GOLDEN DESTINY

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 7th June 2013 (Week 23, Report No: 23/13)

(Given in good faith but without guarantee)

The first week of June ends with a maintained high newbuilding momentum from May and higher volume of scrapping activity in the bulk carrier segment. Secondhand purchases for bulkers are subdued with tankers and containers grasping the lion share of this week's S&P activity.

At the current week, 40 transactions reported worldwide in the secondhand and demolition market, down by 9% week-on-week with 41% decrease in secondhand purchases and 75% higher scrapping volumes. At similar week in 2012, the total S&P activity was standing 50% lower than the current levels, when 20 transactions had been reported and secondhand ship purchasing was 14% lower than the volume of newbuilding orders. The highest activity has been recording in the newbuidling arena, which is up by 137% from this week's secondhand purchasing activity due to large volume of new orders for bulk carriers and containers.

SECONDHAND MARKET

In the bulk carrier segment, only 3 S&P deals reported this week, down by 80% from last week's volume, 1 for a coal carrier of 87,996dwt built 1995 Japan and 2 in the panamax segment built 1999 and 1995 Japan for about $8 and $7,1mil respectively. In the tanker segment, the buying appetite was centered mainly on crude carrier vessel categories, 2 for very large crude carriers of about 281,000dwt built 2000 Japan for $21mil each, 2 in the suezmax segment built 2003 South Korea for $28mil and built 1991 for $10mil and 1 in the aframax segment built 2004 Japan for an undisclosed sale price. In the container segment, 5 S&P deals reported, 1 in the sub-panamax segment built 1999 Japan for $7,1mil and 1 enbloc deal for the purchase of 5 handy vessels built 2007-2008 for an undisclosed sale price.

Overall, 19 vessels reported to have changed hands this week at a total invested capital in the region of US$ 135,95 mil, 8 S&P deals reported on private terms . Bulk carriers lost their leading position by tankers and containers. S&P activity for tankers grasped 37% of this week's S&P activity against 16% share from bulk carriers and 26% from containers. Comparable with previous year, this week's S&P activity is 58% higher than last year, when 12 vessels induced buyers' interest at a total invested capital of about $147,5mil with 3 S&P deals in the bulk carrier segment, 2 in the tanker, 1 in the gas tanker, 2 in the liner, 2 in the container and 2 for special projects. In terms of invested capital, tanker segment appears as the most overweight segment by attracting about 77% of the total amount of money invested with an invested capital of about more than $105.2mil for 7 total vessel purchases.

NEWBUILDING MARKET

In the **newbuilding market,** containers appear in the frontline for the first time since the beginning of the year by showing stronger volume of new orders than bulk carriers and tankers. The post panamax ordering spree of major shipping players, 3 boxhsips of 16,000 TEU by French CMA CGM, 5 boxships of 18,000 TEU and 5 of 14,000 TEU by United Arab Shipping Company astonishes at it comes in contradiction with the current slumping freight market.

Overall, the week closed with 45 fresh orders reported worldwide at a total deadweight of 4,058,940 tons, posting 38% week-on-week decline from previous week, with containers holding 49% share of the total volume of new orders, bulk carriers 26%, tankers 13% and special projects 8.8%. This week's total newbuilding business is up 221% from similar week's closing in 2012, when 14 fresh orders had been reported, 2 bulkers, 2 tankers, 2 gas tankers, 1 liner and 7 special projects. In terms of invested capital, the total amount of money invested is estimated in region of more than $2,9 bn with 17 newbuilding contracts reported at an undisclosed contract price. A hefty amount of money is invested in the container segment with an invested capital of more than

$1,9bn for 22 new orders and special projects follow with 4 new orders for an invested capital of more than $800mil due to the construction of high valued jack up rig and semi submersible drilling rig.

In the **bulk carrier** segment, the ordering business is down by 29% from the last week of May with strong presence from Japanese yards, by winning 9 of the 12 new orders. Activity was evidenced mainly in smaller vessel sizes, 9 new orders in the handysize segment, 2 in the surpamax and one in the panamax.

In the **tanker** segment, lower volume of new orders was also reported compared with last week's highs, down by 79% from previous week, with 2 new orders in the aframax segment by Tai Chong Steamship of Hong Kong at Namura Shipbuilding of Japan and 4 new orders for product/chemical vessels of 50,000dwt by USA player American Petroleum Tankers.

In the **container** segment, all the activity is being in the post panamax size, 13 of the 22 new orders are reported for vessel sizes of more than 10,000 TEU and 5 new orders for boxships of less than 9,000 TEU. Overall, the volume of new orders is up by 450% from previous week with South Korean yards winning 13 of the 22 new orders and China 4.

DEMOLITION MARKET

In the **demolition** market, the downward pressure on scrap prices has now become more intensive with levels in the Indian subcontinent region heading to less than $400/ldt, while Pakistan keeps a soft resistance. The current price momentum resembles last yearly levels at the end of May, when benchmark prices were again floating at levels below the base mark of 400 points. In China, breakers have widened even more their gap with the Indian subcontinent region by offering $40-$50/ldt less than levels of end April, $310/ldt for dry and $330/ldt for wet cargo.

In the Indian subcontinent region, benchmark prices have now fetched $390-$400/ldt for dry and $420/ldt for wet cargo, which are $10-$20/ldt less than levels of end-April. The historical lows of Indian rupee against US dollar, the upcoming budgets and monsoon season emerge as the primary drivers behind the current softness of scrap price levels. However, there are still demolitions transactions reported at levels excess of $400/ldt that surprise, when sufficient amount of bunkers is included. Notable demolition transaction of the week, container vessel M/V "VERACRUZ EXPRESS" with 16,809ldt built 1987 China reported for disposal in India for a firm price of $428/ldt "asis" Fujairah, including sufficient bunkers for the voyage to Alang. In addition, container vessel M/V "NORTH SEA" with 14,485ldt reported for $440/ldt in India, including 360tons bunkers remaining on board.

The week ended with 21vessels reported to have been headed to the scrap yards of total deadweight 1,041,406 tons. In terms of the reported number of transactions, the demolition activity has been marked with 75% increase from previous week, showing 100% higher demolitions for bulkers and 200% increase in the container segment. Bulkers held the lion share 57% of this week's total volume of demolition business with 12 vessel disposals against 2 vessel disposals in the tanker, 1 in the liner and 3 in the container segment.

In terms of deadweight sent for scrap, there has been 32% weekly increase with one aframax tanker heading to the scrap yards, two post panamax bulkers and 5 panamax bulkers.

At a similar week in 2012, demolition activity was down by 62%, in terms of the reported number of transactions, when 8 vessels had been reported for scrap of total deadweight 598,291 tons with 5 disposals for bulkers, 1 liner, 1 container and 1 reefer. Ship-breakers in Indian subcontinent region had been offering $380-$395/ldt for dry and $400-$415/ldt for wet cargo.

GREEK PRESENCE

The first week of June ended with Greek owners showing no activity in the newbuilding arena following their hot volume of new orders reported during May. In the secondhand market, they are also appeared quiet. In the tanker segment, they bought two very large crude carriers built 2000 Japan for about $21mil each with no vessel purchases reported for bulkers. In the container segment, they bought in an enbloc deal four handy bosxhips of about 1,700 TEU built 2007-2008 for an undisclosed sale price.