GOLDEN DESTINY

SHIPBROKERS - SHIP VALUATORS - SHIPPING CONSULTANTS - MARINE INSURANCE

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<u>Overall outlook of shipping investments during the first half of the year "2012": Secondhand / Demolition / Newbuilding Market</u>.

(Given in good faith but without guarantee)

The eurozone debt crisis deepens with Asian and US economies facing severe also slowdown, while fiscal monetary policy is being adjusted to stimulate economic growth and prevent further contagion. A factory slump in Asia's two biggest exporters, China and Japan, deepened in June, as export orders fell to a seven month low, highlighting increased worries that the health of the global economy is deteriorating. China's manufacturing activity fell to a seven-month low in June, according to official figures, despite government efforts to arrest a slowdown in the world's second largest economy. The official purchasing managers' index (PMI) slipped to 50.2 in June from 50.4 in May, the China Federation of Logistics and Purchasing said in a statement. June's figure marks the lowest level since November last year, when PMI hit 49, according to previously released data. A PMI value above 50 indicates expansion, while a reading below 50 means contraction. Chinese government, in an effort to prevent further slowdown in its economy, cut interest rates on June 8th, for the first time in more than three years, and also trimmed the amount of cash that banks must keep as reserves for a third time in May, since December. There are hopes that China's economy slowdown may stabilize in the third quarter and it could meet its target growth of 7.5% for this year.

US manufacturing activity also contracted for the first time in three years reassuring that the global economy is already suffering seriously from the eurozone debt crisis and China's economic slowdown. In a shock to economists, who were expecting manufacturing growth to slow moderately, the Institute for Supply Management's survey on the US industrial sector reported a large decline in activity from 53.5 in May to 49.7 in June, its lowest level since the recession ended in mid-2009. The weak ISM data emerges from China's slow pace of industrial expansion, while eurozone manufacturing activity remains at its weakest level in three year. Eurozone manufacturing activity has contracted each month since August 2011, while, in Germany, the eurozone's largest economy, the index for June showed manufacturing activity shrinking at its fastest pace since June 2009. It seems that a significant part of the weakness looks to be trade contagion with worldwide economy struggling to find a pace of positive growth since the end of 2008.

The worldwide economic recession and faltering trade growth bring also headwinds in the shipping market, which is still facing the challenge of "oversupply". A positive development from the economic contraction on shipping players has been the recent drop of bent crude oil price and the lower cost of bunkering expenses in major ports. Brent crude spot price has slipped to near $100/barrel, from more than $120/barrel during the first quarter of the year with IFO 380 bunker fuel cost floating at less than $600/barrel in Fujairah from the highs of 2011, when IFO 380 prices were more than $700/barrel. The Bank of America Merrill Lynch forecasts a price of $106/bbl for Brent crude and $97/bbl for US WTI crude oil in 2H 2012, while contraction in OECD Europe demand for crude oil on account of Europe debt crisis and excess supplies of crude oil, create downside risks on the oil demand. BofAML also said that the risk of $60/bbl for Brent crude won't go away soon due to the latest developments in Eurozone debt crisis and its impact on emerging economies. The freight market momentum continues to seem negative in the dry and wet markets, while containers are showing signs of significant improvement from 2011, with investors adjusting their strategy to confront the downward spiral and benefit from the slump in asset prices.

SECONDHAND MARKET (FIRST HALF)				NEWBUILDING MARKET (FIRST HALF)				DEMOLITION MARKET (FIRST HALF)			
Vessel Type	2012	2011	% of change	Vessel Type	2012	2011	% of change	Vessel Type	2012	2011	% of change
	No. of Actual Sales		2012-2011		No. of Orders		2012-2011		No. of Demo		2012-2011
Bulkcarriers	185	196	-6%	Bulkcarriers	220	355	-38%	Bulkcarriers	217	147	48%
Tankers	145	165	-12%	Tankers	106	67	58%	Tankers	76	68	12%
Gas Tankers	22	42	-48%	Gas Tankers	68	48	42%	Gas Tankers	11	14	-21%
Liners	61	78	-22%	Liners	24	40	-40%	Liners	93	90	3%
Containers	79	51	55%	Containers	44	224	-80%	Containers	64	18	256%
Reefers	3	4	-25%	Reefers	0	0	0%	Reefers	39	27	44%
Passenger / Cruise	2	5	-60%	Passenger / Cruise	21	11	91%	Passenger / Cruise	1	1	0%
Ro - Ro	12	27	-56%	Ro - Ro	11	5	120%	Ro - Ro	16	22	-27%
Car Carrier	0	0	N/A	Car Carrier	8	2	300%	Car Carrier	0	0	N/A
Combined	0	0	N/A	Combined	0	0	0%	Combined	5	1	400%
Special Projects	46	42	10%	Special Projects	227	160	42%	Special Projects	12	14	-14%
Total	555	610	-9%	Total	729	912	-20%	Total	534	402	33%

Under the adverse worldwide economic scene, shipping investments haven't lost their momentum with owners being eager in the purchase of secondhand vessels, skeptical on the placement of newbuilding contracts and more than willing to dispose their overaged vessels, even at lower scrap price levels.

The first half of the year ended with the demolition activity persisting to be at record high levels, showing significant increases in the bulk carrier and container segments, while overall it has moved 33% higher from the first half of 2011, and it is expected to continue at a robust pace as the freight market's underperformance welcomes a high volume of business during the second half of the year. In the secondhand market, there has been a 9% downfall from the investments of 2011, with dry bulk carriers purchasing activity showing the smallest decline of 6% and containers showing a revival with a 55% increase, in the number of vessels reported to have changed hands. In the newbuilding market, investors seem to follow the newbuilding trends of 2011 with less contracting activity in the bulk carrier and container segment, stronger momentum in the tanker from the placement of MR product units and intense contracting activity in the offshore segment, while LNG carriers are still on their spotlight from the buoyant spot freight market with rates at $164,000/day, the highest since December, from about $60,000/day in January 2006.

In the **dry market**, the second quarter of the year ended with a positive sense as the Baltic Dry Index finally broke the psychological barrier of 1000 points from its continuous fall during May, by closing on June 29th at 1004, down by 38% from January 3rd at 1624 points, with capesize average spot charter earnings showing a fall of more than 80% by reaching levels of $3,988/day, from about $24,000/day at the beginning of the year. On mid June, capesize average spot earnings fell at their lowest point since December 2008, of less than $3,500/day, with panamax vessels showing softness at levels of less than $8,000/day from more than $13,000/day at the beginning of May.

During the Lehman crisis of 2008, capesize average time charter earnings have dipped to $2,318/day on the beginning of December of 2008, from the peak of $233,988/day on June 5th 2008. The levels of 2008 belong in a forgettable past with dry bulk operators finding ways to adjust their operational results in the current weak freight market. The recent slide of bunkering costs, the record scrapping activity of this year and the low ordering activity have eased at some level the pain of the market, but the dry cargo demand is not yet at levels that could remedy the imbalance of the freight markets between vessels' supply and demand.

During the first days of July, BDI continues its upward trend with capesize average spot earnings surpassing the barrier of $5,000/day and panamax earnings climbing to more than $8,000/day. Smaller vessel categories, supramax and handysize units are showing firmness at levels of more than $13,000/day and $10,000/day respectively. The positive performance of smaller vessel categories has been supported by increased movement of grains and a number of minor bulk cargoes, while the fragile Chinese iron ore and coal demand impaired the demand for capesize and panamax tonnage. Chinese demand for imported iron ore cargo posed weakness in June due to a tremendous decline in steel production and a large amount of iron ore stockpiled at Chinese ports, despite the rise of Chinese iron ore imports in the first five months of the year to around 300.1mt, up 9% year-on-year.

The recent euphoria in the capesize and panamax segment has pushed BDI above 1,000 points, but the prospects for the second half of the year are not yet promising for the capesize segment and overall the performance of the dry market. Chinese steel production has not yet recovered, port stockpiles are elevated, above 96 million tons of iron ore and 8.7 million tons of coal, while Chinese iron ore demand is expected to show not significant strength in the coming weeks. Chinese demand for imported thermal coal is also poised to remain low on the short term, as power plant and coal stockpiles remain high and hydropower production continues to be on rise. However, peak summer electricity demand season is underway in China and a rebound in thermal coal fixture volume is likely for the second half of the year with stronger panamax earnings.

Despite the recent negative picture of capesize ton mille demand, there is still faith in the segment as Chinese government's stimulus measures in the industrial sector may bring firmer iron ore demand, but it seems difficult the capesize average spot earning to surpass the levels of $10,000/day as they are struggling to perform in the current vessel's supply figures, when in December of 2011, they were floating at levels near to $30,000/day. Under the current fundamentals, shipping players prefer to move towards the scrapping of overaged large sized vessels, capesizes and panamaxes, with secondhand investments being on the frontline as more preferable type of investment than the construction of new units. Smaller vessel categories, from handysizes to supramaxes, are in the focus of investors either for purchase of a secondhand unit or the placement of a new contract, due to their resistance in the current slump of freight markets. There is still a strong competition between the low secondhand and newbuilding asset prices, from the highs seen during 2008, while investors are reconsidering their newbuilding plans on the basis of a pessimistic market outlook, with major players that have easy access to shipping finance and capital markets proceeding in firm newbuilding transactions at Korean or Chinese yards.

Secondhand asset prices have plunged from the first half of 2011, especially in the large sized vessel segments, capesize and panamax, with the BDI triggering further falls during the second half of the year. According to the Baltic Exchange's Sale and Purchase Assessments, the value of a 5yrs old capesize of 172,000dwt has dropped to about $33,4mil from $42,9 at the end of June 2011, while at end of June 2008 was more than $153mil. In the panamax market, the value of a 5yrs old vessel of 74,000dwt is now at near $23mil, from $30,8 at the end of June 2011, while at the end of June 2008 was more than $88mil. In the supramax segment, the value of 5yrs old vessel of 52,000dwt is now in the region of $22mil from $27,5mil at the end of June 2011, while at the end of June 2008 was at more than $75mil.

In the newbuilding market, similar sharp declines in prices offered by major yards are viewed with investors being more conservative in the placement of new contracts as the instability of the freight market and the challenge of oversupply with upcoming deliveries are creating uncertainty for strong newbuilding investments. A capesize unit of 186,300 dwt reported on order in February this year at Shanghai Waigaoqiao of China for a price in the region of $49,8mil, while at the end of May 2008, a capesize unit of 176,000 dwt had been reported on order at Chinese yard, Zhoushan Jinhawaian for a price about $88,5mil.

In the **wet market**, investors are showing the same buying trends with the dry market by being more eager in the purchase of smaller vessel sizes, MR product units, less than willing in the placement of crude carrier vessels under construction, while there is still slower volume of demolition transactions than in the bulk carrier segment. The crude tanker freight market remains in the doldrums from faltering U.S. and European oil demand, while vessel earnings are not expected to surpass the break even levels during the second half of the year. In the VLCC market, rates from Arabian Gulf to Japan for a 260,000dwt unit is now at WS42 with time charter equivalent earnings at $20,000/day, from WS60 at the end of January with time charter equivalent earnings at $35,500/day, while in 2008 earnings averaged at $96,900/day. In the suezmax market, rates for 135,000dwt unit in WAFR-USAC route is now at WS62.5 with time charter equivalent earnings at $15,700/day, from WS 80 at the end of January with time charter equivalent earnings at $21,100/day, while in 2008 earnings averaged at $60,200/day. In the aframax market, rates in North Sea-Continent are now at WS95 with time charter equivalent earnings at $21,100/day, showing a mild decline from end of January, when rates were at WS100, while in 2008 earnings averaged at $52,400/day.

The falls of the crude freight rates have also added in the downward spiral of secondhand asset prices with investors trying to exploit the price differentials and expand their fleet via modern secondhand units. According to the Baltic Exchange's Sale and Purchase Assessments, the value of a 5yrs old VLCC of 305,000dwt, is now at $57mil from about $82mil at the end of June 2011, while at the end of June 2008 was at $157 mil. The value a 5yrs old aframax unit of 105,000dwt is now at about $30mil, from $38,9mil at the end of June 2011, when at the end of June 2008 was more than $74mil. In the MR product segment, the downward revision of asset prices is softer than large sized vessel categories, the same with supramax dry bulk carriers. The value of a 5yrs unit of 45,000dwt is now about $22,5mil, from $29 mil at the end of June 2011, while at the end of June 2008 was in the region of $53mil.

The world oil demand is the key factor lying behind the rebound of the crude freight rates combined with intense scrapping activity and low volume of newbuilding activity. According to OPEC's latest Report of June, world oil demand growth in 2012 is expected at 0.9 mb/d, y-o-y to average 88.7 mb/d, unchanged from the previous report. The first half of this year experienced various economic developments world-wide, which placed a great amount of uncertainty on oil demand. This has been related to two main factors: the turbulence in the world economy and the volatility in oil prices. The effects of these are expected to last until the end of the year and indicators do not point clearly towards a stabilizing of the world economy. The economies of the US, Europe and, to a certain degree China are still slowing down mildly. Hence, world oil demand in the second half of this year will face even greater degree of uncertainty. US and European oil demand will contribute a large share of this uncertainty, while the upcoming driving season in the Northern Hemisphere might be affected by retail gasoline prices and economic development, leading to a further decline in world oil demand.

However, the Paris based International Energy Agency keeps a positive position on the future oil demand. The Eurozone crisis may be worsening and the European refining operations may be constrained by weak margins, but the June Oil Market Report (OMR) of International Energy Agency (IEA) predicts there will be a sharp rise in crude oil demand in the coming months. According to June OMR, summer power generation demand and potential continued non-OECD stockpiling could boost crude demand further.

In the **container market**, the momentum in the freight market has improved during the second quarter of the year, while there are still concerns on the overcapacity with hopes from an increased demolition activity in the period January-June. The newbuilding activity remains low from the previous high volumes of 2011 and 2010, while the low newbuilding prices still tempt owners for the placement of new boxships in the post panamax segment. June ended with a rise in the Shanghai Container Freight from a remarkable increase in the main trade from Shanghai to base ports of Europe and in the secondary trading route from Shanghai to Australia (Melbourne). The Shanghai Container Freight Index ended on Friday 29th June at 1460, up by 2% from previous week's closing at 1425, while is up by 54% from the end of December 2011, when it was at 948.

On a weekly basis, rates on Asia-Europe and Asia-Mediterranean routes have shown an increase by 22% and 12% respectively by rising to $1888/TEU and $1892/TEU respectively, from $1549/TEU on Asia – Europe and $1685/TEU on Asia-Mediterranean. Rates on the Asia-Europe route are now 166% higher than this year's lowest level on February 17th, when they were at $711/TEU and 3% down from this year's peak of $1934/TEU on May 4th. The same outstanding increases have been also noted in the rates of Asia-Mediterranean by recording a 158% upward movement from this year's bottom low of $735/TEU on February 17th and 7% down from this year's peak of $2033/TEU on May 4th.

In transpacific routes, Asia-USWC and Asia-USEC, spot rates plus surcharges have posed softness, but they are still firm by standing 26% and 17% respectively above from the end of the first quarter. On a weekly basis, rates on Asia-USWC are now at $2571/FEU, 4% down from $2678/FEU on Friday 22ND June, while rates on Asia-USEC are at $3752/FEU, down by 1% from $2678/FEU. On December 9th 2011, rates on Asia-USWC route were 45% lower than today's levels by standing at $1419/FEU and on Asia-USEC were at $2524/FEU, down by 29%.

The average value of SCFI for the second quarter of the year shows an increase by 35% from the previous quarter with liners' profitability being restored as demand for containerships reduces the size of the idle fleet. According to Alphaliner figures, the laid up tonnage has fallen to 438,000 TEU or 3% of the total existing fleet, the lowest in seven months, while the containership orderbook has dropped to 23% of the global fleet from 60% in the first quarter of 2008. Only nine boxships of over 5,000 TEU are estimated to be idle, from 50 in March, while there is still a large number of a smaller vessel size that remains laid up, over 100 ships in the range of 1,000TEU-3,000TEU are without employment. Noteworthy is that larger vessels above 7,500 TEU are all employed with only two being idle in this category, which shortly will enter the active fleet.

The recent upward movement of spot market is not yet secured for the long term as the issue of overcapacity seems to have not been resolved despite the slower growth of fleet, as per data from Alphaliner shows the global containership fleet had passed the 16m TEU mark with 772,000 TEU delivered so far in the first six months of the year. The capacity delivered during this semester represents 5.0% of the global cellular fleet at the beginning of the year. Alphaniler also commented that it has taken the fleet 12 months to climb from 15 to 16mTEU, while it took nine months to climb from 14 to 15mTEU and nine months to climb from 13 to 14mTEU. The slower rate of fleet growth could be explained by the increased scrapping activity aggregating 163,000 TEU being delivered so far to breakers or decommissioned during the first six months of the year, compared to total deletions of 107,000TEU for the whole of 2011. Although the high scrapping level, the capacity removed remains only a fraction of the new vessel deliveries with a further 670,000 TEU due to be delivered in the second half of 2012, posing a significant challenge for an industry that is still suffering from excess supply with fears for lower scrapping removals due to the recent drop of scrap price levels.

Under the current market fundamentals, Taiwanese carrier Yang Ming Marine Transport plans to order five ultra large boxships of 14,000 TEU-16,000 TEU by the end of this year. Yang Ming has yet to decide how will finance the order and it plans to raise $T8bn ($267.9m) from sales of convertible bonds to build working capital that could limit its requirement to borrow. On the other hand, Greek shipowner Enesel, part of NS Lemos group of companies, is confirmed to have contracted 10 ultra large containerships of 13,800 TEU under a long term charter to Evergreen Line of Taiwan. The order has been initially rumoured to have been placed by Korea Infrastructure Investments Asset Management Co. to be chartered to Evergreen for 10 years at around $50,000/day with a purchase option on the vessels at the end of the charter, put the deal failed as the contractor was unable to raise the necessary fund and the parties could not reach consensus on some technical issues within a mutually agreed time limit. In the large panamax segment, London based Zodiac Maritime Agencies is said to have finalized a 10 boxships order of 5,000 TEU at STX Offshore & Shipbuilding Chinese facility in Dalian at the price of $40mil each for delivery in early 2014. However, market sources suggest that the contract price may be even lower in the region of $40mil each and Zodiac has penned a letter of intent for five plus five 5,000 TEU boxships.

APL, the container shipping unit of Singapore's Neptune Orient Lines (NOL), has taken delivery of the 10,700-TEU APL Salalah, built by South Korea's Daewoo Shipbuilding, and is the second vessel in a series of six ordered in June 2007. In addition, BOX SHIPS, the New York-listed, Athens-based start-up that specialises in container feeder vessels, has taken delivery of its eighth vessel, the 5,344-TEU OOCL Hong Kong under a 36-month charter at US$26,465, daily rate to Hong Kong's Orient Overseas Shipping Company.

SECONDHAND MARKET

Overall, in terms of shipping investments, the second quarter of the year ended with secondhand buying momentum showing a 24% increase from the previous quarter and a soft decline of 9% from the first half of 2011. During January-June 2012, 555 vessels reported to have changed hands at a total invested capital of more than $6,1bn, 94 sale and purchase transactions reported at an undisclosed sale price, with dry bulk carriers and tankers holding 33% and 26% respectively of investors' interest, while containers and liners follow with a 14% and 11% share respectively of the total S&P activity. The bulk carrier, gas tanker and container segments have shown a sharp revival in the volume of vessels reported to have changed hands from the previous quarter with a 31%, 44% and 39% increase respectively. The total amount of money invested for secondhand units this year is lower than the first half of 2011, 43% down, when 610 vessels had been reported to have changed hands at more than $10,7bn, with 103 sale and purchase transactions at an undisclosed sale price.

The bulk carrier segment has shown a 31% increase with a total 105 vessels reported to have changed hands during April-June 2012 from 80 vessels in the first three months of the year, while a total of 185 vessels reported sold during the first half of the year at a total invested capital of more than $2,5bn, 11 sale and purchase transactions reported at an undisclosed contract price. Amid the severe freight market status with capesizes struggling to cover their operating expenses and BDI crawling to remain above 1,000 points, investors haven't lost their buying appetite by slowing their secondhand purchases only 6% down from the first half of 2011, when 196 bulk carriers changed hands at a total invested capital of more than $3,4billlion. The bulk carrier segment is the segment that posed the least downfall among other vessel categories in the purchase of secondhand units compared with the first half of 2011.

In the tanker segment, secondhand purchasing activity is standing only 10% higher from the first quarter of the year, with investors showing less faith in the purchase of tanker vessels than dry bulk carriers. The first half of the year ended with 145 tankers in total reported to have changed hands at a total invested capital of more than $1,8 bn, 12 sale and purchase transactions reported at an undisclosed sale price, posing a 12% downfall from January-June 2011, when 165 tankers reported on sold at a total invested capital of more than $4billion. The container segment appears to be the only segment showing a remarkable increase of 55% in the secondhand buying momentum from the first half of 2011. It seems that the revival of the spot container freight market in the main line haul trading routes and the appealing low asset prices stimulated bigger confidence in the purchase of secondhand boxships than the first half of 2011. During January-June 2012, 79 boxships reported sold at a total invested capital of more than $740mil, when in the first half of 2011, 51 containers had been reported sold at a total invested capital of more than $1,474bn.

	2012 SECONDHAND ACTIVITY PER QUARTER			1H 2012 SECONDHAND ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Actual Sales	Invested Capital		P&C Terms	Sales	2012-2011
	No. of Actual Sales	No. of Actual Sales	No. of Actual Sales	No. of Vessels	(US$)	EURO	No. of Vessels	No. of Sales	in No. of Units
Bulkcarriers	80	105	31%	185	2.521.066.840	0	11	196	-6%
Tankers	69	76	10%	145	1.798.575.000	0	12	165	-12%
Gas Tankers	9	13	44%	22	468.400.000	0	3	42	-48%
Liners	30	31	3%	61	125.030.000	420.000	22	78	-22%
Containers	33	46	39%	79	740.100.000	3.400.000	10	51	55%
Reefers	0	3	N/A	3	12.500.000	0	0	4	N/A
Passenger / Cruise	2	0	-100%	2	2.275.000	0	0	5	-60%
Ro - Ro	10	2	-80%	12	19.300.000	0	8	27	-56%
Car Carrier	0	0	0%	0	0	0	0	0	N/A
Combined	0	0	0%	0	0	0	0	0	N/A
Special Projects	15	31	107%	46	456.400.000	0	28	42	10%
2012	248	307	24%	555	6.143.646.840	3.820.000	94	610	-9%
%of change 2012-2011	-15%	-3%		-9%	-43%	-94%			
2011	292	318	9%	610	10.703.336.700	68.700.000	103		

The secondhand buying interest of Greek owners has also improved from the first quarter of the year by showing an 18% increase in the number of units reported sold, with bulk carriers and tankers continue to be on their spotlight, by holding 42% and 33% share of their total S&P activity, while there has been a remarkable 333% in their purchases of boxships from the first quarter. Their appetite remains more intense, from the first quarter of the year, in the purchase of secondhand units rather than in the placement of new contracts. During January-June 2012, 83 vessels reported to have sold to Greek interest at a total invested capital of more than $1,7billion, 3 sale and purchase transactions reported at an undisclosed contract price, compared with 70 newbuilding units reported on order by Greek owners at more than $3,6billion. Their total amount of money invested in the secondhand and newbuilding market is more than $5,3billion with Greek investors showing their strength under the adverse economic and freight market fundamentals in comparison with their Chinese rivals, who have invested more than $1,75billion in both markets. Greek secondhand buying momentum grasps 15% of the total S&P activity compared with 9% of Chinese.

In comparison with the volume of activity during the first half of 2011, there has been 24% decline in the total amount of money invested by Greek owners and a 13% retreat of their secondhand buying appetite, when 95 vessels went to Greek hands at more than $2,2billion, with bulk carriers and tankers capturing 67% of their buying appetite. Chinese secondhand buying momentum has shown a sharper contraction with a 41% downfall in the total amount of money invested and 33% slower purchasing activity.

2012 GREEK SECONDHAND ACTIVITY PER QUARTER				1H 2012 GREEK SECONDHAND ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Actual Sales	Invested Capital		P&C Terms	Sales	2012-2011
	No. of Actual Sales	No. of Actual Sales	No. of Actual Sales	No. of Vessels	(US$)	EURO	No. of Vessels	No. of Sales	in No. of Units
Bulkcarriers	16	19	19%	35	816.900.000	0	0	40	-13%
Tankers	16	11	-31%	27	515.500.000	0	1	24	13%
Gas Tankers	1	2	100%	3	15.000.000	0	0	0	N/A
Liners	2	0	-100%	2	4.080.000	0	0	3	-33%
Containers	3	13	333%	16	357.300.000	0	2	19	-16%
Reefers	0	0	N/A	0	0	0	0	0	N/A
Passenger / Cruise	0	0	N/A	0	0	0	0	1	-100%
Ro - Ro	0	0	N/A	0	0	0	0	7	-100%
Car Carrier	0	0	N/A	0	0	0	0	0	N/A
Combined	0	0	N/A	0	0	0	0	0	N/A
Special Projects	0	0	N/A	0	0	0	0	1	-100%
2012	38	45	18%	83	1.708.780.000	0	3	95	-13%
%of change 2012-2011	3%	-22%		-13%	-24%				
2011	37	58	57%	95	2.233.830.700	6.000.000	10		

2012 CHINESE SECONDHAND ACTIVITY PER QUARTER				1H 2012 CHINESE SECONDHAND ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Actual Sales	Invested Capital		P&C Terms	Sales	2012-2011
	No. of Actual Sales	No. of Actual Sales	No. of Actual Sales	No. of Vessels	(US$)	EURO	No. of Vessels	No. of Sales	in No. of Units
Bulkcarriers	16	17	6%	33	321.410.000	0	2	45	-27%
Tankers	0	4	N/A	4	48.400.000	0	0	5	-20%
Gas Tankers	0	0	N/A	0	0	0	0	1	-100%
Liners	2	2	0%	4	5.330.000	0	0	18	-78%
Containers	3	6	100%	9	85.100.000	0	0	3	200%
Reefers	0	0	N/A	0	0	0	0	3	-100%
Passenger / Cruise	0	0	N/A	0	0	0	0	0	N/A
Ro - Ro	0	1	N/A	1	9.500.000	0	0	1	0%
Car Carrier	0	0	N/A	0	0	0	0	0	N/A
Combined	0	0	N/A	0	0	0	0	0	N/A
Special Projects			N/A	0	0	0	0	0	N/A
2012	21	30	43%	51	469.740.000	0	2	76	-33%
%of change 2012-2011	-46%	-19%		-33%	-41%				
2011	39	37	-5%	76	796.100.000	0	2		

NEWBUILDING MARKET

In the newbuilding market, the offshore and gas tanker segments continue to keep alive the shipyards' activity as the main conventional vessel segments still follow declining volumes of business with bulk carriers and container segments showing a downward revision of 38% and 80% respectively, in terms of the number of units ordered, from the first half of 2011. Overall, 729 vessels reported on order at a total invested capital of more than $54,4bn, 368 contracts reported at an undisclosed contract price, with Greek owners placing 70 new orders at a total invested capital of more than $3,6bn, 15 contracts reported at an undisclosed contract price. Greek investors have shown strong ordering interest in all main conventional vessel segments, bulk carriers, tankers and containers, but they have shown a 21% retreat in their newbuilding plans from the first half of 2011 and a 26% increase from the first quarter of 2012, due to a 600% increase in the volume of containership ordering activity. Chinese players are showing biggest falls with a 54% less volume of newbuilding transactions by posing a 61% decline in the volume of bulk carrier orders, but they have also stimulated their business in the second quarter of 2012 with an 84% increase in the volume of new orders, due to 143% stronger bulk carriers' newbuilding transactions.

Overall, the bulk carrier and container segments are facing slower pace of newbuilding activity with a 38% and 80% decline, in the number of units ordered, from the first half of 2011, but bulk carriers with special projects are still grasping the lion share of this year's total number of units ordered, 30%-31% share each. The newbuilding activity is 42% higher in the offshore segment, with 227 specialized units reported on order, from 160 in the first half of 2011, while a similar increase has been viewed in the gas tanker segment due to more intense LPG activity from last year and a sustained LNG ordering interest, 41 new LPG contracts and 27 new LNG contracts. In the tanker segment, there has been also an outstanding increase of 58% with a total of 68 units reported on order from 48 in the first half of 2011, due to eager volume of business in the MR handymax and panamax segment, with the size of 50,000dwt being very popular.

In the bulk carrier segment, the handysize, surpamax and kamsarmax size are on investors focus, with 43, 64 and 50 new contracts reported on order respectively, of the total 220 bulk carrier transactions, while the post panamax and capesize sizes attract the least interest, with 8 and 12 new contracts on order respectively. In the tanker segment, the crude carrier vessel sizes are not on the centre of investors' interest by concentrating only 17% share of the total tankers' ordering activity compared with 59% share holding by MR/handymax and panamax product segments. In the container segment, the post panamax size still attracts significant volume of business as major liner players are exploiting the low newbuilding prices for the expansion of their fleet ignoring the overcapacity issue and the slack of consumer demand trade growth from US and European economies.

2012 NEWBUILDING ACTIVITY PER QUARTER				1H 2012 NEWBUILDING ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Orders		Invested Capital	P&C Terms	Orders	2012-2011
	No. of Orders	No. of Orders	in No. of Units	No. of Orders	Dwt Ordered	(US$)	No. of Orders	No. of Orders	in No. of Units
Bulkcarriers	91	129	42%	220	14.967.870	2.592.700.000	124	355	-38%
Tankers	50	56	12%	106	7.048.140	2.790.599.998	42	67	58%
Gas Tankers	41	27	-34%	68	2.636.650	4.760.600.000	27	48	42%
Liners	16	8	-50%	24	472.100	182.000.000	17	40	-40%
Containers	10	34	240%	44	2.571.000	2.002.000.000	12	224	-80%
Reefers	0	0	N/A	0	0	0	0	0	N/A
Passenger / Cruise	14	7	-50%	21	N/A	760.960.000	11	11	91%
Ro - Ro	2	9	350%	11	6.000	50.000.000	9	5	120%
Car Carrier	0	8	0%	8	69.980	527.000.000	0	2	300%
Combined	0	0	0%	0	0	0	0	0	N/A
Special Projects	106	121	14%	227	694.310	40.713.020.000	126	160	42%
2012	330	399	21%	729	28.466.050	54.378.879.998	368	912	-20%
%of change 2012-2011	-9%	-27%		-20%	-52%	-16%			
2011	364	548	51%	912	58.716.149	65.007.200.000	412		

2012 GREEK NEWBUILDING ACTIVITY PER QUARTER				1H 2012 GREEK NEWBUILDING ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Orders		Invested Capital	P&C Terms	Orders	2012-2011
	No. of Orders	No. of Orders	in No. of Units	No. of Orders	Dwt Ordered	(US$)	No. of Orders	No. of Orders	in No. of Units
Bulkcarriers	15	6	-60%	21	1.512.600	584.000.000	1	37	-43%
Tankers	6	10	67%	16	1.085.000	352.000.000	6	9	78%
Gas Tankers	8	9	13%	17	641.840	1.523.600.000	4	9	89%
Liners	0	0	0%	0	0	0	0	0	N/A
Containers	2	14	600%	16	1.433.000	1.200.000.000	4	29	-45%
Reefers	0	0	0%	0	0	0	0	0	N/A
Passenger / Cruise	0	0	0%	0	0	0	0	0	N/A
Ro - Ro	0	0	0%	0	0	0	0	0	N/A
Car Carrier	0	0	0%	0	0	0	0	0	N/A
Combined	0	0	0%	0	0	0	0	0	N/A
Special Projects	0	0	N/A	0	0	0	0	5	-100%
2012	31	39	26%	70	4.672.440	3.659.600.000	15	89	-21%
%of change 2012-2011	3%	-34%		-21%	-33%	-23%			
2011	30	59	97%	89	6.967.068	4.752.100.000	41		

2012 CHINESE NEWBUILDING ACTIVITY PER QUARTER				1H 2012 CHINESE NEWBUILDING ACTIVITY				1H 2011	% of change
Vessel Type	First Quarter	Second Quarter	% of change Q2-Q1	Orders		Invested Capital	P&C Terms	Orders	2012-2011
	No. of Orders	No. of Orders	in No. of Units	No. of Orders	Dwt Ordered	(US$)	No. of Orders	No. of Orders	in No. of Units
Bulkcarriers	14	34	143%	48	2.721.500	672.000.000	23	122	-61%
Tankers	6	4	-33%	10	167.000	53.000.000	9	4	150%
Gas Tankers	0	0	N/A	0	0	0	0	2	-100%
Liners	0	2	N/A	2	56.800	N/A	2	8	N/A
Containers	4	4	0%	8	148.000	72.000.000	4	10	-20%
Reefers	0	0	N/A	0	0	0	0	0	N/A
Passenger / Cruise	1	1	0%	2	N/A	487.600.000	1	6	N/A
Ro - Ro	0	0	N/A	0	0	0	0	0	N/A
Car Carrier	0	0	N/A	0	0	0	0	0	N/A
Combined	0	0	N/A	0	0	0	0	0	N/A
Special Projects	0	1	N/A	1	N/A	N/A	1	2	-50%
2012	25	46	84%	71	3.093.300	1.284.600.000	40	154	-54%
%of change 2012-2011	-68%	-39%		-54%	-70%	-65%			
2011	78	76	-3%	154	10.333.250	3.663.200.000	56		

The second quarter of the year ends with a 21% increase in the volume of newbuilding business from the previous quarter with 399 contracts reported on order from 330, while there is a 42% and 240% remarkable increase in the bulk carrier and container contracting activity. However, this year's contracting activity represents a 20% decline from the first half of 2011, when 912 vessels reported to have been ordered compared with 729 today's levels. The total amount of money invested in the newbuilding market is 16% lower than the first half of 2011 with the offshore segment being the most overweight as more than $40 billion have been invested in the construction of offshore support vessels. The ordering bonanza of offshore activity is expected to continue in the second half of the year as the freight market of the main conventional vessel segments has not yet fully recovered and the oversupply issue averts strong placements of dry bulk carrier and tanker new units for constructions, especially large sized vessels, dry bulk capesizes or very large ore capes and crude carrier vessels.

FIRST HALF YEAR 2012 - NEWBUILDING TRENDS

BULK CARRIERS			BLT			
VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
Handy	10,000-29,999	10	5	0	5	0
Handysize	30,000-39,000	43	28	3	10	2
Handymax	40,000-49,999	14	14	0	0	0
Supramax	50,000-64,000	64	43	4	17	0
Panamax	70,000-78,999	18	14	0	4	0
Kamsarmax	79,000-87,000	50	10	4	36	0
Post Panamax	90,000-99,999	8	4	0	4	0
Mini Cape	100,000-119,999	0	0	0	0	0
Capesize	120,000-219,999	12	7	0	5	0
VLOC	>-220,000	1	0	0	1	0
TOTAL		**220**	**125**	**11**	**82**	**2**

	TANKERS			BLT			
	VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
	Small	less than 10,000	23	13	0	1	9
PRODUCT	Handy	10,000-34,999	2	0	2	0	0
	MR/Handymax	35,000-49,999	16	0	5	0	11
	Panamax	50,000-79,999	47	19	26	0	2
CRUDE	Aframax	80,000-119,999	7	5	2	0	0
	Suezmax	120,000-160,000	3	0	3	0	0
	Vlcc	161,000-320,000	8	0	5	3	0
	Ulcc	>320,000	0	0	0	0	0
	TOTAL		**106**	**37**	**43**	**4**	**22**

GAS TANKERS			BLT			
VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
GAS TANKER-LPG		41	11	24	3	3
GAS TANKER-LNG		27	3	24	0	0
TOTAL		**68**	**14**	**48**	**3**	**3**

CONTAINERS			BLT			
VESSEL SIZE	TEU	UNITS	CHINA	KOREA	JAPAN	OTHER
Feeder / Feedermax	0-999	1	0	0	0	1
Handy	1,000-1,999	12	12	0	0	0
Sub-Panamax	2,000-2,999	2	2	0	0	0
Small Panamax	3,000-3,999	2	2	0	0	0
	4,000-4,999	2	2	0	0	0
Large Panamax	5,000-5,999	15	10	0	0	5
	6,000-6,999	0	0	0	0	0
	7,000-7,999	0	0	0	0	0
Post Panamax	8,000-8,999	0	0	0	0	0
	9,000-9,999	0	0	0	0	0
	>=10,000	10	0	10	0	0
TOTAL		**44**	**28**	**10**	**0**	**6**

FIRST HALF YEAR 2012 - GREEK NEWBUILDING TRENDS

BULK CARRIERS			BLT			
VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
Handy	10,000-29,999	0	0	0	0	0
Handysize	30,000-39,000	0	0	0	0	0
Handymax	40,000-49,999	0	0	0	0	0
Supramax	50,000-64,000	8	7	0	1	0
Panamax	70,000-78,999	7	6	0	1	0
Kamsarmax	79,000-87,000	6	2	4	0	0
Post Panamax	90,000-99,999	0	0	0	0	0
Mini Cape	100,000-119,999	0	0	0	0	0
Capesize	120,000-219,999	0	0	0	0	0
VLOC	>-220,000	0	0	0	0	0
TOTAL		**21**	**15**	**4**	**2**	**0**

	TANKERS			BLT			
	VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
	Small	less than 10,000	0	0	0	0	0
PRODUCT	Handy	10,000-34,999	0	0	0	0	0
	MR/Handymax	35,000-49,999	0	0	0	0	0
	Panamax	50,000-79,999	13	4	7	0	2
CRUDE	Aframax	80,000-119,999	2	2	0	0	0
	Suezmax	120,000-160,000	1	0	1	0	0
	Vlcc	161,000-320,000	0	0	0	0	0
	Ulcc	>320,000	0	0	0	0	0
	TOTAL		**16**	**6**	**8**	**0**	**2**

GAS TANKERS			BLT			
VESSEL SIZE	DWT	UNITS	CHINA	KOREA	JAPAN	OTHER
GAS TANKER-LPG		8	2	6	0	0
GAS TANKER-LNG		9	1	8		
TOTAL		**17**	**3**	**14**	**0**	**0**

CONTAINERS			BLT			
VESSEL SIZE	TEU	UNITS	CHINA	KOREA	JAPAN	OTHER
Feeder / Feedermax	0-999	0	0	0	0	0
Handy	1,000-1,999	6	6	0	0	0
Sub-Panamax	2,000-2,999	0	0	0	0	0
Small Panamax	3,000-3,999	0	0	0	0	0
	4,000-4,999	0	0	0	0	0
Large Panamax	5,000-5,999	0	0	0	0	0
	6,000-6,999	0	0	0	0	0
	7,000-7,999	0	0	0	0	0
Post Panamax	8,000-8,999	0	0	0	0	0
	9,000-9,999	0	0	0	0	0
	>=10,000	10	0	10	0	0
TOTAL		**16**	**6**	**10**	**0**	**0**

DEMOLITION MARKET

In the demolition market, there has been a declining trend in scrap price levels offered in the Indian subcontinent region from May with signs for this trend to persist in the third quarter of the year. Owners are still offering a high supply of vessels for disposal under the dire freight market conditions with bulk carriers attracting the lion share of the total demolition activity during the first half of the year, 41% share, and liners with tankers to follow by holding 17.4% and 16% share respectively.

Overall, the first half of the year ended with a total of 534 vessels reported to have been headed in the scrap yards at a total deadweight of about 27mil tons, up by 33% from the first half of 2011, when 402 vessels scrapped for a total deadweight of about 18mil tons. In the bulk carrier segment, there has been a 48% increase from the first half of 2011, in the number of vessels reported for disposal, with 217 bulk carriers reported on scrap at a total deadweight of about 15mil tons, from 147 units at a total deadweight of about 11mil tons in January-June 2011. In the container segment, there has been an outstanding increase of 256% with 64 boxships going to the scrap yards of a total deadweight 1,8mil tons, from only 18 boxships in January-June 2011. A remarkable volume of scrapping business has been also viewed in the reefer segment with 39 vessels reported for scrap at a total deadweight of 355,818 tons, 44% up from January-June 2011, when 27 reefers were scrapped.

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As we have entered the second half of the year, bulk carriers' demolition activity will continue to be at record high with scrap price levels showing a decline of more than $100/ldt from the end of June 2011, with levels for dry/general cargo units ranging $350-$370/ldt in the Indian subcontinent region, from $480-$495/ldt at the end of June 2011, while Bangladesh is offering the most competitive prices and India's levels standing similar with the prices offered by Chinese shiprecycling industry. The weak Indian rupee against dollar has triggered the recent falls of scrap prices levels offered by Indian shiprecyclers, who have lost their leading power by Bangladesh that appears more dynamic in the second half of the year. Scrap prices offered for wet cargo are also below $400/ldt, $380-$390/ld in the Indian subcontinent region with China offering $360/ldt for wet and $340/ldt for dry/general cargo.

DEMOLITION ACTIVITY 2012 PER VESSEL TYPE					
Vessel Type	First Quarter		Second Quarter		% of change Q2-Q1
	No. of Vessels	Dwt.	No. of Vessels	Dwt.	in. No. of Vessels
Bulkcarriers	111	6.845.186	106	8.094.911	-5%
Tankers	48	4.499.175	39	3.071.878	-19%
Liners	59	1.265.783	34	573.665	-42%
Containers	31	871.399	33	997.223	6%
Reefers	13	124.990	26	230.828	100%
Passenger / Cruise	1	1.829	0	0	-100%
Ro - Ro	11	98.155	5	42.837	-55%
Car Carrier	0	0	0	0	0%
Combined	2	175.942	3	347.849	50%
Special Projects	4	150.072	8	13.482	100%
TOTAL	280	14.032.531	254	13.372.673	-9%
%of change 2012-2011	51%	87%	18%	24%	
2011	186	7.520.088	216	10.812.372	

1H DEMOLITION ACTIVITY (JANUARY - JUNE 2012/2011) PER VESSEL TYPE					
Vessel Type	1H 2012		1H 2011		% of change 2012-2011
	No. of Vessels	Dwt.	No. of Vessels	Dwt.	in. No. of Vessels
Bulkcarriers	217	14.940.097	147	11.395.866	48%
Tankers	87	7.571.053	82	4.398.429	6%
Liners	93	1.839.448	90	1.488.242	3%
Containers	64	1.868.622	18	388.825	256%
Reefers	39	355.818	27	215.068	44%
Passenger / Cruise	1	1.829	1	1.222	0%
Ro - Ro	16	140.992	22	221.236	0%
Car Carrier	0	0	0	0	0%
Combined	5	523.791	1	78.585	0%
Special Projects	12	163.554	14	144.987	0%
TOTAL	534	27.405.204	402	18.332.460	33%

As the first half of the year has ended, the trend towards more secondhand purchasing activity, less volume of newbuilding transactions and eager appetite for demolition transactions may also continue in the second half of the year. The current freight market fundamentals underline a continued record high volume of scrapping business in the bulk carriers' segment, while owners in the tanker segment seem not yet enough willing to be more aggressive in the scrapping of their overaged tonnage. The plunge of the secondhand asset prices will persist, with bulk carriers and tankers being on the spotlight of investors for purchase with limited volume of newbuilding contracts, especially in large sized vessels, from the threat of oversupply. Offshore and LNG segments will continue to be the most beneficiaries segments in terms of vessels' supply and demand balance with vigorous newbuilding appetite, while China's economic growth will determine the future of dry bulk growth and worldwide oil demand will stimulate the prompt recovery of the crude tanker freight market.

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