

INTERIM RESULTS:
THIRD QUARTER - 2005



INTERNATIONAL MARITIME EXCHANGE

9 November 2005

International Maritime Exchange ASA

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Quarterly highlights

- Group operating revenue of the third quarter of 2005 was NOK 29.7 million (38.0)¹
- Profit before taxes was NOK 17.1 million (17.9), including an operating profit of NOK 5.0 million (17.9) and net financial items of NOK 12.1 million (0)
- A market based valuation of the investment in NOS ASA shares, according to IFRS, has a NOK 12.0 million positive effect on the third quarter financial items and a NOK 20.0 million positive effect on year to date financial items. This interpretation has no cash effects
- The number of trades was 1 744 (1 416), the number of lots traded was 57 550 (75 311) and nominal trade value was USD 979 million (1 318) partly due to weaker underlying shipping markets
- Imarex sees an increased proportion of screen based trading and a higher number of principals using the trading screen in the dry cargo segment
- The number of exchange and clearing members at the end of the quarter was 102 (73), up by 8 (9 %) in the last quarter and by 27 (36 %) year to date
- No substantial effects were seen from new competition in trading or clearing

Group key figures

IFRS, figures in NOK 1,000	Q3 05	Q3 04	YTD 05	YTD 04	FY 2004
Operating revenue	29 656	37 978	79 052	87 488	124 935
Operating result	4 992	17 910	7 882	39 514	64 952
<i>Operating margin</i>	<i>16.8 %</i>	<i>47.2 %</i>	<i>10.0 %</i>	<i>45.2 %</i>	<i>52.0 %</i>
Ordinary result before tax	17 131	17 903	29 747	39 367	62 247
Result for the period	15 441	16 776	24 492	38 240	58 165
<i>Profit margin</i>	<i>52.1 %</i>	<i>44.2 %</i>	<i>31.0 %</i>	<i>43.7 %</i>	<i>46.6 %</i>
Earnings per share					
Basic	2.21	3.25	3.60	7.42	11.78
Diluted	2.18	3.25	3.55	7.42	11.18
Total assets	195 292	67 730	195 292	67 730	156 771
Total equity	180 997	52 150	180 997	52 150	133 254
<i>Equity ratio</i>	<i>92.7 %</i>	<i>77.0 %</i>	<i>92.7 %</i>	<i>77.0 %</i>	<i>85.0 %</i>

Trading Statistics

	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05
Tankers							
# Trades	404	781	1 245	1 405	1 593	1 054	1 586
Lots (k/ton)	20 841	26 802	41 189	55 640	41 387	25 445	41 196
Value (\$m)	249	332	587	900	636	372	704
Dry Bulk							
# Trades	110	186	171	93	84	82	158
Lots (days)	24 328	31 808	34 122	12 595	10 405	13 624	16 354
Value (\$m)	698	528	731	336	300	296	275
Total							
# Trades	514	967	1 416	1 498	1 677	1 136	1 744
Lots (k/tons + days)	45 169	58 610	75 311	68 235	51 792	39 069	57 550
Value (\$m)	947	860	1 318	1 236	936	668	979

¹ Last year's comparable figures in brackets.

The number of tanker trades increased by 27 % from the third quarter of 2004. Traded tanker volume was unchanged, while traded tanker value was up by 20 % mainly due to a significantly increased rate level for clean products in September.

The number of dry bulk trades decreased by 8 % from the third quarter of 2004. Traded dry bulk volume decreased by 52 %, while dry bulk value was down 62 %. Imarex is promoting a dry bulk market driven by frequent trading of small lot sizes (1 lot = 1 day) in order to lower the barriers to entry for new market participants and boost transaction volumes. The average number of lots per contract cleared through NOS in the third quarter of 2005 was 111, with an average nominal trade value of USD 1.8 million, down from 166 and USD 3.7 million in the previous quarter.

Imarex expects the positive developments in dry bulk derivatives to lead to improvements in trading volumes with more principals using the trading screen. Seasonally improved tanker markets are expected to lead to increased activity in both the clean and dirty sectors of that market.

Imarex continues to attract new members to the marketplace for trading and clearing and had 102 trading and clearing members at the end of September 2005. The prospect list of new clients continues to grow.

The introduction of cleared bunker fuel oil futures is expected to attract substantial interest in the market and increase both the membership and traded volumes.

Imarex, Inc. was established as a wholly owned subsidiary. Operations in Houston, Texas will commence as soon as the necessary permits are obtained.

In spite of much advertised competition, Imarex saw little activity from new brokers and clearing houses. Imarex continues to receive positive feedback from members on the current trading and clearing model, and is so far seen to be competitive both on fees and margins for the end client.

Group profit and loss account

IFRS, figures in NOK 1,000	Q3 05	Q3 04	YTD 05	YTD 04	FY 2004
Operating revenue	29 656	37 978	79 052	87 488	124 935
Clearing costs	10 432	10 361	28 696	23 144	33 846
Payroll expense	7 998	7 036	25 492	17 402	25 034
Depreciation	639	104	1 727	987	1 309
Revaluation of negative goodwill					(10 194)
Other operating expenses	5 595	2 567	15 255	6 441	9 988
Operating result	4 992	17 910	7 882	39 514	64 952
Net financial items	12 139	(7)	21 865	(147)	(2 705)
Ordinary result before tax	17 131	17 903	29 747	39 367	62 247
Tax on ordinary result	1 690	1 127	5 255	1 127	4 082
Result for the period	15 441	16 776	24 492	38 240	58 165

Group balance sheet

IFRS, figures in NOK 1,000	30.09.05	30.09.04	31.12.04
Assets			
Intangible fixed assets	3 625	-	9 330
Tangible fixed assets	3 506	1 375	2 752
Financial fixed assets	52 902	275	348
Total non-current assets	60 033	1 650	12 430
Accounts receivable	21 122	37 504	22 548
Liquid funds	114 137	28 576	121 793
Total current assets	135 259	66 080	144 341
Total assets	195 292	67 730	156 771
Equity and liabilities			
Total paid-in capital	107 635	12 783	75 089
Other equity	73 362	39 367	58 165
Total equity	180 997	52 150	133 254
Company taxes	1 120	-	1 120
Current liabilities	13 175	15 580	22 397
Total current liabilities	14 295	15 580	23 517
Total equity and liabilities	195 292	67 730	156 771

Group cash flow statement

IFRS, figures in NOK 1,000	Q3 05	Q3 04	YTD 05	YTD 04	FY 2004
Cash flow from operating activities					
Ordinary result before taxes	17 131	22 077	29 747	51 419	62 242
Depreciation	639	105	1 727	987	1 309
Revaluation of negative goodwill					-10 174
Write downs/up financial assets	-11 987		-19 979		
Taxes paid					
Cost of employee options	781		5 703		
Difference between pension premiums paid and pension expense	410		410		
Change in accounts receivable	-7 943	-17 379	1 426	-34 895	-17 926
Change in accounts payable	-2 003	1 820	-1 385	1 454	2 085
Change in other short-term operating assets and liabilities	3 684	682	-8 854*	1 091	15 038
Net cash flow from operating activities (A)	712	7 305	8 795	20 056	52 574
Cash flow from investing activities					
Investment in subsidiaries					-743
Loans to subsidiaries					-370
Purchase of tangible fixed assets	-731	-1 453	-2 031	-1 636	-2 762
Proceeds received from sale of tangible fixed assets					
Purchase of shares and companies, net of purchased cash and cash equivalents			-31 967		632
Net cash flow from investing activities (B)	-731	-1 453	-33 998	-1 636	-3 875
Cash flow from financing activities					
Share issue proceeds	3 457	1 956	32 547	6 701	69 007
Change in short-term interest bearing debt					
Change in long-term interest bearing debt					
Dividends paid			-15 000		
Net cash flow from financing activities (C)	3 457	1 956	17 547	6 701	69 007
Net change in cash and cash equivalents for the period (A+B+C)	3 438	7 808	-7 656	25 121	118 338
Cash and cash equivalents at the beginning of the period	110 699	20 768	121 793	3 455	3 455
Cash and cash equivalents at the end of the period	114 137	28 576	114 137	28 576	121 793

* The amount contains effects as a result of the conversion from N-GAAP to IFRS.

Statement of changes in equity

IFRS, figures in NOK 1,000	30.09.05	30.09.04	31.12.04
Equity IFRS	133 254	6 082	6 082
Dividends paid	(15 000)	-	-
Change in paid in equity	32 547	6 701	69 007
Equity increase related to employee options	5 703		
Profit for the period	24 492	39 367	58 165
Closing equity	180 997	52 150	133 254

Equity reconciliations - from N-GAAP to IFRS for comparable period

NOK 1 000	30.09.04
Equity N-GAAP	52 150
IFRS impacts	-
Equity IFRS	52 150

Profit and loss reconciliations - from N-GAAP to IFRS for comparable period

NOK 1 000	Q3 04	YTD 04
Result N-GAAP	16 776	38 240
IFRS impacts	-	-
Result IFRS	16 776	38 240

Changes in earlier presented figures

Change in deferred tax as a result of a new assessment of the possibility to utilise the tax advantage.

Corrected assessment of over/ under valuation of assets and debt upon purchase of Laycan, together with reversal of previous corrections against equity which are now booked over the profit and loss account.

Change in periodising of costs related to options to employees after a more detailed review of earning estimates used.

The above-mentioned changes have resulted in corrections of the tax cost and calculated bonus to employees.

Equity reconciliations - from previously reported Q4 04, Q1 and Q2 05

NOK 1 000	31.12.04	31.03.05	30.06.05
Equity previously reported (IFRS)	126 924	165 993	150 925
Changes			
Deferred tax asset	6 330	3 565	2 765
Valuation of financial assets to fair value		11 987	7 992
Change in accrual accounting of social tax on employee options		(636)	(1 092)
Equity after changes	133 254	180 909	160 590

Profit and loss reconciliations - from previously reported Q4 04, Q1 and Q2 05

NOK 1 000		Q4 04	Q1 05	Q2 05
Earnings after tax previously reported (IFRS)		9 731	6 681	184
Changes			-	-
	Revaluation of negative goodwill	10 194		
	Valuation of financial assets to fair value		11 987	(3 996)
	Change in accrual accounting of employee options		(994)	(1 246)
	Taxes		(2 765)	(800)
Earnings after tax (IFRS)		19 925	14 909	(5 858)

Profit and loss account after changes

NOK 1000	Q4 2004	1Q 2005	2Q 2005
Operating revenue	37 447	29 675	19 721
Clearing costs	10 701	9 993	8 271
Payroll expense	7 632	10 715	6 251
Depreciation	321	488	600
Revaluation of negative goodwill	(10 194)		
Other operating expenses	3 549	3 961	5 699
Total operating expenses	12 009	25 157	21 349
Operating result	25 438	4 518	(1 628)
Net financial items	(2 558)	13 156	(3 430)
Ordinary result before tax	22 880	17 674	(5 058)
Tax on ordinary result	2 955	2 765	800
Result for the period	19 925	14 909	(5 858)

Balance sheet after changes

NOK 1000	31.12.04	31.03.05	30.06.05
Assets			
Intangible fixed assets	9 330	6 415	5 465
Tangible fixed assets	2 752	3 509	3 264
Financial fixed assets	348	44 229	39 959
Total non-current assets	12 430	54 153	48 688
Accounts receivable	22 548	65 439	14 738
Liquid funds	121 793	88 039	110 699
Total current assets	144 341	153 478	125 437
Total assets	156 771	207 631	174 125
Equity and liabilities			
Total paid-in capital	75 089	105 554	104 179
Other equity	58 165	75 355	56 411
Total equity	133 254	180 909	160 590
Company taxes	1 120	1 120	1 120
Current liabilities	22 397	25 603	12 415
Total current liabilities	23 517	26 722	13 535
Total equity and liabilities	156 771	207 631	174 125

Selected Disclosure Notes

1. Basis for preparation – accounting principles applied in this report

This report has been prepared in accordance with International Financial Reporting standards (IFRS) and the standard for interim reporting (IAS 34).

For a detailed description of the effects of the transition to IFRS please refer to the Groups "Transition to IFRS" document at page 9. The Transition document includes a description of the key accounting principles applied during the period.

2. Employee benefits

Share-based payment transactions

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

For the calculation of costs regarding options to employees, Imarex has used an estimated intrinsic value for options granted before June 30, 2005. This based on an evaluation of the quality of the available data on volatility, quotes of the share price (company value), that concluded that the quality is so low that it can not be used for calculating a fair value of the options. Management has also tried to find similar companies for comparable information about volatility etc. but no such companies exists to management's knowledge. For options granted after June 30, 2005 Imarex has calculated a fair value based on the Black-Scholes-Merton formula.

The Board of Directors decided on July 14th 2005 to issue 98 750 new shares in International Maritime Exchange ASA (Imarex) as part of an employee share options program. The share issue is made according to the proxies given to the Board for execution of the employee share options programme established in 2004. The capital expansion was concluded at NOK 35 per share for a total amount of NOK 3 456 250 in new equity. The share capital was increased by NOK 98 750 to NOK 7 002 008, with a new total of 7 002 008 shares issued.

16 employees have now executed their right to buy shares in the company, including the following primary insiders:

Tom Even Mortensen (Managing Director)	10 000 shares (new total 155 644 shares)
J. Herman W. Michelet (Executive Director)	10 000 shares (new total 169 774 shares)

As of 30 September 2005 the company has a total of 98 750 share options outstanding as part of the 2004 employee share options programme with expiry in June 2006 at NOK 50 per share.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest. This is based on the opinion of the directors of the Group at that date, using the best available estimate of the number of equity instruments that will ultimately vest.

Employee incentive programme

The Board of Directors has decided to allocate 21.6 % of the profit before taxes for 2005 for International Maritime Exchange ASA and Imarex Asia Pte. Ltd. to a joint bonus pool. This bonus will be allocated based on parameters regarding the performance of the companies, the team in question and each individual involved. The bonus allocation includes social costs and other related allowances. The applicable profit before taxes for each company excludes any direct or indirect effects from group consolidation, the employee options programme, and investments in shares and new business areas.

Pensions

The company has established a defined contribution plan for all their employees in Q3 2005. The plan is given with effect from 01.01.2005 and the estimated cost for the year 2005 is NOK 400 000. The accrued pension cost for the period from 01.01.05 to 30.06.2005 is charged to the profit and loss account in Q3. According to IAS 19, the entity's obligation for each period is determined by the amounts to be contributed for that period and there are no further obligations for the company.

3. New subsidiary

On 8 September 2005 Imarex, Inc. was incorporated in the state of Delaware, U.S.A. as a wholly owned subsidiary of International Maritime Exchange ASA. The new company will open an office in Houston, Texas to market freight derivatives trading as soon as the necessary permits are obtained.

4. Events after the balance sheet date (Q3)

Election of Board of Directors

On 1 November 2005 the Extraordinary General Meeting of International Maritime Exchange ASA elected the following Board of Directors:

Leiv Askvig
Herman Alf Billung
Arne Blystad
Wilhelm Loennecken Holst
Andrew Wareing March
Benoit Louis Marcel Timmermans

In a subsequent meeting of the Board of Directors on the same day Wilhelm L. Holst was elected Chairman of the Board of Directors.

Authorisation to acquire the company's own shares

On 1 November 2005, the Extraordinary General Meeting of International Maritime Exchange ASA authorised the Board of Directors to allow the company to acquire International Maritime Exchange ASA's shares in the market with a nominal value of up to NOK 700 200.80, which corresponds to 10 % of the existing share capital. The lowest amount which may be paid per share is the nominal value; the highest amount which may be paid per share is a maximum of 100 times the nominal value. The Board of Directors is authorised to determine the method of share acquisition and, if applicable, the method, terms, and conditions for disposing of such shares. This authorisation remains in force until the 2006 Ordinary General Meeting.

The nominal value of the share is NOK 1, thus the current proposed minimum and maximum share price under the authorisation are NOK 1 and 100, respectively.

Bunker oil derivatives

On 28 October 2005, International Maritime Exchange ASA entered into an agreement with Gunnar F. Lindqvist and Bjørn Strømsnes whereby Imarex agreed to purchase all the outstanding shares and debt of Starsupply (Oslo) AS, a fuel oil cargo broker. The shares will be purchased as soon as a structure for the company's business has been established to the satisfaction of The Financial Supervisory Authority of Norway. Messrs. Lindqvist and Strømsnes are the first members of Imarex' bunker oil team.

Employee options programme

On 1 November 2005 the Board of Directors of International Maritime Exchange ASA allocated up to 52 500 employee options under the 2004 options programme with expiry on 30 June 2006.

International Maritime Exchange

Transition to International Financial Reporting Standards (IFRS)

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General information

In 2001 the EU Commission approved a resolution that all listed companies within the European Union must apply International Financial Reporting Standards (IFRS) in their consolidated accounts by January 1, 2005. Under the European Economic Area (EEA) agreement, this change will also apply to Norwegian companies listed on the Oslo Stock Exchange.

In Line with International Financial Reporting convergence, Imarex will commence reporting under IFRS from January 1, 2005. Imarex has prepared the IFRS opening balance sheet at the date of transition to IFRS, January 1, 2004. Based on the fact that Imarex' first consolidated accounts are prepared based on the purchase of Laycan Solutions AS in Q4 2004, there are no differences in the accounts from January 1, 2004 until Q4 2004. The 2005 interim reports will be prepared in accordance with IFRS and include comparative information for 2004. IAS 32 and IAS 39 have been implemented from January 1, 2005.

The intention of this transition report is to give the reader a guide to how the transition from N-GAAP to IFRS will impact Imarex' consolidated financial statements. The financial information presented is prepared on the basis of the IFRS standards, interpretations and applications effective and published at January 1, 2005. The IFRS standards require that a company use the standards and interpretations as effective at the comparative period and opening IFRS balance sheet.

The Q1 2005 financial figures have been prepared based on the company's interpretation of current International Financial Reporting Standards (IFRS). Financial figures have been restated accordingly. Due to possible changes in existing standards, new understanding and interpretation of existing standards, and potential new standards, financial figures may change during 2005.

Neither the 2005 nor the 2004 restated figures (to IFRS) have been audited, and these must therefore be treated as preliminary figures.

Section 1 gives a summary of the major impacts on Group numbers from the transition to IFRS, including quarterly equity reconciliations and key figures under IFRS

Section 2 provides the reconciliation tables as required by IFRS 1, including notes disclosures describing each material difference and financial statements in compliance with IFRS.

Section 3 provides a description of accounting principles as applied in 2005 based on the structure presented in the annual accounts. Where there are changes in principles under IFRS, the IFRS principles are described below the principles in question.

Section 1 Summary

The areas where most significant differences are identified between IFRS and N-GAAP are listed below:

- Financial instruments are recognised at fair value in the Group's balance sheet as from January 1, 2005. The effect on the profit and loss will depend on whether the instrument qualifies for hedge accounting or not.
- Negative goodwill from business combinations is booked as income through the profit and loss account.

Proposed dividends are not recognised as a liability under IFRS until approved at the general shareholder meeting.

Section 2 Reconciliations

The quantitative adjustments as a result of applying IFRS for the first time are presented in this section.

2.1 Profit and loss account

IFRS, figures in NOK 1,000		FY 2004 N-GAAP	Effect of transition to IFRS	FY 2004 IFRS
Notes				
	Operating revenue	124 935		124 935
	Clearing costs	33 846		33 846
	Payroll expense	25 034		25 034
	Depreciation	1 309		1 309
1	Revaluation of negative goodwill		(10 194)	(10 194)
	Other operating expenses	9 988		9 988
	Operating result	54 758		64 952
	Net financial items	(2 705)		(2 705)
	Ordinary result before tax	52 053		62 247
	Tax on ordinary result	4 082		4 082
	Result for the year	47 971		58 165

Notes to the reconciliation of profit and loss for 2004

1. Revaluation of negative goodwill according to IFRS 3

2.2 Balance sheet

IFRS, figures in NOK 1,000		FY 2004 N-GAAP	Effect of transition to IFRS	FY 2004 IFRS
Notes				
Assets				
1	Intangible fixed assets	-865	10 195	9 330
	Tangible fixed assets	2 752		2 752
	Financial fixed assets	348		348
	Total non-current assets	2 235		12 430
	Accounts receivable	22 548		22 548
	Liquid funds	121 793		121 793
	Total current assets	144 341		144 341
	Total assets	146 576		156 771
Equity and liabilities				
	Total paid-in capital	75 089		75 089
2	Other equity	32 971	25 194	58 165
	Total equity	108 060		133 254
	Company taxes	1 120		1 120
3	Current liabilities	37 396	-15 000	22 397
	Total current liabilities	38 516		23 517
	Total equity and liabilities	146 576		156 771

Notes to the reconciliation of the balance sheet FY 2004

1. Negative goodwill and deferred tax
- 2/3. Retained earnings have in accordance with current IFRS, been restated in the quarterly report. Retained earnings of NOK 15 000 000 have been restated by reducing current liabilities, and increasing the company's share capital.

The company's negative goodwill has been removed from the IFRS reporting, according to current conventions.

The negative goodwill, which amounts to NOK 3 864 000, has been removed from Tangible Assets and is accounted for against the company's share capital according to IFRS.

2.3 Cash flow statement

Notes		FY 2004 N-GAAP	Effect of transition to IFRS	FY 2004 IFRS
	Cash flow from operating activities			
1	Ordinary result before taxes	52 068	10 174	62 242
	Depreciation	1 309		1 309
1	Revaluation of negative goodwill		-10 174	-10 174
	Write downs/up financial assets			
	Taxes paid			
	Cost of employee options			
	Change in Accounts receivable	-17 926		-17 926
	Change in accounts payable	2 085		2 085
	Change in other short-term operating assets and liabilities	15 038		15 038
	Net cash flow from operating activities (A)	52 574		52 574
	Cash flow from investing activities			
	Investment in subsidiaries	-743		-743
	Loans to subsidiaries	-370		-370
	Purchase of tangible fixed assets	-2 762		-2 762
	Proceeds received from sale of tangible fixed assets			
	Purchase of shares and companies, net of purchased cash and cash equivalents	632		632
	Net cash flow from investing activities (B)	-3 243		-3 243
	Cash flow from financing activities			
	Share issue proceeds	69 007		69 007
	Change in short-term interest bearing debt			
	Change in long-term interest bearing debt			
	Net cash flow from financing activities (C)	69 007		69 007
	Net change in cash and cash equivalents for the period (A+B+C)	118 338		118 338
	Cash and cash equivalents at the beginning of the period	3 455		3 455
	Cash and cash equivalents at the end of the period	121 793		121 793

Notes to the cash flow at FY 2004

- 1 Revaluation of negative goodwill and deferred tax. The company's negative goodwill has been removed from the IFRS reporting, according to current conventions.

Section 3 Change in the group's accounting principles from the transition to IFRS

This section provides a description of accounting principles as stated the annual accounts 2004 under N-GAAP. As from 1 January 2005, the accounts are presented in accordance with IFRS as effective at the balance sheet date of reported accounts.

Accounting principles

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the standard for interim reporting (IAS34).

Consolidation principles

The consolidated group accounts include, in addition to International Maritime Exchange ASA, the following subsidiaries:

Laycan Solutions AS (Oslo)	(100%)
Imarex Asia Pte. Ltd. (Singapore)	(100%)

The consolidated accounts have been prepared according to homogeneous principles, where subsidiaries follow the same accounting principles as the mother company.

Sales revenues and operating expenses

Revenue from commissions is accounted for at the time of a contractual agreement for future freight being entered into between two parties.

Classification and evaluation of balance sheet items

Current assets and short term debts include items which fall due within one year, as well as items related to invoices not yet due. Other items have been classified as fixed assets and long term debts.

Current assets are valued at the lower of acquisition cost or realisable value. Short term debt is reported at par value in the balance as per the time of acquisition.

Financial asset are measured according to IAS 39, at their fair value, without any deduction for transaction costs it may incur on sale or other disposal, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Changes in fair value on these instruments are reported in the profit and loss account except to the extent they qualify for hedge accounting.

Fixed assets are valued at acquisition cost, but are depreciated to realisable value, when gradual loss of value is not considered to be temporary. Long term debt is reported at par value in the balance as per the time of acquisition.

Shares in subsidiary companies

Shares in newly established and newly acquired subsidiaries are valued according to the cost method in the company's accounts.

Customer invoices

Commission invoices are accounted for in full, with no provisions for bad debt.

Foreign currency

Foreign currency reserves are converted to NOK at the exchange rate prevailing on the balance sheet date.

Fixed assets

Fixed assets are listed in the balance sheet and are depreciated according to the 'straight line principle' over the expected life of each asset. Direct maintenance costs related to fixed assets are accounted for on a continuous basis, whilst investments and improvements of fixed assets are added to the cost price of the asset, and capitalised in line with the asset.

Research and development

Costs associated with research and development (R&D) are reported in the balance sheet, providing a future commercial value can be derived from the development of an identifiable intangible asset. If this is not the case, R&D costs are accounted for on a continuous basis. R&D costs accounted for in the balance sheet of the Group are in their entirety related to capitalised R&D in subsidiary Laycan Solutions AS, acquired on December 28, 2004. R&D costs accounted for in the balance sheet are depreciated on a straight line basis through the life cycle of the asset.

Pensions

The Company has established a defined contribution plan for all their employees in Q3 2005. The plan is given with effect from January 1, 2005. The accrued pension cost for the period from January 1, 2005 to June 30, 2005 is charged to the profit and loss account in Q3. According to IAS 19, the entity's obligation for each period is determined by the amounts to be contributed for that period and there are no further obligations for the company.

Taxation

Tax costs in the accounts include both taxes falling due within the period, changes in deferred taxation and taxation of inter-company contributions to consolidated accounts. Deferred taxation is calculated at 28 %, based on the temporary differences which exist between accountable and taxable values, as well as taxable losses carried forward at the end of the reporting period. Tax-increasing or tax-reducing temporary differences which are reversed, or can be reversed in the same period, have been netted. Net deferred taxation is not reported in the balance sheet.

Use of estimates

In accordance with prudent accounting practices in preparation of the accounts, the company's management utilises prudent estimates and assumptions which affect the accounts and the valuation of assets and liabilities.

Share option scheme / share based payments

Under IFRS, fair value of share options at the allocation date are charged against profit and loss over the vesting period of the options.

For the calculation of costs regarding options to employees, Imarex has used an estimated intrinsic value for options granted before June 30, 2005. This is based on an evaluation of the quality of the available data on volatility, quotes of the share price (company value), that concluded that the quality is so low that it can not be used for calculating a fair value of the options. Management has also tried to find similar companies for comparable information about volatility etc. but no such companies exists to management's knowledge. For options granted after June 30, 2005 Imarex has calculated a fair value based on the Black-Scholes-Merton formula.