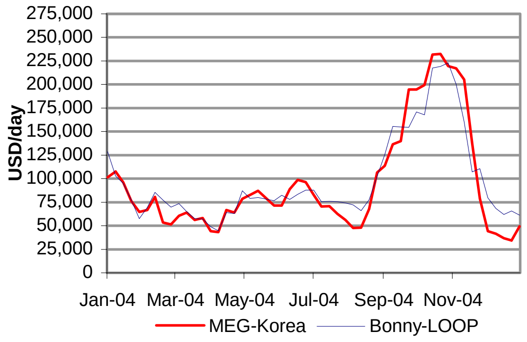
Tanker chartering – Crude

Market comments

A turnaround week in the VLCC market, as rates staged a sharp rebound from mid-week lows. Activity has continued the strong pattern from recent weeks and tonnage availability has – at long last – begun to tighten, providing the background for a rate increase. With cold weather on all continents and high oil prices making another Opec output less likely, the near-term outlook for tonnage demand certainly appears healthier than for some time.

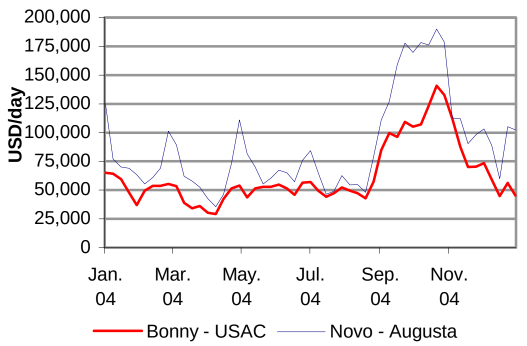
Suezmax rates have seen a partial correction of last week's healthy gains. Activity is slower and the Bosporous delays have been less of a factor this week. Aframax rates have taken it on the chin in the North Sea but rebounded in the Med. Caribs was flat after last week's drop.

VLCC earnings



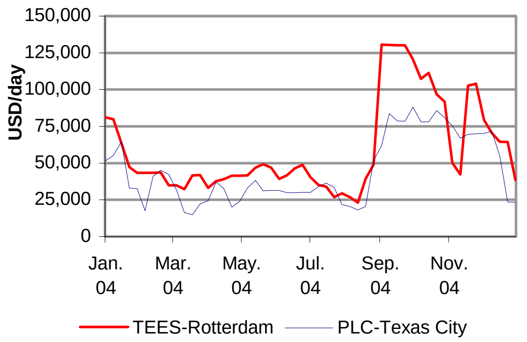
VLCC	Current trend: Firming		
Route	**WS today**	**Last week**	**USD/day**
270' MEG – Korea	87.5	68.0	49,493
275' MEG – UKC	75.0	67.5	49,810
260' Bonny – LOOP	100.0	105.0	61,242

Suezmax earnings



Suezmax	Current trend: Mixed		
Route	**WS today**	**Last week**	**USD/day**
130' Bonny – Phila.	147.5	175.0	45,475
130' MAF – Ningpo	120.0	115.0	32,581
135' Novo - Augusta	220.0	225.0	102,345

Aframax earnings



Aframax	Current trend: Mixed		
Route	**WS today**	**Last week**	**USD/day**
80' TEES – R.dam	125.0	170.0	38,654
70' PLC – Texas	160.0	160.0	23,332
80' MEG - Singapore	125.0	140.0	19,826

Availability in MEG (# vessels)			
	VLCC		**ULCC**
	Single hull	**Double hull**	
Spot	1	0	1
Next 30 days	11	8	0

Bunkers (USD/mt)			
Fujairah	197	**Rotterdam**	167

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Tanker chartering – Clean

Market Comment

A considerable drop in LR earnings to the East this week. MR size Sing/Japan, on the contrary, only came down 10 WS points. The western MR markets maintained levels from last week.

Market assessment – MR			
Route	**WS today**	**Last week**	**USD/day**
30' Spore - Japan	310.0	320.0	20,881
37' Cont. - US	355.0	350.0	34,731
38' Car. - USAC	300.0	300.0	26,700

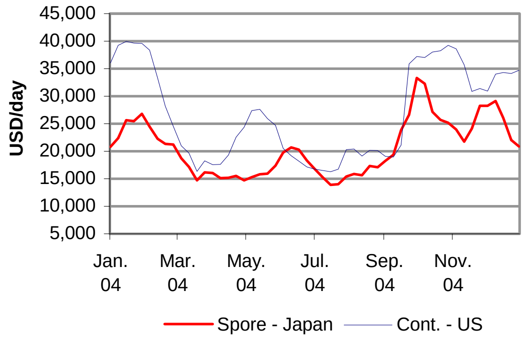
Market assessment – LR			
Route	**WS today**	**Last week**	**USD/day**
55' MEG – Japan	225.0	290.0	27,444
75' MEG – Japan	190.0	270.0	30,551

Freight derivatives

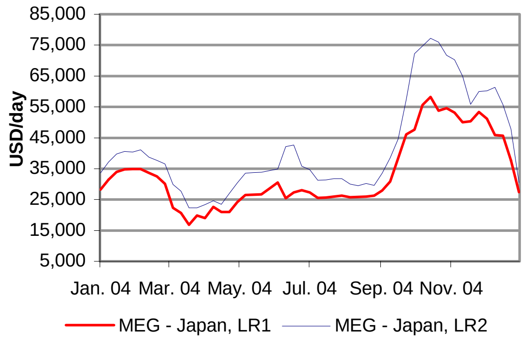
With yet another week of high activity, the tonnage overhang in the MEG was finally cleared out. Paper traded up slowly, but at the end of the week TD3 exploded. TD5 has been quiet, mirroring the slow physical market - while TD7 has fallen along with plummeting Aframax rates.

Weekly change in key FFA contracts					
Feb	**Mar**	**Q2**	**Q3**	**Q4**	**CAL06**
TD3 MEG-Japan, 250' dwt					
110.0	105.0	102.5	92.5	112.5	95.0
20.0	10.0	11.5	7.5	7.5	-
TD 5 West Africa – USAC, 130'dwt					
155.0	150.0	140.0	115.0	155.0	125.0
-20.0	-12.5	-5.0	0.0	5.0	-
TD 7, North Sea, UKC, 80'dwt					
140.0	150.0	140.0	110.0	140.0	125.0
-60.0	-25.0	-10.0	-5.0	-5.0	-
TC 2 Cont-USAC, 37' dwt					
350.0	320.0	270.0	232.5	260.0	222.5
10.0	0.0	0.0	2.5	5.0	-
TC 4, Spore-Japan, 30' dwt					
310.0	300.0	260.0	240.0	280.0	225.0
25.0	20.0	15.0	5.0	0.0	-

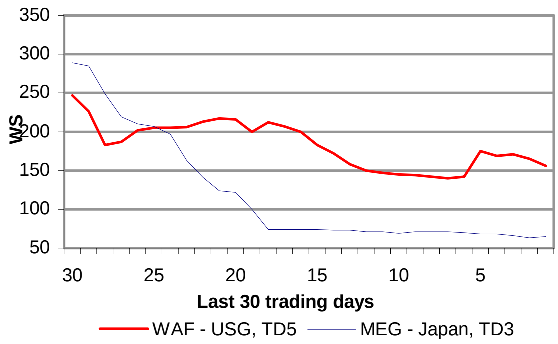
MR earnings



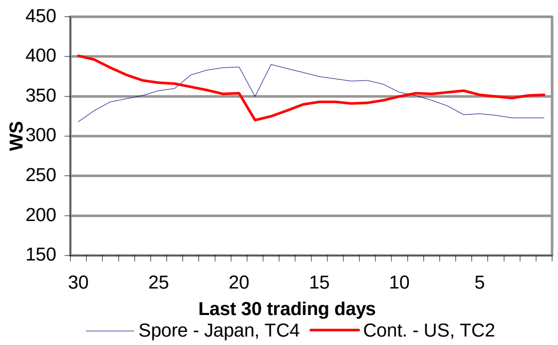
LR earnings



BITR rates, crude



BITR rates, clean



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Sale and purchase

Market comment

High capital deals remain in focus this week:

Four Suexmax resales, all for delivery from Hyundai within 2005, have been sold from Russian owners to German KG house Koenig. The price is reported to be USD 81 mill each. The ships are to trade in the Alliance pool.

Torm have spent some USD 250 mill. on 5,5 LR1 product tankers. Four sisters from Samsung are purchased from PCL, Singapore for USD 200 mill. Out of these four, one was delivered in 2003, two are due for delivery within 2005, and the last will come in 2006. The 1,5 ships (one is jointly owned with JB Ugland) are due for delivery 2006 and 2007 from New Century SY, China.

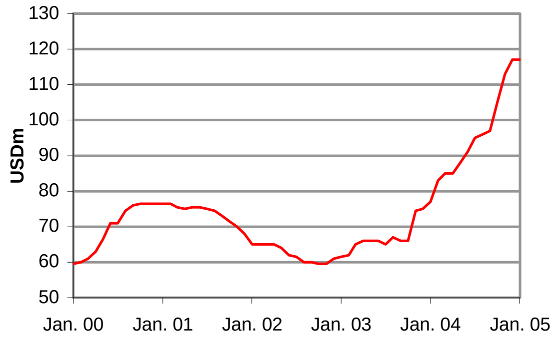
Dry bulk values are firm, even if the freight market has been a bit softer. The appetite from buyers seems undiminished.

PCL, Singapore has also been active in the Panamax bulk sector disposing four 2001 built Handymaxes for USD 34 mill each. The buyer is said to be US based and the deal is in connection with an IPO.

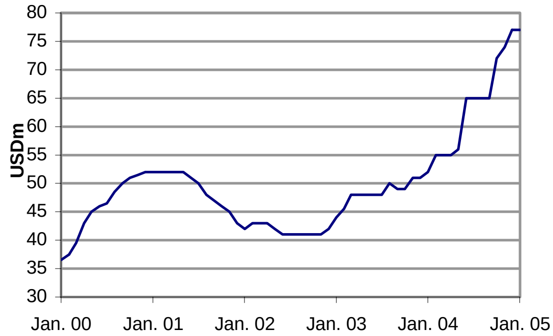
Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	117.0	117.0	113.0	105.0	77.0
300' D/D 10	86.0	86.0	85.0	80.0	53.0
280' S/S 1990	58.0	60.0	59.0	54.0	33.0
150' D/D 3 yrs	77.0	77.0	74.0	72.0	52.0
150' D/D 10	63.0	63.0	60.0	57.0	38.0
140' S/S 1990	37.0	39.0	36.0	32.0	20.0
105' D/D 3 yrs	63.0	63.0	61.0	60.0	47.0
95' D/D 10yrs	46.0	46.0	44.0	42.0	27.0
95' S/S 1990	27.0	29.0	28.0	24.0	19.0
70' D/D 3 yrs	45.0	45.0	42.0	42.0	32.0
47' D/D 3 yrs	43.0	43.0	40.0	40.0	33.0
45' D/D 10 yrs	30.0	30.0	28.0	26.0	21.0
40' S/S 1990	15.0	16.0	16.0	15.0	14.0

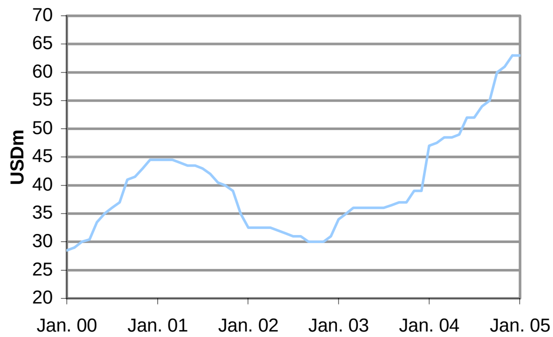
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



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S&P Transactions

Tankers

M/T "FRONT CHAMPION" / "FRONT CENTURY" - 311,286 TDW, BUILT 1998 HYUNDAI PURCHASE OPTION DECLARED BY FRONTLINE FROM GERMAN KG'S AT USD 141.9 MILL ENBLOC, AND RE-SOLD INTO SHIP FINANCE LIMITED AT USD 196 MILL ENBLOC. BOTH VESSELS ARE CHARTERED BACK FOR 199 AND 204 MONTHS RESPECTIVELY AT USD 31.370/DAY DECLINING TO USD 28,500/DAY AT THE END OF THE PERIOD.

T/T "TAI SAN" - 310,991 TDW, BUILT 1977 MITSUI HAVE BEEN SOLD FOR REGION USD 31 MILL TO CLIENTS OF SBM. THE FIRM PRICE INDICATE THE SCARCITY OF PROPER VLCC HULLS THAT ARE SUITABLE FOR CONVERSION TO FPSO'S.

Bulkers

M/S "MMM DIANA" - 140,086 TDW, BUILT 1981 NAMURA IS SOLD FOR USD 14,5 MILL TO CHINESE BUYERS

M/S "GALATEIA" - 71,504 TDW, BUILT 1993 HITACHI SOLD FOR USD 32 MILL TO UNDISCLOSED BUYER

M/S "THEOFANO M" - 64,976 TDW, BUILT 1982 TSUNEISHI SOLD FOR REGION USD 13,5 MILL TO UNNAMED BUYERS

M/S "KIMOLIATIS" - 61,754 TDW, BUILT 1981 KOYO SOLD USD 12 MILL TO UNDISCLOSED BUYERS

M/S "ALAM MUTIARA" - 50,000 TDW, BUILT 2001 MITSUI - CR 4X30 T IS SOLD TOGETHER WITH SISTERS ALAM MAJU, IKAN MAZATLAN AND IKAN GUAYMAS FOR USD 34 MILL EACH TO US BASED BUYERS. THE SHIPS WILL BE PART OF AN IPO.

M/S "SABRINA VENTURE" - 45,736 TDW, BUILT 1997 HASHIHAMA - CR 4X30T REPORTED SOLD FOR USD 28,5 MILL

M/S "SEABONI" - 45,588 TDW, BUILT 1998 TSUNEISHI - CR 4X30T - SOLD FOR USD 30 MILL TO GREEK BUYERS

M/S "THEMIS" - 28,648 TDW, BUILT 1977 HAKODATE - CR 2X25T 3X15T SOLD TO GREEK BUYERS FOR USD 6 MILL

M/S "CITRUS ISLAND" - 28,611 TDW, BUILT 1996 NAIKAI - CR 4X30T SOLD TO HONG KONG BASED BUYERS FOR USD 19 MILL

Demolition

Another uneventful week in the demolition market. One sale to report concluded this afternoon.

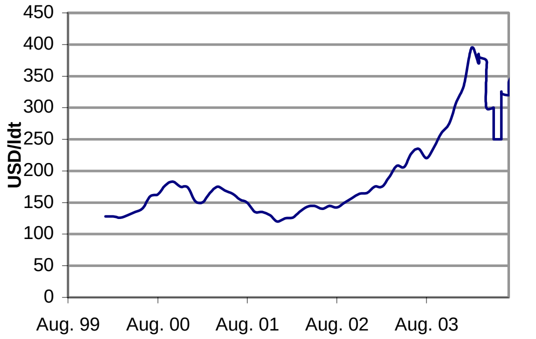
Demolition volume		
# vessels	YTD	Year ago
VLCC	-	1
Suezmax	-	-
Aframax	3	2

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
370	435	423	450

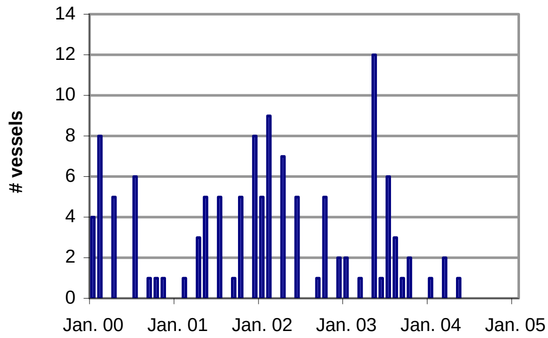
Transactions

M/T "MEKHANIK SLAUTA" - 60,952 TDW, BUILT 1979 IMABARI MARUGAME (13,000 LDT) SOLD BANGLADESH USD 449/LDT

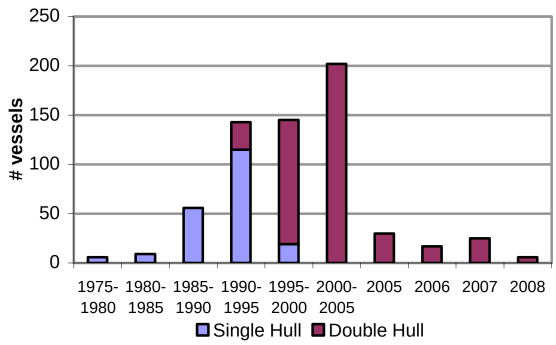
Demolition prices (VLCC, China)



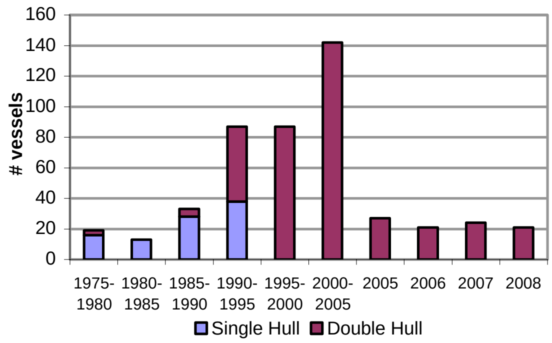
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



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Research

A key weekend coming up with both the Opec meeting and Iraqi elections taking place on Sunday. Opec's message has been getting increasingly dovish, in line with the rise in prices, and doing nothing seems to be the most likely outcome. With prices sniffing at $50 again, another round of cuts certainly seem unwarranted. Opec has history of driving home a "do nothing" message and instead doing a lot, however, so anything certainly is possible, particularly with several analysts looking for a big spring stockbuild. The Iraq situation is even less predictable and the immediate issue is whether oil installations will be impacted. For the tanker market, the most relevant question is what happens to the northern pipeline. Exports have been erratic here and recent comments from Iraqi oil officials that the pipeline might only have a capacity of 0.3 mbd even if there were no attacks, suggest that either that infrastructure problems could be running deeper than currently believed.

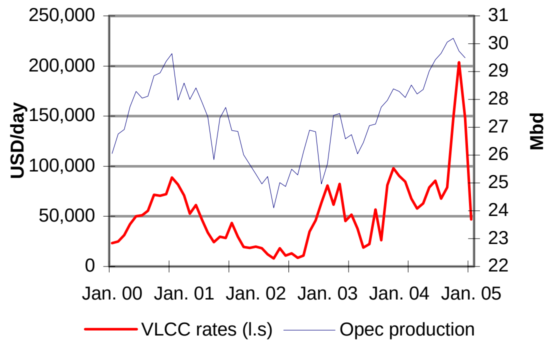
Key market drivers

	2002	2003	2004E	2005E
World oil demand (%	+0.8 %	+2.4 %	+3.3 %	+1.7 %
USA	+0.6 %	+1.4 %	+2.4 %	+0.8 %
Europe	-0.1 %	+1.2 %	+1.6 %	+0.5 %
China	+6.3 %	+11.0%	+15.4%	+5.7 %
Japan	-1.7 %	+2.2 %	-2.1 %	-2.0 %
Opec production (mbd)	26.3	27.2	29.0	29.5
FSU production (mbd)	9.4	10.3	11.2	11.8
Fleet statistics	**Current**	**2004P**	**2005E**	**2006E**
VLCC fleet (# vessels)	441			
Orderbook	84			
Deliveries		30	30	17
Suezmax fleet (# vessels)	309			
Orderbook	78			
Deliveries		27	27	21

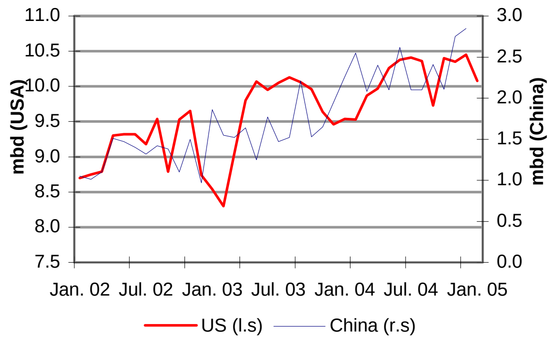
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	40,453
Suezmax, Bonny – Phila.	39,619	65,965	51,434
Aframax, TEES – R.dam	42,127	61,800	59,510

Source: IEA, DoE, Bassøe

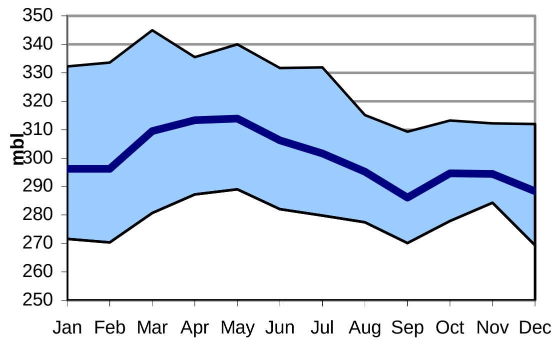
VLCC rates vs. Opec production



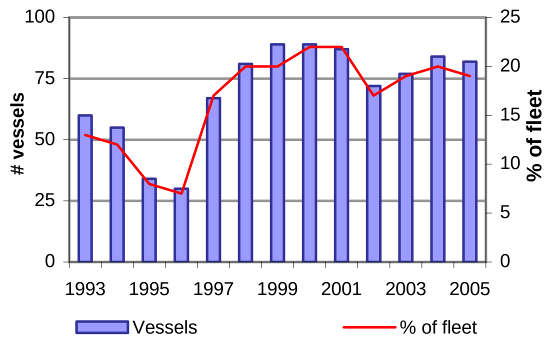
Crude oil imports



Crude oil inventories - USA



VLCC orderbook



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Einar B. Danbolt - Managing Director	22 44 62 81	92 05 08 08
SALE & PURCHASE / NEWBUILDING / PROJECT	**22 01 08 25**	
Richard Fuglesang	67 53 48 87	90 77 57 59
Herman Marcussen	22 49 59 90	91 34 00 97
Petter A. Thorendahl	22 44 63 83	90 12 33 06
FREIGHT DERIVATIVES	**22 01 08 50**	
Kristian Thunes	22 59 27 05	91 58 14 57
Nils Andreas Arnesen	22 43 05 25	90 18 46 49
Alf Fjetland	92 63 44 95	92 63 44 95
Fredrik Sagen Andersen	41 23 30 29	41 23 30 29
TANKER CHARTERING	**22 01 08 20**	
Gerhard N. Dahl	22 95 19 94	91 16 42 35
Svein Andersen	22 55 43 22	91 17 78 93
Morten Austvold	64 86 78 11	91 70 50 31
Halvor Ellefsen	22 23 11 62	90 01 08 20
Vegard B. Eriksen	32 13 55 91	95 72 52 10
Lars Irgens	22 49 32 72	90 60 13 99
Frederik Mathiesen	21 90 58 88	95 93 37 63
Bjørn-Erik Løkken	22 92 14 74	90 18 80 44
Morten Røine	67 59 11 11	90 61 44 72
CLEAN	**22 01 08 80**	
Tom Ranum	67 12 01 01	90 69 72 10
Knut Ebbesen	22 49 16 95	90 11 09 15
Inge Wallentin	22 73 27 20	90 89 99 28
David Sand	66 82 01 05	90 14 34 31
OPERATION	**22 01 08 30**	
Gustav Myreng	67 14 92 37	90 12 19 47
Øystein Heggen	67 12 46 51	90 12 19 46
Åge Johnny Haug	69 88 56 80	90 03 55 40
Sebastian Venjar	98 62 41 50	98 62 41 50
RESEARCH	**22 01 09 06**	
Ole-Rikard Hammer	66 90 49 91	97 54 06 82