

ShipServ and iShipExchange merge to create a global service for a global shipping industry with an immediate US\$1billion potential

In a move to build on both companies' regional successes and further expand their services and customer base, ShipServ and iShipExchange today announced their merger. This is a significant step in the development of integrated global trading solutions for the shipping industry and creates a market with an immediate US\$1billion potential for the group.

A truly global business

The merger between ShipServ and iShipExchange creates the shipping industry's first and largest global trading platform. Bringing together the two leaders of their respective markets (ShipServ in Europe and iShipExchange in Asia/North America), the new company – which will use the name ShipServ - will provide its clients with better, ever-improving and expanding services. Combining the two companies' buyer and supplier bases will be a significant first step.

Technology

The best technological features of both systems will be merged under the TradeNet banner. As a first step, some technical changes will be made to allow customers from either company to have access to the other company's suppliers and buyers; and allowing them to trade electronically within a much larger global supply base almost immediately.

Organisation

The two companies have a track record of working well together: the principals have always had a close relationship and, sharing a common vision for the industry, have collaborated on projects and in building industry standards in the past.

Global CEO of the ShipServ Group will be Paul Østergaard. Linda Ho McAfee (formerly CEO iShipExchange) will join the main Board and be Managing Director, ShipServ Asia. Don Staffin will be appointed Managing Director, ShipServ Americas. Kim Skaarup will continue his role as Chief Operating Officer. The new organisation has the enthusiastic support of both companies' boards who see the merger as the opportunity to provide their clients with the scale of services and products and the global reach they are looking for.

Commenting on the merger, CEO, Paul Østergaard said:

"I am confident that 2003 will be the year of maritime e-commerce and very excited to be able to kick it off in this way. We are creating an unparalleled one-stop shop for any shipping company or supplier wishing to trade electronically with their trading partners. Suppliers will gain access to a global market and shipping companies will have a much increased range of suppliers with whom they can trade electronically. No industry other than shipping has been able get e-commerce to work on such a global scale in such a short time."

Linda Ho McAfee, Chief Executive Officer of iShipExchange:

"While iShipExchange has focused on achieving a position of leadership in the Asian and North American marketplaces, we have always kept our eye on the ultimate goal of a global platform. Our vision for the global ship supply market is not complicated: We want to provide access to cost-efficient products, services and technical support to any buyer, any seller, any time, any place. This merger will create an environment where this is finally possible."

Bruce Kesterton, Commercial Director of Thomas Miller, ShipServ's largest investor added:

"The strategic logic behind this merger is indisputable. We are sure that the shipping community will see that the power of this new grouping will be able to offer them real savings in these challenging times when margins (on both buyer and seller's side) are under severe pressure. This merger underlines our faith in the sector."

(For customer reactions see Background below)

Good for both Buyers and Suppliers

Both ShipServ and iShipExchange have a reputation for an even-handed approach to both sides of the ship supply business. TradeNet, the group's trading platform, provides a neutral trading arena for buyers and suppliers. The ShipServ group will also be the only e-commerce partner of ISSA (International Ship Suppliers Association) and IMPA (International Marine Purchasing Association) as well as the sole e-business partner of Mariner's Annual.

Industry Standards

ShipServ will continue to be a strong supporter of MeCA (Maritime e-Commerce Association) and its ship supply e-commerce standard. ShipServ and iShipExchange played key roles in developing the 'Marine Trading Mark-up Language (MTML) version 2.0 which shall be launched shortly.

If this press release is received before Tuesday 28th January 2003, it is embargoed for publication and shall remain confidential until 1200 GMT on that day. The text is available on www.shipserv.com and www.ishipexchange.com

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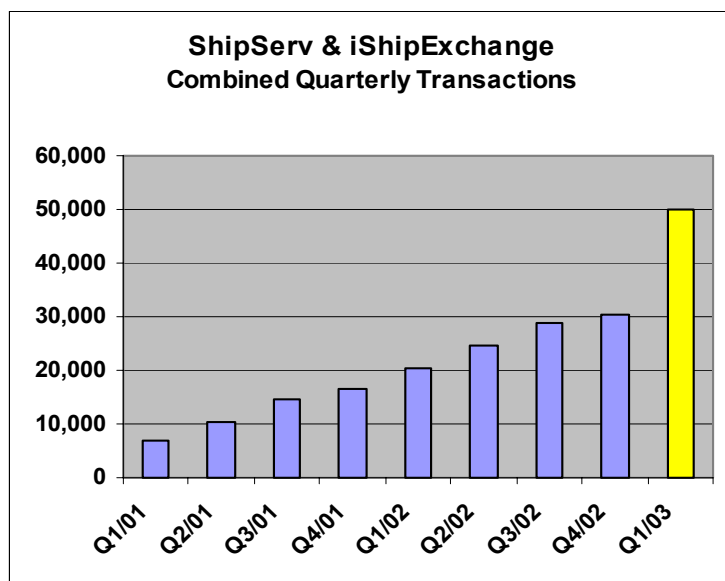
BACKGROUND

E Procurement

E-Procurement facilitates the buying and supplying of provisions, other ships' stores and spare parts. It drives out inefficiencies for both sides of the trading process. It provides the ability to streamline processes and communications substantially reducing costs; to secure better trading information improving the decision-making process and to keep management of purchasing simple and cost-effective.

Transactions

The combined transactions of the two companies in January 2003 have taken off at a rate that is 50% higher than during the previous quarter. A number of existing clients have started major ramp-ups in 2003 and the impact of the merger on confidence will drive transactions to at least 250,000 and possibly as high as 500,000.



Shipping Company Customers

The new ShipServ will have more than 40 shipping company customers as well as two shipyards (Subic Shipyard and Engineering and Wenchong Shipyard, Shiprepair Division)

These shipping companies own or manage about 1,200 ships representing a procurement market in excess of \$0.5billion and which, when fully ramped up, will have in excess of 1 million transactions. In addition ShipServ's agreement with Star Information Systems could add another 400 ships along with another 1,000+ ships whose operators have been in advanced negotiations with both companies. All of these would take the market well past the \$1billion mark.

Selected Shipping Company Customers

Alba Shipping	Fleet Management	Leonhardt & Blumberg	Shenzhen Ocean
Anders Utkilen	Graig Shipping	Magsaysay Maritime	Shipping Co., Ltd.
Alnwick Harmstorf	Green Management	Masterbulk	Seatrans
Batangas Bay Carriers	Höegh Fleet Services	MK Ship Management	Tai Chong Cheang
Carsten Rehder	Hong Kong Ming Wah	Neptune	Steamship Co
Dampskibsselskabet	Shipping Co	Shipmanagement	Thor Chartering
Norden	IUM	Services	trans Mar-Supply
Dannebrog	J Lauritzen	Norbulk Shipping	Tschudi & Eitzen
Fairmont Shipping	Komrowski	Orient Marine	Vroon
	Koyo Line	Orion Schiffahrts	

Supplier Customers

The combined active supplier base has doubled to in excess of 250, but at least another 1,000 suppliers have received orders through iShipExchange or ShipServ, with many more being asked to quote for an order. The group supplier database is in excess of 6,500. ShipServ will be introducing innovative products and deals to encourage rapid growth in the number of suppliers actively trading. It fully expects the large shipping company base to be a powerful attraction.

Selected Supplier Customers

Aalborg Industries	Euro Marintechnic	Karlo Corporation	Samsung Marine Supply
ABB Automation	Services	Kelvin Hughes	Schierbeck Supply
Admiral Marine	Fuji Trading	Kimura Marine	Services
Supplies	W. Giertsen	Klevenberg Shipping	Sealanes
Alf Jarl Thuroe	Hamworthy KSE	Center	Seaway Marine Trading
Alfa Laval	Hans Heidom Shipping	Kloska Technik	Seven Seas
Allweiler	Services	Knudsen Shipchandlers	Shipchandlers
ArSiMa	H.S. Hansen	Korea Marine Supply	Sinwa (Singapore)
Ashland Specialty	Hassei Trading	Kyodo Corporation	SKV Kincaid
Chemical (Drew)	Hempel	Lagaay International	Sosema
Bergens Roerhandel	Heng Lee Enterprises	Lankhorst Touwfabriken	Stork Services Asia
Bollfilter UK	Hitachi Zosen Diesel &	Maas Ship Stores	Stomme Ships Service
Cape Industries	Engineering	MacGREGOR	Sunrise Trading
Certex Kwint	IHI Marine	MAN B&W Diesel	Technomarine
Chandling International	International Coatings	Man Sang	Totalfinaelf Lubricants
Chukogu Marine Paint	ISS Marine Services	Marland Technical	Vanport Ship Supply
Cornes & Co	ITS (UK)	Services	Volos Ship Suppliers
Desmi	Iver C Weilbach	Mitsui OSK Techno-	Wärtsilä
Deutz Danmark	James Walker Benelux	Trade	West Diesel
Diesel Power	Johnny Chan Marine	National Shipchandlers	Williams & Wells
Diesel United	Newbon Marine	Oasis Marine Services	World Ship Supply
East Wind	Nippon Diesel Service	Ove Wrist & Co.	
Enmarco Motorer (MaK)	Novenco Hi-Pres	Randers Reb	

Customer Reactions

Ragnar Nielsen, President, of Masterbulk Pte, Ltd, Singapore:

"We have been a steadfast proponent of e-commerce and have worked with iShipExchange since its inception. We have shared the successes and know the challenges of integrating suppliers. For shipping companies like Masterbulk whose management systems are substantially automated and requires access to suppliers electronically on a global scale, this merger between iShipExchange and ShipServ is excellent news. It not only enlarges the base of integrated suppliers but more importantly it brings maritime e-commerce to a whole new level - a unified worldwide platform."

Kishore Rajvanshy, Managing Director of Fleet Management Ltd., Hong Kong:

"A huge percentage of ship suppliers, ship managers and owners are based in Asia, and even those vessels managed elsewhere will most likely trade in Asia at some point. We have worked with iShipExchange, the leading e-procurement provider in Asia for some time. This merger will surely bring two large supplier bases together to the benefit of buyers – a welcomed development."

Stephen Donovan Purchasing Manager of Graig Shipping plc

"This can only be good news for us. At a tactical level it substantially and immediately increases the number of suppliers with whom we will now be able to trade especially where we require to purchase in Asia, The strategic benefit, however, is more important: this firmly pushes ShipServ out in front which will attract more buyers and suppliers to TradeNet enabling all its members to carry out more electronic trading"

Otto Winkel, Vice President of MAN B&W Diesel Service:

"With the merger between ShipServ and iShipExchange they have reached a business volume, which is well above the critical mass for this kind of activity. They are now in a trustworthy manner able to enter into the long-term e-commerce relationships, which are crucial in this very conservative marine industry. The merger is an important step towards a global network through which we can all in an efficient way do e-business with all of our customers. We are getting closer to the end of the wait and see period. We are pleased that we have chosen ShipServ as our partner on e-commerce."

Y. Fujimoto, President of Fuji Trading Co. Ltd. – Japan

"Fuji Trading has been committed to e-commerce integration right from the start. Both iShipExchange and ShipServ have worked with us successfully to make this happen and we are delighted to see that they have merged to create a global trading environment. This will streamline the flow of transactions helping Fuji interact with its customers even more efficiently and will assist both suppliers and buyers reach a larger customer base."

Ship Management Software Alliances

ShipServ will have alliances with almost all the leading ship management software providers, which means that connecting to TradeNet new shipping companies using these companies' software will be quick.

AVECS
BASS

Command Line Corp
Consultas
Logimatic

ShipNet
Star Information
Systems

Ulysses Systems
Xantic

PROFILES

iShipExchange

iShipExchange Corporation was founded in March 2000 as a joint undertaking of its two initial shareholders, Fairmont/Magsaysay Group and Pioneer iConcepts, a subsidiary of the Pioneer Global Group. They were shortly joined by USA-based procurement software developer Command Line Corp. (CLC).

The group of founding investors and strategic partners includes Marubeni Corporation and Keymax Maritime Corp. both of Japan, key and Yi Chun Navigation of Taiwan.

iShipExchange has focused its marketing efforts in Asia and North America and has become the leading e-procurement service provider in these regions.

iShipExchange was instrumental in the launch of <http://www.marinersannual.com>, the online version of North America's comprehensive maritime ordering guide.

iShipExchange is headquartered in Hong Kong and has offices in New Jersey, Tokyo and Singapore. Its services are available in Mandarin and Japanese.

ShipServ

ShipServ was founded in Dec 1999 by Paul Østergaard. In Oct 2000 ShipServ acquired its three current leading investors: Thomas Miller (world's leading manager of shipping mutuals), CNF Ventures (the venture capital arm of Emery Worldwide, the world's largest heavyweight freight forwarder) and Ionian Ventures (a venture capital investment firm which has partnered with Fenway, a leading US private equity firm, to invest together in early-stage opportunities).

ShipServ has focused its marketing efforts in Europe and has offices in London and Copenhagen.

In March 2001 ShipServ won the CITIS Award for Innovation in IT for Ship Operation. In Nov 2001 ShipServ merged with Seavantage, another ship supply / e-procurement company which specialised in the European market,

Paul Østergaard

Paul, a Danish national, spent four years as an officer in the Royal Danish Guards before joining ship-owner J.Lauritzen in 1990. After five years in purchasing, operations and chartering in both Copenhagen and Brazil, Paul left to acquire an MBA from Harvard Business School.

He subsequently joined the Boston Consulting Group in San Francisco as a management consultant, specializing in supply chain management and e-commerce projects which led to a job as Director of Oracle On-line, one of the world's largest business-to-business e-commerce ventures.

In December 1999, he founded ShipServ with a vision to improve the competitiveness and sustainability of the shipping industry through technology and continuous innovation.

Linda Ho McAfee, CEO, iShipExchange

Linda Ho McAfee comes from a long-time shipping family and has been involved in the family business all her working life.

Her father (a Shanghainese businessman) started both Magsaysay and Fairmont shipping in the 50s today is still Chairman of the overall holding group.

Linda has a BA in Arts & Commerce and an MBA from Columbia University, New York.

Despite having been brought up in a shipping environment, Linda spent the first 5 years of her career working for Citicorp in New York and Hong Kong, before joining the family business with Fairmont Shipping in Hong Kong and as a Director of the Magsaysay Group in Manila, including 5 years as President of Fairmont Shipping. In 1989 she stepped down as President of Fairmont, remaining as Director of both Fairmont and Magsaysay to this day.

In March 2000, she founded iShipExchange, seeing a need for providing an infrastructure for improving maritime procurement with the use of internet technology.