mail: chartering@norgascarriers.com

Norgas Carriers –

St. Petersburg Branch Office

Turgenev House Business Centre, Office 7
38, Fontanka Embankment
St. Petersburg 191025, Russia
Telephone: (7) 812 322 9278/79
Fax: (7) 812 325 9782
E-mail: norgas@norgas.ru
Website: www.norgas.ru

Non-Strategic Investments

SPT Inc.

801 Travis Street
Suite 1950
Houston, TX 77002
United States of America
Telephone: (1) 713 266 8000
Fax: (1) 713 266 0309
E-mail: enquiries@sptmts.com
Website: www.sptmts.com

SPT Marine Services Limited

4 Douro Terrace, Sunderland
SR2 7DX, United Kingdom
Telephone: (44) 191 568 1820
Fax: (44) 191 568 1821
E-mail: enquiries@sptmts.com
Website: www.sptmts.com