

Q1 2004 results,  
May 14, 2004



# The VLCC's approximate details

|            | Dwt     | Built | Employment       |
|------------|---------|-------|------------------|
| Camden     | 298,000 | 1995  | 5 years t/c MISC |
| Chelsea    | 298,000 | 1995  | Spot             |
| Mayfair    | 298,000 | 1995  | Spot             |
| Kensington | 298,000 | 1995  | 3 years t/c TIL  |
| Hampstead  | 298,000 | 1996  | 3 years t/c TIL  |

# Main events Q1 2004

- In the first quarter of 2004, the Company's long-term bareboat charters with Shell International expired and the Company's five VLCCs were redelivered to the Company during March. In conjunction with the charter terminations, the existing conditional sale and lease arrangements were terminated and the vessels were renamed and reflagged to the Marshall Islands upon redelivery to the Company. Three of the vessels have been contracted under medium-term time charters, of which two include market related profit sharing arrangements, and two vessels are operating in the spot market.
- In connection with the redelivery of the vessels, the Company refinanced the existing \$125.4 million debt facility with a \$140 million facility.
- A dividend of \$0.80 per share for Q4 2003 was paid out in Q1 2004.



# Profit & Loss

| <b>INCOME STATEMENT</b><br><i>(in thousands of \$)</i> | <b>2004</b><br><b>Jan-Mar</b><br><i>(unaudited)</i> | <b>2003</b><br><b>Jan-Mar</b><br><i>(unaudited)</i> | <b>2003</b><br><b>Jan-Dec</b><br><i>(unaudited)</i> |
|--|---|---|---|
| <b>Operating revenues</b>                              | <b>36,561</b>                                       | <b>23,046</b>                                       | <b>75,246</b>                                       |
| Voyage expenses  | 1,302   | -   | -   |
| Ship operating expenses                                | 601   | -   | -   |
| Administrative expenses                                | 376   | 208   | 864   |
| <b>Operating income before depreciation</b>            | <b>34,282</b>                                       | <b>22,838</b>                                       | <b>74,382</b>                                       |
| Depreciation   | 4,358   | 4,398   | 17,593  |
| <b>Operating income after depreciation</b>             | <b>29,924</b>                                       | <b>18,440</b>                                       | <b>56,789</b>                                       |
| Interest income  | 26  | 6   | 55  |
| Interest expense                                       | (2,300)   | (2,218)   | (9,332)   |
| Other financial items                                  | (4,279)   | (105)   | (50)  |
| <b>Net income (loss)</b>                               | <b>23,371</b>                                       | <b>16,123</b>                                       | <b>47,462</b>                                       |
| <b>Average number of ordinary shares outstanding</b>   | <b>17,100</b>                                       | <b>17,100</b>                                       | <b>17,100</b>                                       |
| <b>Earnings per Share (\$)</b>                         | <b>\$ 1.37</b>                                      | <b>\$ 0.94</b>                                      | <b>\$ 2.78</b>                                      |

# Income on time charter basis



|                                   | 2004<br>Jan-Mar | 2003<br>Jan-Dec |
|-----------------------------------|-----------------|-----------------|
| TC equivalent income (total /day) | 86 185          | 49 839          |



# Balance sheet

| <b>BALANCE SHEET</b><br><i>(in thousands of \$)</i> | <b>2004</b><br><b>Mar 31</b><br><i>(unaudited)</i> | <b>2003</b><br><b>Mar 31</b><br><i>(unaudited)</i> | <b>2003</b><br><b>Dec 31</b><br><i>(unaudited)</i> |
|---|--|--|--|
| <b>ASSETS</b>                                       |  |  |  |
| <i>Short term</i>                                   |  |  |  |
| Cash and cash equivalents                           | 42,347   | 78   | 6,312  |
| Other current assets                                | 22,424   | 23,203   | 22,665   |
| <i>Long term</i>                                    |  |  |  |
| Vessels and equipment, net                          | 315,050  | -  | -  |
| Vessels under capital lease, net                    | -  | 332,603  | 319,408  |
| Deferred charges and other long-term assets         | 346  | 336  | 58   |
| <b>Total assets</b>                                 | <b>380,167</b>                                     | <b>356,220</b>                                     | <b>348,443</b>                                     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>         |  |  |  |
| <i>Short term</i>                                   |  |  |  |
| Short term interest bearing debt                    | 11,200   | 8,400  | 125,397  |
| Other current liabilities                           | 9,640  | 2,166  | 7,519  |
| <i>Long term</i>                                    |  |  |  |
| Long term interest bearing debt                     | 128,800  | 116,997  | -  |
| Other long term liabilities                         | -  | 10,630   | -  |
| Stockholders' equity                                | 230,527  | 218,027  | 215,527  |
| <b>Total liabilities and stockholders' equity</b>   | <b>380,167</b>                                     | <b>356,220</b>                                     | <b>348,443</b>                                     |

# Breakeven rates (USD / day)



|                        |                       |
|------------------------|-----------------------|
| <b>Cash Breakeven*</b> | <b>P/L Breakeven*</b> |
| <b>18 886</b>          | <b>21 804</b>         |

\*Includes interest rate swap payments that will be incurred prior to its expiry in August 2004.

# The market

- The strong VLCC market that we experienced in the last quarter of 2003 continued in the first quarter of 2004 as a result of:
  - continued high world oil demand with an increase of 2.3% from the first quarter in 2003,
  - further deterioration of logistical problems with export from Russia led to Russian export being replaced from the Middle East, resulting in increased ton miles for the world VLCC fleet,
  - and
  - that oil production in Venezuela has still failed to reach pre-strike levels, the short fall being covered from the Middle East, again resulting in increased ton miles.

# Supply VLCC's

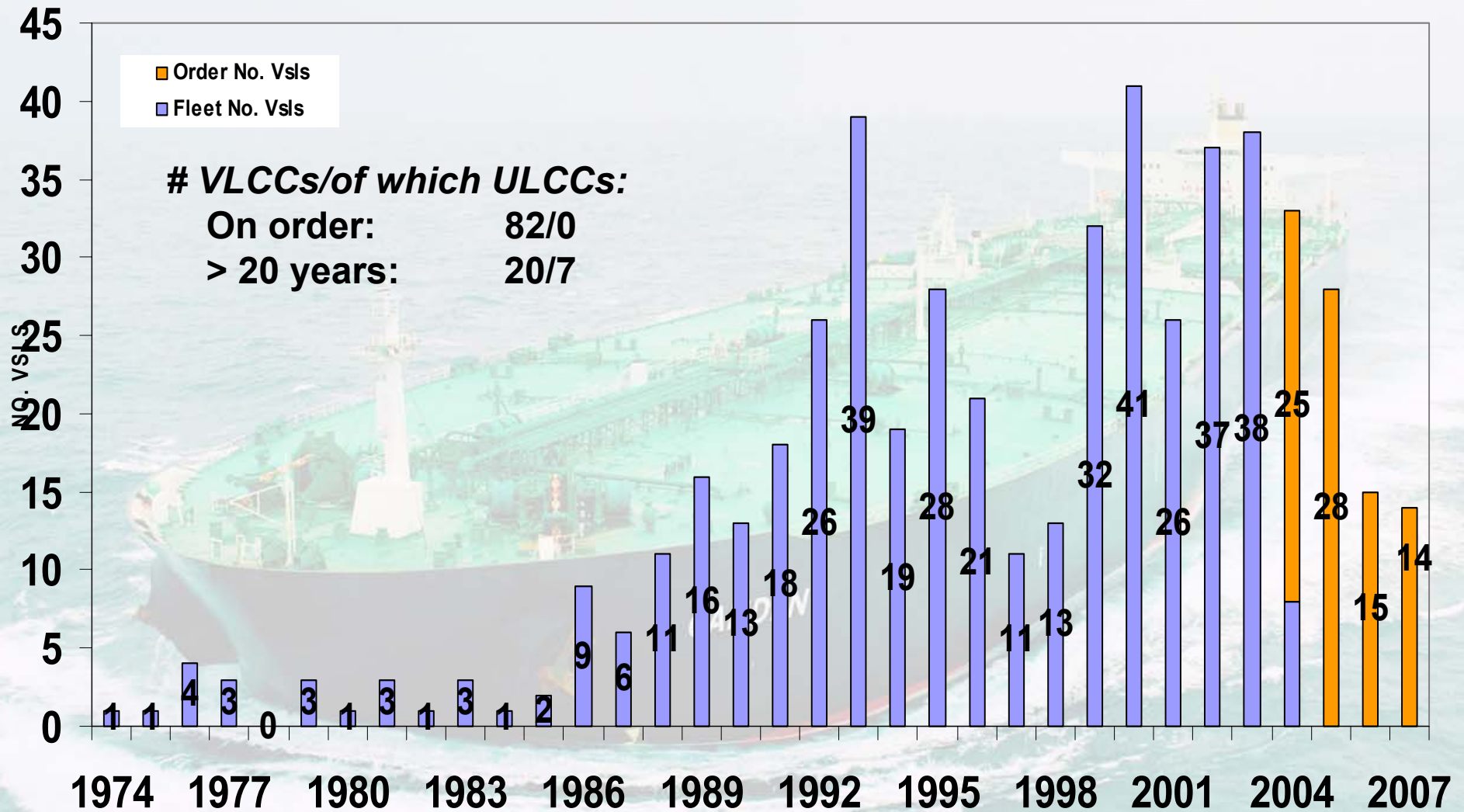
(No. of vessels)

| <u>Building year</u>            | VLCC's       | Of which      |          |
|---------------------------------|--------------|---------------|----------|
|                                 | 200,000+ dwt | 320,000 + dwt | ULCC's*) |
| 1973 or earlier                 | 0            | 0             | 0        |
| 1974-75                         | 2            | 0             | 0        |
| 1976-77                         | 7            | 1             | 1        |
| 1978-80                         | 4            | 3             | 3        |
| 1981 or later                   | 422          | 7             | 7        |
| <b>Fleet as at May 10, 2004</b> | <b>435</b>   | <b>11</b>     |          |
| <u>On order</u>                 |              |               |          |
| 2004                            | 25           |               |          |
| 2005+                           | 57           |               |          |
| <b>Total on order 2004-2007</b> | <b>82</b>    | <b>0</b>      |          |

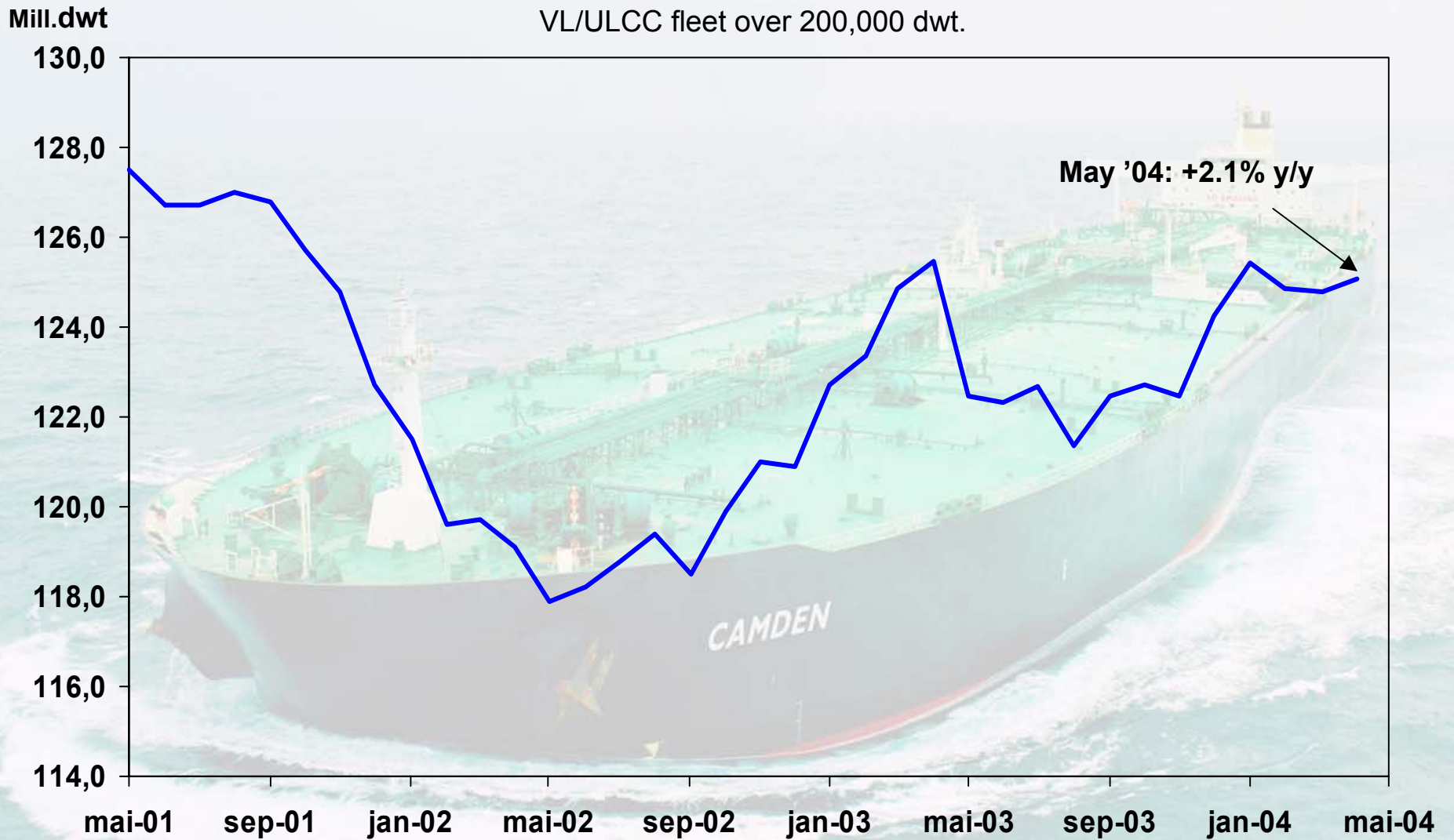
\*) Each ULCC representing an average of 400,000 Dwt

Source: P.F.Bassøe

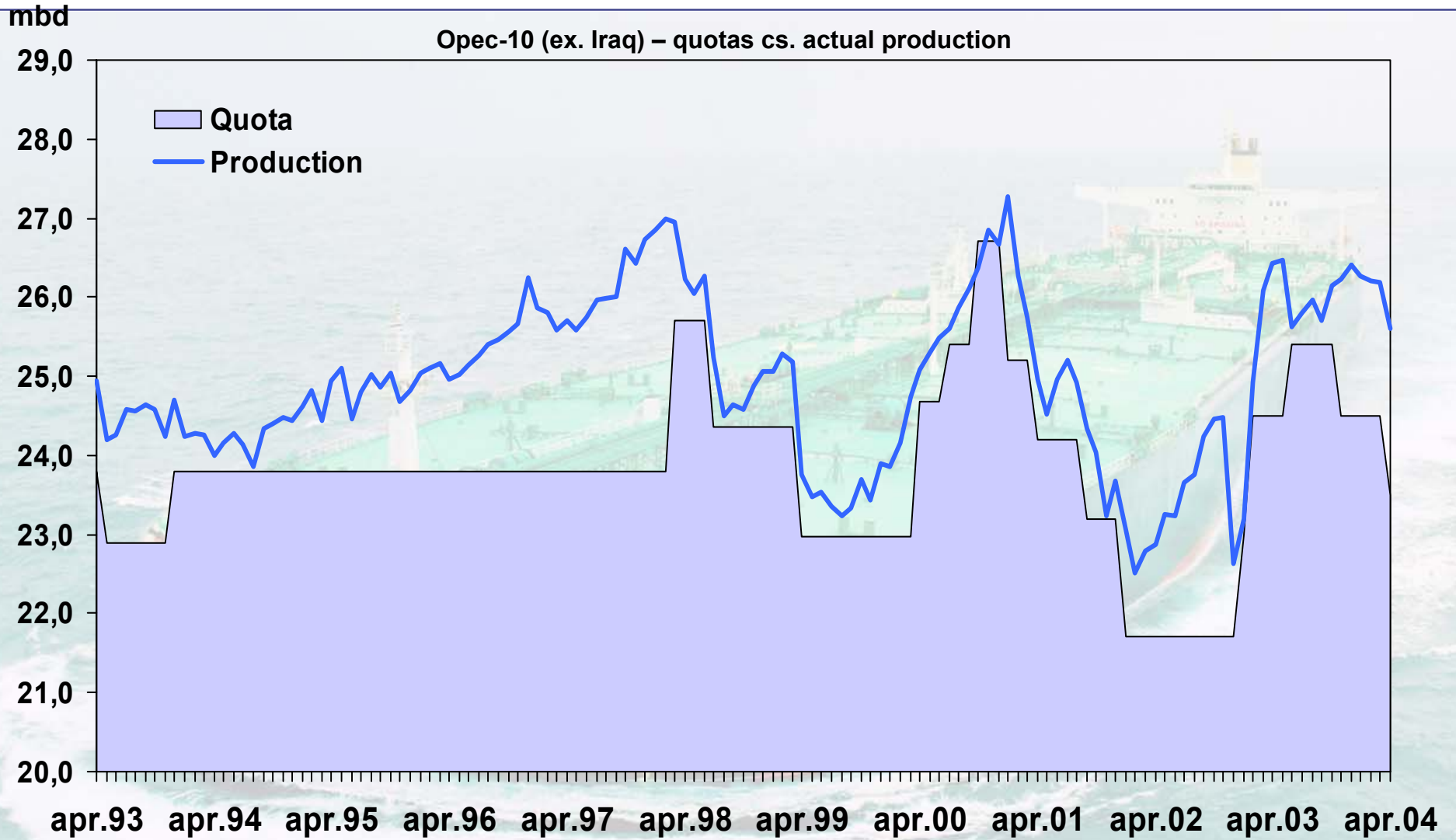
# VL/ULCC fleet - age profile



# Fleet development - VLCC/ULCC



# OPEC-10: Production vs. quotas



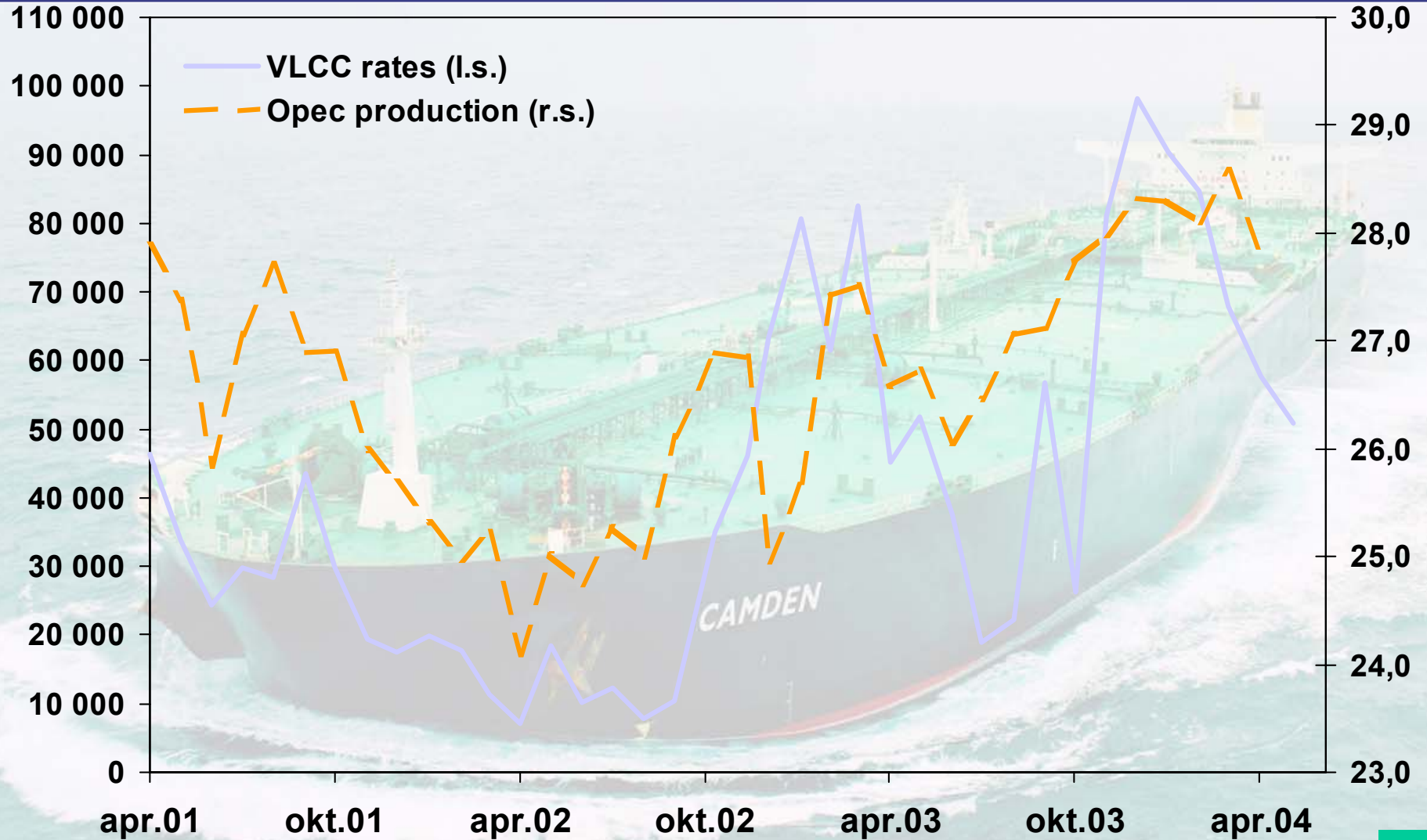
# Estimated call on OPEC 2004

|                         | Avg.03 | Q104 | Q204 | Q304 | Q404 | Avg. 04 |
|-------------------------|--------|------|------|------|------|---------|
| <b>IEA</b>              | 26,1   | 27,1 | 24,8 | 26,2 | 27,5 | 26,4    |
| <b>US DOE</b>           | 26,8   | 26,8 | 26,2 | 27,3 | 28,2 | 27,1    |
| <b>*</b>                |        |      |      |      |      |         |
| <b>Barclays Capital</b> | 26,6   | 27,8 | 26,1 | 27,5 | 29,6 | 27,8    |
| <b>Stockbuild</b>       | 0,5    | 0,2  | 1,4  | 0,2  | -1,2 | 0,1     |
| <b>Opec crude</b>       | 27,1   | 28,0 | 27,4 | 27,7 | 28,4 | 27,9    |

Source: Barclays Capital estimates as of May 12, 2004. IEA and DOE as of April, 2004.

# Opec production vs. VLCC rates

mbd

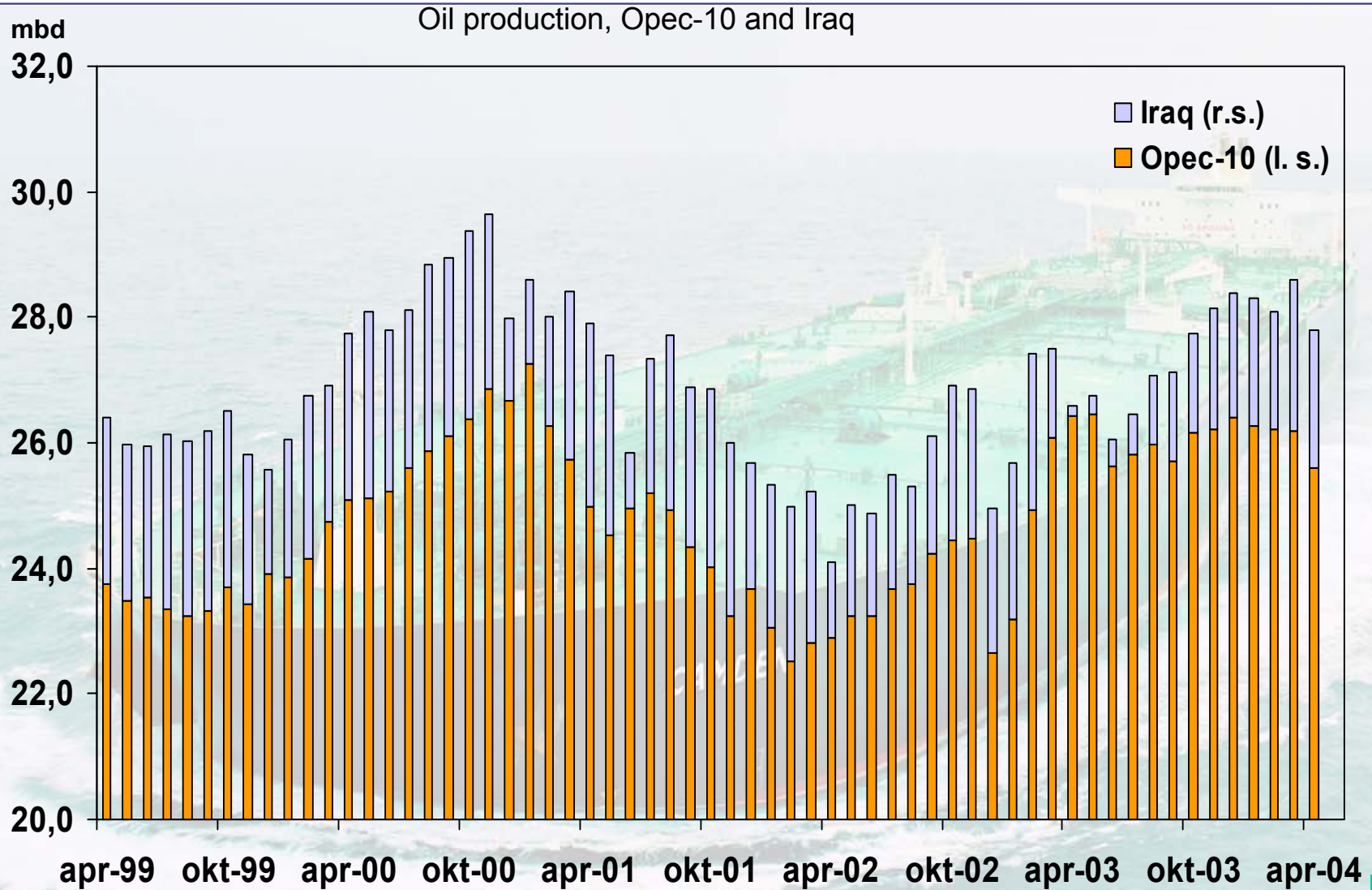


Source: Bassøe\IEA

# Appendixes

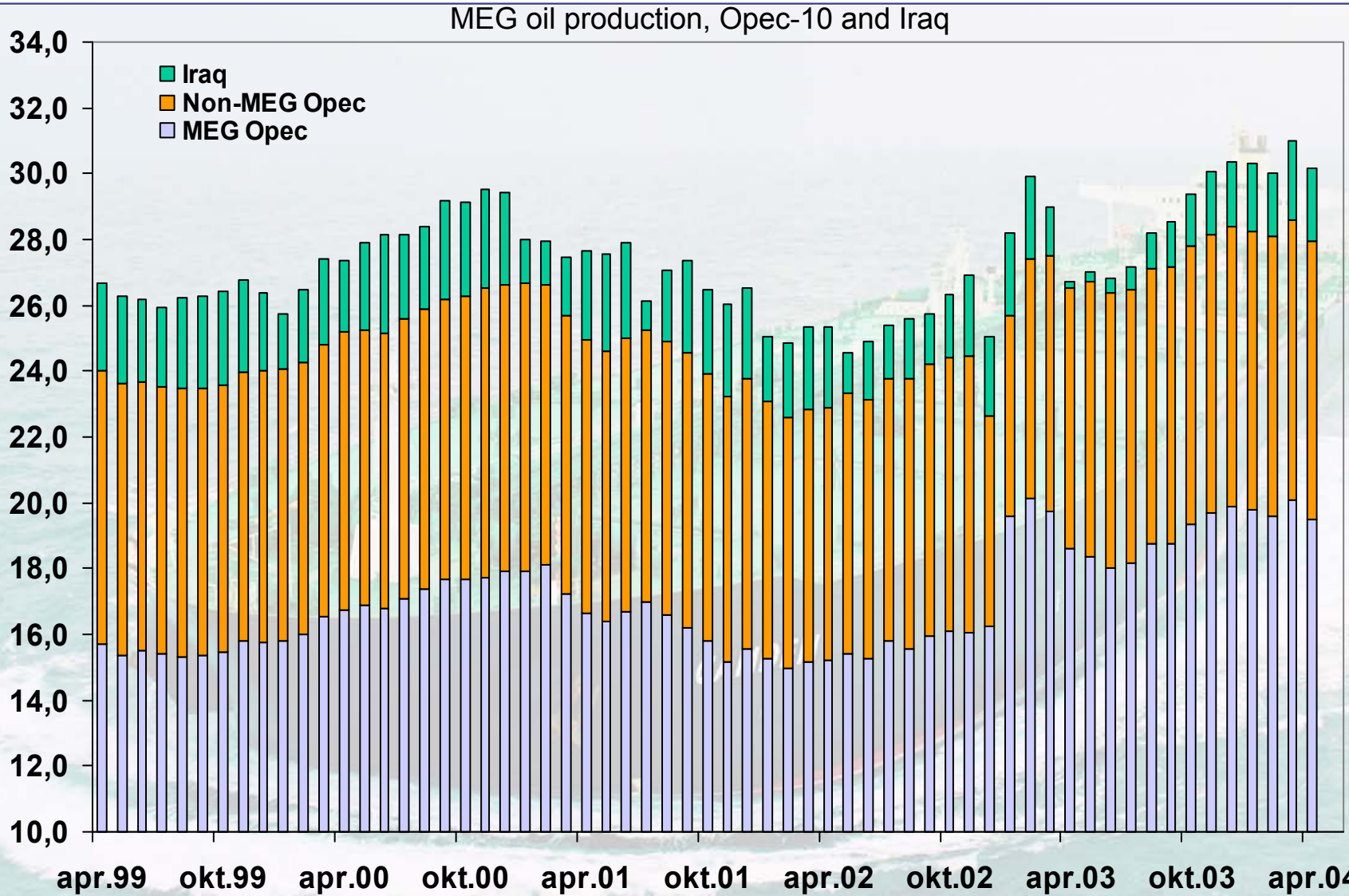


# Opec production



Source: IEA

# MEG Opec vs. Non-MEG Opec and Iraq

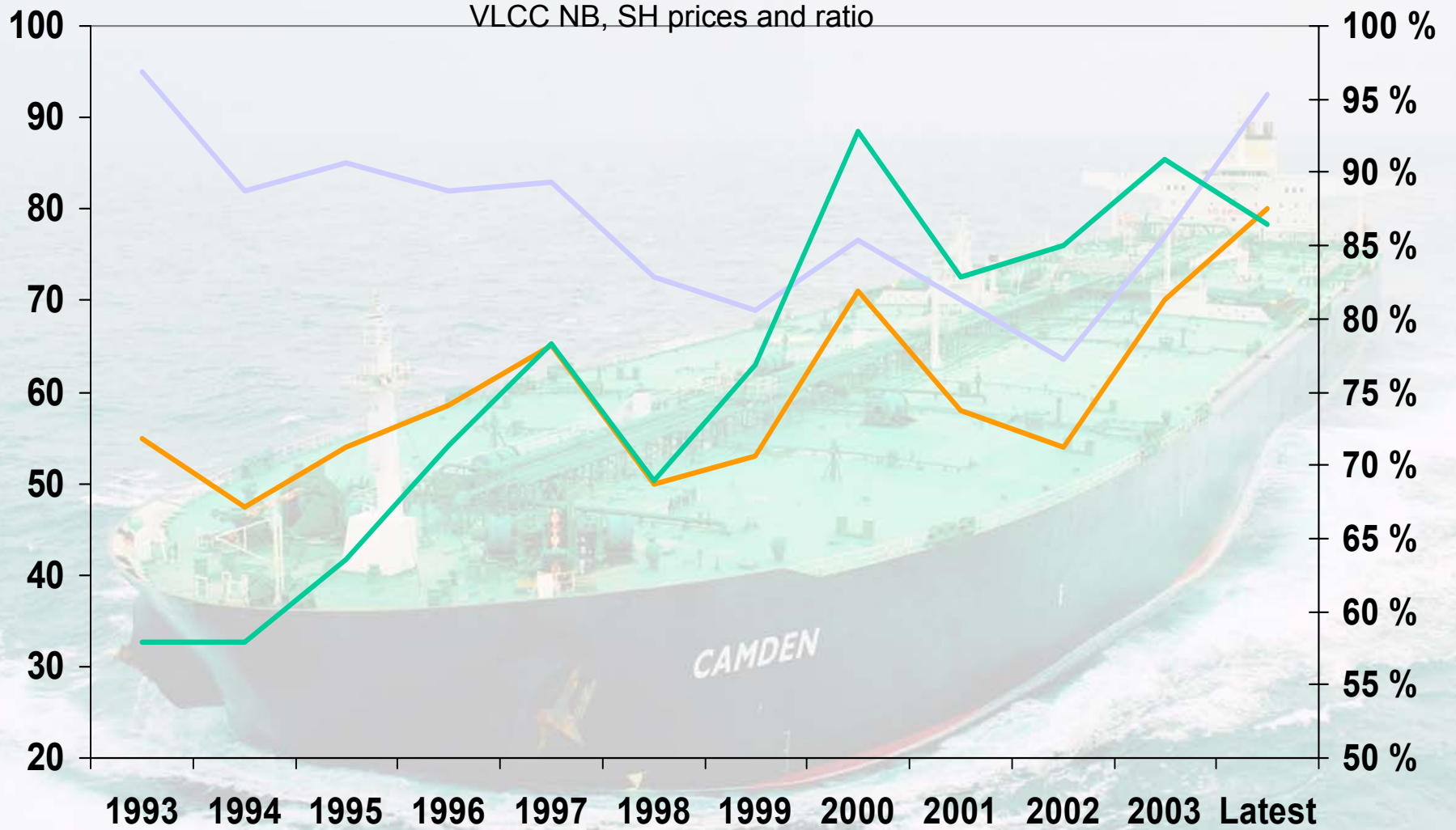


Source: IEA

MEG-Opec; Saudi Arabia, Iran, Kuwait, UAE, Qatar, Neutral Zone

# Trends in tanker values

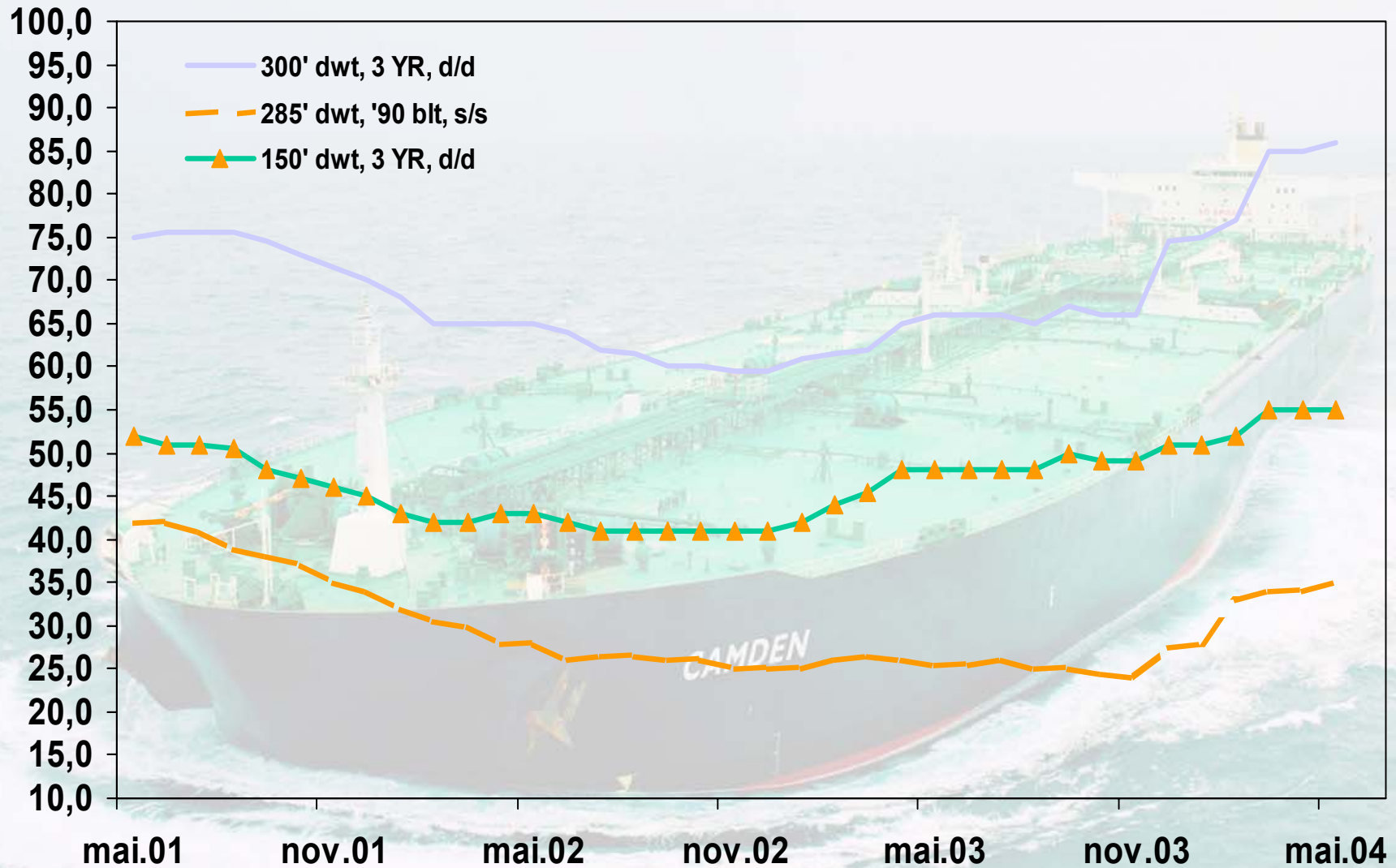
%



— Newbuilding (l.s.) — 5 year old (l.s.) — SH/NB ratio (r.s.)

Source: Bassøe, Clarkson

# Tanker price trends

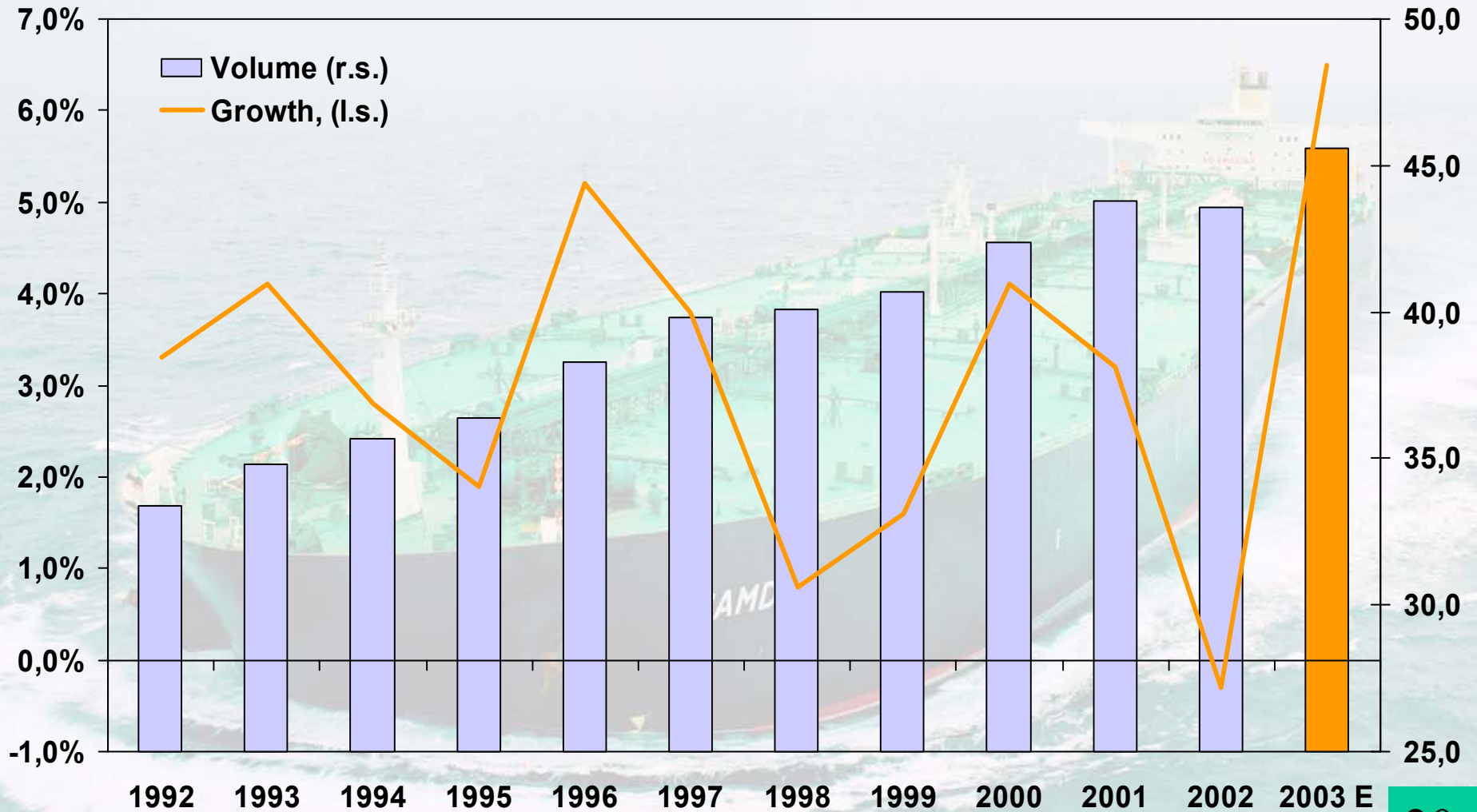


Source: Bassøe, monthly report  
 Values based on Buyers' assumed highest cash price dependent on spec. and condition

# Seaborne oil trade

T A N O % growth M I T E D

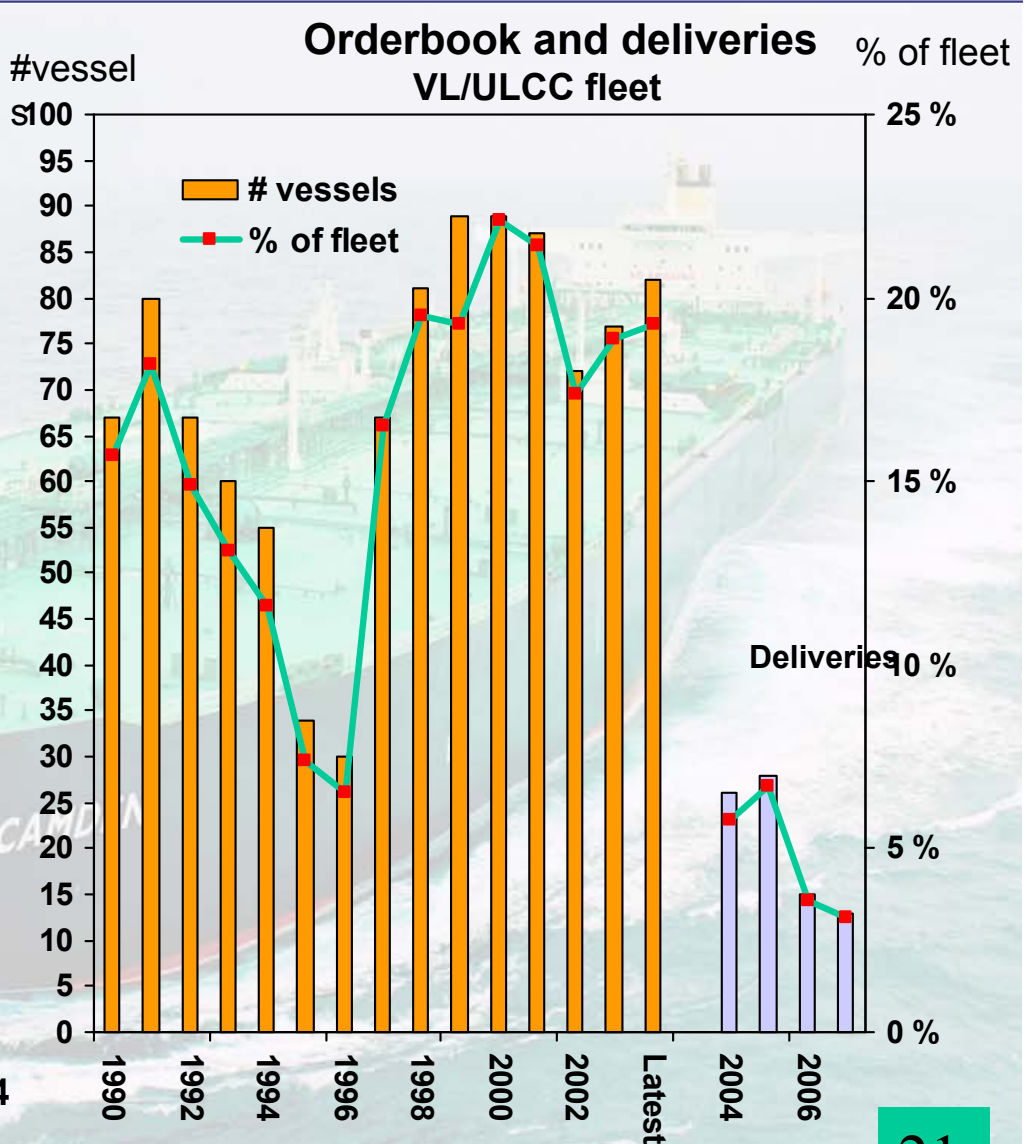
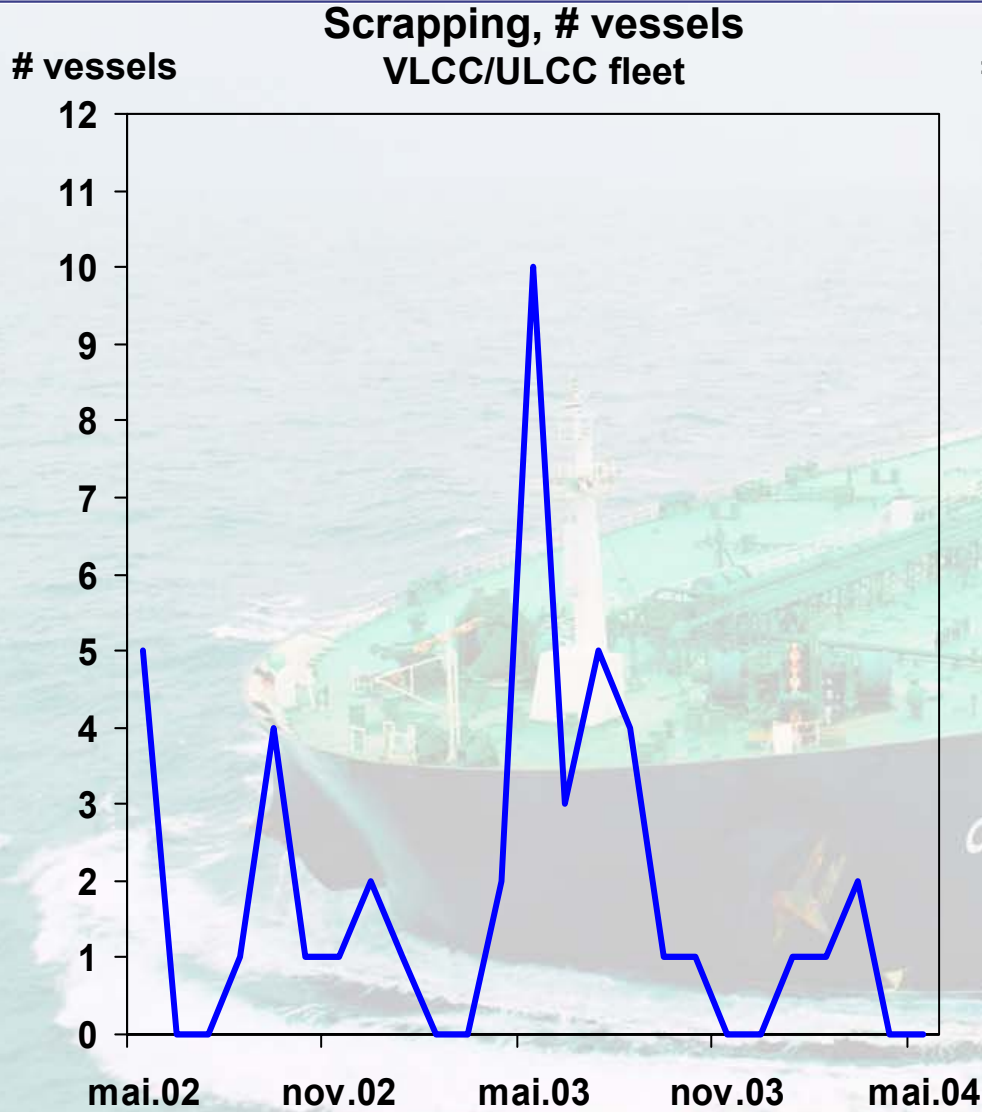
'000 b/d



20

Source: BP Review of World Energy 2003, PFB estimate

# VLCC/ULCC fleet trends



Source: Bassøe/Clarkson