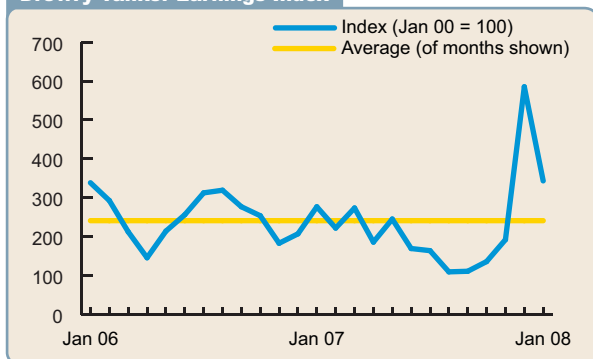


### TCE Rates (\$pd)

	2007	2008	2007/08	
			Dec	Jan
<b>AG-Japan (TD3)</b>	41,850	80,100	149,000	80,100
<b>W. Africa-Car/USES (TD5)</b>	37,858	40,900	102,000	40,900
<b>NWE-NWE (TD7)</b>	36,875	47,800	61,900	47,800
<b>NWE-Car/USES (TD12)</b>	25,183	26,400	36,800	26,400
<b>AG-Japan (TC1)</b>	21,058	31,900	31,200	31,900
<b>Sing-Japan (TC4)</b>	15,783	12,100	17,600	12,100

### Drewry Tanker Earnings Index



### Market Barometer



Based on Drewry Hire Index

## Hoping for a 'manageable' future

Over the past couple of months, the tanker industry has been constantly hit by widespread announcements on hull restrictions from charterers and flag administrations, post the unfortunate oil-spill from the single hull tanker 'Hebei Spirit' off the South Korean coast. Following the South Korean government's decision to impose a ban on single hull tankers from 2011, two major Korean refiners, GS Caltex and SK Energy announced that they will phase-out the usage of single hull tankers from 2009 and 2010 respectively. Recently, the Philippines have also brought forward their phase-out plan by placing a ban on single hulls as early as April this year. Such decisions are likely to coerce other major importers like China and India to also follow suit.

Looking ahead, with the alarm bell for the single hull tankers ringing and in the likely incidence of strict adherence of a ban on single hull tankers by the far eastern countries, the next two years might not be as dull for the tanker freight markets as anticipated previously. Moreover, with some shipowners opting for conversions to dry bulk carriers and storage vessels, projected tanker supply could still be manageable. According to our estimates, about 12m dwt is likely to be converted through 2008 to 2010 (~20 tankers during 2008). Meanwhile, of the active Vlcc and Suezmax fleet of 203.0m dwt, about 45.0m dwt is single hulled which if removed from the fleet by 2010 (accelerated phase-out), assuming the Marpol deadline is strictly followed by flag administrations and port authorities, would just leave an excess supply of ~10.5mdwt, (accounting for the probable deliveries to the tune of 67.5m dwt during 2008-10).

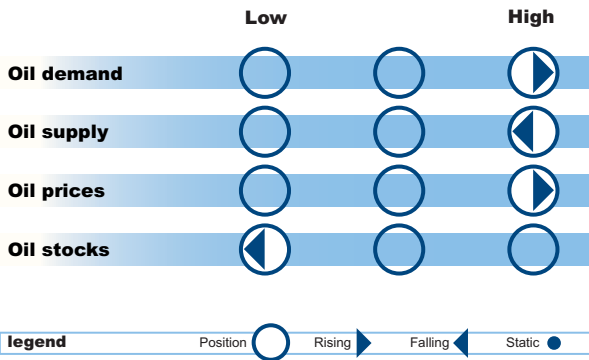
### Our view

During 2005 (post the 5<sup>th</sup> April Cat 1 phase-out deadline), there was anticipation that the markets would soar, however the date passed almost unnoticed. The possibility of dealing with a similar fate again should not be discounted. Conversions of tankers to dry bulk carriers is unlikely to stem the flow of additional tonnage entering the tanker sector. The phase-out of single-hulled ships holds the key to the market, and on this point the jury is still out.

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## Market Indicators



## World Oil Market (Mbpd)

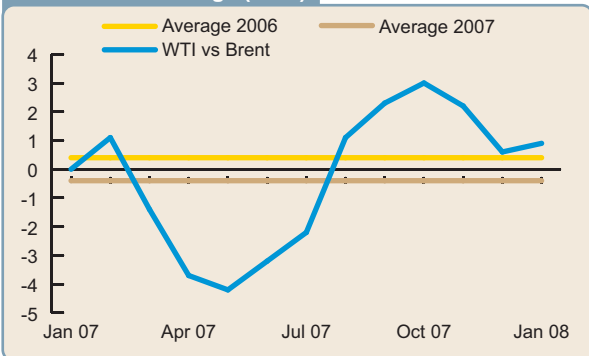
	2006	2007 <sup>(1)</sup>	2Q07	3Q07	4Q07 <sup>(P)</sup>
<b>Oil Demand</b>	84.79	85.84	84.84	85.37	87.23
<b>Oil Supply</b>	85.41	85.54	85.11	85.10	86.52
Opec	34.32	35.42	34.90	35.41	36.38
Saudi Arabia	8.93	8.47	8.37	8.42	8.77
Non-Opec	51.09	50.12	50.21	49.69	50.14
FSU	12.24	12.71	12.66	12.67	12.80
<b>Stock Change</b>	0.62	-0.30	0.27	-0.27	-0.71

(1) IEA, Drewry Estimate for the Year (P) Provisional Data

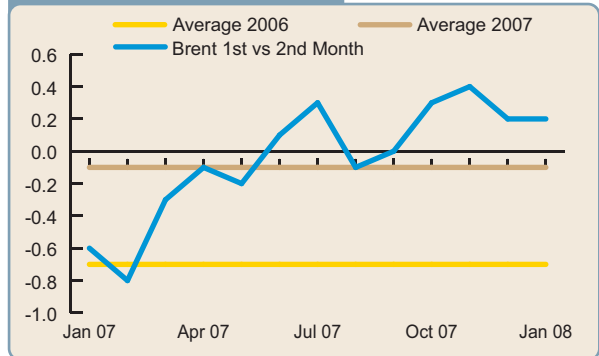
## Opec's side of the story

At its recent meeting on 1<sup>st</sup> February, Opec decided to leave the output targets unchanged, citing uncertainties over a potential global economic slowdown (led by a possible recession in the US) and an expected build in inventories in 1Q08 as the chief reasons behind its decision. The (obvious) decision came at a time when oil prices were softening – prices declined by about 12% through the month to settle at ~\$88/bbl by month's close. Further, the cartel has stated that it will be keenly eyeing the oil market fundamentals before deciding on production levels at its next scheduled meet on 5<sup>th</sup> March. The cartel finally seems to have learnt from its past mistakes and is cautiously making decisions regarding production levels. The decision to leave targets unchanged in February amid an increase in US crude oil stocks (to the tune of 10.2m barrels over the month), to 293.0m barrels by the final week of January also seems to be well founded. While, the US crude stocks are lower by about 28m barrels from year ago levels, a steady build-up in the first quarter appears inevitable - firstly, the preliminary estimates from Oil Movements point towards a rise in Middle East westbound liftings in January by 0.3m bpd from last year; secondly, low product demand has considerably cut down refining margins in the US and Europe, necessitating run cuts and maintenances across the Atlantic basin. Additionally, the IMF has revised down the latest economic growth rate for the US from 2.2% in 2007 to 1.5% in 2008. If at all US falls into a recession in the backdrop of an oil production increase, oil prices are bound to falter severely which is not a situation Opec would want to be faced with. Hence, it was only prudent that Opec adopt a 'wait and watch' approach and leave targets unchanged at its Feb meeting.

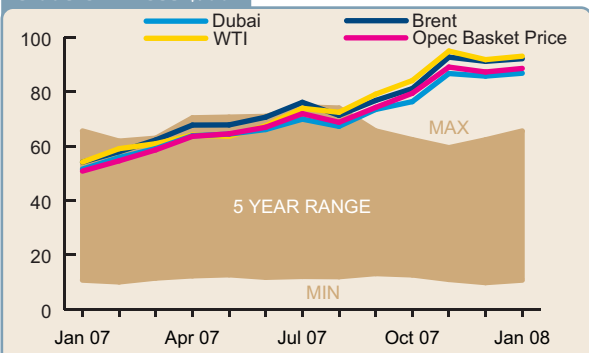
## Crude Price Arbitrage (\$/bbl)



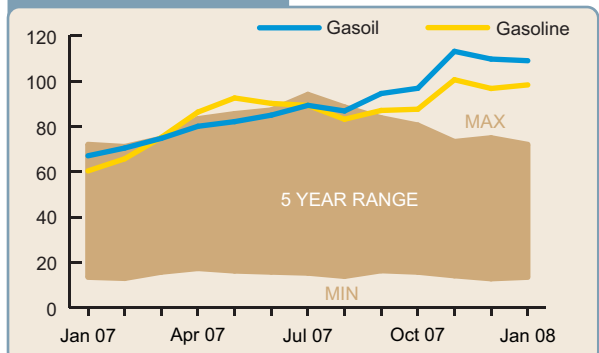
## Crude Price Differential (\$/bbl)



## Crude Oil Prices \$/bbl



## Products Oil Prices \$/bbl



## Total Tanker Fleet: January 2008

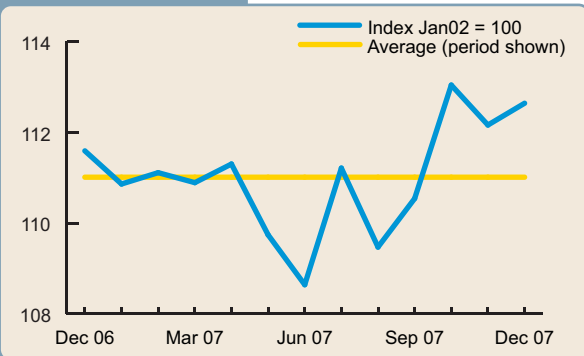
Size (‘000 dwt)	Total			Fleet Size
	No.	Dwt		
10-50	844	29,269		▶
50-80	419	27,970		▶
80-120	738	75,820		▶
120-200	361	54,673		◉
200-320	496	145,250		◀
320+	8	3,050		◉
<b>Total</b>	<b>2,866</b>	<b>336,031</b>		▶

Legend: Position ◉ Rising ▶ Falling ◀ Static ●

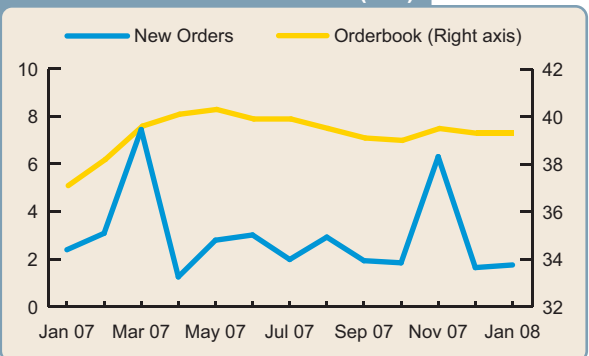
## Rising deliveries – a reason to worry

After a record ordering spell during March and November last year, the newbuilding market seems to be finally mellowing down, though not before adding an average 1.7m dwt to the orderbook every month. In contrast, deliveries are also on a rise and hence the total orderbook (in terms of number of vessels) is on a decline – from 1,074 vessels in November to 1,062 in December and further 1,042 vessels in January this year. This increase in deliveries does not bode well for the current tanker markets which have had to deal with additional supplies at a time when demand looks weak. Looking ahead, short term freight rate prospects also look bleak, in view of probable firm deliveries entering trading life amidst Atlantic basin refinery maintenances followed by seasonally slow second quarter demand.

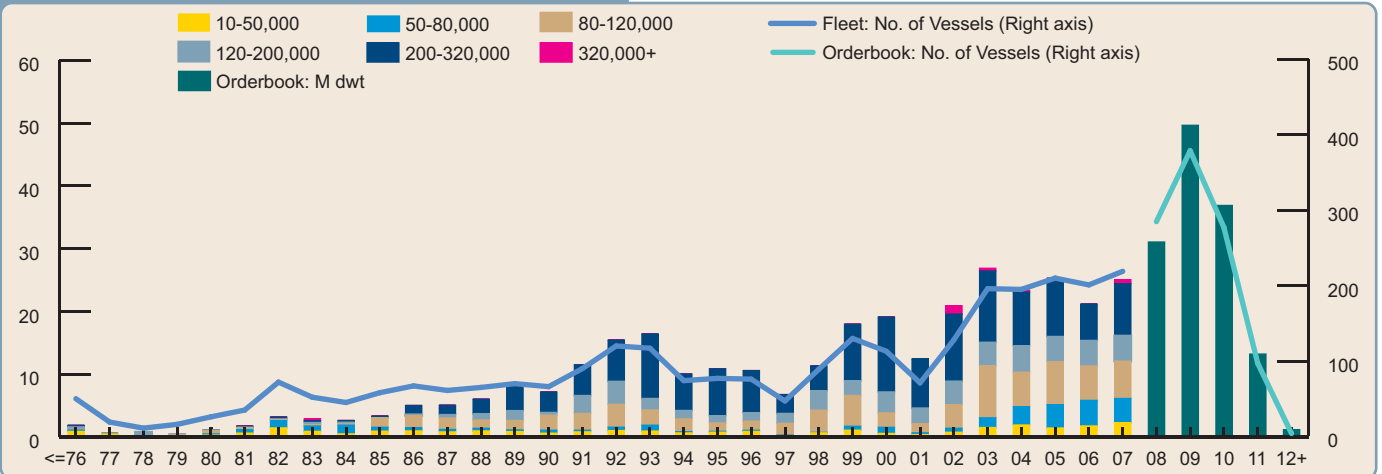
## Tanker Demand Index



## New Orders & Orderbook % Fleet (Dwt)



## Fleet Age Profile and Orderbook Delivery Schedule (M dwt)

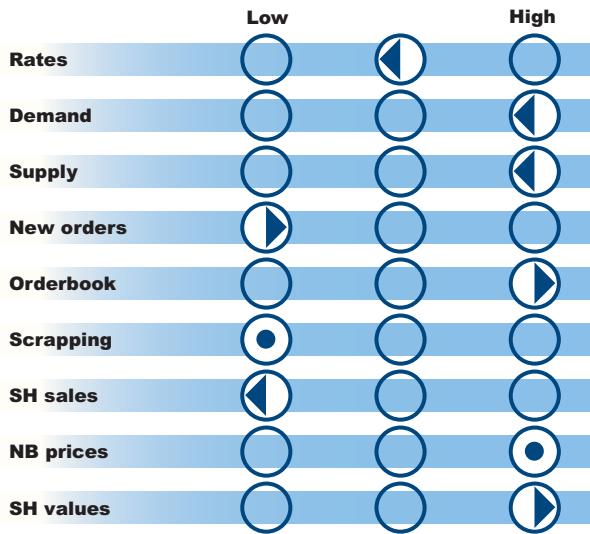


## Total Tanker Fleet & Orderbook: January 2008

Size (‘000 dwt)	Existing Fleet*		Orderbook										% of Fleet Dwt
	No.	Dwt	2007		2008		2009		2010+		Total		
			No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	
10-50	844	29,269	88	3,756	74	3,307	48	2,267	7	331	217	9,661	33.0
50-80	419	27,970	60	3,906	75	4,939	50	2,981	30	1,930	215	13,757	49.2
80-120	738	75,820	78	8,514	104	11,419	83	9,215	27	2,974	292	32,123	42.4
120-200	361	54,673	21	3,306	59	9,316	47	7,421	14	2,204	141	22,245	40.7
200-320	496	145,250	36	10,948	62	19,069	45	13,721	21	6,353	164	50,090	34.5
320+	8	3,050	2	640	5	1,600	4	1,280	2	640	13	4,160	136.4
<b>Total</b>	<b>2,866</b>	<b>336,031</b>	<b>285</b>	<b>31,070</b>	<b>379</b>	<b>49,649</b>	<b>277</b>	<b>36,886</b>	<b>101</b>	<b>14,431</b>	<b>1,042</b>	<b>132,036</b>	<b>39.3</b>

\* Actual fleet less 10-50,000 dwt crude tankers built before 1st July 1975

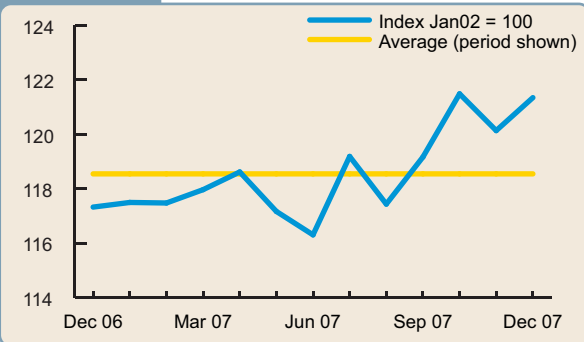
## Market Indicators



## What goes up, comes down rather fast!

The hectic pace of activity in December, gave way to a rather subdued start in January. The low level of activity had a two way impact – first, tonnage started accumulating at the main trading regions and secondly, even when enquiry levels rebounded, the easy tonnage availability prevented rates from sizing up immediately. Freight rates for Vlccs doing AG-Japan went from a high WS285 (last trading week in December) to a low WS70 by the fourth week of January, essentially slashing shipowner earnings by almost \$200,000pd during this period. The situation turned around only towards the end of the month, when the continued pace of activity absorbed excess tonnage, and paved the way for a mild recovery in Vlcc freight rates. On an average, rates for vessels doing AG-Far East dropped by WS100 points, to WS130 in January. AG-Caribs/US slipped by WS75 points, to peg at WS85 during the month. Looking ahead, with the start of the Chinese Lunar New Year holidays, Far Eastern charterers are expected to stay away from the trading arena for some time. Meanwhile, early refinery maintenances in the Atlantic basin is also expected to keep demand from US and Europe restrained during February.

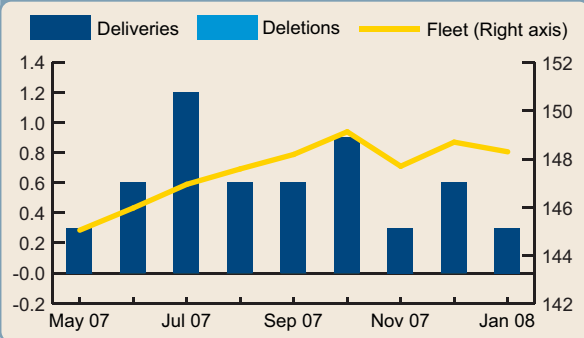
## Vlcc Demand



## Vlcc Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>AG-Japan (TCE)</b>	41,850	80,100	30,900	149,000	80,100
<b>AG-S. Korea (TCE)</b>	38,108	80,900	42,600	137,300	80,900
<b>AG-N. Europe (TCE)</b>	37,383	103,100	47,300	132,100	103,100
<b>280k, 5yr old (TC 1yr)</b>	53,333	62,000	53,000	62,000	62,000
<b>280k, 10yr old (TC 1yr)</b>	48,633	50,000	47,500	49,500	50,000
<b>280k, 5yr old (TC 3yr)</b>	47,358	50,000	48,000	50,500	50,000

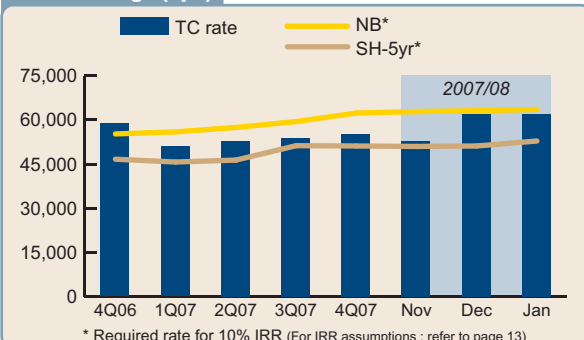
## Vlcc Fleet Development - m dwt



## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>NB Price - \$M</b>	135.7	146.0	145.0	146.0	146.0
<b>SH Price (5yr) - \$M</b>	123.8	134.0	129.5	130.0	134.0
<b>SH 5yr % of NB</b>	91.2%	91.8%	89.3%	89.0%	91.8%
<b>Scrap Value - \$M</b>	17.9	19.4	19.4	19.0	19.4

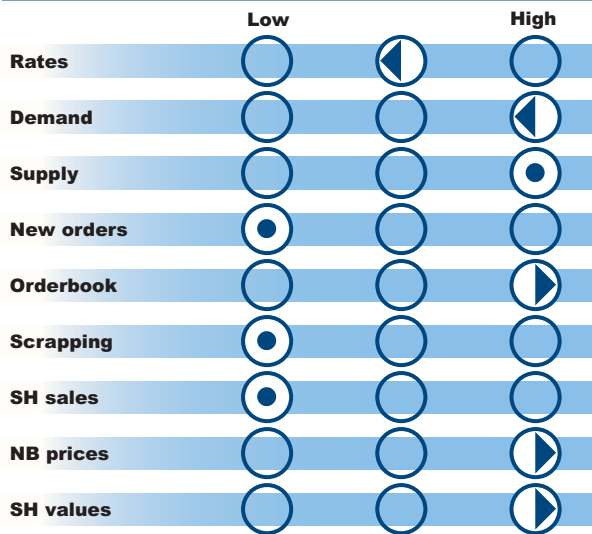
## Vlcc Earnings (\$pd)



## Investment Returns

	Jan 2008 Newbuild	Jan 2008 Secondhand (5yr)
<b>Cost - \$M</b>	146.0	134.0
<b>Operating Costs \$pd</b>	10,310	10,310
<b>Required TC Rate - for 10% IRR \$pd</b>	63,900	53,200
<b>Current Rate - T/C \$pd</b>	62,000	62,000
<b>Current Rate of Return (IRR) %</b>	9.62%	12.76%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.20%	0.31%

## Market Indicators

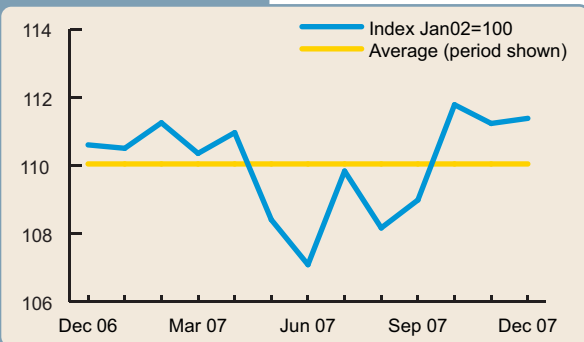


## Down goes the spot market

The Suezmax market also withstood a similar downfall, with activity in the sector failing to match the amount of available tonnage. Additionally, the volatile geopolitical situation in Nigeria meant that the benchmark trading arena for these tankers also had to deal with a situation of constrained cargo supplies during January. In fact, the leading rebel group, MEND rejected governments attempt at a peace pact, threatening to disrupt all of Nigerian oil exports this year. While state run NNPC expects to re-start production at its 125,000bpd Warri refinery in February and its 110,000bpd Kaduna refinery in March, the situation in the country appears far from congenial. Also, with Opec deciding to keep targets unchanged for the time being, and non-Opec output faltering, cargo supplies are expected to remain restrained in the short term. Meanwhile, demand from US and China is also likely to lack momentum as the regions head for maintenances and festivities respectively.

Despite the weak freight markets, the S&P arena continues to witness firm interests from buyers for conversion deals. One such sale was that of the 1991 built *Ishwari* (159,898dwt) to Nexus at \$54.5m for an FPSO conversion.

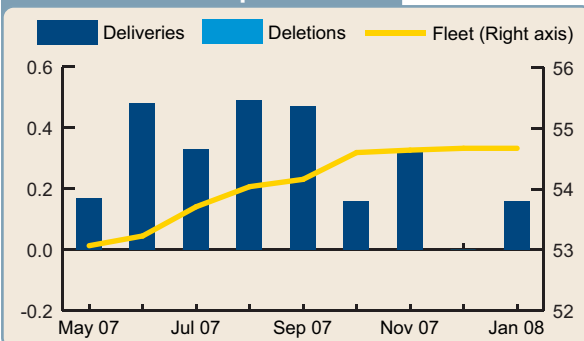
## Suezmax Demand Index



## Suezmax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>Med-Med (TCE)</b>	44,833	66,900	48,000	103,900	66,900
<b>W. Afr-Car/USES (TCE)</b>	37,858	40,900	28,900	102,000	40,900
<b>150k, 5yr old (TC 1yr)</b>	43,042	42,000	41,000	45,000	42,000
<b>150k, 10yr old (TC 1yr)</b>	40,467	41,500	38,300	42,000	41,500
<b>150k, 5yr old (TC 3yr)</b>	37,867	38,500	37,000	38,500	38,500

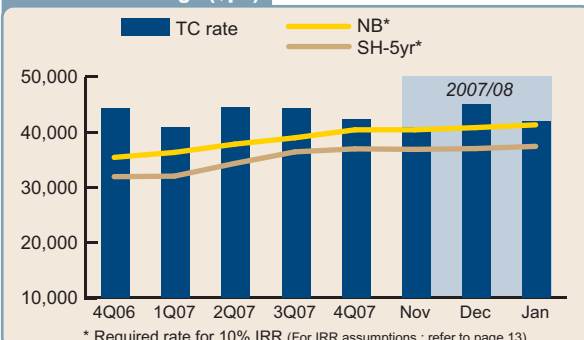
## Suezmax Fleet Development - m dwt



## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>New Building Price \$M</b>	84.9	90.5	89.0	90.0	90.5
<b>SH Price (5yr) \$M</b>	86.6	91.5	91.0	91.5	91.5
<b>SH 5yr % of NB</b>	101.9%	101.1%	102.2%	101.7%	101.1%
<b>Scrap Value \$M</b>	12.8	13.9	13.9	13.6	13.9

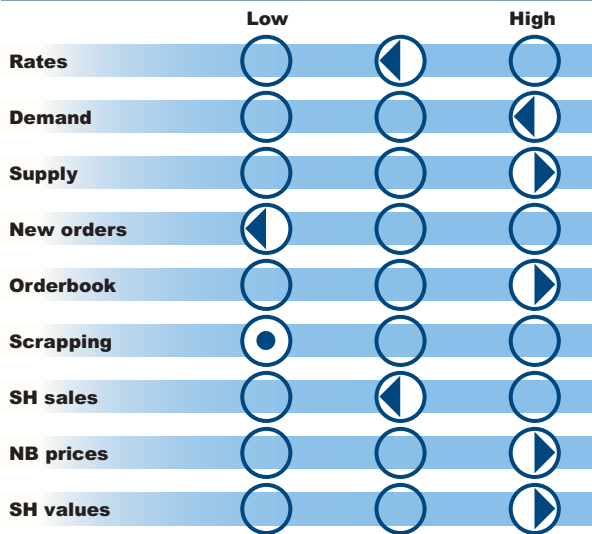
## Suezmax Earnings (\$pd)



## Investment Returns

	Jan 2008 Newbuild	Jan 2008 Secondhand (5yr)
<b>Cost - \$M</b>	90.5	91.5
<b>Operating Costs \$pd</b>	8,310	8,310
<b>Required TC Rate - for 10% IRR \$pd</b>	41,500	37,600
<b>Current Rate - T/C \$pd</b>	42,000	42,000
<b>Current Rate of Return (IRR) %</b>	10.14%	12.04%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.31%	0.46%

## Market Indicators



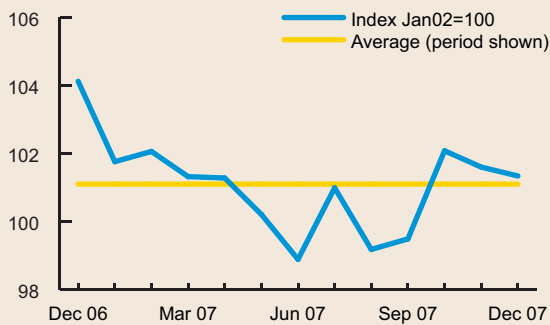
**Legend** Position ○ Rising ▶ Falling ◀ Static ●

## Dull activity causes rates to dwindle

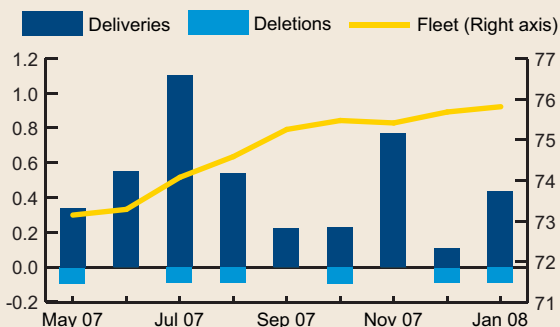
The Aframax tanker markets were also not spared the downfall in rates during January. The hectic December fixing of a number of Middle Eastern cargoes for discharge in US, gave way to an almost negligible activity month. High crude oil prices amidst tight margins forced US refiners to cut crude runs. Meanwhile, higher-than-average temperatures across the Atlantic basin also did little to support heating fuel demand from Europe and US. In view of these factors, a number of refineries have decided to embark on early spring maintenances, which has further squeezed the demand for crude.

Freight rates as a result fell sharply for both transatlantic voyages between Med and Caribs/US and inter regional European and Caribs-US trade legs. Further, refinery turnarounds in Europe and US and the arrival of AG crudes on the US Gulf coast is expected to boost crude stocks in the region limiting chances of a complete recovery in activity during the next month. Also, the continued phase of lax activity is expected to cause tonnage to build up in the trading regions making it difficult for shipowners to raise their stakes as and when the market rebounds.

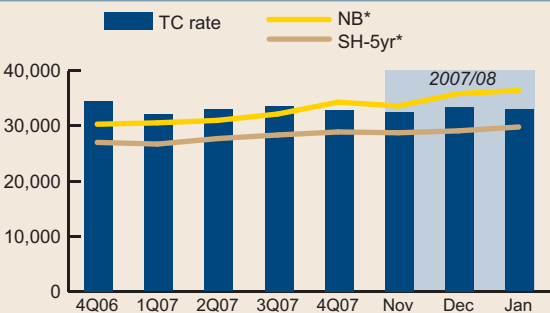
## Aframax Demand Index



## Aframax Fleet Development - m dwt



## Aframax Earnings (\$pd)



\* Required rate for 10% IRR (For IRR assumptions: refer to page 13)

## Aframax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
Med-Med (TCE)	27,950	37,400	24,000	45,400	37,400
NWE-NWE (TCE)	36,875	47,800	34,900	61,900	47,800
Caribs-USES (TCE)	32,700	38,100	25,700	67,700	38,100
95k, 5yr old (TC 1yr)	33,413	33,000	33,000	34,000	33,000
95k, 10yr old (TC 1yr)	27,796	27,000	27,500	28,000	27,000
95k, 5yr old (TC 3yr)	29,208	29,000	28,500	29,000	29,000

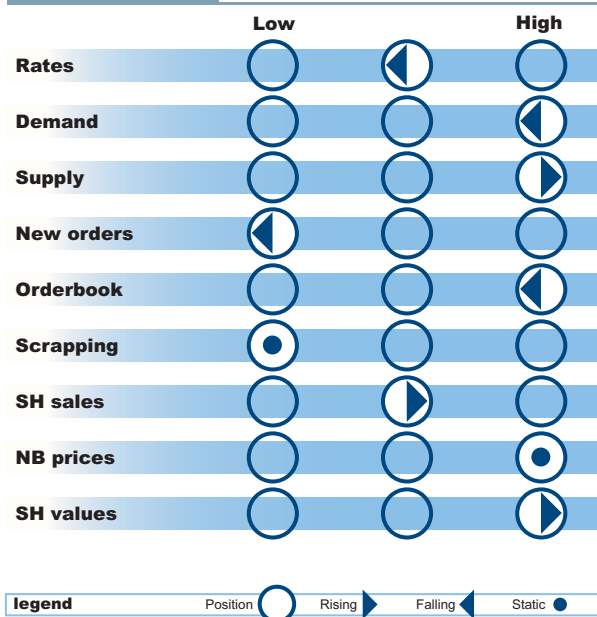
## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
New Building Price \$M	68.9	78.5	72.0	78.0	78.5
SH Price (5yr) \$M	66.4	69.5	67.5	68.5	69.5
SH 5yr % of NB	96.4%	88.5%	93.8%	87.8%	88.5%
Scrap Value \$M	11.2	11.6	12.3	11.8	11.6

## Investment Returns

	Jan 2008		
	Newbuild	Secondhand (5yr)	Secondhand (10yr)
Cost \$M	78.5	69.5	58.5
Operating Costs \$pd	7,775	7,775	7,775
Required TC Rate - for 10% IRR \$pd	36,600	30,000	28,250
Current Rate - T/C \$pd	33,000	33,000	27,000
Current Rate of Return (IRR) %	8.67%	11.83%	9.04%
Sensitivity (+/- \$1,000 T/C rate)	0.39%	0.60%	0.79%

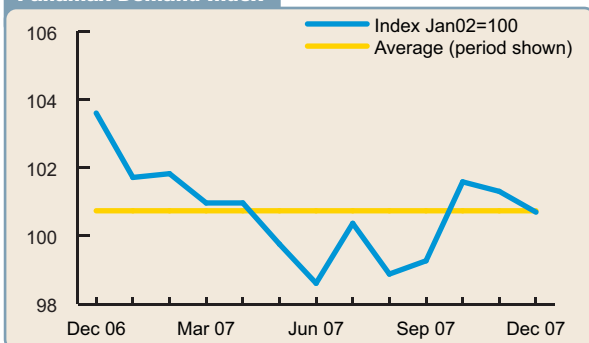
## Market Indicators



## And so we all fall down...

Limited enquiry for Panamax tankers in the Caribs and Europe amidst easily available prompt loading tonnage pulled down freight rates during January. High product stocks in US in the early part of the month weakened US gasoline prices making the trans-Atlantic arbitrage trade from Europe unattractive. Also, the steady weakening in gasoline prices amidst soaring crude prices caused the gasoline production margins to fall sharply. This steady narrowing of margins prompted US refiners to cut crude runs leading to a further decline in activity levels. Consequent to this dull activity, freight rates across the Panamax segment fell by an average 30% m-o-m. Of particular mention is the benchmark Caribs-US trade route which declined sharply from an average WS334 (in December) to about WS194 in January, down 42% m-o-m. On the other hand, prospective owners overlooked the current weakness in the freight environment, and remained hopeful for the future. A total of eight vessels were traded in the S&P market against two conducted in December. While, Finaval bought four 2008 built 51,000dwt tankers for \$57.5m each, SOCATRA bought an under-construction (ex-2008) 50,300dwt vessel for \$60m.

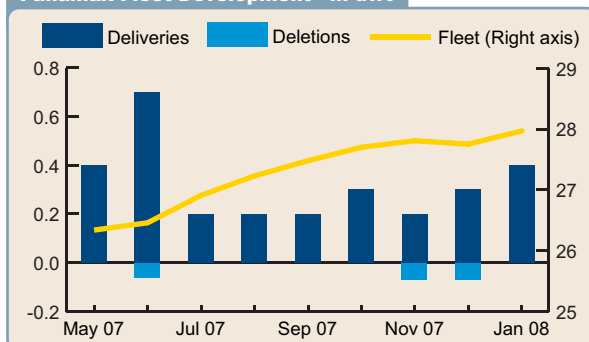
## Panamax Demand Index



## Panamax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>Car-USES (TCE)</b>	34,950	31,200	24,200	66,600	31,200
<b>NWE-Car/USES (TCE)</b>	25,183	26,400	18,200	36,800	26,400
<b>75k, 5yr old (TC 1yr)</b>	30,408	29,500	30,000	30,200	29,500
<b>75k, 10yr old (TC 1yr)</b>	24,608	24,000	24,000	24,200	24,000
<b>75k, 5yr old (TC 3yr)</b>	26,042	26,000	26,000	26,000	26,000

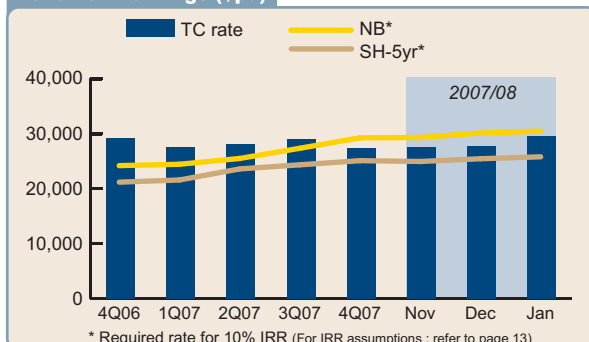
## Panamax Fleet Development - m dwt



## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Nov	2007/08 Dec	2007/08 Jan
<b>New Building Price \$M</b>	56.0	64.0	62.0	64.0	64.0
<b>SH Price (5yr) \$M</b>	54.8	59.0	57.5	59.0	59.0
<b>SH 5yr % of NB</b>	98.2%	92.2%	92.7%	92.2%	92.2%
<b>Scrap Value \$M</b>	8.2	8.4	9.0	8.6	8.4

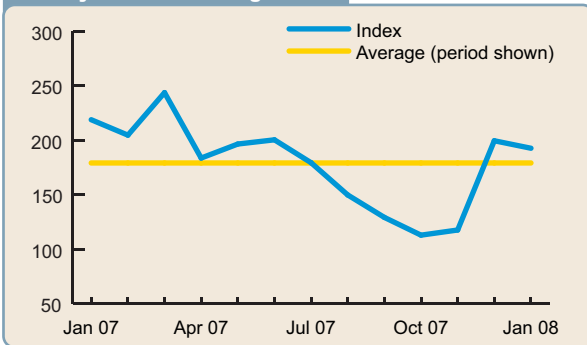
## Panamax Earnings (\$pd)



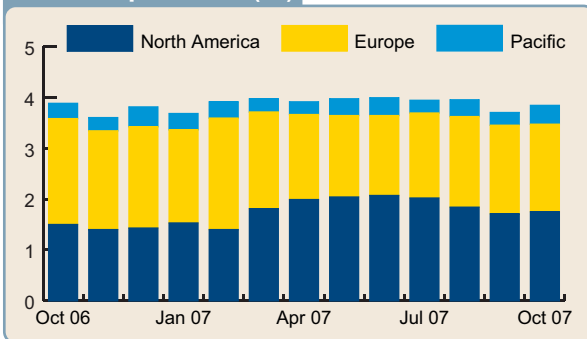
## Investment Returns

	Jan 2008 Newbuild	Jan 2008 Secondhand (5yr)	Jan 2008 Secondhand (10yr)
<b>Cost \$M</b>	64.0	59.0	47.5
<b>Operating Costs \$pd</b>	6,980	6,980	6,980
<b>Required TC Rate - for 10% IRR \$pd</b>	30,550	25,900	23,700
<b>Current Rate - T/C \$pd</b>	29,500	29,500	24,000
<b>Current Rate of Return (IRR) %</b>	9.54%	12.57%	10.30%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.45%	0.71%	0.95%

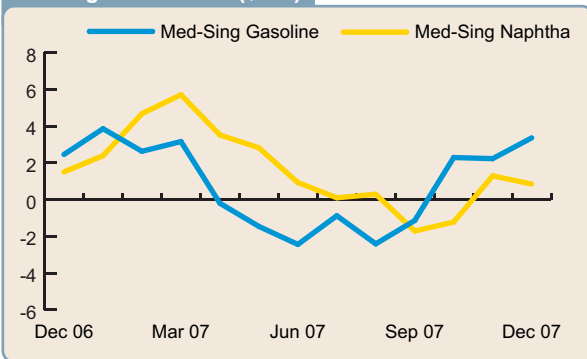
**Drewry Product Earnings Index**



**Product Imports OECD (Mt)**



**Arbitrage Differential (\$/bbl)**

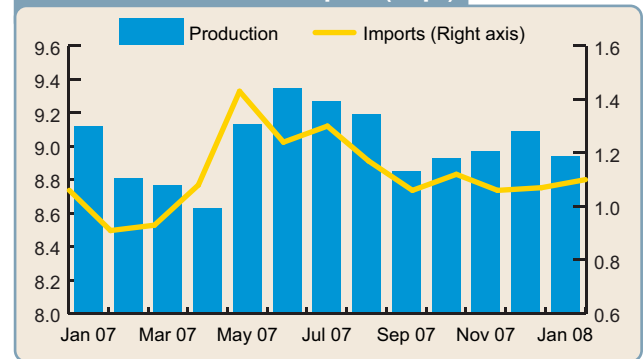


## A dip in product tanker rates

Last month's buoyant activity gave way to a rather subdued trading month in January. Activity on the East of Suez trade legs in particular fell down sharply in view of weak heating fuel purchases for the northeast Asian winter season. Demand for distillate rich crudes and lighter refined products also remained weak following mild winter temperatures in Japan. Moreover, arbitrage for moving jet fuel to the US WC also remained unfavourable, leading to a build up of supplies in the Asia Pacific region. Brief support came from rising Indian gasoil demand, which helped in countering the fall in Chinese demand (following record high imports in December). Freight rates nonetheless, slipped as available tonnage more than offset the brief spurts in enquiry levels. While rates for MR tankers doing AG-India fell from an average WS338 in December to WS236 in January, MR tankers doing Singapore-Far East voyages averaged at WS287, down WS35 points m-o-m.

Reducing delays in transiting the Bosphorus Straits, amidst a weak demand from the Mediterranean markets caused tonnage to build progressively in the region. As a result, despite the spurt in demand towards the end of the month, freight rates tended to remain restrained. On an average, rates for MR tankers doing Cross Med voyages fell by almost WS90 points over the month to peg at WS196. Inter-European voyages also slipped by ~WS40 points, to average WS221 in January.

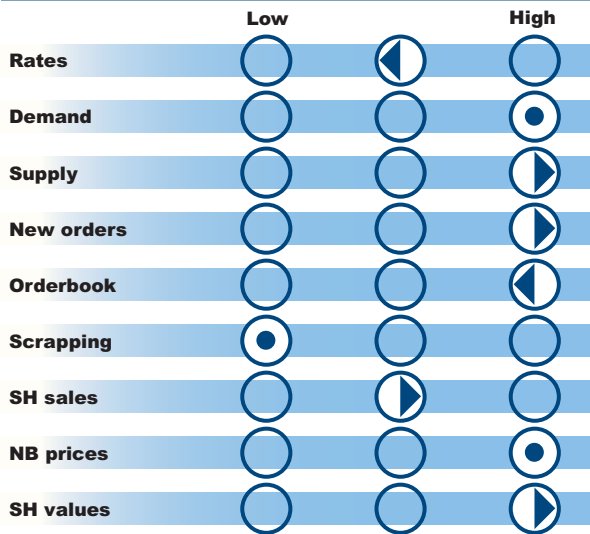
**US Gasoline Production & Imports (mbpd)**



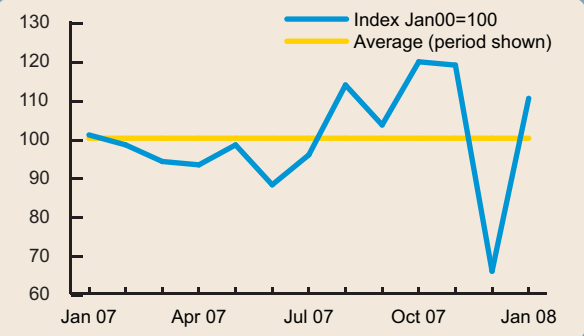
**The Product Tanker Fleet & Orderbook: January 2008**

Size ('000 dwt)	Existing Fleet		Orderbook										% of Fleet
	No.	Dwt	2007		2008		2009		2010+		Total		
	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	Dwt
10-25	102	1,608	7	76	3	45	0	0	0	0	10	121	7.5
25-50	542	22,294	75	3,467	71	3,262	48	2,267	7	331	201	9,327	41.8
50-80	257	17,129	53	3,404	62	3,996	45	2,603	30	1,930	190	11,934	69.7
80+	152	15,531	20	2,236	29	3,249	34	3,822	17	1,869	100	11,176	72.0
<b>Total</b>	<b>1,053</b>	<b>56,563</b>	<b>155</b>	<b>9,183</b>	<b>165</b>	<b>10,552</b>	<b>127</b>	<b>8,692</b>	<b>54</b>	<b>4,130</b>	<b>501</b>	<b>32,557</b>	<b>57.6</b>

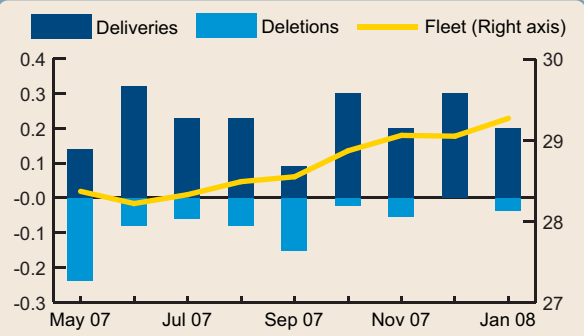
## Market Indicators



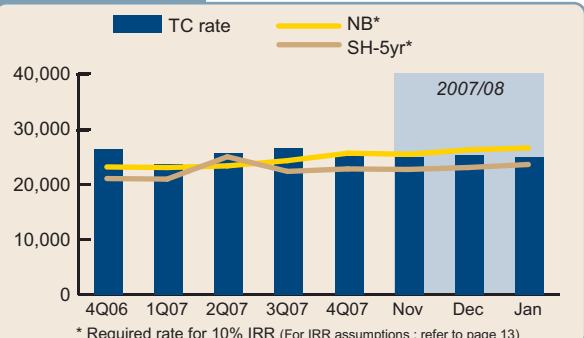
## Clean Demand Index



## Handy Fleet Development - m dwt



## MR Earnings (\$pd)



## Product Tanker Rates (\$pd)

	2007	2008	2007/08		
	Avg	Avg	Nov	Dec	Jan
<b>TCE</b>					
Med-Med (25-35,000 dwct)	20,400	12,700	20,800	24,300	12,700
Sing-Japan (25-35,000 dwct)	15,783	12,100	7,800	17,600	12,100
Car-USES (25-35,000 dwct)	18,175	15,900	9,700	14,600	15,900
Med-NWE (25-35,000 dwct)	20,058	13,200	21,900	26,200	13,200
NWE-USES (35-40,000 dwct)	24,683	21,200	18,700	20,600	21,200
AG-Japan (50-60,000 dwct)	23,908	29,000	17,700	31,900	29,000
AG-Japan (70-80,000 dwct)	21,058	31,900	14,000	31,200	31,900
<b>Time Charter (1yr)</b>					
Handy (30,000 dwt 5 yrs)	22,200	22,500	21,650	22,000	22,500
MR (45,000 dwt 5 yrs)	25,367	25,000	25,000	25,000	25,000
LR (75,000 dwt 5 yrs)	30,408	29,500	30,000	30,200	29,500
<b>Time Charter (3yr)</b>					
Handy (30,000 dwt 5 yrs)	20,363	21,250	20,650	21,000	21,250
MR (45,000 dwt 5 yrs)	22,146	22,500	22,250	22,250	22,500

## Newbuild, Secondhand Scrap Values

	2007	2008	2007/08		
	Avg	Avg	Nov	Dec	Jan
<b>New Building Price \$M</b>					
Handy	41.9	46.0	44.0	46.0	46.0
MR	49.5	54.0	52.0	54.0	54.0
LR1	56.0	64.0	62.0	64.0	64.0
<b>SH Price (5yr) \$M</b>					
Handy	40.4	41.5	40.0	40.5	41.5
MR	50.0	52.5	51.0	52.0	52.5
LR1	54.8	59.0	57.5	59.0	59.0
<b>SH 5yr % of NB</b>					
Handy	95.8%	90.2%	94.3%	92.4%	90.2%
MR	101.2%	97.2%	98.1%	96.3%	97.2%
LR1	98.2%	92.2%	92.7%	92.2%	92.2%
<b>Scrap Value \$M</b>					
Handy	4.1	4.3	4.6	4.3	4.3
MR	6.4	6.6	7.1	6.7	6.6
LR1	8.2	8.4	9.0	8.6	8.4

## MR Investment Returns

	Jan 2008		
	Newbuild	Secondhand (5yr)	(10yr)
Cost \$M	54.0	52.5	43.0
Operating Costs \$pd	6,840	6,840	6,840
Required TC Rate - for 10% IRR \$pd	26,750	23,750	22,050
Current Rate - T/C \$pd	25,000	25,000	24,000
Current Rate of Return (IRR) %	9.08%	11.03%	12.02%
Sensitivity (+/- \$1,000 T/C rate)	0.55%	0.82%	1.03%

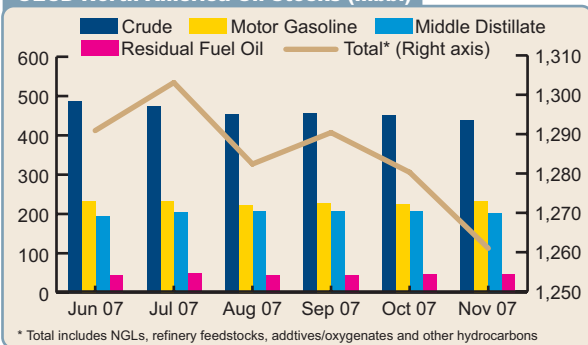
## Tanker Stocks - Snapshot

Company	Country	Price*	% Monthly Change	52 Week High	52 Week Low	P/E Ratio	Last week Avg Vol	Market Cap (M USD)
AP Moeller - Maersk A/S	Denmark	48,700.00	-7.77%	74,100.00	43,000.00	11.62	812	44,747
B&H Ocean Carriers	USA	13.15	-2.16%	20.40	10.01	21.67	7,160	91
Berlian Laju Tankers, PT	Indonesia	2,325.00	-13.08%	2,700.00	1,170.00	14.34	8,324,900 ●	1,161
Bonheur ASA	Norway	217.50	-11.94%	298.55	190.00	7.33	8,503	1,637
Brostrom	Sweden	50.00	-0.50%	79.50	42.70	7.18	174,015	517
Concordia Maritime AB	Sweden	25.00	-11.03%	52.50	24.00	22.99	21,398	201
Euronav Navigation**	Belgium	24.49	0.53%	28.62	17.10	8.33	219,079	1,908
Fisher, James & Sons PLC	UK	546.00	-16.00%	727.00	516.00	22.82	80,469	543
Frontline Ltd	Norway	228.00	-13.96%	294.86	177.06	6.28	110,149	3,148
Frontline Ltd	USA	42.38	-14.57%	53.09	29.35	6.04	1,601,266	3,060
GangerRolf, AS	Norway	198.50	-11.19%	270.05	175.50	8.11	11,479	1,360
General Maritime	USA	24.54	-0.73%	45.33	19.81	12.39	624,653	819
HumpussIntermoda Transportasi Tbk	Indonesia	500.00	-20.63%	900.00	500.00	11.54	30,277	n/a
IM Skaugen	Norway	44.00	-22.81%	65.00	40.00	13.01	3,172	221
Knightsbridge Tankers	USA	26.03	6.72%	34.00	20.25	13.28	146,015	428
Kyoei Tanker	Japan	327.00	-4.39%	762.00	242.00	5.70	712,800	115
Mitsui OSK Lines	Japan	1,294.00	-9.26%	2,040.00	1,073.00	9.67	16,691,600 ●	14,735
Navigazione Montanari SpA	Italy	2.29	-15.81%	4.49	1.90	n/a	324,677	416
Nepline Bhd	Malaysia	0.27	8.00%	0.40	0.18	n/a	25,760	6
Nordic AmericanTanker Shipping	USA	31.27	-7.59%	44.16	25.75	13.48	356,164	937
NYK Lines	Japan	867.00	-2.36%	1,276.00	726.00	11.77	10,604,800 ●	8,322
Overseas Shipholding Group Inc	USA	65.42	-12.85%	91.49	52.74	10.80	1,233,344	2,043
Taiheiyo Kaiun	Japan	246.00	-13.38%	564.00	157.00	51.62	1,837,000	140
Teekay	USA	46.65	53.55%	63.69	39.42	13.76	837,009	3,419
Tsakos Energy Navigation Limited	USA	35.06	-7.74%	39.48	21.99	11.15	311,689	1,334

\* All prices as on 1<sup>st</sup> February 2008 in local currencies except for "\*\*\*\*" companies, which are traded in EUR

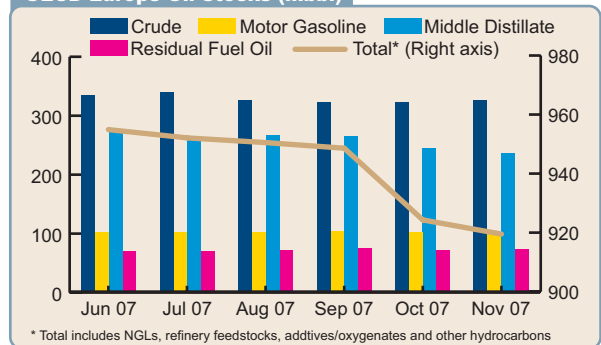
● ● ● Three most active companies - by the number of shares traded in the last week irrespective of the price and market cap

### OECD North America Oil Stocks (mmbbl)



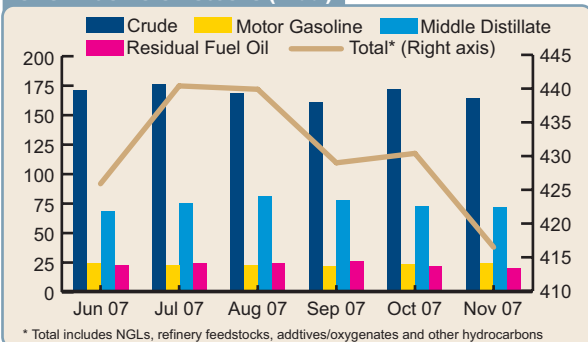
\* Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons

### OECD Europe Oil Stocks (mmbbl)



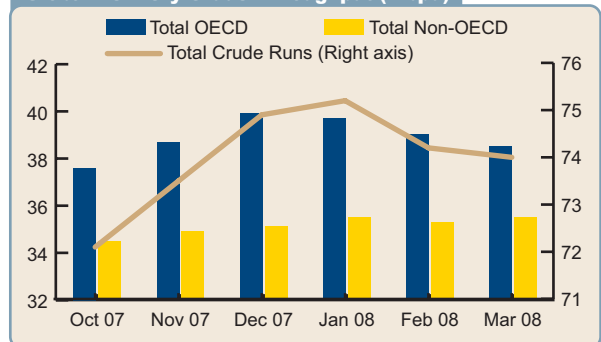
\* Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons

### OECD Pacific Oil Stocks (mmbbl)



\* Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons

### Global Refinery Crude Throughput (mmbpd)



## Fleet Supply

	2006		2007		2008		Dec		Jan	
	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt
<b>Fleet Size - End period</b>										
10-50,000	845	28,765	839	29,045	844	29,269	839	29,045	844	29,269
50-80,000	367	24,407	416	27,752	419	27,970	416	27,752	419	27,970
80-120,000	704	71,537	737	75,686	738	75,820	737	75,686	738	75,820
120-200,000	350	52,733	361	54,674	361	54,673	361	54,674	361	54,673
200,000+	483	141,320	506	148,741	504	148,300	506	148,741	504	148,300
<b>Total</b>	<b>2,749</b>	<b>318,762</b>	<b>2,859</b>	<b>335,898</b>	<b>2,866</b>	<b>336,031</b>	<b>2,859</b>	<b>335,898</b>	<b>2,866</b>	<b>336,031</b>
Average Age	10.9		10.5		10.5		10.5		10.5	
% Double Hull	75.7%		79.5%		79.7%		79.5%		79.7%	
<b>Orderbook - End period</b>										
10-50,000	240	10,642	237	10,544	217	9,661	237	10,544	217	9,661
50-80,000	248	15,541	221	14,160	215	13,757	221	14,160	215	13,757
80-120,000	225	24,714	290	31,921	292	32,123	290	31,921	292	32,123
120-200,000	107	16,963	139	21,929	141	22,245	139	21,929	141	22,245
200,000+	168	51,347	175	53,594	177	54,250	175	53,594	177	54,250
<b>Total</b>	<b>988</b>	<b>119,207</b>	<b>1,062</b>	<b>132,148</b>	<b>1,042</b>	<b>132,036</b>	<b>1,062</b>	<b>132,148</b>	<b>1,042</b>	<b>132,036</b>
% Fleet	37.4%		39.3%		39.3%		39.3%		39.3%	
<b>New orders</b>										
10-50,000	287	9,366	292	8,067	32	953	10	400	32	953
50-80,000	171	10,033	87	5,224	1	50	8	508	1	50
80-120,000	167	18,356	62	6,855	1	110	4	420	1	110
120-200,000	87	13,617	37	5,912	0	0	2	316	0	0
200,000+	109	33,533	34	10,487	2	636	0	0	2	636
<b>Total</b>	<b>821</b>	<b>84,906</b>	<b>512</b>	<b>36,545</b>	<b>36</b>	<b>1,749</b>	<b>24</b>	<b>1,644</b>	<b>36</b>	<b>1,749</b>
<b>Deliveries *</b>										
10-50,000	57	2,402	56	2,428	7	228	7	328	7	228
50-80,000	67	4,343	64	4,213	7	379	4	286	7	379
80-120,000	47	5,144	54	5,953	4	435	1	110	4	435
120-200,000	31	3,940	25	4,003	1	163	0	0	1	163
200,000+	19	5,772	29	8,964	1	300	2	597	1	300
<b>Total</b>	<b>221</b>	<b>21,601</b>	<b>228</b>	<b>25,560</b>	<b>20</b>	<b>1,505</b>	<b>14</b>	<b>1,321</b>	<b>20</b>	<b>1,505</b>
<b>Deletions</b>										
10-50,000	42	1,304	48	1,525	1	38	0	0	1	38
50-80,000	7	435	5	320	0	0	1	68	0	0
80-120,000	10	909	11	999	1	88	1	87	1	88
120-200,000	0	0	2	324	0	0	0	0	0	0
200,000+	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>59</b>	<b>2,649</b>	<b>66</b>	<b>3,168</b>	<b>2</b>	<b>126</b>	<b>2</b>	<b>155</b>	<b>2</b>	<b>126</b>
<b>Secondhand Sales</b>										
10-50,000	166	4,871	174	5,068	12	426	10	391	12	426
50-80,000	44	2,831	57	3,789	8	449	2	141	8	449
80-120,000	48	4,868	70	6,975	5	521	10	1,032	5	521
120-200,000	37	5,648	48	7,258	2	304	2	277	2	304
200,000+	43	12,276	53	14,630	2	529	15	4,222	2	529
<b>Total</b>	<b>338</b>	<b>30,494</b>	<b>402</b>	<b>37,722</b>	<b>29</b>	<b>2,229</b>	<b>39</b>	<b>6,063</b>	<b>29</b>	<b>2,229</b>

\* Provisional deliveries for January 2008

## Drewry Prices

Type of Vessel	Newbuilding Price (US\$m)					Scrap Value (US\$m)				Scrap Price \$/ldt	
	2006	2007	2008	Dec	Jan	2006	2007	2008	Dec	Jan	Jan
MR	46.8	49.5	54.0	54.0	54.0	5.1	6.4	6.6	6.7	6.6	525
Panamax	48.0	56.0	64.0	64.0	64.0	6.4	8.2	8.4	8.6	8.4	525
Aframax	62.9	68.9	78.5	78.0	78.5	8.8	11.2	11.6	11.8	11.6	525
Suezmax	75.5	84.9	90.5	90.0	90.5	10.1	12.8	13.9	13.6	13.9	515
Vlcc	124.9	135.7	146.0	146.0	146.0	14.2	17.9	19.4	19.0	19.4	515
Type of Vessel	Secondhand Value (US\$m, 10 year old)					Secondhand Value (US\$m, 5 year old)					BSPA
	2006	2007	2008	Dec	Jan	2006	2007	2008	Dec	Jan	Average*
MR	30.9	37.7	43.0	41.5	43.0	47.1	50.0	52.5	52.0	52.5	51.6
Panamax	40.0	44.6	47.5	47.0	47.5	47.9	54.8	59.0	59.0	59.0	n/a
Aframax	54.6	56.0	58.5	57.5	58.5	62.5	66.4	69.5	68.5	69.5	69.8
Suezmax	n/a	74.4	75.5	74.0	75.5	76.2	86.6	91.5	91.5	91.5	n/a
Vlcc	n/a	100.7	107.0	104.0	107.0	116.2	123.8	134.0	130.0	134.0	134.6

\* for the month

## Freight Rates

Vlcc	2006	2007	2008	Dec	Jan
<b>TCE Rate (\$/day)</b>					
AG-Japan	47,317	41,850	80,100	149,000	80,100
AG-South Korea	43,700	38,108	80,900	137,300	80,900
AG-N.Europe	47,864	37,383	103,100	132,100	103,100
<b>Average</b>	<b>45,846</b>	<b>39,114</b>	<b>88,033</b>	<b>139,467</b>	<b>88,033</b>
<b>TC Rate - 1 yr (\$/day)</b>					
280k dwt 5 Yr Old	55,992	53,333	62,000	62,000	62,000
280k dwt 10 Yr Old	n/a	48,633	50,000	49,500	50,000
<b>TC Rate - 3 yr (\$/day)</b>					
280k dwt 5 Yr Old	48,617	47,358	50,000	50,500	50,000

Suezmax	2006	2007	2008	Dec	Jan
<b>TCE Rate (\$/day)</b>					
Med-Med	52,833	44,833	66,900	103,900	66,900
W.Africa-Car/Uses	42,300	37,858	40,900	102,000	40,900
<b>Average</b>	<b>47,567</b>	<b>41,346</b>	<b>53,900</b>	<b>102,950</b>	<b>53,900</b>
<b>TC Rate - 1 yr (\$/day)</b>					
150k dwt 5 Yr Old	42,667	43,042	42,000	45,000	42,000
150k dwt 10 Yr Old	n/a	40,467	41,500	42,000	41,500
<b>TC Rate - 3 yr (\$/day)</b>					
150k dwt 5 Yr Old	37,158	37,867	38,500	38,500	38,500

Aframax	2006	2007	2008	Dec	Jan
<b>TCE Rate (\$/day)</b>					
Med-Med	29,383	27,950	37,400	45,400	37,400
N.Europe-N.Europe	40,475	36,875	47,800	61,900	47,800
Caribs-Uses	33,283	32,700	38,100	67,700	38,100
<b>Average</b>	<b>34,381</b>	<b>32,508</b>	<b>41,100</b>	<b>58,333</b>	<b>41,100</b>
<b>TC Rate - 1 yr (\$/day)</b>					
95k dwt 5 Yr Old	35,150	33,413	33,000	33,500	33,000
95k dwt 10 Yr Old	n/a	27,796	27,000	22,000	27,000
<b>TC Rate - 3 yr (\$/day)</b>					
95k dwt 5 Yr Old	28,183	29,208	29,000	29,000	29,000

Panamax	2006	2007	2008	Dec	Jan
<b>TCE Rate (\$/day)</b>					
Caribs-Uses	32,908	34,950	31,200	66,600	31,200
N.Europe-Car/Uses	26,142	25,183	26,400	36,800	26,400
<b>Average</b>	<b>29,525</b>	<b>30,067</b>	<b>28,800</b>	<b>51,700</b>	<b>28,800</b>
<b>TC Rate - 1 yr (\$/day)</b>					
75k dwt 5 Yr Old	n/a	30,408	29,500	27,700	29,500
75k dwt 10 Yr Old	n/a	24,608	24,000	21,500	24,000
<b>TC Rate - 3 yr (\$/day)</b>					
75k dwt 5 Yr Old	25,700	26,042	26,000	26,000	26,000

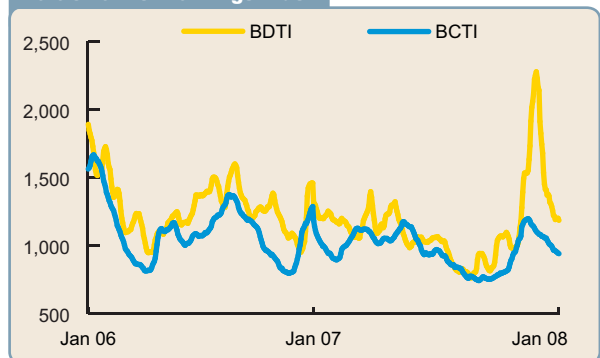
Product	2006	2007	2008	Dec	Jan
<b>TCE Rate (\$/day)</b>					
Med-Med (Handy)	17,375	20,400	12,700	24,300	12,700
Sing-Japan (MR)	13,117	15,783	12,100	17,600	12,100
Caribs-Uses (MR)	19,917	18,175	15,900	14,600	15,900
Med-N.Europe (MR)	8,450	20,058	13,200	26,200	13,200
N.Europe-Uses (MR)	13,392	24,683	21,200	20,600	21,200
AG-Japan (LR1)	26,117	23,908	29,000	31,900	29,000
AG-Japan (LR2)	23,975	21,058	31,900	31,200	31,900
<b>Average</b>	<b>17,477</b>	<b>20,581</b>	<b>19,429</b>	<b>23,771</b>	<b>19,429</b>
<b>TC Rate - 1 yr (\$/day)</b>					
30k dwt 5 Yr Old	21,417	22,200	22,500	22,000	22,500
30k dwt 10 Yr Old	15,083	15,150	15,000	14,900	15,000
45k dwt 5 Yr Old	26,792	25,367	25,000	25,000	25,000
45k dwt 10 Yr Old	19,775	22,121	24,000	22,200	24,000
<b>TC Rate - 3 yr (\$/day)</b>					
30k dwt 5 Yr Old	19,100	20,363	21,250	21,000	21,250
45k dwt 5 Yr Old	21,675	22,146	22,500	22,250	22,500

## Forward Freight Agreements\* (FFA)

	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Cal 2009	Cal 2010
<b>AG-Japan</b> (260,000 mt)	133	107	100	85	80	81	79	76
<b>W.Africa-USAC</b> (130,000 mt)	135	128	124	116	111	110	111	108
<b>North Sea-Cont</b> (80,000 mt)	134	130	123	122	112	110	120	118
<b>AG-Japan</b> (55,000 mt)	182	179	172	171	173	179	170	168
<b>Cont-USAC</b> (37,000 mt)	234	232	231	230	228	222	206	204
<b>Sing-Japan</b> (30,000 mt)	196	205	210	213	218	219	215	212

\* Worldscale prevailing at reported time of fixing  
Source: Baltic Exchange 1<sup>st</sup> February 2008

## Baltic Tanker Earnings Index



## The Crude Tanker Fleet & Orderbook: January 2008

Size ('000 dwt)	Existing Fleet*		Orderbook										% of Fleet Dwt	
	No.	Dwt	2007		2008		2009		2010+		Total			
			No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt
<b>10-50</b>	200	5,366	6	213	0	0	0	0	0	0	6	213	4.0	
<b>50-80</b>	162	10,841	7	502	13	943	5	378	0	0	25	1,823	16.8	
<b>80-120</b>	591	61,048	58	6,279	75	8,170	49	5,394	10	1,105	192	20,947	34.3	
<b>120-200</b>	356	53,914	21	3,306	59	9,316	47	7,421	14	2,204	141	22,245	41.3	
<b>200-320</b>	496	145,250	36	10,948	62	19,069	45	13,721	21	6,353	164	50,090	34.5	
<b>320+</b>	8	3,050	2	640	5	1,600	4	1,280	2	640	13	4,160	136.4	
<b>Total</b>	<b>1,813</b>	<b>279,469</b>	<b>130</b>	<b>21,887</b>	<b>214</b>	<b>39,097</b>	<b>150</b>	<b>28,193</b>	<b>47</b>	<b>10,301</b>	<b>541</b>	<b>99,479</b>	<b>35.6</b>	

\* Fleet less 10-50,000 dwt tankers built before 1st July 1975

## The Drewry Demand Index

The Drewry demand Index is an attempt to measure demand for oil tankers - both crude and Clean. The Index is not designed to be an absolute measure of demand, rather provides an indication as to changes in demand and thus provides an accurate trend of tanker demand. The methodology employed utilises tracking of the tanker fleet and fixtures over an extended period of time (in this case two years) and thus grouping oil movements by vessel types. By relating vessel employment to oil production by country and region an assessment of tanker demand can be made, which is then converted to an Index using January 1998 as the 100 mark.

## Assumptions for Investment Return calculations

- Newbuilding - Delivery in 18 months, 25 year trading life.
- Secondhand - Prompt delivery five year-old, 20 year trading life.
- Residual value based on prevailing scrap rates.
- 2008 operating costs.
- 360 trading days.
- Sensitivity implies for a \$1,000pd change in TCE, the given change in IRR is produced.
- Time charter rates are for 5 year old vessels.

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### Tanker Insight

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