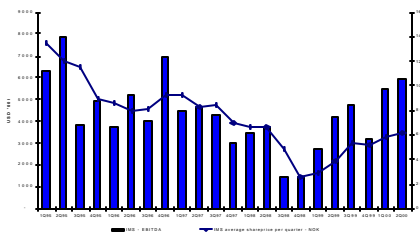


SKA – Results per 1H00

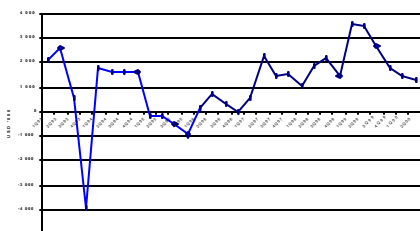
I.M. Skaugen ASA (IMS) reported a net result of MUSD 0.7 in 2Q 00 and MUSD 1.1 accumulated 1H00 (MUSD 0.5 in 1Q00 and a loss of MUSD 2.8 in 1H99). The Group reported an EBITDA result of MUSD 5.9 for 2Q00 and MUSD 11.3 accumulated in 1H 00 (MUSD 5.4 in 1Q00 and MUSD 7 in 1H 99).

The improved overall market conditions for NGC continue; and combined with its lower cost of operations gives better margins. The SPT result is weaker due to the increased cost of spot and short term tonnage to cover its marginal needs to serve its customers. The China activities are contributing positively in the efforts to reduce the NGC cost of operations while the other areas in this business unit are basically unchanged.

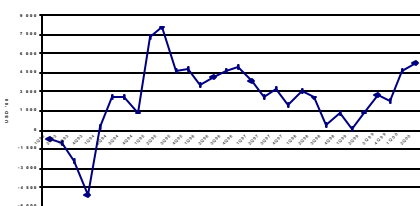
1H00 Highlights



Improved EBITDA for IMS relative to its IMS share - per quarter 1Q95 through 2Q00



Quarterly EBITDA for SPT 1Q93 through 2Q00



Quarterly EBITDA for NGC 1Q93 through 2Q00

- **NGC:** Earnings are stable with t/c rates at USD 302,000 per month/vessel vrs USD 298,000 per month in 1Q00 and USD 228,000 per month in all 1999.
- **NGC:** EBIT B/E cost progress according to our plan of USD 236' per vessel per month for the full year 2000 vrs USD 250' in 1999.
- **NGC:** Norgas Discoverer hit by the suezmax oil tanker "Greek Fighter" in late June. The vessel will need extensive repairs, and loss of revenue for 3Q00 is estimated at USD 600,000. All estimated expenses charged to 2Q00 results.
- **SPT:** A surge in the aframax tanker market still creates much higher cost of charter for our marginal tonnage needs on a spot basis.
- **IMS:** Preliminary contract signed for four new 8,400 cbm ethylene carriers for delivery 2002 with an option for six more vessels. The contract will enable us to renew the NGC fleet and strengthen our position as the second largest ethylene transporter.
- **IMS** share price up 29.6% since 1 January 00, but still considered fundamentally undervalued compared to its peers and also due to the improvements in the IMS EBITDA earnings. EBITDA multiple of 7 less net debt gives a value of the shares at NOK 135.
- **IMS** - 620,561 shares or 9.36% written down on June 28th as per the annual general meeting on March 7th. New number of shares in IMS is 6,009,944. Current portfolio of own shares is 97,647 or 1.6%. IMS will continue within its guidelines and limits to buy own shares at prices deemed favourable.

Segment information

USD '000	Consolidated**					Gas ***				
	2Q00	2Q99	1H00	1H99	1999 Accum	2Q00	2Q99	1H00	1H99	1999 Accum
Freight revenue on t/c basis	27,215	26,455	51,241	52,649	96,539	11,013	7,225	21,586	13,871	30,296
Vessels' operating cost and t/c hire	-20,539	-21,087	-38,158	-43,468	-77,636	-5,468	-5,347	-11,069	-11,628	-22,418
Unallocated administration costs	-740	-1,126	-1,700	-2,203	-3,983	-238	-469	-551	-763	-1,385
EBITDA*	5,936	4,242	11,383	6,978	14,920	5,307	1,409	9,966	1,480	6,493

USD '000	Lightering					China Activities				
	2Q00	2Q99	1H00	1H99	1999 Accum	2Q00	2Q99	1H00	1H99	1999 Accum
Freight revenue on t/c basis	15,592	18,292	28,444	37,089	63,352	610	938	1,211	1,689	2,891
Vessels' operating cost and t/c hire	-14,326	-14,819	-25,755	-30,056	-51,941	-745	-921	-1,334	-1,784	-3,277
Unallocated administration costs	-	-	-	-	-	-	-119	-	-326	-549
EBITDA*	1,266	3,473	2,689	7,033	11,411	-135	-102	-123	-421	-935

* 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.

NGC: Market rebound and Consolidation

- **NGC T/C earnings at USD 302,000**

NGC posted average earnings on a time charter basis in 2Q00 of USD 302,000 per month/vessel compared to USD 298,000 for 1Q00 (USD 218' in 2Q99 and USD 228' average in 1999). The gradual improvements seen through this year continue into 3Q00. Our accounting policies for revenues caused a periodic adjustment in June and somewhat weaker earnings are booked due to the Norgas Discoverer incident late June; for this ship and for the Norgas Voyager being used as standby rescue vessel. Fuel or bunker costs are still high due to the high oil prices.

- **Long-haul expected to increase again**

We experience a general improvement in the business environment for most of our customers in the petrochemical industry. Important contributors to the increased demand for transportation have been improved freight volumes, the European longer haul imports and also finally the effects of the consolidation in the smaller gas carrier segment in 4Q99. However, after learning about several other owners' results from their gas carriers in the segment and the results of the larger chemical carriers operators - (many of these chemical carrier companies serve the same industry and customers as NGC), the recovery does no longer look to us like a clear "history repeats itself scenario" as we may have suggested in our 1Q00 report. It maybe more of a gradual overall recovery rather than a steep recovery from the low in 1H99 to a peak 18-24 months later. An increase in demand for transport of petchem gases is further backed by an external forecast commissioned by us which predicts that longer haul trade pattern will again increase as Europe will rely more on longer haul imports and demand will continue to increase in Asia.

- **Contract for 4 new ethylene carriers**

IMS has contracted for four new 8,400 cbm ethylene carriers for delivery 2002. We have a further option for 6 more – a total of 10 vessels. The total delivered cost of all 10 vessels (incl. of the option vessels) will be abt MUSD 220. This contract will cover our needs to replace the fleet of NGC to ensure we are a competitive force as the second largest ethylene carrier in the world and in this business in the next decades. Based on the market analysis available to us, the current replacement cost of such vessels seems attractive and the Board believes the timing for such

vessels seems attractive and the Board believes the timing for such purchases are right. The cost of replacement by newbuilding has decreased by abt 35% the last 5 years.

- **Norgas Discoverer incident estimated to cause loss of revenue equal to approx USD 600'**

24th June 2000, Norgas Discoverer was hit by the oil tanker "Greek Fighter" in the Straits of Malacca, and she will need extensive repairs. The reasons for the incident are still being investigated. We managed to secure most of the cargo onboard by using the Norgas Voyager as a rescue vessel and thus mitigate the losses for all parties concerned. The offhire time from the incident will cause loss of revenue in 3Q00 estimated to approx USD 600'. The 2Q00 result is charged with our estimated expenses with this accident and those that are not covered by our insurance partners.

Offhire for the 2Q00 was 1.4%, accumulated 2.8% in the year. Our longer term goal is to keep the offhire period at less than 3% of capacity incl of all planned and unplanned maintenance.

- **Increased NGC EBITDA at MUSD 5.3 for 2Q00**

The NGC segment earnings on an EBITDA basis were MUSD 5.3 for 2Q00, accumulated MUSD 10 (MUSD 1.4 for 2Q99 and MUSD 1.4 for 1H99). The stronger EBITDA result is on the same level as 2H95 – a point in time when we experienced the last peak of the cycle and with average t/c earnings at a higher level and at USD 361,000 per vessel/month. The improved EBITDA earning capacity is contributed to the focused efforts on efficiency gains as well as the reduced cost of operations at NGC. We have also an improved marketing and service that enable us to yield a better result from the prevailing market at this time compared to the previous cycles and NGC history of more than 17 years.

**EBIT basis: Earnings after depreciation for the NGC vessels, but before interest and taxes.

*EBITDA: Earnings before interest, taxes, depreciation and allocations.

SPT: Weak result this quarter, but a more positive outlook

- **High cost of spot tonnage**

SPT reported an EBITDA result of MUSD 1.2 in 2Q00, accumulated MUSD 2.6 in 1H00 (MUSD 3.5 in 2Q99 and MUSD 7 in 1H99). The result is affected by a rising cost for spot tonnage as well as high bunker prices. The rates for Aframax tankers we need on spot basis to cover our marginal needs have been as high as USD 40,000 per day, and it has taken time to adjust the lightering rates with our customers accordingly. SPT is in the process of re-pricing its services. For customers without term contracts, the new prices will mostly take effect from the beginning of 3Q00.
- **AG exports of crude to the US - on the increase**

The lightering volumes have increased in the recent months following the escalated OPEC production. With a continued strong US economy combined with historically low US inventories of crude oil, we expect the second half to be quite active for lightering. Nevertheless, the EBIT result for SPT will not be as high in 2000 as it was in 1999.
- **SPT operates 7.3 tankers now**

SPT operated 660 tanker days during 2Q00, accumulated 1259 days in 1H00 (771 in 2Q99 and 2750 for all 1999), and this equals 7.3 tankers as an average during the quarter. We have somewhat scaled back our operations due to the present high cost of charter of marginal tonnage needed, and this is the reason for the reduced volumes. The capacity utilisation for the SPT fleet is still high, the operational regularity and its on-time performance are satisfactory. The level of service is high, although the tight ship market has at times made it difficult to secure spot tonnage to alleviate customary delays in the lightering schedules.

- **SPT received environmental award from USCG second time in a row**

In June, SPT was for the second time in a row awarded by the US Coast Guard as the Runner Up for the prestigious “William M. Benkert Award” for their safety and environmental protection programs. This is the premier national award that recognises excellence in marine environmental protection. It is a good external recognition for us to be recognized for our safety record, our safety culture and focus by the very demanding US Coast Guard.

China activities: Unchanged result – crewing is successful and contributes to NGC’s lower operating costs

- **Training of Chinese crew and now for external customers as well**
- **Team in China key to success in fleet renewal project**

China strategy

IMS’s strategy in China is to develop the market potential for gas transport in a logistically demanding market through the joint venture company **TNGC** and to establish an organisation that will contribute to even more cost-effective fleet operations in Asia. We have two NGC vessels with full Chinese crews as well as two Princess Carriers vessels. The plan calls for all Asia fleet carriers to operate with Chinese crew. NGC has its own training centre in Wuhan, Hubei Province; called WUT-STC which also offers courses to external customers.

The current fleet replacement program by IMS for the NGC fleet of gas carriers could not have taken place as it has without the presence of the team we have in China allowing us to proceed on the basis of our know-how and relationships in China.

Results

The activities in China encompassed in the past very high initial costs for the training centres for our sailing personnel and the related support functions for NGC as well as start up cost for TNGC. The EBITDA result in 2Q00 was minus USD 135, minus USD 123’ accumulated (minus USD 102’ for 2Q99 and minus USD 513’ for 2H99). The slightly weaker result is mostly due to higher bunker cost and lower freight rates. PC reported an EBITDA result for its two units of USD 115’ in 2Q00, USD 232’ accumulated (USD 273’ for 2Q99 and USD 443’ for 2H99). TNGC reported an EBITDA result in 2Q00 of minus USD 22’, minus USD 33 accumulated (USD 10’ for 2Q99 and USD 18’ for 2H99).

TNGC results are affected by high oil prices and the high LPG prices which affect the LPG volumes imported in addition to the continued high domestic production of domestic LPG along the river. TNGC has now innovated and penetrated into the Pentane transportation market on the Yangtze river, and it became the largest operator. This is also a higher paying cargo than LPG. Three LPG barges were delivered during 2Q00. TNGC does not currently have any other investment plans. TNGC relies on its various operating licenses in China to be renewed on a regular basis.

We had one incident in TNGC in May 2000. We had a collision with a barge on the Yangtze river at night time. The incident was without any casualties and no damage to our vessel, but serious damage to the other unit. Our vessel was more to blame than the other vessel as we were catching up on the way down the river. Part of the reason for the incident was however that the other vessel was not operating with any night time navigational lights.

Key statistics

	2Q00	2Q99	1H00	1H99	1999
NGC Idle time	1%	9%	3%	10%	7%
NGC Offhire days	1%	7%	3%	6%	7%
NGC Drydockings	0	2	1	3	5
NGC On-time performance	100%	92%	97%	93%	90%
NGC Estimated Fleet Broker Value (USD mill – 100% basis)	110	127	124	127	116
SPT No. of Full Service Lightering operations	137	150	259	293	551
SPT No. of Support Lighterings	36	38	64	95	182
SPT Tanker Operating days	660	771	1259	1,520	2750
SPT Daily lightering volume (bbls/d)	972,000	1,009,000	894,000	1,070,000	990,000
SPT Share of US Seaborne Crude Imports	13.2%	12.6%	11.9%	12.7%	11.8%
SPT Contract coverage Full Service Lighterings (COA/Total)	73%	79%	69%	80%	76%
IMS Share price (end of each quarter/year - NOK)	64	53	64	53	54
Average of daily share price	62	40	60	35	44

Capital and value assessment: Shares in IMS are underpriced

<ul style="list-style-type: none"> • Satisfactory liquidity and unchanged key figures • Debt ratio of 57% and current ratio of 255% • Book equity is MUSD 76.8 or NOK 109 per share • Equity ratio at 42% 	<p>Capital</p> <p>The mortgage debt has been repaid during the 1H00 by MUSD 4.4 and in accordance with the agreed repayment profile for the Group's main loan facility. The net debt was at MUSD 64 at end of 2Q00 and the interest-bearing debt totalled MUSD 88. The debt ratio is 57% and the ratio between current assets and current liabilities is 2,55. Debt falling due during the next 12 months represents 10% of the total debt. Total liquidity as of the balance sheet date was MUSD 22.5 (21%), and this is regarded as sufficient. The book equity totalled MUSD 76.8 or USD 12,8/NOK 109 per share. The book equity represents 42% of the total assets. The ratio between the EBITDA result and the net financial expenses was 4.1 in 2Q00 (4.3 in 1Q00, 3.2 for 2Q99 and 2.4 for all of 1999).</p>
<ul style="list-style-type: none"> • Annualised EBITDA earnings of MUSD 23 	<p>Value assessment</p> <p>During 1999 the company had an EBITDA result of MUSD 14.9 (MUSD 10 for 1998, MUSD 16.4 for 1997). Our annualised EBITDA earnings per 1H00 are at MUSD 23. We regard this earnings level in 1H00 as reflecting the improved cycle for the NGC segment compared to the weaker cycle of last year. Our normalised earning capacity level, based on the NGC vessels' historic earnings, but with today's cost structure, is significantly higher than during the last cycle.</p>
<ul style="list-style-type: none"> • Cost and Service Leadership is the focus 	<p>Based on the company's industrial strategy and focus on creating values for the shareholders through being a leading company with regard to its costs and service, we have carried out different types of assessments. We believe that an estimated earnings model is the correct model to use for our type of company and thus a model based on the EBITDA earnings of the company multiplied by an assessed factor and deducting the current net debt of MUSD 64. Today most analysts estimate this multiple should be about 7 or 8 (for the time being) and deducting for the net debt gives a value of MUSD 95 or MUSD 118 which equals USD 16 or USD 20 per share (NOK 135 or NOK 168) using 6,009,944 shares.</p>
<ul style="list-style-type: none"> • EBITDA multiple of 7 gives a value of the shares at NOK 135 	<p>SPT gives the IMS shareholders added value</p> <p>SPT's average annual earnings on an EBITDA basis has been around USD 8 mill as an average for the last three years (1999 at USD 11,7 mill).</p>

- **The SPT activities alone give a value of NOK 53 per share**
Even with the expected decrease from the 1999 level during this year, we can substantiate that the SPT activities alone represent a value of more than MUSD 40, or approx. NOK 53 per share, to the IMS shareholders. This implies an EBITDA earnings valuation multiple of a proximately 5 for this activity only.
- **Broker estimates decreased by 3% in 2Q00**
Third party Broker estimates for our owned vessels
Three independent broker estimates per 30.06.00 showed that the value of the vessels in NGC decreased a total of no more than 3% or MUSD 3.4 in 2Q00 (MUSD 2.3 in 1Q00) – total of MUSD 5.7 or 4.9% in 1H00. Our normal depreciation during this period was MUSD 6.1. These value estimates declined a total of 20% or MUSD 28 in 1999 and 12% or MUSD 20 in 1998.

Other items: Share write down and buy back of own shares

- **IMS continues to buy own shares**
Write down of own shares
The share capital has been written down with the amount of NOK 37,233,660, from 397,830,300 to 360,596,640 and effective by June 28th, and by redemption of 620,651 shares with par value NOK 60, equivalent to the company's treasury shares. New share capital is NOK 360,596,640 distributed on 6,009,944.
IMS has acquired a further 97,647 shares or 1.6% at a cost of MNOK 6.5 or NOK 66 per share after the Annual General Meeting.
- **Price of shares in IMS has increased 29.6% since 1 January 2000**
The price of IMS shares has increased 29.6% since 1 January 2000. During this same period the Oslo Stock Exchange's total index has fallen 3.6%, and the shipping index has fallen 0.3%.

Oslo, 10 July 2000
Board of Directors, I.M. Skaugen ASA

If you have any questions, please contact Beate Lofseik on telephone +47 23 12 04 00 or by e-mail: beate.lofseik@ngc.no. This press release is also available on the Internet at our website: <http://www.skaugen.com>.

IMS Consolidated

Statements of Income

USD '000

	2000 1.1-30.06	1999 1.1-30.06	2000 1.4-30.06	1999 1.4-30.06	1999 1.1-31.12
Gross freight revenue	71,213	70,324	37,906	35,747	133,424
Voyage-related expenses	(21,230)	(18,699)	(11,370)	(9,929)	(38,679)
Net revenue on T/C-basis	49,983	51,625	26,536	25,818	94,745
T/C-hire	(22,509)	(25,246)	(12,805)	(12,419)	(43,372)
Other operating expenses	(14,917)	(17,187)	(7,418)	(8,025)	(32,746)
Group administration expenses	(1,701)	(2,155)	(641)	(1,102)	(3,893)
Operating result before depreciation	10,856	7,037	5,672	4,272	14,734
Depreciation of capitalized drydockings etc.	(1,905)	(2,090)	(953)	(950)	(4,314)
Depreciation of vessels	(5,100)	(4,503)	(2,575)	(2,294)	(9,387)
Operating result	3,851	444	2,144	1,028	1,033
Net result from associated companies	(46)	(562)	(23)	(281)	(993)
Financial income	569	497	51	301	1,387
Financial expenses	(3,201)	(3,209)	(1,461)	(1,572)	(7,643)
Result before taxes	1,173	(2,830)	711	(524)	(6,216)
Taxes	0	0	0	0	0
Result	1,173	(2,830)	711	(524)	(6,216)
<i>Earnings per share (USD)</i>	<i>0.20</i>	<i>(0.43)</i>	<i>0.11</i>	<i>(0.08)</i>	<i>(0.98)</i>

Balance sheets

USD '000

	6/30/00	3/31/00	12/31/99
Deferred tax assets	11,937	11,937	11,937
Vessels and other fixed assets	128,892	131,526	135,116
Other current assets	17,534	15,075	14,492
Cash and bank deposits	22,558	21,069	23,955
Total assets	180,921	179,607	185,500
Shareholders' equity	76,844	76,365	77,403
Long term liabilities	88,364	88,369	92,776
Other current liabilities, not interest bearing	15,713	14,873	15,321
Total shareholders' equity and liabilities	180,921	179,607	185,500

I.M. Skaugen ASA (IMS) is a marine transportation service company engaged in the transport of petrochemical gases, LPG and organic chemicals, in addition to the lightering of crude oil. Our customers are major international companies in the oil and petrochemical industry who work on a global basis. In order to serve our customers in the best possible manner we have our own representation in Oslo, Singapore, Shanghai, Wuhan/ Jingzhou, Houston and Gent. We also have our own training programme for our seagoing personnel in Wuhan, China and St.Petersburg, Russia. The Group currently operates 35 units consisting of 14 gas carriers in Norwegian Gas Carriers (NGC), 2 chemical carriers in Princess Carriers, 1 LPG carrier and 4 barges for the river transport of gas and 2 work boats in Hubei Tian En Petroleum Gas Transportation Co. (TNGC), 8 Aframax tankers and 4 work boats in Skaugen PetroTrans (SPT).