GOLDEN DESTINY

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 30th March 2012 (Week 13, Report No: 13/12)

(Given in good faith but without guarantee)

The week ended with a high pace of activity in all markets with secondhand purchasing business standing at similar levels with demolition and newbuilding keeping its record levels from last week's high momentum. The appetite is strong for the purchase of secondhand bulk carriers of all sizes and ages, with the scrapping momentum of dry bulk carrier units recording one more exceptional year of record business.

The highest activity has been reported in the newbuilding market with 40 deals reported in total, with gas tankers being the most promising vessel type for healthiest earnings, while a strong activity in the placement of supramax dry bulk carrier units, by a Chinese player, made bulk carrier segment to attract the lion share of this week's total newbuilding activity.

Overall, 39 transactions reported worldwide in the secondhand and demolition market, up by 30% week on week due to a 64% rise in the purchase of secondhand units with higher buying momentum for dry bulk carriers and tankers. At similar week in 2011, the total S&P activity was 31% lower, when 27 transactions had been reported and secondhand ship purchasing activity was 82% higher than the ordering business.

SECONDHAND MARKET

Dry and wet units keep a high buying momentum with investors keeping their appetite solid as we move in the second quarter of the year, while the secondhand buying boxship interest remains scarce. A notable sale has been reported this week in the dry bulk carrier segment for a Jiangsu capesize resale of 176,000 dwt built 2011 at a price of $38 mil, when in October last year a similar vessel Chinese built was said to have changed hands for region $49,5mil.

Overall, 18 vessels reported to have changed hands this week at a total invested capital in the region of US$ 172 mil, two deals reported at an undisclosed sale price, with bulk carriers and tankers grasping 50% and 33% share respectively of the S&P activity. In terms of the reported number of transactions, the S&P activity is up by 64% from previous week's activity, with a 80% rise in bulk carrier purchases, and down by 10% comparable with previous year's weekly S&P activity when 20 vessels induced buyers' interest at a total invested capital of about $280,95 million, with bulk carriers and tankers holding 85% of the total volume of S&P activity. In terms of invested capital, the bulk segment appears the most overweight by attracting about 62% of the total invested capital with tankers to follow by holding 35% share.

NEWBUILDING MARKET

In the newbuilding market, business remains strong from last week's high levels with bulk carriers and gas tankers attracting the majority of the business. In the tanker segment, MR product size of 52,000 dwt is still on the centre of investors' focus on the back of firmer product demand prospects, while in the container market the post panamax newbuilding appetite seems to have disappeared for this year with some fresh activity being reported for an order of two sub-panamax units.

Overall, the week closed with 40 fresh orders reported worldwide at a total deadweight of 1,174,000 tons, posting an 8% week-on-week increase. This week's total newbuilding business is up by 264% from similar week's closing in 2011, when 11 fresh orders had been reported with only one newbuilding contract in the bulk carrier segment, one in the tanker and four in the container. In terms of invested capital, the total amount of money invested is estimated at region $402,5 mil with 55% of the total number of orders being reported at an undisclosed contract price. Notable ordering business has been in the bulk carrier segment, the construction of ten supramax units of 51,000dwt by an undisclosed Chinese contractor in domestic yard, Taizhou Kouan Shipbuilding.

In the **bulk carrier** segment, the supramax size is on the spotlight on the back of firmer vessel returns amid the distressed capesize freight market status. In the panamax segment, Greek player Diana Shipping announced that it has signed, through separate wholly-owned subsidiaries, two shipbuilding contracts with China Shipbuilding Trading Company, Limited and Jiangnan Shipyard (Group) Co., Ltd, for the construction of two Ice Class Panamax dry bulk carriers of approximately 76,000 dwt each for a contract price of US$29 million per vessel. The Company expects to take delivery of the vessels during the fourth quarter of 2013.

In the **tanker** segment, Italian player Scorpio Tankers has confirmed an order for one MR 52,000 dwt product tanker with delivery in 2013, increasing the tally of its orderbook to eight product tankers for delivery between July 2012 and May 2013, at a contract price of region US $36 mil.

In the **gas** tanker segment, Exmar is pleased to announce the order of up to 8 LPG-vessels of 38,000 cum capacity at Hyundai Mipo for delivery from the First Quarter of 2014 onwards. These vessels will be dedicated to strengthen EXMAR's already substantial commercial portfolio in the mid-size segment and designed to stay ahead of the upcoming amendments in environmental legislation. In addition, Greek player Brave Maritime has placed 4 LPG units in STX Busan of South for delivery 2014-2015 with a capacity of 6,500 cum and 5,000 cu.m. In the **LNG segment**, executives at Greece's Tsakos Energy Navigation confirmed that it would order its first diesel electric powered LNG vessel of 162,000 cbm, for delivery in late 2014-2015, with an option for a second. It is understood that it have signed a letter of intent with Hyundai Heavy Industries with expected final confirmation next week.

In the **container** segment, Long Greek Lomar has signed an order with the Guangzhou Wenchong Shipyard in South China, for two sub-panamax units, 2,190 TEU, with an option for four more, scheduled for delivery starting from early 2014. The vessels have been designed by leading Chinese design institute SDARI (Shanghai Merchant Ship Design and Research Institute) and meet the highest standards for fuel efficiency and environmental compliance. The investment restates Lomar's dedication to container shipping with renewals and additions to the fleet which benefit from the latest fuel-efficient designs, and follows the company's order earlier this year for up to six new bulk carriers from China's COSCO Group. "We are re-investing in our fleet with these new vessels," said Achim Boehme, CEO of Lomar. "Wenchong has a very strong reputation for delivering excellent quality container vessels and being among the best shipyards in the 'feeder' size sector. We look forward to taking delivery of these newbuildings which will enhance our existing portfolio and allow us to stay competitive, continuing to offer a comprehensive service across the whole of Lomar with a modern, fuel-efficient fleet."

In the **offshore** segment, undisclosed US contractor has placed an order for four platform supply vessels in Cosco Guangdong of China at a price region of $26,25 mil each, with an option six more, for delivery in 2014.

DEMOLITION MARKET

In the demolition market, the scrapping business keeps its high record pace every week with an average number of disposals more than 15 vessels. Bulk carriers are the most popular scrap candidates as the dry freight market still tries to find its supply-demand balance with the BDI fluctuating below 1,000 points. During the first quarter of the year, there has been 84% increase in the number of bulk carriers disposals from January-March 2011, 97 bulk carriers reported to have been sent in the scrap yards, 112 units, with intense scrapping momentum in small and large sized vessels. India leads the market with Bangladesh price levels being not impressive and China securing more tonnage than Chittagong scrap buyers at levels below $450/ldt. Scrap prices remain below $500/ldt for dry/general cargo and near $500/ldt for tanker units with no signs for a prompt firmer upturn.

The week ended with 21 vessels reported to have been headed to the scrap yards of total deadweight 1,104,001 tons. In terms of the reported number of transactions, the demolition activity is up by 11% from previous week, with the bulk carrier segment holding 43% of the total reported number of disposals. In terms of total deadweight sent for scrap there has been a fall of 8.6% on a weekly basis due to non reported demolition activity for large sized tanker units. In the bulk carrier segment, one VLOC and one capesize went for disposal, while in the tanker segment two aframax units.

In terms of scrap price, the highest scrap rate has been achieved this week in the tanker segment by India for a small unit of 10,236 dwt with 3,488 ldt built 1994 M/V “SUN QUEEN 1” at $820ldt, including 426tons solid stainless steel. India is on the frontline by winning 11 of the 21 total demolition transactions. At a similar week in 2011, demolition activity was 66% down, in terms of the reported number of transactions, 7 vessels had been reported for scrap of total deadweight 261,497 tons with bulk carriers and tankers grasping 72% of the total number of vessels sent for disposal. Scrap prices were floating at same levels with a higher momentum than today. Bangladesh and India had been offering $485/ldt for dry and $500-$510/ldt for wet cargo.

GREEK PRESENCE

In the newbuilding market, there was one more week with strong Greek investment plans as in the previous week for placement of newbuilding contracts in the main vessel segments, bulk carriers, gas tankers and containers. In the bulk carrier segment, Diana Shipping has placed an order of two 76,000 dwt units in China Shipbuilding Trading Company Limited and Jiangnan Shipbuilding for a price region of $29 mil each for delivery in 2013. In the LPG segment, Brave Maritime has placed an order for four units at STX Busan of South Korea for delivery 2014-2015 with a capacity of 6,500 cum and 5,000 cu.m. In the LNG segment, executives at Greece’s Tsakos Energy Navigation confirmed that it would order its first diesel electric powered LNG vessel of 162,000 cbm, for delivery in late 2014-2015, with an option for a second. In the container segment, Long Greek Lomar has signed an order with the Guangzhou Wenchong Shipyard in South China, for two sub-panamax units, 2,190 TEU, with an option for four more, scheduled for delivery starting from early 2014. Their total amount of money invested for the placement of **newbuilding** units is estimated to be in the region of more than $97,6mil, 4 deals reported at an undisclosed contract price, while in the **secondhand** market have invested about $34,2 mil, for the purchase of one dry bulk panamax unit built 2000, one dry bulk supramax unit built 1989 and one aframax tanker unit built 1999.