GOLDEN DESTINY

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 15th March 2013 (Week 11, Report No: 11/13)

(Given in good faith but without guarantee)

The second week of March ended with investors' focus in containers and tankers both in the secondhand and newbuilding market and high scrapping activity for liners as bulk carriers' vessel disposals follow a downward incline.

During the second week of March, 48 transactions reported worldwide in the secondhand and demolition market, down by 4% week-on-week with 19.5% decrease in secondhand purchases and 36% higher scrapping volumes. At similar week in 2012, the total S&P activity was standing 21% lower than the current levels, when 38 transactions had been reported and secondhand ship purchasing was 40% higher than the volume of newbuilding orders. This week the secondhand purchasing activity is almost similar with the newbuilding activity with softer volume of business for bulk carriers.

SECONDHAND MARKET

Bulk carriers lost their ranking position with invested capital centered for the purchase of secondhand tankers in all vessel sizes, from suezmax, panamax, handysize, medium range to small tankers. In the container segment, the week ended with hot business as a total of 10 boxships reported to have changed hands. Containers' S&P activity was mainly for vessels of up to 10yrs old with an enbloc deal reported for 4 small panamax vessels of less than 5,000TEU, while handy vessels between 1,000 and 2,000 TEU held the lion share of S&P transactions.

Asset prices are still cheap. In the bulk carrier segment, a panamax vessel of 75,200dwt built 2012 China reported sold for about $20mil, while in September 2011, a vessel of similar deadweight built 2011 China had been reported sold for about $30,3mil. In the tanker segment, an aframax vessel 103,023dwt built 2009 South Korea reported sold for about $27mil, when in July 2011, a vessel of about 106,000dwt built 2008 Japan had been reported sold for a price in the region of $42,5mil.

Overall, 29 vessels reported to have changed hands this week at a total invested capital in the region of US$ 344.4 mil , 11 S&P deals reported at an undisclosed sale price. Tankers and containers held the lion share of this week's S&P activity, by holding 73% of the total number of vessels reported sold. Comparable with previous year, this week's S&P activity is 38% higher than last year, when 21 vessels induced buyers' interest at a total invested capital of about $257,85mil with 11 S&P deals in the bulk carrier segment, 5 in the tanker, and 3 in the container. In terms of invested capital, the tanker segment appear as the most overweight segments by attracting about 59% of the total amount of money invested with an invested capital of about $201.8mil.

NEWBUILDING MARKET

In the **newbuilding market,** the second week of March ended with a softer ordering activity from previous weekly high levels due to a rise of orders for capesize bulk carriers. Ordering appetite for medium range product tankers persists also this week with 6 fresh new orders reported, while in container segment, a new order reported by an undisclosed European owner for the construction of eight fuel efficient large panamax containerships and four sub-panamax vessels from German group at Chinese yard.

Overall, the week closed with 28 fresh orders reported worldwide at a total deadweight of 1,736,000 tons, posting 30% week-on-week decrease from previous week with significant lower volume of contracts in the bulk carrier segment and hot business in container and tanker segments. In the offshore segment, the newbuilding business remains very quiet for a second week with containers holding this week the lion share of the total ordering activity, 43%. This week's total newbuilding business is 86% up from similar week's closing in 2012, when 15 fresh orders had been reported, 14 for special projects and 1 for small tanker. In terms of invested capital, the total amount of money invested is estimated in the region of about $374mil, 16 newbuilding contracts reported at an undisclosed contract price. A hefty amount of money was invested in all main conventional vessel segments, bulk carriers, tankers and containers. In the bulk carrier segment, the invested capital is estimated in the region of more than $184mil and in the container segment of more than $104mil, while in the tanker segment medium range product newbuildings are grasping the invested capital of shipping players.

In the **bulk carrier** segment, more details emerged this week for the capesize newbuilding order by Norwegian Frontline 2012. The owner is reported to have placed an order for the construction of four 180,000dwt vessels, with an option of two more, at Shanghai Waigaoqiao for delivery in 2016. The newbuilding cost is estimated in the region of $46mil each vessel. In the handymax segment, Strategic Bulk Carriers of Singapore exercised its option for the construction of two 40,000dwt vessels at Tianjin Xingang Shipbuilding Heavy Industries for delivery in 2014 at an undisclosed newbuilding cost.

In the **tanker** segment, Italian D' Amico International Shipping SA announced that its operating subsidiary has proceeded with contracts for the construction of two additional medium range product/chemical tankers of 50,000dwt with Hyundai Mipo Dockyard-Korea at a cost of less than $29mil each. The vessels are going to be delivered at the end of fist half 2014 with an option for two further vessels to be exercised by April 2013. The above two newbuildings vessels are the latest IMO II MR design with the highest fuel efficiency.

In the MR segment, one more order reported this week by Sweden owner Wisby Tankers for the construction of four 49,000dwt vessels at Treji Maj of Croatia for delivery in 2015 and 2016. Letter of intents has been signed at this stage, including an option of two more vessels. In addition, Greek owner Dorian Hellas is said to have placed also an order for two very large LPG carriers at South Korean Shipyard, Hyundai Heavy Industries, at a higher newbuilding cost of about $72mil each for delivery in 2015.

In the **gas tanker** segment, Norwegian Frontline 2012 is reported to have exercised its option for the construction of two very large LPG carriers at Jiangnan Shipyard of China for delivery mid-2015 at a newbuilding cost of about $63,5mil each.

In the **container** segment, Hanjin Heavy Industries of South Korea has signed a letter of intent with an undisclosed European owner for eight fuel efficient 5,400teu box ships to be built at its Subic Shipyard in the Philippines. No costs or delivery schedules have been disclosed. In the small sub-panamax segment, German group, Deutsche Afrika-Linien (DAL)/ John T Essberger Group is said to have placed an order for four 2,200 TEU vessels, with an option of two more, for construction at Zhejiang Yangfan shipyard of China for delivery from 2015. The newbuilding cost is estimated about $26mil each, which is considered to be higher due to an upgrading of the standard SDARI design.

In the **offshore** segment, Singapore listed offshore yard Otto Marine said it has clinched a newbuilding deal worth $27.8M, the first new order it has taken in two years. The group said it will build two 5,150bhp anchor-handling tug supply vessels for an unnamed Indonesian operator who owns and operates a fleet of offshore and other ships. Approximately 62m in length, the two identical units will be delivered in the second half of 2014.

DEMOLITION MARKET

In the **demolition** market, India remains the leader of the shipreclyring arena as political stability in Bangladesh has weakened the position of Chittagong shipbreakers. In India, the price sentiment has shown the first sign of very soft upward revision as the dollar exchange rate to the Rupee has stabilized, the recent announced budget was neutral with no significant changes in import duties and steel plate prices show a steady picture. Benchmark scrap prices in India are now showing a $5/ldt increase from previous week, while in Bangladesh have fallen by $10/ldt less than $400/ldt. In the meantime, Pakistan is struggling to secure new tonnage after the 5% import tax that was imposed last week, while in China, scrap prices have now cooled as yards have filled in their capacity from on oversupply post Chinese New Year with many yards unable to offer on new units.

Benchmark prices in China have now fallen to $365/ldt for dry/general cargo, from $390/ldt at the end of January, and $390/ldt for wet cargo, from $400/ldt at the end of January. There are speculations that the conclusion of the national party congress at the end of this month may bring a further softening in steel plate prices.

The week ended with 19 vessels reported to have been headed to the scrap yards of total deadweight 688,033tons. In terms of the reported number of transactions, the demolition activity has been marked with 36% increase from previous week, showing 150%

increase in the liner segment, but 14% weekly decrease in bulk carriers' vessel disposals. In terms of deadweight sent for scrap, there has been 10% decrease with one very large ore cape reported for scrap M/V "WARRIOR" with 31,774ldt for $432/ldt in Bangladesh.

At a similar week in 2012, demolition activity was down by 11% from the current levels, in terms of the reported number of transactions, 17 vessels had been reported for scrap of total deadweight 697,988 tons with bulk carriers grasping 30% of the total number of vessels sent for disposal. India and Bangladesh had been offering $450-$460/ldt for dry and $480-$490/ldt for wet cargo.

GREEK PRESENCE

In the secondhand market, Greek owners appear very active this week with the purchasing of two panamax bulkers built 2012China and 2001 Japan for about $31,5mil, one suezmax tanker built 1997 China for about $12,5mil, one sub-panamax container built 2002 for an undisclosed sold price, one handy container built 2002 for about low $7mil and one Ro-Ro vessel for an undisclosed sold price.

In the newbuilding market, Greek owner Dorian Hellas is said to have placed also an order for two very large LPG carriers at South Korean Shipyard, Hyundai Heavy Industries, at a newbuilding cost of about $72mil each for delivery in 2015.

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