GOLDEN DESTINY

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 9th December 2011 (Week 49, Report No: 49/11)
(Given in good faith but without guarantee)

The secondhand purchasing activity keeps firm for bulk carriers and tankers with some signs of interest for boxship units, while the scrapping momentum remains weak for the fourth and final quarter of the year with the Bangladesh market being inactive for six consecutive weeks. The newbuilding sentiment showed a record of activity this week surpassing the secondhand interest, whereas during November the secondhand buying activity was standing at higher levels.

The week closed with 22 transactions reported worldwide in the secondhand and demolition market, down by 37% from previous week and down by 52% from a similar week in 2010, when 46 transactions had been reported and secondhand ship purchasing activity was 79% lower than the ordering business. The highest activity has been recorded in the newbuilding market with 66 fresh orders reported worldwide, while the reported total deadweight sent for scrap is 17% lower than the ordered and the newbuilding business is up by 340% in comparison with the buying momentum in the secondhand market.

SECONDHAND MARKET

The week showed that shipping players are still keen for the purchase of modern and vintage secondhand units as asset prices are appealing low and offer wealthy investment opportunities for buyers who have realized that time seems right for selling or purchase a unit.

Notable deal of the week has been the aframax tanker resale of 104,280 delivery 2012 Japan at $43,5 mil to Greek buyers, when last February a tanker of 104,626dwt built 2011 Japan reported sold for $48,25 mil and in May 2010 a 107,488dwt unit built 2010 Japan had been sold for $58,75mil.

Overall, 15 vessels reported to have changed hands this week at a total invested capital in the region of US$ 258.55 mil. In terms of the reported number of transactions, the S&P activity is down by 42.3% from last week's activity, and down by 50% comparable with previous year's weekly S&P activity when 30 vessels induced buyers' interest at a total invested capital of about $428 mil with bulk carriers and tankers grasping 33% and 20% respectively of the total volume of S&P activity. In terms of invested capital, the tanker sector appears as the most overweight segment by attracting about 53% of the total amount of money invested and bulk carriers to follow with 25%.

NEWBUILDING MARKET

In the newbuilding market, November showed a silent ordering momentum with the offshore business booming, while the year seems to end with weaker levels of contracting activity in the bulk carrier and tanker segment from 2010 and a renewed ordering interest in the LNG, container and offshore vessels. However, the second week of December closed with very firm newbuilding appetite for bulk carriers and tankers and a record newbuilding activity not seen since the beginning of November, showing a 288% remarkable weekly increase for 66 fresh orders reported worldwide at a total deadweight of 3,910,000 tons. The total invested capital is estimated to be in excess of $2,1 billion with 53% of the total number of reported at an undisclosed contract price. Bulk carriers are in the first rankings by holding 29% of the total contracting activity. Offshore vessels are again on the spotlight and tankers to follow by grasping 35% and 23% respectively of the total number of units ordered. At similar week in 2010, the ordering momentum was 120% higher with 99 total bulk carriers' contracts being recorded and only 4 offshore vessels.

In the **bulk carrier** segment, notable order of the week has been the placement of a capesize order by Greek player, Polembros Shipping, for two 206,000 units at Shanghai Waigaoqiao for $53 mil each with delivery in 2013. Polembros signed an original two 206,000dwt vessels order at SWS in August this year. Furthermore, market rumors suggested that Minerva Maritime may have ordered two 176,000 dwt units from the same yard at $43 mil each, but the order has been denied by the owner. An order has also been revealed in the kamsarmax segment by a Chinese player, Qingdao Da Tong International at a domestic yard, Jinling, for three 82,000dwt units at an undisclosed contract price with delivery in 2013. Furthermore, China's Shanghai Waigaoqiao has won its first kamsarmax orders by Singapore based player related to Chinese steel mill Rizhao Steel for two 82,000dwt newbuildings, plus two options, for delivery in 2013. Sources reveal that the owner is paying around $30,5 mil each for the units.

In the handysize segment, Arklow Shipping of Ireland, which is specialized in mini bulk carriers, made a step forward by ordering two 35,000dwt units from Daesun with delivery in 2013 at a price of region $25,5 mil each. In addition, Pyrsos Management of Greece has placed an order for six handysize unit of 37,000dwt in Jinling of China for delivery in 2013-2014.

In the **tanker** segment, Tomasos Brothers of Greece has placed a order for four product carrier units of 37,000 dwt at Chinese yard, Guangzhou, for $36 mil with delivery in 2013-2014. In the crude tanker segment, South Korean shipbuilder has won a shuttle tanker order from Knutsen NYK Offshore Tankers for a 112,000dwt, DP2-class vessel for delivery in 1h 2014 to service a long term charter with Exxon Mobil. Notable order of the week has been the announcement from China Rongsheng Heavy Industries for receiving a ten plus ten 157,000 dwt suezmax tankers order from Global Union Shipping with delivery the year end of 2013 and 2014 with a total estimated cost around $1,2 billion.

In the gas **tanker** segment, Maran Gas Maritime, the gas carrier arm of the Greece based Angelicoussis Shipping Group, has exercised its options with Hyundai Heavy Industries for two more LNG units at $200 mil per vessel for delivery in December 2014 and April 2015. Maran had also ordered five similar sized LNG carriers from another South Korean shipyard, Daewoo Shipbuilding. The two South Korean shipyards, DSME and HHI, had signed a letter of intent in June 2011 to build eight gas carriers for Maran Gas, including an option for four more units, at an expected cost of $1,6 billion. Furthermore, rumors have been circulated in the market that Greek owner Dynacom has converted its VLCC newbuildings into LNG carriers, but this movement has not been confirmed by the owners. It has been revealed that the owner is under discussions with Hyundai Heavy Industries to swap one of its VLCCs on order for a LNG unit, but no agreement has been reached yet.

In the **container** segment, China Shipping Container Lines has declared options for four post panamax containerships of 10,000 TEU, from an earlier order placed in October for eight similar units, as an order split equally between two Chinese yards, Dalian Shipbuilding Industry and Hudong Zhonghua. Additionally, Israel based Ofer Brother is behind a large panamax order for two 6,600 TEU ships for delivery starting in 2013 at China's Jiangsu Rongsheng Heavy Industries, the order is said to have been placed some time ago and now came to light.

In the **offshore** segment, South Korea's Daewoo Shipbuilding and Marine Engineering is in discussion with Brazil's Petrobras for a huge ordering of 21 drilling vessels and semi-submersible rigs.

DEMOLITION MARKET

In the demolition market, the weakened rupee against U.S. dollar along with the ban on Bangladesh Ship recycling industry have kept scrap price levels offered in the Indian subcontinent region weak as India is in strong competition with Pakistan. Offers for dry units by scrap buyers are around $450-$460/ldt with China paying less than $400/ldt, while levels for wet units have fallen below $500/ldt. In terms of volume of tonnage sent for scrap, there has been a stronger appetite due to intense scrapping removals in the tanker segment and some sense of activity for boxship units. Bangladesh market remains closed until December 14th, when is the next hearing with rumors whispering that there will be no new extension order till the end of January.

The week ended with 7 vessels reported to have been headed to the scrap yards of total deadweight 215,192 tons. In terms of the reported number of transactions, the demolition activity has been marked with a 22% week-on-week decline and regarding the total deadweight sent for scrap there has been a 27.5% decline. In terms of scrap rates, the highest scrap rate has been achieved this week in the dry bulk carrier sector by India for M/V "ARWEX" with 5,615/ldt at $490/ldt including a significant amount of non ferrous metals. India has attracted 57% of the total demolition activity with China winning 2 container vessels and one Ro-Ro cargo unit. At a similar week in 2010, demolition activity was up by 129% from the current levels, in terms of the reported number of transactions, 16 vessels had been reported for scrap of total deadweight 858,141 tons with tankers grasping 56% of the total number of vessels sent for disposal. India and Pakistan had been offering $440-450/ldt for dry and $480/ldt for wet cargo, while Bangladesh market had been inactive from the demolition scene.

GREEK PRESENCE

The week ended with firm investments of Greek players in the newbuilding market with in the bulk carrier, tanker and gas tanker segments. In the bulk carrier segment, Polembros Shipping has placed an order for two capesize units of 206,000dwt in Shanghai Waigaoqiao for delivery in 2013 at a price region $53 mil and Pyrsos Managing Co. has ordered six handysizes of 37,000 dwt in

Jinling at an undisclosed contract price. In the tanker segment, Tomasos Brothers has ordered four 37,000dwt product cariers in Shanghai Waigaoqiao, while Maran Gas Maritime Inc. has declared an option for two LNG units of 159,800 cu.m in Hyundai Samho at $200 mil each. The total amount of money invested by Greek owners is estimated to be at $650 mil for 14 total number of units ordered, while in the secondhand market about $86,3 mil for the purchase of a modern capesize and 15yrs old handysize unit in the bulk carriers segment and one aframax resale.

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