UNIVERSITY OF PIRAEUS

SHIPPING STUDIES DEPARTMENT

MSC IN SHIPPING

Assessment for Shipping Industry: Strengths, Weaknesses, Opportunities, Threats and Financial Evaluation

Nikolaos Stasinopoulos MN09014

PIRAEUS 2012

TABLE OF CONTENTS

I. Executive Summary

This assessment has been inspired from the global recession and the future of the traditional Greek industry of shipping. Various opinions about trends are being announced now and then but it was worth to attempt encode and analyze the financial status and the management strategies of this business sector. Therefore the most reliable source of data that we could have which also could be audited is the NYSE listed shipping companies' financial statements. What has been observed during the collection of the data is that some of the currently listed companies do not exist anymore although they had a history in the stock market life or they have been very recently listed and as a result there are no sufficient data for at least 4 years now in order to implement our financial models properly. Therefore, the common point of the majority of the companies that have been chosen to be analyzed is the at least four years continuously reporting in the NYSE committee.

At the first part of this assessment the strengths, opportunities, weaknesses and threats are analyzed individually for each company and then summarized in one general model of characteristics which are common for this group of companies. The categorization of the companies in bulk carriers and tankers would be very difficult if not feasible since many of the listed companies are managing/operating or owning both types of vessels. The later one is indeed a characteristic for these companies in order to diversify the risk of transportation. The diversification is not only focused on the shipping segments that a company is activated, but also in the size, type and sub-markets. The need to reduce the risk is very significant since this is the basis for the continuation of each company.

A very important clue from the SWOT analysis is that almost all these companies (the "average listed company" as it sometimes is called in this assessment) have very young fleets and usually are below the average age. Taking under consideration the fact that in the previous years (2004-2007) the banking finance was very cheap compared to the profits that were made in seaborne trade and transportation along with the equity finance through the stock markets and the attractiveness of investments and last but not least the historical highs in freight rates the young age of fleets is rational. It is without a doubt a fruit of this period when many orders for new-building vessels were placed and many new shipyards were in the process of start up in the economical emerge of China, Vietnam etc.

Many of the shipping companies planned or in some cases conformed their strategies in such a way to secure that they have as much stable and foreseeable cash flow through their chartering policies. Most of them have been oriented to have mixed charter party policy. In other words they are chartering their vessels in both spot market and time charter market. In the first case the margin for profit is much higher but there is always the risk of freight rates' fluctuation. On the other hand the time charter rates may not have so high margins for profit but the type of charter secures the company's cash flows and it is something can be predicted since the hire is paid periodically. This practice has been noticed in the two previous years as an effect of the global financial recession.

Most of the companies are listed in the recent decade or so which could be characterized a newly constructed sector in the New York Stock market although the shipping trading history is traced back in time for many hundreds of years. Entering in this market means that the management teams of these companies should very open minded and experienced in order to be under the NYSE umbrella and maintain their status as well. This is what indeed has been pinpointed through the SWOT analysis for whole sector. The experience has to do with the years of service both in shipping and in financial institutions.

Another feature of the listed shipping companies is that despite their remarkable reputation within the industry their portfolio of Customers is not respectively widen. What happens in other companies from different segments of industry that are also listed in the stock market is that their reputation is elevated and through this they promote their reliability making themselves attractive to customer internal and external, either investors and customers or stakeholders in general. This obviously does not happen with the majority of the shipping companies which have been loyal to some customers in specific. Such trading behaviour may be considered as a weakness of this sector since the remarkable dependence on a mere customer may have affect in strategic decision both ways mainly for the carrier company since the companies that have the cargoes are the ones that regulate in a degree the market especially in the oil trading segment.

Furthermore, another outcome that has emerged from our analysis has much to do with a strong point of shipping which are the numerous new deliveries of new-building vessels that are and will be delivered to the companies that have invested such. The new cargo capacity that is coming under the control of the companies is translated in operating and trading costs for the fleet within the infertile field for the freight rates which remain at historical low levels with bunkering and regulation cost to be considerable.

It could also be said that for the companies that seem to have the potentiality to finance expansion projects there is plenty of room. The low prices for vessels in second had market and for newly built vessels that the owners cannot afford operating them is an opportunity and if we take under consideration the expected growth of the national economies such China, India and the recovery of Japan seems to be promising in the next years. Also in this part the new markets that may arise should be mentioned such as shuttle tanker market or Kasharmax bulkers or new trading routes due to climate changes or even the new Panama Canal transit that is expected to create another choice for the charterers and new freight rates and they may be considered as a challenge for investment as already done in some cases.

In the last part of the SWOT analysis some threats from the external environment have been traced. It has been a common thesis globally that the world's financial crisis has been an obstacle to further investments. In this case the shipping sector seems to face a problem of cash flows and many companies state clearly in their financial statements that the debt liabilities and future cash flows will determine their sustainability as well. This has affected the level of the freight rates and in combination with the oversupply of tonnage in the market it has worsen the prospects for immediate future recovery soon.

The implementation of financial models in the industry has been through the "average listed shipping company" which gives us the average picture of the shipping segment. Digging further in our analysis it is obvious that the year 2008 and 2013 are considered as the most determining years in the progress of seaborne transportation and trading. The 2008 beginning of crisis has been mirrored in the 2009 financial statements mainly. The return on equity and return on assets along with the dividend per share may have shown some trends of the market during these years. In 2009 all of these figures have been significantly decreased and worsens in 2010. It is visible in the last cash flow projection for the next 7 years that in 2013 will be an optimistic year from the side of development. It seems that corrective actions of the industry will be a reality in 2013 and then steadily and continuously the prospects for prosperous financial action may rise up until 2016.

II. Preamble

It seems that the world is not the same since the mid-2008 when a sequence of facts took place and the global financial structure revealed that its concrete appearance looks more like a paper wall finally. The markets showed clearly their volatility simultaneously with their strength which is above governmental and intergovernmental power or rules. There are factors that their influence cannot be predicted with accuracy if not totally unforeseen. The blast of the explosion of the global financial "volcano" has triggered many debates and put intellectuals, governments and decisional centers into deep thoughts about the next day.

During the last four years major discussions, a variety of articles and many scientists have focused on the unstable and uncertain economic environmental status that has derived from the global financial crisis. The consequences of this crisis compose the today's situation and this it has to be regarded as the base of the future. The realization and the estimation of the condition of the financial environment are essential for forecasting, planning, organizing, commanding and setting targets for the next step in every aspect of life, business, personal, social and political. It is not randomized that these aforementioned actions are fundamental principles for the modern business administration theory[1].

It is a common thesis that the shipping industry is not an exemption from all these. Breaking news and strategic movements of many maritime companies are taking place on daily basis in newspapers and in press. Decisions and drastic actions compile a continuously changing environment in the industry and skepticism is part of the scene more than that in the past few years. This paper constitutes an effort of analyzing and comprehending the maritime industry, the repercussions of the global trading and financial recession and the ability of self-financing and bank financing. Aiming at an acceptable and well established outcome we should take under consideration reliable data and objective information. Therefore, we have decided to process figures from maritime

[1] Fayol, Henri (1917), Administration industrielle et générale; prévoyance, organisation, commandement, coordination, controle, Paris, H. Dunod et E. Pinat.

companies that are listed in New York Stock Exchange (NYSE). According to strict regulations of these markets and considering the special nature of the shipping industry, the listed companies are obliged to publish financial annual reports following the US GAAP (United States Generally Accepted Accounting Principles).

The Securities Exchange Act of 1934 (known also as Exchange Act or '34 Act is a law that is governing the trading of securities in the secondary market (bonds and stocks) in the United States of America. This Act and its amendments/revisions constitute the form of regulation of the financial markets and their investors and it has established the Securities and Exchange Commission (SEC) which is the agency that has been primarily responsible for the implementation of the United States Federal Law [2]. According to the Exchange Act 1934 and, in specific, Section 13 "Periodical and Other Reports" and Section 15D "Securities Analysts and Research Reports", the Securities and Exchange Commission must *"adopt rules reasonably designed to address conflicts of interest that can arise when securities analysts recommend equity securities in research reports and public appearances, in order to improve the objectivity of research and provide investors with more useful and reliable information"*[3]. The Act indicates that the rules should foster greater public confidence and independence of securities analysts and establish structural and institutional safeguards by appropriate informational partitions within the companies from the review, pressure or oversight of those whose involvement in investment banking activities might potentially bias their judgment or supervision. Further to the aforementioned, the text is referred to the obligation of every issuer of a security shall comply with the rules and regulations of the Commission that are necessary or appropriate for the proper protection of investors and their insurance for fair dealing in the security[4]. The Act describes in details the type of information, documentation and

---

[2] James D. Cox, Robert W. Hillman, and Donald C. Langevoort. Securities Regulation: Cases and Materials (6th Edition), Aspen Publishers. 2009, page 11.

[3] Securities Exchange Act of 1934, as amended through P.L. 111-257, approved October 5, 2010, Sec. 15D.

[4] Securities Exchange Act of 1934, as amended through P.L. 111-257, approved October 5, 2010, Sec. 13.

annual reports that have to be released by assigned independent public accountants on account of the firms (issuers of securities). Therefore, the SEC (Commission) has been authorized to compose forms of research annual reports with the required information of reporting such as Balance Sheet, Earnings Statement, Income Statement, methods that have been followed in the preparation of the reports and evaluation, definitions and determination of process in specific.

The ‘‘research report’’ means a written or electronic communication that includes an analysis of equity securities of individual companies or industries, and that provides information reasonably sufficient upon which to base an investment decision.[5] Reliable information is an instrumental factor for making decisions in business and trading. For investors it is a necessity to be aware of the status of the company that are interested in and need to know the financial environment, the political situation where the company is based and trading, the banking relations, the potentialities for investments and the obstacles that may appear in the near future. Such information is provided by the *Form 20-F*[6] which has been edited by the Securities and Exchange Commission and the firms are obliged to comply with its release for annually reporting since they are listed.

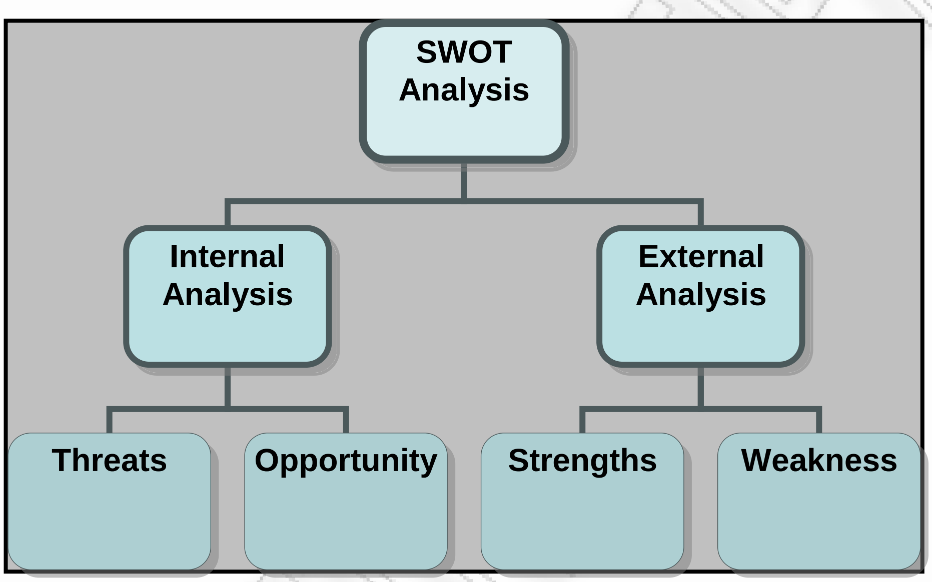
As a result, all the parameters that have been referred in the above paragraph could be said that compose the context of the general business environment and condensed into four specific categories: Strengths, Weaknesses, Opportunities and Threats. This is a tool that is used in this assessment in order to analyze the position of the listed companies individually at first place and it is called SWOT (Strengths, Weaknesses, Opportunities and Threats) as abbreviation from the categorization of parameters in parenthesis.

Historically, it is worth to mention that one the first references to the method has been made from Albert Humphrey from Stanford University was working in Stanford Research Institute (SRI) where he was leading a research project called Team Action Model (TAM) and this guided him and his research team to the development of SWOT

[5] Securities Exchange Act of 1934, as amended through P.L. 111-257, approved October 5, 2010, Sec. 15D (c), Definitions.

[6] Sample of the form is attached in the Appendix under the title “Form 20-K”.

Analysis after interviewing 1100 companies for his research and came up with a matrix that composed SWOT (primarily named as SOFT)[7]. Afterwards, an important reference to the framework of SWOT analysis has been made by Edmund P. Learned, C. Roland Christiansen, Kenneth Andrews and William D. Guth in the book "Business Policy, Text and Cases" in 1969[8] where it is not mentioned clearly with its real term but the fundamentals the scientists referred were the ones that are implemented in SWOT.



The SWOT Analysis is considered as an objective method where the final target of the business project is clarified and the external and/or internal elements are taken into account so as to identify the risks and make the management decision easier and more reliable. It is more than a fact the environment where a company is trading and operating and the complete structure of the organization have major role in the final management decision. Good performance within a company is the result of correct interaction of business management with its internal and external environment. The recognition of

[7] SRI Alumni Association Newsletter • December 2005. HISTORY CORNER. SWOT Analysis for Management Consulting by Albert S. Humphrey

[8] Business Policy, Text and Cases, Homewood Illinois1969, Edmund P. Learned, C. Roland Christiansen, Kenneth Andrews και William D. Guth.

internal strengths and weaknesses, as well as external opportunities and threats, takes place on the basis of a SWOT-analysis[9].

In this assessment, we are implementing this method for every company individually in order to focus later on basic trends of the industry and some specific models of internal organization for the shipping companies. This, hopefully, will lead us to identify similarities and/or differences within separate sectors such as companies that are involved with seaborne transportation of Dry Bulk commodities or Liquid Bulk commodities. Since we already know that there are significant differences between Tramp and Liner shipping companies we chose not to deal with the later. In fact this is a sector that has much more in common with the onshore trading and transportation industry.

Following the same path we apply basic economic models (matrix analysis) based on the listed companies' annual reports individually at each company. Afterwards, the outcome should be derived from the analysis of the maritime industry from an overall total view. The basic economic models that we are implementing are the following:

- Space Matrix
- Gordon Model
- Price to Earnings Ratio
- Discounted Cash Flow

These models are considered as important management tools that play major role in making decisions.

The Space Matrix[10] is basically used to analyze a company in its whole. It is attributed to determine the type of strategy a company should follow as the most appropriate one for its development. This tool is planned to focus more on the strategic position and competitive factors of an organization. To be more specific the factors that this matrix examines are the internal and external strategic dimensions of the organization. For example the internal part may come from the accounting and financial statements.

[9] Decision Support Systems, Volume 26, Issue 2, August 1999, Pages 125-135, G. Houben, K. Lenie and K. Vanhoof.

[10] http://www.maxi-pedia.com/SPACE+matrix+model+strategic+management+method

Such factors include the return on investment, leverage, turnover, working capital and others. External parameters may be considered the overall economic condition industry growth potential and other. It can be used as a basis or additional tool for other management analysis tools such as SWOT and other models.

The Gordon Model[11] is considered as a method of evaluating an enterprise based on its stock price and its respective evaluation. This model is determining the existing value of a company’s stock on the basis of a future series of dividends. In this economic model, we look through and analyze the shares, the dividends, the equity, the operating income and the net income of a company in order to estimate the long-term dividend growth and the cost of equity of the company.

The Price to Earnings Ratio[12] measures how expensive a stock is. It equals to a stock’s market capitalization divided by the company’s after-tax earnings over a 12-month period. The value is the same whether the calculation is done for the whole company or on a per-share basis. If the P/E ratio of a company is high, the market is willing to pay more for its dollar of annual company’s earnings. Companies with high P/E ratio are more likely to be considered *risky* investments, because the expectations are much higher, than companies with low P/E ratio. To be most valuable, the companies, whose P/E ratios are being compared, must be in the same industry. Companies with negative earnings do not have a P/E ratio.

The Discounted Cash Flow[13] [14](DCF) is a valuation method, which financial analysts use to estimate the attractiveness of an investment opportunity. The DCF analysis uses future free cash flow projections and discounts them (with the help of the weighted average cost of capital) to arrive to a present value, which is the key to evaluate the potential for investing. If the present value arrived through the Discount Cash Flow analysis is higher than the current cost of the investment, the opportunity for investing is

[11] http://www.investopedia.com/terms/g/gordongrowthmodel.asp#axzz1Vwm6bI00

[12] http://www.investopedia.com/terms/p/price-earningsratio.asp#axzz1Vwm6bI00

[13] http://www.investopedia.com/terms/d/dcf.asp#axzz1Vwm6bI00

[14] Mulford, Charles W., Comiskey, EugeneE., The Financial Numbers Game: Detecting Creative Accounting Practices.

a good one. Although it is really complex to calculate all this data, the purpose of DCF analysis is just to estimate the money investors' would receive from the investment and to adjust for the time value of money. Terminal value techniques are often used, instead of trying to project the cash flows to infinity. Terminal values past 10 years are used, because it is harder to come to a realistic estimate of the cash flows as time goes on.

III. Bibliography Review

It is true that so many topics have been raised for the global industry and in specific for the sector of seaborne transportation of commodities. The maritime press has been bombing the viewers on daily basis with news that have major effect in the actions and the construction of the companies' strategies. This composes a good feeling of the climate within the shipping industry and its offshoots (shipyards, offshore drillings, ports etc) that are mutually affected.

A very characteristic article is the one that has been published by Lloyd's List written by Steve Matthews with the title "Results tell the story"[15]. Mr Matthews is referring to the shipping companies results of the first half of 2011. The data come from major well capitalized ship operators of all the three major shipping sectors. It is clearly shown that things are unlikely to get significantly better in the second of this year.

Selected shipping company financial results

Company	Sector	Period	Profit/(Loss) ($m)
Teekay Corp	Tanker	2Q	(36.3)
OSG	Tanker	2Q	(37.3)
Crude Carriers	Tanker	2Q	(7.5)
Nordic American	Tanker	2Q	(10)
Star Bulk Carriers	Dry bulk	2Q	1.7
TOP Ships	Dry bulk	2Q	(103.5)
Eagle Bulk	Dry Bulk	2Q	(1.4)
Diana Containerships	Container	2Q	(0.6)
Diana Shipping	Dry bulk	2Q	27.7
Paragon Shipping	Dry bulk	2Q	(16.8)
TBS International	Multi-purpose	2Q	(14.4)
Wilhelmsen	Ro-ro	2Q	18.4
OOIL	Container	1H	175
Bocimar	Dry bulk	2Q	Euro16.1
Genmar	Tanker	2Q	(24)
TEN	Tanker	2Q	(18.1)
Capital Products	Tanker	2Q	15.1

Source: Company reports

The figures indicate that cash flows are under pressure and the ability of financing in some cases is something to be considered as extremely difficult way of surviving. With

[15] Lloyd's List, "Results Tell the Story", Monday 22 August 2011, by Steve Matthews.

just a glance at the previous table we can see an illustration of the shipping industry at this time. It is worth to mention that most of the Directors from leading shipping companies are pessimistic about the freight rates, since they state that it is expected to remain low. Some factors that support this recession are the oversupply of vessels, the recent release of the strategic oil reserves and high bunker costs.

Another article that gives the pulse of the shipping industry is the one published in Lloyd's List, "Dry bulk fleet utilization likely to dip to 79% in 2012" by Liz McCarthy. In the article it is written that the bulk carrier average demand (426m dwt) is expected to be higher than the average supply (565m dwt) and fleet utilization including port congestion is estimated to average 80%[16]. This drove the Norwegian investment bank's shipping department to state in its latest dry bulk market update that the market is "At the bottom of the sea". Additionally to this dry bulk fleet utilization is expected to fall below 80% next year, as the growing number of vessels on the water is competing cargoes but the latter is not increasing at such a fast rate.

At this situation the article "Owners cannot bank on third time lucky" published in Lloyd's List by Nicko Wijnolst highlights[17] that economic and trade growth depends mostly on imports and exports to and from China and support the idea freeing the Yuan since no other country can take over the Chinese role as financier of the US deficit, except maybe some oil-rich countries in the Middle East. That is why China is believed that they should stick to the current trade and monetary model and let it appreciate to its true economic value. There probably comes a rhetorical question: Is the scene in global finance and trade changing or there is still power to keep it? Banks are obviously renegotiating loan agreements and take the stitch on hand.

Political scene is going to change, in specific, in countries with energy power as Libya[18]. The imminent political changes affect in many ways the oil markets and the energy

[16] Lloyd's List, "Dry bulk fleet utilization likely to dip to 79% in 2012" by L. McCarthy, 23 Aug. 2011.

[17] Lloyd's List, "Owners cannot bank on third time lucky" by Nicko Wijnolst, 22 Aug. 2011.

[18] Dow Jones Newswires, "Libya's Oil Output Likely To Gradually Recover-Gulf OPEC Source", By Summer Said, 22 August 2011

seaborne transportation. In the case of Libya it is expected that the market will absorb the Libyan oil just as it did before with Iraq and Russia, and any pressure on prices will be short-lived. Officials from the Organization of Petroleum Exporting Countries, (OPEC) stated that the organization is flexible and will adjust to changes in Libya's production.

There is a variety of numerous parameters that should be taken into account when an analysis of the shipping industry is about to be composed. A considerable tool for this is the **"**Business Monitor Online's Shipping Service" provided by the Business Monitor International[19] (BMI). BMI is a company which provides online services focusing on the analysis of macroeconomic risk, political risk, financial markets and Industry risk worldwide. What is of more importance is gathering information, evaluating them and analyze the news on daily basis. In the shipping industry, BMI provides unparalleled analysis of the global shipping markets and research on leading shipping lines. Some of the characteristic tools that their analysis uses are SWOT analysis, key Industry factors in combination with historic data series for forecasting and analysis of companies profiles.

Also, Maritime Strategies International (MSI), another firm that is providing independent market forecasting and business advisory services for shipping and its allied industries, had stated that time-charter rates in 2010 would be on average 55% below those of 2008 at $9,500 per day for a handysize, $10,500 per day for a handymax and $13,100 per day for a panamax[20]. Such a reduction in 2010 was observed in the grain route Richards Bay-ARA (Antwerp – Rotterdam – Amsterdam) according to the SSY (Simpson Spence any Young) report[21] for Panamax freight rates in 2010. Back in 2009, banks could not be out of the spirit of the market and ring the bell like German bank DVB remained negative about the outlook for the products-tanker market for 2010 and DVB highlighted the fact that products-trade volumes declined abruptly across all routes between the second quarters of 2008 and 2009[22].

[19] www.businessmonitor.com

[20] Tradewinds, "Products-tanker gloom until 2011" by Geoff Garfield London, 4 Sept 2009.

[21] http://www.ssyonline.com/market-information/dry-cargo/panamax-freight-rates

[22] Tradewinds, "Products-tanker gloom until 2011" by Geoff Garfield London, 4 Sept 2009.

IV. Implementation of SWOT Analysis

As aforementioned in the preamble in this chapter the tool that is implemented individually to the listed companies is SWOT analysis. Diagrams and illustrations describing the status of each company follow the analysis as well.

Baltic Trading Limited

The Company is based in New York and the stock is trading in New York Stock Exchange. Baltic Trading Limited incorporated in October 2009 in the Marshall Islands to conduct a shipping business focused on the drybulk industry spot market. It has been initially formed by Genco, an international drybulk shipping company. The current fleet of the company consists of two Capesize vessels, four Supramax vessels and three Handysize vessels with an aggregate carrying capacity of approximately 672,000 dwt. The fleet contains three groups of sister ships, which are vessels of virtually identical sizes and specifications. We believe that maintaining a fleet that includes sister ships reduces costs by creating economies of scale in the maintenance, supply and crewing of our vessels. Company’s intention is to take advantage of the expertise and reputation of Genco to pursue growth opportunities in the drybulk shipping spot market. To pursue these opportunities, they have acquired and operated a fleet of drybulk ships that will transport iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes. We plan to operate all of our vessels in the spot market, on spot market-related time charters, or in vessel pools trading in the spot market. We expect to finance our fleet primarily with equity capital and have entered into the 2010 Credit Facility for bridge financing for acquisitions. The aim is to grow its fleet through timely and selective acquisitions of vessels in order to improve company’s earnings and cash flows. For the first quarter of 2011 thus far, the CEO stated that the company has experienced a soft rate environment in the drybulk spot market. The operations are managed, under the supervision of our Board of Directors, by Genco as company’s Manager.

Strengths

1. Low cost structure

It is considered that the company's ability to operate the vessels in line with its low cost structure and in parallel to grow its earnings, cash flows and distribute sizeable dividends to shareholders over the long term is more than strength. It is difficult to combine the low cost with the quality that is a strict requirement for the shipping operations nowadays, since there is pressure from both sides of safety-quality and financial efficiency.

2. Modern fleet / sister vessels

The average age of the fleet is one year while the world average is 15 years. A modern fleet means quality of marine operations which is desired by charterers. Assuring that the cargo will be transferred at its destination without technical deficiencies is an attributing factor to the success of operations. Also another factor that attribute to low cost operations and operation efficiency is that the fleet includes many sister vessels that provide expertise to the crew and technical operators allow for small economies of scale in spare parts.

3. High operational and safety standards

The company through its manager's status has set high operational and safety standards that encourage the charterers to fix the vessels. The company's management system has put quality, environment, health and safety in daily operations and set them as a priority to their operations onboard and onshore, too.

Weaknesses

1. Initial Operational Difficulties

Baltic although is supported by Genco still remains a new company. Every start up is difficult especially during this period where such great changes are coming constantly. As observed from the annually published financial reports the first operating year starts with loss 30% of their revenues hence the forecasts that the next two years will be difficult as well.

2. Short portfolio of customers

With a quick look at the Baltic's annual report we could see that although the vessels are chartered by Cargill which is a major charterer in dry bulk cargoes Cargill is the biggest customer of the company. This does not allow Baltic to diversify the risk of chartering the ships to different charterers even if strengthens their relations.

Opportunities

1. Reputation of the Company

Genco as an affiliated party has much to give to Baltic Trading Ltd. Such a benefit would be considered the status of Genco which gives the opportunity to Baltic to take advantage of their relations with customers and to expand its portfolio. Expertise and reputation of Genco to pursue growth opportunities in the drybulk shipping spot market. To pursue these opportunities, we have been acquiring and operating a fleet of drybulk ships that will transport iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes. Operate all of our vessels in the spot market, on spot market-related time charters, or in vessel pools trading in the spot market.

2. Spot market-related time charters

Since the company's start up the management has set target to pursue spot market-related time charters agreements. This type of charters are based on the terms of time charter agreements but the freight rate is agreed as a percentage of the Baltic Index which is published on the day of the agreement. The last data is the one that gives the charter the characteristic of the spot market. These agreements give the company the opportunity to take advantage of the spot market rates for a considerable period (on time charter basis) and thus foresee its income and expenses so as to plan for a better management.

3. Low debt levels

Primary initial sources of capital were the capital contribution made by Genco. The company has managed to start up its operations by acquiring the vessels mainly financed by Genco. Thus the debt level remains low which is considered as an advantage for further bank loan agreements if it is needed in the near future for fleet expansion. The banking environment is not a fertile territory for financing vessels' acquisition and/or company's operations.

4. Purchase new vessels in low price

Additionally to the above, not only the company has acquired the vessels with low debt level but the vessels have been purchased on near historical lows. It is a common practice in business and trading to "buy at low price and sell at the highest one". Having cheap capital as a tool to make income is translated to low costs in the beginning of the operations with further prospects for growth. Needless to say, that it gives Baltic the opportunity to sell the vessels in the future if their market value is raised and make profit.

Strengths	Weaknesses
• Low cost structure • Modern fleet / Sister vessels -> Low Techn. costs • High operational and safety standards	• Initial Operational Difficulties • Short portfolio of customers
Opportunities	**Threats**
• Reputation of Genco • Spot market-related time charters • Low debt levels • Purchase new vessels in low price	• Unstable political and financial environment • Oversupply of tonnage

Threats

1. Unstable political and financial environment

It is more than a fact that the global recession the last years is considered as a major threat for the company. The consequences of the recession have major effects in the shipping industry since it has to do mainly with the transportation of raw materials and products for consumption globally.

2. Oversupply of tonnage

During the previous years many ship-owners have order new-built vessels. The order book had been huge and during the last two years many of them have been delivered. In combination with the fact that the demolition rate is not significant there is an oversupply of carriage capacity and it keeps the freight rates under pressure in low levels.

Crude Carriers Corp.

CCC is a newly formed transportation company incorporated in the Marshall Islands in October 2009 and is involved into crude tanker industry. There is no operating history as an independent company prior to our IPO in March 2010. The Company's fleet consists of three Suezmax crude tankers and two VLCCs tankers with an average age of approximately 2.0 years that transport mainly crude oil and fuel oil along worldwide shipping routes. Although it is a wholly owned subsidiary of Crude Carriers Investments Corp., it is also an affiliate of Capital Maritime which has a long history of operating and investing in the shipping market.

Strengths

1. Customers

The company has significant customers. For the year ended December 31, 2010 Shell, Petrobras and Respsol accounted for 67%, 11% and 11% of total revenue, respectively.

2. Modern Fleet

The average age of the fleet is approximately 2.0 years. The modern fleet is equivalent to the low cost operations and safety of cargo transportation in technical terms which is preferred by charterers.

3. Small fleet

A small fleet with slight variety of type of vessels gives the opportunity to the management team to acquire characteristics such as flexibility to their decision and ability to focus more on fixing the vessels in order to perform high utilization rate.

Weaknesses

1. Short portfolio of customers

Taking under consideration the list of customers although they are significant in the oil market there is remarkable portion of company's revenues from a single customer estimated on about 67%. Therefore the diversification of the risk is not feasible except if the customers' list will be expended.

2. Initial Operational Difficulties

Four of the five vessels in CCC fleet have been in operation for less than one year. As a result there is possibility for initial operational difficulties especially during this period when a small difficulty may drive to huge costs with great impact in the financial results.

3. High debt Levels

Company's debt levels limit its flexibility in obtaining additional financing, pursuing other business opportunities and paying dividends. It is a fact that the Crude Carriers as per their annual report are not able to refinance their debt.

Strengths

- Customers
- Modern Fleet
- Small fleet

Weaknesses

- Short portfolio of customers
- Initial Operational Difficulties
- High debt Levels

Opportunities

- Status of Capital Marine

Threats

- Overregulation
- Volatile energy market remains low

Opportunities

1. Status of Capital Marine

There is an opportunity for the CCC to gain from the status of Capital Maritime which has a long history in investments in the shipping industry. It has settled customer relations in the sector and this is an opportunity for the Crude Carriers to expand their customer list and split the chartering risk.

Threats

1. Overregulation

The company regards that the compliance with safety and other vessel requirements imposed by classification societies may be a threat for its financial results. They may be costly and could reduce company's net cash flows and net income.

2. Volatile energy market remains low

The market is changing in the oil sector and it has resulted in decreased demand with pessimistic forecasting. Charterhire rates for tanker vessels are volatile and are currently at relatively low levels as compared to historical levels and may further decrease in the future, which may adversely affect the earnings. Hence the fact that company's financial performance is substantially affected by conditions in the tanker vessel spot market. The spot market is highly volatile

DHT Holdings

DHT Holding is located Channel Islands, UK. They operate a fleet of crude oil tankers which includes three very large crude carriers (VLCCs 200,000 - 320,000 dwt), two Suezmaxes (130,000 - 170,000 dwt) and four Aframaxes (80,000 - 120,000 dwt). Our fleet principally operates on international routes and had a combined carrying capacity of 1,656,921 dwt and an average age of approximately 11 years as of December 31, 2010. The Initial Vessels were acquired from subsidiaries of Overseas Shipholding Group, Inc (OSG) in 2005 in exchange for cash and shares of our common stock and have been time chartered back to certain subsidiaries of OSG. Additionally two more Suezmaxes have been bareboat chartered to certain subsidiaries of OSG. Company's strategy is to employ our vessels in a combination of charters with stable cash flow and market exposure. The majority of the charter arrangements include a profit sharing component that gives DHT the opportunity to earn additional hire when vessel earnings exceed the basic hire amounts set forth in the charters. Seven of the nine vessels in their fleet were operated in the Pools (Tankers International Pool, the Suezmax International Pool and the Aframax International Pool) and earnings from additional hire are expected. Additionally benefit from the higher utilization rates are realized by these pools.

The acquisition of a VLCC 1999-built has been financed by a secured loan agreement from DVB Bank SE 60% of the cost of the acquisition. The vessel is operated by the TI Pool. In February 2011, new shares of common stock were issued. The new acquisition in 2011 is a VLCC 2002-built.

Since company's start up certain of its wholly-owned subsidiaries have *time chartered* the Initial Vessels to the charterers for a period of five to six and one-half years. Each time charter may be renewed by the charterer on one or more successive occasions for periods of one, two or three years, up to an aggregate of four, six or eight years, depending on the vessel. In 2008, DHT entered into an agreement with OSG whereby OSG exercised its option to extend the charters for the Initial Vessels upon expiry of the vessels' initial charter periods with renegotiating the charter rates. The charterers are wholly-owned subsidiaries of OSG. Tanker Management performs the technical management under the ship management agreements. The charterers have a right of first offer over the sale of the applicable vessel, which, in the event we wish to sell such vessel, requires offering to sell the vessel to the applicable charterer at a price determined by a shipbrokers' panel.

Additional hire has been agreed for vessels operating in a pool and out of pools. Initial Vessels entered into fixed rate ship management agreements with Tanker Managements. Each of the Suezmaxes is on bareboat charters to subsidiaries of OSG, pursuant to which the charterer is responsible for all technical management of the vessel, including vessel insurance.

Strengths

1. Time charters and bareboat charters

Time chartered our Initial Vessels to the charterers for a period of five to six and one-half years and BB charter parties for 7 – 10 years with OSG. Theses agreements gives the company the opportunity to foresee the revenues from the charters and control its expenses in a more efficient way with stable income input.

2. High utilization rate

DHT has managed to operate its vessel within pools through the charterer. Pools are organized in such a way to maximize profit and utilization rate of the vessels. Thus, DHT remarks that the vessels are very few times in port (7.5 days – 5 Days).

3. Additional hire for vessels operating in a pool and out of pools

Thought the company's agreement DHT has immunized additional revenues from vessels that have a remarkable performance within the Pools and another calculation for additional hire for vessels that operate out of them.

Strengths

- Long Time charters and bareboat charters
- High utilization rate
- Additional hire for vessels operating in a pool and out of pools

Weaknesses

- Short List of customers
- Not able to pay dividends

Opportunities

- Type of time charters (sell vessels to their charterers)
- Status of OSG & Affiliates
- Acquisitions of new-built vessels
- Many Sizes of Vessels

Threats

- Global Recession
- Taxation in UK and USA

Weaknesses

1. Short List of customers

The company states officially in their annual report that they are highly dependent on the charterers and OSG as one of their week points. It is true that it gives limited flexibility to the company and its decisions.

2. Not able to pay dividends

The statement that the vessel may not be able to pay dividend in the future is an element that will affect the attractiveness as investment for new investors.

Opportunities

1. Status of OSG & Affiliates

DHT takes advantage of the status of their Charterers (OSG) and their expertise. It will ensure them that they are owners of well trading vessels since OSG has a major network of customers.

2. Type of time charters (sell vessels to their charterers)

The terms of the chartering agreements give the opportunity to DHT to acknowledge OSG the company's intention to sell a vessel first and then go in public to announce their intention.

3. Acquisitions of new-built vessels

New vessels are coming to DHT fleet and strengthen the overall capacity of the company. They are second hand vessels and acquired at a very low price.

4. Many Sizes of Vessels

When a fleet consists of different sizes of vessels enables the company to take advantage of better charter rates (through their charterers in this case) and thus diversifies the risk of a challenging market at its low.

Threats

1. Taxation in UK and USA

The company states clearly that the Taxation in the United Kingdom and U.S. federal income taxation affect cash flow and operations.

2. Global Recession

In every case the global recession is not an "allied solder" to any of the companies since it has much to do with the seaborne commerce.

<u>Diana Shipping</u>

Diana Shipping Inc specializes in transporting dry bulk cargoes, including such commodities as iron ore, coal, grain and other materials along worldwide shipping routes. The fleet consists of 12 panamaxes, 8 Capasizes, one post-panamax and 2 Newcastlemaxes to be delivered in 2012. The average age of the fleet is 5.4 years and the total number of the vessels is 25. The company has the 11% of the Diana containers Inc also. Basic characteristics of the company are the vessels' young age, the similarity in constructions (four groups of sister vessels), the experience of the team management, the participation in operations of the fleet internally, the strong relations within the industry,

ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΑ

the low debt and their strong balance sheet. Base lines of Diana’s Strategy can be summarized in the expansion of the size of the fleet, maintenance of value of the company, the low cost operations and capitalization on the reputation and safety. What is remarkable is the profitability over the 2009, the acquisition of two additional vessels and the long time-charter based planning along with the strong balance sheet. Furthermore there has been developed a solid relationship with The Export-Import Bank of China. The commercial and the technical management are carried out by a wholly-owned subsidiary. Another wholly-owned subsidiary has been appointed as broker. Diana Shipping has customers firms with some of the best reputation (Cargill International S.A., BHP Billiton, Hanjin Shipping Company Ltd and Corus UK Limited). Three of them accounted for 44% of the total revenues.

Strengths

1. Modern Fleet

A modern, high quality fleet reduces operating costs, improves safety and provides a competitive advantage in securing favorable time charters. A new vessel somehow sets the standards for a safe and qualitative transfer of the commodities and it is attractive to charterers.

2. Four groups of sister ships

Maintaining a fleet that includes sister ships enhances the revenue generating potential of our fleet by providing operational and scheduling flexibility. The uniform nature of sister ships also improves the operating efficiency by creates economies of scale that leads to cost savings.

3. Experienced management team.

The management team consists of experienced executives who each have, on average, more than 25 years of operating experience in the shipping industry and has demonstrated ability in managing the commercial, technical and financial areas of the business.

4. Internal management of vessel operations.

Having in-house commercial and technical management provides advantage over many competitors by allowing close monitoring of operations and offering quality performance, reliability and efficiency in arranging charters and maintenance of the vessels.

5. Activities for Crewing Greek Officers

The company is manning their vessels primarily with Greek officers and Filipino officers and seamen. They are responsible for crewing with Greek officers and have exclusive agreement for crewing Fillipino officers with an independent manning agency. This enables the company to ensure that all of the seamen have the qualifications and licenses required to comply with regulations.

Weaknesses

1. NYSE corporate governance guidelines are not adopted

The NYSE requires companies to adopt and disclose corporate governance guidelines. The company is not required to adopt such guidelines under Marshall Islands law and they are not adopted.

2. Short Customers list

The list of customers is short which means that there is a high dependency on them regarding their revenues. Taken into account that the market is highly competitive one it may set the company to a difficult position in the future given the global financial recession.

Opportunities

1. Strong balance sheet and a low level of indebtedness.

A strong balance sheet and low level of indebtedness provide the flexibility to increase the amount of funds that draw under loan facilities in connection with future acquisitions and enable the company to use cash flow that would otherwise be dedicated to debt service for other purposes.

2. Short-term time charters agreements

The vessels with the shortest time charters agreements provide them with flexibility in responding to market developments.

3. China and India Economy boom

There is estimation that China and India is expected to be robust in the next year. It will drive to a demand for cargo capacity for seaborne transportation activity. This is a hopeful scenario for a slight increase of the freight rates.

4. Good relations with The Export-Import Bank of China

It could be considered an opportunity in combination with the fact that the debt levels remain low and that most of the funds has been capital expenditures. It may allow the company for further loan agreements if necessary even if they state that they will be able to go on smoothly.

Threats

1. Order-book keeps freights in low levels

The order-book of the dry-bulk carriers is expected to remain elevated at least through 2012 resulting in a continued excess of supply over demand.

2. Increased Interest and finance costs

There has been observed an increase in the interest and finance cost by 58%. The increase is primarily attributable to higher interest rates and higher average long term debt outstanding during 2010.

Strengths	Weaknesses
▪ Modern Fleet ▪ Four groups of sister ships ▪ Experienced management team ▪ Internal management of vessel operations. ▪ Activities for Crewing Greek in-house Officers	▪ NYSE corporate governance guidelines are not adopted ▪ Short Customers list
Opportunities	**Threats**
▪ Strong balance sheet and a low level of indebtedness ▪ Short-term time charters agreements ▪ China and India Economy boom ▪ Good relations with The Export-Import Bank of China	▪ Order-book keeps freights in low levels ▪ Increased Interest and finance costs

Excel

Excel is a shipping company that is specializing in dry bulk cargoes under the Laws of Liberia. The premises of the management company are located in Located at Kifisia Athens Greece. The Excel managed fleet is consisted of 48 vessels (7 Capesize, 14 Kamsarmax, 21 Panamax, 2 Supramax and 4 Handymax). Their strategy aims at the maximization of the fleet utilization (96.1%), the reduction of the fleet's average age (10 years) and fleet expansion (29 vessels added from the acquisition of Quintana), a balanced fleet deployment plan (maintaining a cash flow stability by maximum charter revenues – 21 vessels in spot market and 27 vessels under charter period) and capitalization of a well established reputation.

Strengths

1. Fleet of modern and diverse vessels

The 48 Vessels is their fleet in total from which 7 are chartered-in vessels and the rest under spot or period charter parties with various sizes which diversifies the risk and gives the opportunity for participating in every sub-market in dry bulk sector.

2. Cost Efficient Operations

The historical results have proven that the cost under which the company operates their vessels is one of the most competitive ones and gives the opportunity to expand the margins of profitability or sustain the financial pressure derived from the global recession.

3. Experienced management team

The management team has experience and expertise of high importance since they are dealing with maritime industry for several decades in significant positions.

4. Turn over seaborne personnel

Excusive collaboration with Philippines crewing office with well trained masters, officers and crew is the key to this achievement and thus quality is being built gradually.

5. In-house management

The company has managed to include a wide range of services in-house and it allows them to enhance their control in their services and be more flexible in their actions.

Weakness

1. Based on one customer on 30%.

The company has derived its revenues in 2010 from only one customer at a 30% level. This makes the company dependant on one firm, which no matter how reliable it is it can be considered that the risk has not been diversified.

New-built vessels to be delivered in 2011

2. New-built vessels to be delivered in 2011

To the company new-built vessels are about to be delivered and operated within the 2011 when in the middle of the crisis the over-supply of tonnage is a fact and worsens the revenues from the already low freight rates.

Strengths	Weaknesses
• Fleet of modern and diverse vessels • Cost Efficient Operations • Experienced management team • Turn over seaborne personnel	• Based on one customer on 30%. • New-built vessels to be delivered in 2011
Opportunities	**Threats**
• Indian imports' boom • Japan's recovery	• Capesize segment oversupply • Financial crisis / global recession • Low number of demolition

Opportunities

1. Indian imports' boom

India is expected to increase their demand in bulk commodities such as iron ore and coal and might cover the decrease in imports of China and Japan.

2. Japan's recovery

Japan starts to re-build their economy from the recent natural disaster.

Threats

1. Capesize segment oversupply

The volatility of the freights in the market influences the revenues and in combination with the oversized supply of Capesize bulk carriers it is regarded as a threat to the company.

2. Financial crisis / global recession

It is more than a fact that the crisis has a major role as a threat to the future of any organization.

3. Low number of demolition

The number of ships that have been scrapped is very low and it sustains the supply on high levels.

Frontline Ltd

Frontline is a Bermuda-based company and is involved in ownership and operation of oil tankers and oil/bulk/ore, or OBO, carriers, oil tankers of two sizes: VLCCs, and Suezmaxes. Company is operating through subsidiaries and partnerships located in the Bahamas, Bermuda, the Cayman Islands, India, the Isle of Man, Liberia, Norway, the United Kingdom and Singapore. Part of their activities is chartering, purchasing and selling of vessels. The company is operating in the two basic shipping markets, the tanker and drybulk carrier markets. The company has tried to engage transportation of crude oil and additionally raw materials like coal and iron ore and Frontline’s vessels operate in the spot and time charter markets. They currently own or operate approximately 8% of the world VLCC fleet and 5% of the world Suezmax tanker fleet. The Suezmax OBOs fleet is configured to carry dry bulk cargo and is fixed on medium- to long-term charters.

Frontline Management is responsible for the commercial management of their ship-owning subsidiaries, including chartering and insurance. Each vessel is registered under the Bahamas, French, Liberian, Panamanian, Cypriot, Singaporean, Norwegian, Isle of Man, Marshall Islands, Hong Kong and Maltese flag.

Frontline has a strategy of extensive outsourcing. Currently, the vessels are crewed with Russian, Ukrainian, Croatian, Romanian, Indian and Filipino officers and crews, or combinations of these nationalities. Company's main strategy is to have at least 30% fixed charter income coverage for the fleet, predominantly through time charters, and trades the balance of the fleet on the spot market.

The company also has newbuilding contracts that expand the fleet as well. On the basis of the strength of the drybulk market when the vessels became available, all of the eight OBO carriers have been fixed on medium- to long- term charters. During the year ended December 31, 2010, company reported total revenue from one customer 21% of consolidated operating revenues. No other customers represent more than 10% of consolidated operating revenues for the periods presented.

Strengths

1. Large size of the fleet (73 vessels)

Frontline's fleet (tanker and OBO) consists of 73 vessels. In specific there are forty four VLCCs and twenty one Suezmax tankers and eight Suezmax OBOs, five VLCC newbuildings and two Suezmax newbuildings on order and three VLCCs under their commercial management. This size strengthens the company's position against the competition and are contributing factor to negotiating terms.

2. Long-medium term contracts on 30% → good proportion for stable cash flows

Frontline has settled a chartering policy that is based mainly on long term contracts with fixed freight rates. It enables the company to have more predictable cash flows and gives them an advantage to acquire bank finance. Operating a certain number of vessels in the spot market, enables Frontline to capitalize on a potential stronger spot market as well as to serve their main customers on a regular non term basis.

3. Customers relation (only one has 20% of the revenues – others have less than 10%)

The Company has very good relations with customer and has diversified the risk that derives from the direct influence that customers' financial situation may have to the company.

4. High fleet utilization (Pools – Cross trading)

Frontline has achieved high utilization rates by choosing to operate their vessels within commercial pools and further by cross trading (typically with voyages loading in the Persian Gulf discharging in Northern Europe, followed by a trans-Atlantic voyage to the U.S. Gulf of Mexico and, finally, a voyage from either the Caribbean or West Africa to the Far East/Indian Ocean). Teekay and Frontline to commercially combine vessels within a global Suezmax tanker pool, the Gemini Pool. Their target is to improve the utilization of the fleet and to reduce the cost basis by entering a large pool. In addition many other remarkable companies also participate in the Gemini Pool.

Weaknesses

1. Fleet’s age is close to the global average age

The average age of the tankers’ fleet is approximately 11 year compared with an estimated industry average of approximately 9 years, and the respective average for the OBO fleet is approximately 20 years compared with an estimated industry average of approximately 22 years. It may create problem since there are younger vessels without much difference in freight rates and in line with qualitative services.

2. New-built vessels to be delivered in 2011

Contracts that have been made between the company and the shipyards in combination with the new deliveries of newly built vessels will result in higher operational expenses in weak market conditions.

3. Outsourcing activities

Most of the company’s activities have been assigned to third parties and provided to the company through outsourcing services. It does not allow the company to have full access and control to these activities which makes it more difficult to be flexible and decide on any relevant matters apart from what it has been reported to them.

4. Specialization of transportation

Frontline is specialized in specific sectors of the market as far as the size of the vessels is concerned which is referred to VLCC and Suezmax size. Thus they have chosen not to trade in some routes and ports worldwide. The presence of the company is weakened worldwide even if its size is remarkable.

5. Multi-national crews

Multinational crews lurk safety and security concerns since it has been proved by P&I Clubs' researches that there might have been issues during navigation and operation of the vessels onboard. This could be lead to serious problems especially when the vessel is under stressful operation and the crew is called to make decisions in difficult and emergency situation.

Opportunities

1. Multi-registry fleet

The company has registered its vessels to various registries and thus they are operating under the rules of the individual Administrations that now are in force and they are ready to take advantage of any new rule that may be for their benefit as well since these registries have characterized as Flags of Convenience.

2. Choose the best management company from the benchmarking

A central part of the company's strategy is benchmarking operational performance and cost level amongst their ship managers. This enables the company to choose the best manager – operations team in the global market for their vessel to maximise their performance and revenues as well.

3. Negotiation strength – Competitive Financing Agreements

The Negotiation strength of the company derives from their size but it could also make opportunities such as bulk purchase of vessels, spares, equipment in discounted price and ability to be financed from banks as they own many assets.

Threats

1. VLCC segment oversupply

The sector of VLCC has been in marginal frames since it has been observed that there is an oversupply of capacity in terms of demand and it is considered as a threat for further investments and surviving in market.

2. Non-diversified risk (specialization)

Another aspect of the specialization is that the company has not diversified risk. In terms of vessels' size the company has chosen not to decrease the risk of cost since they own vessels of two specific sizes and it makes the company not to have trading presence in particular areas and not have revenues from these.

3. Financial crisis / global recession

It is a common truth that the global economic environment has been under pressure and unstable circumstances have been created globally. The global consumption and therefore trading rates have decreased during the last years and have brought uncertainty which has a great impact in seaborne trading as well.

4. Low number of demolition

The demolition rate of older vessel is very slow and in some particular size is zero. This makes the supply of capacity growing since new deliveries have been placed in the market ready to act which is a result of previous years' bulk order to the yards.

Strengths	Weaknesses
• Large size of the fleet (73 vessels) • Long-medium term contracts • Customers relation (only one has 20% of the revenues – others have less than 10%) • High fleet utilization (Pools – Cross trading)	• Fleet close to the global average age. • New-built vessels to be delivered in 2011 • Outsourcing activities • Specialization of transportation • Multi-national crews.

Opportunities	Threats
• Multi-registry fleet • Choose the best management company from the benchmarking • Negotiation strength • Competitive financing agreements	• VLCC segment oversupply • Non-diversified risk • Financial crisis / global recession • Low number of demolition

International Shipholding Corporation

The company has a diversified fleet of U.S. and International Flag vessels that provide international and domestic maritime transportation services to commercial and governmental customers primarily under medium to long-term time charters or contracts of affreightment. The fleet consists of owned or operated 33 ocean-going vessels and had seven Newbuildings on order for future delivery. In specific there are six U.S. flag Pure Car/Truck Carriers specifically designed to transport fully assembled automobiles, trucks and larger vehicles, three International flag Pure Car/Truck Carriers with the capability of transporting heavyweight and large dimension trucks and buses, as well as automobiles, two multi-purpose vessels, two container vessels and one tanker vessel, which are used to transport supplies for the Indonesian operations of a mining company, one U.S. flag Molten Sulphur Carrier, which is used to carry molten sulphur from Texas to a processing plant on the Florida Gulf Coast, two special purpose vessels modified as Roll-On/Roll-Off vessels to transport loaded rail cars between the U.S. Gulf and Mexico, one U.S. flag conveyor belt-equipped self-unloading Coal Carrier, which carries coal in the coastwise trade, three Roll-On/Roll-Off vessels that permit rapid deployment of rolling stock, munitions, and other military cargoes requiring special handling, two U.S. flag container vessels which began operating on time charters in 2008, three Double Hull Handy-Size Bulk Carriers, which are trading worldwide under a revenue sharing agreement with European partners, two Capesize Bulk Carriers trading worldwide on time charters in which we own a 50% interest of each, and five Mini-Bulkers trading worldwide under a commercial management agreement in which we own a 25% interest of each. The company owns 14 of these 33 vessels and she is divided into five operating segments, Time Charter Contracts – U.S. Flag, Time Charter Contracts — International Flag, Contracts of Affreightment (“COA”), Rail-Ferry Service, and Other (ship charter brokerage and agency services). The time charter contracts segment is the most profitable.

Strengths

1. Diversification.

Their strategy is to seek and obtain contracts that provide predictable cash flows and contribute to a diversification of operations. These diverse operations vary from chartering vessels to the United States government, to chartering vessels for the transportation of automobiles, transportation of paper, steel, wood and wood pulp products, carriage of supplies for a mining company, transporting molten sulphur, transporting coal for use in generating electricity, and transporting standard size railroad cars.

2. Medium to Long-term Contracts

The ISC operations have historically generated cash flows sufficient to cover the debt service requirements and operating expenses, including the recurring drydocking requirements of the fleet. For the 2010 approximately 62% of the revenues were generated from fixed contracts. The length and structure of our contracts, the creditworthiness of our customers, and our diversified customer and cargo bases all contribute to our ability to consistently meet such requirements in an industry that tends to be cyclical in nature.

3. Longstanding Customer Relationships

The existing medium, long-term time charters and contracts of affreightment have been signed with a variety of creditworthy customers most of which have been company's customers for over ten years. Substantially all of our current cargo contracts and time charter agreements are renewals or extensions of previous agreements. The company believes that their longstanding customer relationships are in part due to 4our excellent reputation for providing quality, specialized maritime service in terms of on-time performance, minimal cargo damage claims and reasonable time-charter and freight rates.

4. Experienced Management Team.

Company's management team has substantial experience in the shipping industry. The senior management has many years of collective experience with the Company which is important to maintaining long-term relationships with the customers.

Opportunities

1. Indian – Asian Economy

It has been already conducted an agreement with a strong mining company for seaborne transportation of its products and it could create similar future opportunities in the area.

Weaknesses

1. Non-unified Policy (Environmental, Safety and Quality)

The company operates in many different segments and it makes it difficult for a unified and solid policy in the substantial matters such as environmental, safety and quality.

2. Military contracts and long time charters expire

The Long Time Charters and Military Contracts are to expire within the 2011 with an option of renewal which enhances the uncertainty of the already unfertile business environment.

Strengths

- Diversification (five operating segments)
- Medium to Long-Term Contracts → Predictable Operating Cash Flows
- Longstanding Customer Relationships
- Experienced Management Team

Weaknesses

- Non-Unified Policy (Safety, Environmental etc)
- Military Contracts expire in 2011
- Trading in small areas with limited range of choices.

Opportunities

- Indian-Asian Economy upcoming boom
- Customer with good reputation

Threats

- Overcapacity of vessels
- Financial crisis / global recession
- Vulnerable to Local Regulations due to the trading patterns partially.

Threats

1. Overcapacity of vessels - Competitive Industry

The shipping industry is intensely competitive and is influenced by events largely outside the control of shipping companies. Varying economic factors can cause wide swings in freight rates and sudden shifts in traffic patterns. Vessel redeployments and new vessel construction have led to an overcapacity of vessels offering the same service or operating in the same market

2. Uncertain Political & Financial Environment → Global recession

Changes in the political or regulatory environment have created competition that is not necessarily based on normal considerations of profit and loss.

3. Vulnerable to Local Regulations

Many of their vessels are trading in a restricted range of areas worldwide that make them vulnerable to local regulations that are not in line with the common ones.

<u>Navios Maritime Holdings Inc</u>

Navios is one of the leading global brands in seaborne shipping, specializing in the worldwide carriage, trading, storage and related logistics of international bulk cargoes.

Strengths

1. Experienced team management

The origins of the company could be found back in 1954 when it was founded. Since then the company has developed good relations with traders and exporters, industrial end users, ship owners, charterers, brokers and financial business partners and more gradually experience and qualitative services that all their clients rely on them.

2. Ownership of a Terminal in Uruguay – Vertical transportation

The company owns and operates the largest bulk terminal in Uruguay. It gives them the opportunity to acquire an extensive experience performing complex freight movements and bulk cargo logistics, and in providing innovative solutions for customers' special requirements.

3. Offices around the World

Navios maintains offices in Piraeus, Greece, New York, USA, Montevideo, Uruguay, Antwerp, Belgium, Buenos Aires, Argentina, Asuncion, Paraguay. It makes the company presence vivid in major capitals in the world with remarkable trading activity.

4. Chartering Policy

The company's fleet is consisted of owned and long-term chartered vessels. They are based on the market's requirements in the time frame of chartering period. It gives them the flexibility to take advantage of the freight rates in good market periods.

Weaknesses

1. Specialization of Fleet – Non Diversified Risk

Navios operates mainly handymax and panamax bulk carriers. The fleet is constisted of owned, chartered and leased vessels. This specialization restricts the company's ability diversify the risk by operating in a specific sector regarding their size of vessels.

2. Complexity of Organization

The company's operation activity requires considerable size of the organization structure that makes the company's decision making process difficult and less flexible.

Strengths	**Weaknesses**
• Experienced team management • Ownership of a Terminal in Uruguay – Vertical transportation • Offices around the World • Chartering Policy	• Specialization of Fleet – Non Diversified Risk • Complexity of Organization
Opportunities	**Threats**
• Innovative in transportation – Expertise in digging for opportunities	• Financial crisis / global recession • Bulk cargoes sector has shown a considerable decrease

Opportunities

1. Innovative in transportation – Expertise in digging for opportunities

The company has achieved historically to be part of process of opening the Orinoco River to navigation by ocean-going vessels, and constructing offshore transportation operations in the area. The same happened in the in opening the Gulf of St. Lawrence to winter navigation and other areas like coast of Alaska north of the Arctic Circle.

2. Bulk cargoes sector has shown a considerable decrease

The aforementioned sector has shown a considerable decrease in consumption in freight rates due to the recent disaster in Japan and the global consumption in worldwide level.

Threats

1. Financial crisis / global recession

It is more than a fact that the crisis has a major role as a threat to the future of any organization.

2. Bulk Cargoes have been decreased

During the last 2-3 years there has been a decrease in the volumes transferred by maritime transportation due worldwide since the bulk raw materials have decrease demand and food commodities have decreased respectively also.

Overseas Shipholding Group (OSG)

Overseas Shipholding Group is the one of the world's leading bulk shipping companies engaged primarily in the ocean transportation of crude oil and petroleum products. The company operates a U.S. Flag fleet of 22 vessels and one newbuilding, and a 38-ship international product carrier fleet with four newbuildings delivering this year. The established leadership positions in both of these market segments is a fact for the company and at the same time that they have continued to invest in world-spanning crude business, still the largest cash generator at OSG. At March 31, 2011, the fleet had 44 crude oil tankers on the water and expects to take delivery of two VLCCs in 2011 and two Aframaxes in 2013. Apart from being one the biggest operators of Crude Oil tankers they develop their leadership positions through the participation in commercial pools: Tankers International, Aframax International, Panamax International and Suezmax International commercial pool. In total, the company's owned operated and new-built fleet is 129 vessels. The operations are organized into strategic business units which focus on specific market segments: Crude oil, refined petroleum products, U.S. flag and Gas. The international flag crude tanker unit manages international flag ULCC, VLCC, Suezmax, Aframax, Panamax and Lightering Tankers. The international flag product carrier unit manages LR1 and MR product carriers. The U.S. flag unit manages most U.S. flag vessels.

OSG international flag and U.S. flag operating fleet is owned at 50% approximately with the remaining vessels bareboat or time chartered-in. In order to maximize returns on Invested Capital, particularly during periods when new-building prices and second-hand prices are high, the company charters-in tonnage, enabling it to expand its fleet without making additional capital commitments. Vessels chartered-in maybe bare-boat charters (where OSG is responsible for all vessel expenses) or time-charters (where the ship-owner pays vessel expenses). During the 2010 mainly the global recession, combined with diminished long-haul imports of crude into the United States, produced historically low freight rates in all of the company's vessel classes and as a consequence, OSG has reported a substantial financial loss for the year. Important actions were made to strengthen the company and overtake the obstacles such expenses reductions, diversification of their funding sources, maintaining and upgrading the quality and safety standards, completion of projects such as FSOs and entering the shuttle tanker market.

Strengths

1. Large size of the fleet

The company has a remarkable size of fleet and it strengthens its position in shipping industry providing them to make agreements in good negotiation terms.

2. Diversification of risk in Oil Market

OSG generally operates group of different vessels in size and in specification of the cargoes they can transfer. This differentiation makes them to participate in various markets with the majority of business circumstances being in common. Therefore it gives the advantage to diversify the risk while operating within the Oil Market.

3. Revenues from mix charter parties

OSG generally charters its vessels to customers either on specific voyages basis at spot rates or for specific periods of time based on fixed daily amounts. The management believes that balancing the mix of TCE revenues generated by voyage charters and time charters enables company to maximize its financial performance throughout shipping cycles and unexpected circumstances beyond company's control.

4. Strong Corporate Governance

There is an additional comparative advantage in OSG's way of organization. The Board of Directors has adopted strict and clear guidelines of Corporate Governance. Thus, the aim is to promote effective functioning of the Board and its committees, to promote the interests of all stockholders, and to ensure a common set of expectations. These guidelines are based on rules and requirements that have been established by the New York Stock Exchange (NYSE) and the Securities and Exchange Commission (SEC) and the best practices in corporate governance.

5. High Safety, Environmental and Security Standards and Qualified Crew

OSG's Safety management system addresses a full spectrum of operational risks associated with quality, environment, health and safety (SQHE). It enables the Company to provide consistent service quality and achieve customer satisfaction while at the same time ensure these practices are adhered to on board and on shore. OSG's global fleet operations are committed to provide safe, reliable transportation services to each customer, while ensuring their safety of each crew, vessels and the environment. OSG has taken into account that a tool to achieve its targets is the crewing of its vessels. It is considered that apart from strong shore-side personnel, senior officers and crew provide the company with a competitive advantage.

6. Strong commercial policy

OSG participates in commercial pools with other like-minded ship-owners of modern fleet. These pools offer customers greater flexibility and a higher level of service. They negotiate charters on the spot market rates basis. The size and the scope of the pools enable them to enhance utilization rate for pool vessels by securing backhaul voyages and contracts of affreightment, thus generating higher effective TCE revenues. Also, the company has commercial teams based in significant shipping and financial centers in globe. The offices are located in New York, Houston, London, Athens, Singapore, Tampa, Montreal and Philadelphia. It ensures easy access for and/or to the customers at any time to any information about their cargo position and status.

Weaknesses

1. Delayed Deliveries generated costs

In the beginning of the year OSG had to terminate contracts with Shipbuilding and Repairs Company due to the repeated delivery delays of the 6 ATBs and 2 Tug boats. Finally these units were delivered within 2010 from alternate Shipyards. Similar delays occurred to FSO deliveries which lead the company to seek alternative employment opportunities and it generated additional costs.

2. New-building Vessels

The company is being delivered new vessels from previously orders although they have delayed on purpose to prolong the periods with less capacity in an oversupply market.

3. Losses in 2010

OSG has reported losses for the 2010 and set the company into a cost reduction policy and position them into a disadvantage status for the coming years bearing in mind the structure of the market.

Strengths

- Revenues from mix charter parties
- Diversification of risk in Oil Market
- Large size of the fleet
- Strong Corporate Governance
- High Safety, Environmental and Security Standards and Qualified Crew
- Strong Commercial Team

Weaknesses

- Losses in 2010 – Equity Decrease
- New-building Vessels
- Delayed Deliveries generated costs

Opportunities

- Entering into New Markets
- Modernization of fleet

Threats

- Loan market has been considerably restricted
- FFAs market -> at low levels
- Global Recession
- Reduction of Crude Oil imports in the USA

Opportunities

1. Entering into New Markets

LNG market is considered as a very promising segment of shipping industry, since there are forecasts that the consumption of NG will increase in the next years, and has some very specific characteristics (higher natural gas prices, long-term contracts, lower LNG production costs, rising gas import demand). The operation of 4 LNG carriers by OSG through joint venture partnerships provides the necessary know-how in order to expand in this lavishing market in the near future. Additionally the expertise in conversion into FSO gives advantage to OSG in development of a similar opportunity in the future.

2. Modernization of fleet

Despite difficult market conditions OSG's financial management has prepared the company to focus on improving and building further. The fleet has been modernized by the delivery of new-buildings within 2010 and 2011. Company seeks to employ their vessels with the highest possible utilization rate by supplying new vessels and take advantage of this unfertile market.

Threats

1. Restricted Loan market

One of the most significant factors in the shipping industry is the financial markets which have a strong impact on the investments globally. In particular, after the last worldwide financial crisis, shipping banks have decided to reduce their lending capacity more than 30%-50% compare to the previous years. This financing policy has been scheduled to continue in the next couple of years. This is equal to more than 50% reduction of the mortgage financing books for the acquisition of new-buildings and second-hand vessels. The most aggressive ship-lending institutions are now content to keep their portfolios at current level. In other words loan market has been considerably restricted and it could be regarded as closed.

2. FFA Market remain low

The overall financial and political environment in the global market is considered as unstable and the future cannot be hypothetically predicted at any rate. OSG has entered

FFAs market although the index of this market is at their low levels. These levels may contain a significant level of risk for future investments and considered as a theat.

3. Global recession

The aforementioned is one of the most significant factors that is considered as a threat for the business world especially in a market with highly volatile freight rates which are connected with the global commercial growth. It enhances the uncertainty and instability of the economic environment.

4. Reduction of Crude Oil imports in USA

The decision of setting some quantity of US Oil deposits available made imports of Crude Oil to be reduced. It indicates the vulnerability of the company to regulations and governmental decision which are beyond their control.

Paragon Shipping Inc.

Paragon Shipping is a company based in Greece listed in NYSE and registered in Marshall Islands since 2006. Allseas is responsible for all commercial and technical management functions for their fleet and is beneficially owned by the chairman and chief executive officer. Paragon is specialized in transporting drybulk cargoes (iron ore, coal, grain and other materials) and container cargo products. The fleet consists of eleven drybulk carriers (eight Panamax, one Handymax and two Supramax) with a weighted average age of 7.7 years, and two 2010-built containerships. In addition it has been agreed to acquire four Handysize and three Kamsarmax newbuilding drybulk carriers that are expected to take delivery of between October 2011 and December 2012. On April 15, 2009, The Company has entered twice into a Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co (Spring 2009 and 2010). In March 2010 their common shares commenced trading on the NYSE and stopped trading on the NASDAQ Global Market and in October 2010 Paragon entered into another Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co. Allseas and Loretto Finance Inc, a wholly owned subsidiary of Allseas, entered into a tripartite agreement, whereby it has been agreed to issue and sell to Allseas, via Loretto, 1,023,801 common shares, representing 2% in order to ensure Allseas's continued services. All of the Paragon vessels are owned through a separate wholly-owned Liberian or Marshall Islands subsidiary.

Strengths

1. In-house Technical and commercial management

The company has assigned the technical and commercial management of their vessel to the wholly owned subsidiary named Allseas. The management procedures include crewing, technical maintenance, drydocking, insurance matters, chartering, sales and purchasing, operations and accounting - finance. It enhances the control and the strength to Paragon on the management, the decision making and planning, the sale and purchase of vessels, and finance and accounting functions.

2. Mixed charter parties (T/C and spot market)

All of the vessels are employed both on time charters for a medium to long-term period of time and on spot market under voyage charter parties on spot freight rates. This makes the company to ensure some of their revenues from the fixed long term agreements and at the same time take advantage of the slightly higher spot freight rates.

3. Diversification of the fleet

The diversification of the fleet is remarkable in comparison to the size of the fleet and only regarding the size of the vessels. An effort of the company to enter the market of container-ships is obvious.

4. Customers Relations show Paragon's independence

It is more than important that the company's largest customer (Deiulemar Shipping S.P.A.) has only 28% contributed to the annual revenues of 2010 and the other customers have contributed around 10-15% to that.

Weaknesses

1. Loose Customers Relations

The company seems to preserve loose relations with their customer since they all contribute less than 30% to the company's annual revenues and their relation with KLC seems to cause further problems to their container ships' agreements which are under time charter party terms.

2. Controlled Equity Offering Agreements

After Paragon had conducted two Controlled Equity Offering Agreements it was delisted from NASDAQ and listed in NYSE. This action shows financial policy instability and quick self-financing by increasing their capital equity. It indicates difficulties in seeking bank financial support which leads the weak position of the company.

Strengths	**Weaknesses**
• In-house Technical and commercial management • Mixed charter parties (T/C and spot market) • Diversification of the fleet • Customers Relations show Paragon's independence	• Loose Customers Relations • Controlled Equity Offering Agreements
Opportunities	**Threats**
• Kamsarmax vessels to be delivered • Entry in Containerships Market • Delivery of four Handymax vessels	• Charterers' Policy puts Paragon in risk • Global Financial crisis • New building deliveries in weak market

Opportunities

1. Kamsarmax vessels to be delivered

The company is expecting to operate the three new building vessels (Kamsarmax size) trading dry cargoes in bulk which are about to be trading in the Southeastern Asia able to be berthed even in Kamsar port of Guinea for loading bauxite.

2. Entry in Containerships Market

This is an opportunity to take advantage of any forthcoming boom in house consumption for electrical equipment.

3. Delivery of four Handymax vessels

Handymax vessels give the opportunity to be more flexible in trading ports and routes due to their size. It cannot provide important economies of scale but it could be more often busy in trading since the volume of the commodities in sea transportation have been decreased in total and individually as well.

Threats

1. Charterers' Policy puts Paragon in risk

KLC is the charterer of one drybulk carrier of Paragon but it is not expected for KLC to make charter hire payments nor honor the charter party agreement any more. Therefore the company has difficulties in recovering any unpaid amounts or securing another charter at similar rates.

2. Global Financial crisis

It more than a common sense that the global financial instability is crucial to the seaborne trade development and could be considered as a serious threat to the development of the industry as a whole.

3. Newbuildings' deliveries in weak market

The forthcoming deliveries in a very weak market threaten the cash flow of the company and its profit may decrease due this fact.

<u>Safe Bulkers, Inc.</u>

Safe Bulkers is a company that operates under Marshall Islands laws. The fleet has been renewed by selling vessels during favorable periods in secondhand market and by contracting to acquire 36 drybulk newbuilds in parallel with the expansion of the classes of drybulk vessels in the fleet. The quality and size of the fleet, together with the long-term relationships with several of their charter customers, are the results of the long-term strategy of maintaining a young, high quality fleet, the knowledge of the drybulk industry and the strong and experienced management team providing shipping services since 1965 to drybulk vessels. In June 2008, an initial public offering of the common stock in the United States was held and the common stock began trading on the New York Stock Exchange.

Strengths

1. Young Fleet – Preferable to Charterers

The fleet consists of 16 drybulk vessels with an average age of 3.9 years (industry average of approximately 14 years), which makes the company as one of the world's youngest fleets of Panamax, Kamsarmax, Post-Panamax and Capesize class vessels. It makes their vessels preferable to the Charterers.

2. Chartering Policy – Mixed C/Ps – Stable Cash flow

The fleet is employed on both period time charters and spot charters, according to assessments of market conditions, with some of the world's largest consumers of marine drybulk transportation services. The vessel that are deployed on period time charters provide the company with relatively stable cash flow and high utilization rates, while the rest of the vessels in the spot market allow them to take advantage of attractive spot charter rates during periods of strong charter market conditions.

3. Sister Vessels in Japanese Yards – Cost Savings

The majority of vessels in the fleet have sister ships with similar specifications which provides cost savings since it facilitates efficient inventory management and allows for the substitution of sister ships to fulfill their period time charter obligations. In addition, the newbuildings are comprised of one Japanese-built Panamax class, one Chinese-built Panamax vessel, three Chinese built Kamsarmax vessels, two Japanese-built Post-Panamax class vessels, and two Chinese-built Capesize class vessels.

4. Strong wide range Customers' Relations

Since 2005 their customers have included over 30 national, regional and international companies, including Bunge, Cargill, Daiichi Chuo Kishen Kaisha, Intermare Transport G.m.b.H., Eastern Energy Pte. Ltd., NYK, Shinwa Kaiun Kaisha, Kawasaki Kisen Kaisha, Ltd, or their affiliates. During 2010, three of the charterers accounted for 76.3% of revenues, namely Daiichi Chuo Kishen Kaisha, Kawasaki Kisen Kaisha and Cargill, with each one accounting for more than 10% of total revenues. They aim to chartering their vessels primarily to charterers who intend to use their vessels without sub-chartering them to third parties. A prospective charterer's financial condition and reliability are also important factors in negotiating employment for the vessels.

5. Management Company is an in-house service

The Management Company provides them with technical, administrative, commercial and certain other services and does not provide management services to any third party vessels. The Management Company is responsible for the fleet's technical management and recruiting (or through a crewing agent). It gives the opportunity to the company to be flexible and have complete control for their operations.

Weaknesses

1. High Customers' Dependence

The Company has been relied much on three customers in specific while they have been in good cooperation with a wide range of customers. It does not diversify the risk that may be derived from the financial strength to a single customer itself.

2. New deliveries will increase the operating costs

The new deliveries will increase the operating costs upon their delivery and probably be against the satisfactory cash flow that the company tries to maintain. It is expected to decrease the financial strength of the company as well.

Opportunities

1. Expansion of the fleet – strengthens their position

The expansion of the fleet in an unstable market situation strengthens the position of the company among other companies and provides a comparative advantage against the others. This could be considered as a base to take advantage of new opportunities that may be given in the future.

2. The majority of the fleet has been built in Japanese shipyards

It has been observed that the majority of the vessels have been built in Japanese Shipyards. It somehow could provide the company with an advantage in attracting large, well-established customers, including Japanese customers. They have created an opportunity already and the re-construction of Japan after their recent disaster is expected to be a beneficial for the company.

Threats

1. New buildings are to be delivered in weak market

The new deliveries will be a very important factor in utilization rate. The oversupply of the transportation capacity will have an impact in the revenues of the company.

2. Global Financial Crisis

This factor has to be considered as a serious threat to the financial sustainability and development of the companies in general not to mention those that have been exposed to risk due to their investments.

Strengths	Weaknesses
• Young Fleet – Preferable to Charterers • Chartering Policy – Mixed C/Ps – Stable Cash flow • Sister Vessels in Japanese Yards – Cost Savings • Strong Customers' Relations • Management Company is an in-house service	• High Customers' Dependence • New deliveries will increase the operating costs
Opportunities	**Threats**
• The majority of the fleet has been built in Japanese shipyards • Expansion of the fleet – strengthens their position	• Global Financial crisis • New building deliveries in weak market

Scorpio Tankers Inc.

This is a company established under the Law of Marshall Islands with their principal executive offices located in Monaco but also has offices in the most important capital in the world. The company's stock is trading in New York Stock Exchange and the core business is the seaborne transportation of crude oil and refined petroleum products internationally. The fleet is consisted of ten wholly owned tankers (four LR1 tankers, four Handymax tankers, one LR2 tanker and one post-Panamax tanker) and one time chartered-in LR1 tanker. The Scorpio fleet has an average age of five (5) years.

The chartering policy has been focused on time charters or in commercial pools agreements. In respect of increasing vessels' utilization and thereby revenues, the participation in commercial pools with other shipowners of similar modern, well-maintained vessels has been considered as a necessity. By operating a large number of vessels as an integrated transportation system, commercial pools offer customers greater flexibility and a higher level of service while achieving scheduling efficiencies. Pools employ experienced commercial managers and operators who have close working relationships with customers and brokers, while technical management is performed by each shipowner. Pools negotiate charters with customers primarily in the spot market. The size and scope of these pools enable them to enhance utilization rates for pool vessels by securing backhaul voyages and contracts of affreightment, or COAs, thus generating higher effective TCE revenues than otherwise might be obtainable in the spot market.

The company's vessels are commercially and technically (except of two new vessels) managed by Scorpio Commercial Management S.A.M which also manages the Scorpio LR2 Tanker Pool, Scorpio Panamax Tanker Pool and the Scorpio Handymax Tanker Pool. There is another company that provides accounting, legal compliance, financial, information technology services, and the provision of administrative staff and office space named Liberty. The later company also arranges vessel sales and purchases for Scorpio Commercial Management SAM.

Strenghts

1. Young Fleet → Preferable to Charterers

The young age of the Scorpio Fleet is an important tool to attract the charterers since it means quality and reduce risk for accidents and technical deficiencies and makes the fleet more attractive for charterers. It also gives the operator an advantage for better chartering terms.

2. Proportionally High Diversification Fleet

In comparison with the size of the fleet of the company there is a high diversification focusing on the size of the vessels. It helps to decrease the risk of fleet low utilization rate

3. Chartering Policy → Commercial Pools

Commercial Pools provide high utilization rates, flexibility and negotiating COAs with charterers which leads to additional revenues.

4. Presence in major Capitals worldwide.

The company has presence in New York, London, Singapore, Monaco, Mumbai. It gives the opportunity for the charterers to be in contact with the company at any place in the world and the company takes advantage of every place that they are located referring to the information and trading.

Weaknesses

1. Secondary offering in November 2010

This offering indicates that the company needs to finance with equity in order to follow up and fulfill the time charter-in agreements and publishing new shares makes decreases the price of the existing shares which puts the company in a difficult place.

2. Restricted size of the fleet

The size of the fleet indicates the strength in the industry and the ability to have good charter-parties. Scorpio has not the size of the fleet in order to play major role within the industry and it leads to a significant depending relation with their customers.

Opportunities

1. Specialization in Commercial Pools

The company's specialization in operating within the commercial pools makes opportunities to charter-in vessels. Chartering-in vessels is a high profitable type of charter party but with significant risk in general. In specific, the management is done by the related to Scorpio Group management companies which reduces the risk.

2. Arbitrage in Oil products

The continuing volatility in refining and marketing of petroleum products create price movements which lead to "arbitrage" opportunities, and traders use vessels in order to deliver cargoes to the most profitable end markets or to store fuels for future delivery at a known selling price. As the refining industry itself consolidates and expands in the Middle East and South Asia, it is expected that these arbitrage opportunities will increase and lift the demand for product tankers.

Threats

1. Global Financial Crisis

The global financial trade has been decreased dramatically during the last years. Therefore the seaborne transportation has reduced its volumes and the shipping industry follows the worldwide recession as well. It is common thesis that the recession is a threat for the shipping sector.

2. New Charter-in agreements in weak market

The company is about to follow new agreements in operating chartered-in vessels within pools but in a weak market. If we consider the fact that chartered-in vessels enhance the risk (from technical point of view) and the company's trademark it could be considered as a possible threat.

Strengths

- Young Fleet (4yo) – Preferable to Charterers
- Proportionally High Diversification Fleet
- Chartering Policy – Commercial Pools
- Presence in major Capitals worldwide

Weaknesses

- Secondary offering in November 2010 = Equity finance
- Restricted fleet size → Low strength in market.

Opportunities

- Specialization in Commercial pools → Opportunities for Chartered-in vessels
- Arbitrage in Oil → Chartering Opportunities from storage, transportation time etc.

Threats

- Global Financial crisis
- New Charter-in agreements in weak market

Ship Finance International Limited

Ship Finance International Ltd is a company based in Bermuda and their stock is trading in NYSE. The company has subsidiaries, partnerships and branches located in Bermuda, Cyprus, Malta, Liberia, Norway, the United States of America, Singapore, the United Kingdom and the Marshall Islands. The Ship Finance International was formed in 2003 as a wholly owned subsidiary of Frontline, its ownership in the Company is now less than one percent. Most of their oil tankers and OBOs are chartered to the Frontline Charterers under longer term time charters that have remaining terms that range from two to 16 years. The Ship Finance International has a fleet of 29 oil tankers, eight OBOs currently configured to carry drybulk cargo, three drybulk carriers, nine container vessels, two jack-up drilling rigs, three ultra-deepwater drilling units, six offshore supply vessels and two chemical tankers. One of the oil tankers has been agreed to be sold, with delivery to its new owner expected by the end of March 2011.

Additionally seven newbuilding Handysize drybulk carriers, with estimated delivery in 2011 and 2012 - two newbuilding Supramax drybulk carriers, with estimated delivery in 2011 – and - two 2010-built 13,800 TEU container vessels, with delivery estimated before the end of April 2011. Medium to long-term charters have been secured for all nine of the newbuilding drybulk carriers and the two 13,800 TEU container vessels. Company's customers currently include Frontline, Horizon Lines Inc., or Horizon Lines, Seadrill, North China Shipping Holdings Co. Ltd., or NCS, Sinochem Shipping Co. Ltd., or Sinochem, Heung-A Shipping Co. Ltd., or Heung-A, Deep Sea, CMA CGM SA, or CMA CGM, MCC Transport Singapore, Glovis Co. Ltd., Western Bulk, Hong Xiang Shipping and Apexindo. The Frontline Charterers, in turn, charter SFI vessels to third parties. The daily base charter rates payable to SFI under the charters have been fixed in advance and will decrease as their vessels age.

Strengths

1. Fleet's Expansion

The fleet expansion strengthens the position of the company in the aspect of carrying capacity available. Mainly the company time charters all their asset and as a result by expanding the fleet they increase their long-term distributable cash flow per share and in parallel the average age of the fleet is decreasing.

2. Fleet's Diversification

The company is active in eight (8) sectors in the shipping industry which is considered as an important factor to risk diversification.

3. Chartering Policy

The company's chartering policy has been characterized by long term time charter agreements which make a long term stable and predictable cash flow with a minimum risk without participating in spot market.

Weaknesses

1. High average fleet's age

The company owns a fleet of high average age vessels in general. This makes the vessels less attractive to charterers and it is regarded as a weak point of SFI compared to other companies with a newer ships.

2. Customers' Relations

The company has 13 customers and 3 of them are affiliated companies to Frontline which is their most important customer. It indicates high dependence to Frontline and therefore a small fluctuation of Frontline's revenues can affect their revenues as well in scale.

Opportunities

1. Sales and Purchase of vessels

The company has a significant experience in SnP and during the global financial crisis they might take advantage of opportunities given to expand their fleet and re-sale or charter their assets in a beneficial way.

2. New Markets

It makes it easier for them to enter a new market since the diversification of their fleet is remarkable and their experience in chartering their vessels in many different markets indicates their vision as well.

Threats

1. Global financial crisis

It is a common threat for the entire trading world in globe. The seaborne transportation is tightened to the world trade which has been decreased.

2. New Deliveries in 2011

The company has scheduled to have new deliveries within 2011. They will bring with them new operating expenses within a weak market which might worsen the cash flow status.

3. Threats that threat Frontline

The high percentage of dependence from Frontline forces the company to be in line with Frontline's threats.

Strengths • Chartering Policy • Fleet's Diversification • Fleet's Expansion	**Weaknesses** • High average fleet's age • Customers' Relations • Threats that threat Frontline
Opportunities • Sales and Purchase of vessels • New Markets	**Threats** • Global Financial crisis • New Charter-in agreements in weak market

Teekay Corporation

Teekay is a NYSE listed company and it has been considered as a lone of the leading providers of international crude oil and gas marine transportation services. They also offer offshore oil production, storage and offloading services, primarily under long-term, fixed-rate contracts. The fleet consists of over 150 vessels, offices in 16 countries and approximately 6,400 seagoing and shore-based employees. Petrojarl is a leading independent operator of FPSO units in the North Sea. Petrojarl is 100% owned by Teekay. The Teekay operations are divided into sectors (shuttle tanker and FSO segment, the FPSO segment, the liquefied gas segment and the conventional tanker segment), consisting of the spot tanker sub-segment and fixed-rate tanker sub-segment.

Strengths

1. Fleet's Size → Strengthens Negotiation Ability

The TK fleet is 151 vessels in total. The company owns 32 shuttle tankers (from the 88 vessels that is the total worldwide fleet) and chartered-in an additional six shuttle tankers. TK has six FSO units (from 102 FSO units operating worldwide). From the 155 FPSO units operating worldwide plus 35 FPSO units on order TK has six units. This size enhances the strength of Charter Parties' negotiation.

2. Competition in Shuttle Tankers → Weak

Competitor-owners are controlling small fleets of 3 to 18 shuttle tankers each which indicates the significant competitive advantages in the shuttle tanker market as a result of the quality, type and dimensions of TK vessels combined with the market share in the North Sea.

3. Chartering Policy

Shuttle tankers are under long time charter with fixed rates. TK's FSO units are generally placed on long-term, fixed-rate time-charters or bareboat charters as an integrated part of the field development plan, which provides more stable cash flow to TK. FPSO contractors are companies with energy transportation and oil services background. . LNG carriers are usually chartered to carry LNG pursuant to time-charter contracts with durations between 20 and 25 years. LNG and LPG carriers are subject to long-term, fixed-rate time-charter contracts. Spot market Oil tankers operate also in pools (Aframax tanker pool, an LR2 tanker pool and a Suezmax tanker pool or Gemini Pool).

4. Diversification of Fleet in all aspects

A total of approximately 53% of company's net revenues were earned by the vessels in the shuttle tankers and FSO segment and FPSO segment and14% of net revenues were earned by the vessels in the liquefied gas segment. Spot tanker sub-segment compete primarily in the Aframax and Suezmax taanker markets and 12% of TK's net revenues were earned by the vessels in this sub-segment. Approximately 21% of company's net revenues were earned by the vessels in the fixed-rate tanker sub-segment.

5. Fleet' average age in Oil Tankers

TK's Aframax tanker fleet has an average age of approximately 10 years and TK's Suezmax tanker fleet had an average age of approximately five years. This compares to an average age for the world oil tanker fleet of approximately 8.4 years, for the world Aframax tanker fleet of approximately 8.2 years and for the world Suezmax tanker fleet of approximately 8.3 years.

6. Commercial Presence Worldwide

TK has chartering staff located in Tokyo, Japan; Singapore; London, England; Houston, Texas; and Stamford, Connecticut. Each office serves their clients headquartered in that office's region. Fleet operations, vessel positions and charter market rates are monitored around the clock. Monitoring such information is critical to making informed bids on competitive brokered business.

7. Sister Vessels

Many Aframax and Suezmax Vessels and some Shuttle tankers are sister vessels and it makes it cost effective technically to have a storage of spare parts and knowledge of trouble shooting.

Weaknesses

1. Multi-registered Fleet

TK's vessels are of Australian, Bahamian, Belgium, Cayman Islands, Hong Kong, Isle of Man, Liberian, Marshall Islands, Norwegian, Norwegian International Ship, Singapore, and Spanish registry. It disables the company to have a unified Flag policy and it may have impact in the safety standards.

2. Complicated Organization Structure

TK's organizational structure includes, among others, interests in Teekay Offshore and Teekay LNG. These limited partnerships were set up primarily to hold TK's assets that generate long-term fixed-rate cash flows. The target was to illuminate higher value of fixed-rate cash flows to Teekay investors, realize advantages of a lower cost of equity when investing in new offshore or LNG projects, enhance returns to Teekay through fee-based revenue and ownership of the limited partnership's incentive distribution rights, which entitle the holder to disproportionate distributions of available cash as cash distribution levels to unit holders increase and access to capital to grow each of our businesses in offshore, LNG, and conventional tankers.

3. Forward Freight Agreements

The company has been exposed to freight rate risk for vessels in spot tanker sub-segment from changes in spot tanker market rates for vessels. In certain cases, the company uses forward freight agreements (or FFAs) to manage this risk. FFAs involve contracts to provide a fixed number of theoretical voyages at fixed rates, thus hedging a portion of the exposure to the spot-charter market. The company has conducted such agreements and it makes them vulnerable to small increases (mainly corrective) of the freight rate in spot market in the near future.

4. Many Business Units

The company has a wide range of operations in many different business units. This is by default an inflexible organization regarding the decision making. Shipping industry requires making decisions on the spot which might be crucial to the reputation, quality and safety of a company.

Opportunities

1. Further Operation of FSO and shuttle tankers

TK is operating in many shipping sectors and it drives to the ability to take advantage of forthcoming opportunities. FSO units and shuttle tankers are operated by TK in North Sea. There are some other areas that could be fertile to operate such units such as Asia, the Middle East, the North Sea, South America and West Africa and for the Shuttle tankers in Africa, Australia, Brazil, Canada, Russia and the United States Gulf.

2. Modernization of fleet

Despite difficult market conditions TK's management has prepared the company to focus on improving and building furthertargeting in promising markets. The fleet will be modernized by the delivery of new-buildings LNG-LPGs and Shuttle Tankers within 2011 and 2012. Company probably seeks to employ their vessels and therefore strengthen its position by supplying new vessels and take advantage of the low freight rates market.

3. LNG market

This market seems very promising one since there is demand for LNG Capacity worldwide. For a company that is in the market already even with a small portion it is very good opportunity in order to expand and take advantage of their know-how.

Strengths	**Weaknesses**
• Fleet's Size → Strengthens Negotiation Ability • Chartering Policy – Mainly Fixed rates • Competition in Shuttle Tankers → Weak • Diversification of Fleet in all aspects • Fleet' average age in Oil Tankers • Sister Vessels → Cost effective fleet • Commercial Presence Worldwide	• Multi-registered Fleet → Safety Concerns • Complicated Organization Structure • Forward Freight Agreements - too much exposed • Too many business units
Opportunities	**Threats**
• Further Operation of FSO and shuttle tankers • Modernization of fleet • LNG market seems promising	• Global Financial crisis • Competition in other sectors – Market is unaffected by individual companies

Threats

1. Competition in other sectors – Market is unaffected by individual companies

In the LNG markets, TK competes principally with other private and state-controlled energy and utilities companies, which generally operate captive fleets, and independent ship owners and operators. In conventional oil tankers market the competition is remarkable and no company could affect the business in its complete.

2. Global Financial Crisis

In the worldwide financial community the crisis of the globe is a very serious reason not to make investment and much of the financial activity has been stopped. Thus the seaborne trade is decreasing and the whole shipping industry is reluctant to new investments which threatens further development.

Tsakos Energy Navigation (TEN)

TEN is a company based in Bermuda and their share is trading in NYSE. TEN's modern fleet consists of 47 modern crude oil carriers and petroleum product tankers that provide world-wide marine transportation services for national, major and other independent oil companies and refiners under long,medium and short-termcharters. The manager of the company's fleet is managed by Tsakos Energy Management Limited. The 47 vessels include twenty-one of the operating vessels are of ice-class specification. This fleet diversity, which includes a number of sister ships, provides with the opportunity to be one of the more versatile operators in the market.

Strengths

1. Fleet's Average Age – High Quality

The average age of the tankers in the company's current operating fleet was 6.9 years, compared with the industry average of 8.5 years. The quality of the services provided by modern fleets in combination with a low average age make the vessels more attractive to the Charterers and may contribute to a high utilization rate.

2. Diversified fleet.

The company's fleet is consisted of many different size vessels which diversifies the risk of specialization of operation and make the company more flexible to the ability of transporting various petroleum cargoes in various ports and routes.

3. Chartering Policy

In order to achieve stability throughout industry cycles, the company has decided to employ a high percentage of the fleet on long and medium-term employment with fixed rates or minimum rates plus profit sharing agreements. Apart form the high utilization rates this chartering policy allowed the company to maintain flexibility in and to take advantage of favorable rate trends through spot market employment and contract of affreightment charters with periodic adjustments. It is worth mentioning that the overall average fleet utilization rate was 97.3%.

4. Experienced Management Team

For over 38 years, Tsakos entities have maintained relationships with and has achieved acceptance by national, major and other independent oil companies and refiners. Several of the world's major oil companies and traders, including Houston Refining, PDVSA, ExxonMobil, FLOPEC, Vitol, Shell, BP, Sunoco, Tesoro, Petrobras, Trafigura, Glencore and Neste Oil are among the regular customers of Tsakos Energy Navigation.

Weaknesses

1. Specialization in oil transportation market

The company's operations are totally focused on the oil transportation market and it cannot diversify the business risk but only within this sector of shipping industry.

2. High Percentage of fleet is occupied in T/C

Over 65% of the fleet is operating under time charter agreements without leaving the opportunity of take advantage of spot market rates especially during corrections of the markets such as the recent small improving signs.

Opportunities

1. LNG Market improving and promising

The company has acquired one LNG carrier in their effort to enter this market which has been shown improved freight rates.

2. New Building Program

TEN has been under commitment to build ice-class vessels in order to take advantage of opportunities that new routes are believed to offer in the near future. Therefore an order for 21 ice-class vessels has been put in shipyards as well.

3. Shuttle Tankers market

The company believes that there are prospects for further development in the aforementioned sector and they have secured long-term contracts for two vessels.

Strengths

- Fleet's Average Age – High Quality
- Diversified fleet
- Chartering Policy
- Experienced Management Team

Weaknesses

- Specialization in oil transportation market
- High Percentage of fleet is occupied in T/C

Opportunities

- LNG Market improving and promising
- New Building Program
- Shuttle Tankers market

Threats

- Newbuildings in a weak market
- Global Financial Crisis
- Middle East Crisis

Threats

1. Newbuildings in a weak market

The program of the company has been under progress and it indicates new-buildings' deliveries in a weak market with an uncertain future. This may be a threat for the company since operating new vessels means that increase of the operational expenses

2. Global Financial Crisis

The globe is under financial ordeal and as result this affects directly or indirectly the shipping industry since there are impacts in oil consumption, product consumption and industrial production.

3. Middle East Crisis

Oil Production countries face a social-political crisis that has influenced negatively the Oil production and oil exports. Mainly crude oil exports have been decreased and in combination with the use of national US oil storage the oil transportation (both products and crude) has worsen further.

Conclusions-Outcomes from SWOT Analysis

In conclusion of this part it is obvious that there are common characteristics in terms of type of management, strategic planning and approaching of the global trading environment. In other words the strong points of this industry for the majority of the shipping companies that are listed in NYSE are:

- the Modern Fleet
- Experienced Management Teams
- Mixed Chartering policy
- Diversification of Fleets in size or type

All the above characteristics are reasonably justified since during the previous years the bank financing was not remarkably demanding and also based on the historical high freight rates the modernization of their fleets was a rational result since they wanted to invest in qualitative and attractive vessels to charterers. The listing in NYSE has been very strict in requirements that have to be fulfilled and mainly experienced management teams were addressed to succeed in this. Additionally, the mixed chartering policy was the only way to secure in some way a stable cash flow and revenues to support the loan commitments and to gain further by chartered vessels under spot freight rates as well. The new-building and fleet expansion programs were aiming additionally to the diversification of their fleets and take advantage of the opportunity to enter in a potential new market.

The sector seems to have also weaknesses based on the internal environment of the enterprises and the decisions they have made during the last years such as:

- Short Portfolio of Customers and
- New Deliveries of New-Building Vessels.

The first characteristic is a general feature of the market since the strength has been passed on the Charterers' part. That is why most of the companies, especially in oil tankers' segment, have been in good customer's relationships with specifically selected customers. Thus, the companies' dependence rate on the Charterers individually is significant and may be an obstacle to flexibility in customer related policies.

Even during tough and limited business frame without much of optimistic and fertile territory for remarkable earnings or investments in the near future, there might be some field for opportunities at a second though:

- ⇨ Low Prices for Vessels' Purchase
- ⇨ National Economies Expected Growth
- ⇨ New Markets to Rise.

It seems that the low prices of vessels in second hand market and new-building vessels that owners cannot afford operating them anymore, may compose opportunities for fleet expansion mainly referring to the ones that have strong cash flow cash deposits and good loan background. Additionally, there has been expected that developing national economies such as Japanese, Indian and Chinese will recover soon and will train their respective countries in boom which will affect successively the global economy and may result in an increase of freight rates in specific routes. Furthermore, there are some new markets which are expected to become very strong in the future such as shuttle tankers and Kasharmaxes, new trading routes may rise like the route Northern of Scandinavia to Russia, New Panama Canal Transit.

What is more obvious in the world current circumstances is that the global financial crisis is considered as an obstacle in the business world for further development and it cannot be absent in the shipping industry as well. In combination with the oversupply of tonnage, which is active in the industry along with the low price of demolition that prevents the decrease of tonnage supplied, are the major factors that keep the freight rates in low levels and it is a threat for immediate recovery of the market. This feature is a result that the shipping has come face-to-face with which is traced back in the cheap and easy banking and equity finance that helped the individual fleet expansion and modernization.

V. Economic Modelling in Shipping

Space Matrix

Definition

The SPACE Matrix is a management tool used to analyze a company or an industry in its whole. It is used to determine what type of strategy an industry may follow as a most appropriate one for its development. This tool is planned to focus more on the strategic position and competitive factors of an organization. To be more specific the factors that this matrix examines are the internal and external strategic dimensions of an entity. For example the internal part may come from the accounting and financial statements. Such factors include the return on investment, leverage, turnover, working capital and others. External parameters may be considered the overall economic condition industry growth potential and other. It can be used as a basis or additional tool for other management analysis tools such as SWOT and other models.

Implementation of method

The data that are used in the implementation have been taken from the annual financial reports that the NYSE listed shipping Companies have published periodically from 2007 until 2010 on average.

Data	*Financial Year 2007*	*Financial Year 2008*	*Financial Year 2009*	*Financial Year 2010*
Net Income	183,171,000	202,931,000	30,175,000	21,035,000
Shareholders Equity	854,540,000	910,658,000	914,327,000	1,019,930,000
Total Assets	2,362,776,000	2,602,317,000	2,549,720,000	2,702,260,000
Total Current Assets	276,053,000	370,781,000	471,647,000	367,453,000
Total Current Liabillities	189,488,000	132,224,000	264,231,000	217,244,000
Long-Term Debt	1,345,580,000	1,421,824,000	1,329,906,000	1,428,648,000

Data	*Financial Year 2007*	*Financial Year 2008*	*Financial Year 2009*	*Financial Year 2010*
Return on Equity (ROE)	21.44%	22.28%	3.30%	2.06%
Financial Leverage	179.64%	170.65%	174.35%	161.37%
Return on Assets (ROA)	7.75%	7.80%	1.18%	0.78%
General Liquidity	145.68%	280.42%	178.50%	169.14%
Return on Capital	8.33%	8.70%	1.34%	0.86%

As we can see in the above matrixes, the net income of the average listed company has some fluctuations and indicates a remarkable decrease in 2009 which is rationally excused because of the global recession. Shareholders equity is almost stable with a slight fall in 2009 where the ROC is not satisfactory and becomes almost disappointing in 2010. Thus, the capital is invested with question marks. The financial leverage is very high with a slight decrease in 2010. Therefore it means that the sector is using loans in order to carry on but causes cash flow problems in the current period since the freight revenues cannot cover interest payments and dividend needs Further to our analysis, there is no doubt that the General Liquidity index is remarkable and shows a high degree of good management on cash flow basis.

Finally, shipping industry has large economic cycles and the environment as we have pre-mentioned is highly competitive. The shipping industry had some very good previous years (2005, 2006 and 2007) and it has been clearly seemed the economic crisis has majorly affected by the financial results and 2007-2010 has shown a decrease.

Gordon Model

Definition

The GORDON Model is considered as a method of evaluating an enterprise based on its stock price and its respective evaluation. This model is determining the existing value of a company's stock on the basis of a future series of dividends. In this economic model, we look through and analyze the shares, the dividends, the equity, the operating income and the net income of a company in order to estimate the long-term dividend growth and the cost of equity of the company. In our case here the "company" is the average listed shipping company.

Implementation of method

The annual reports of the companies through the years 2007-2010 provided us with the data that have been used to compose the GORDON matrix. In this matrix we see that the shipping industry faced a huge drop on operating and net income. The major reason for this drop is the financial crisis. The decrease of income led to the decrease of the earnings per stock, which led to a remarkable drop on the reinvestment rate in shipping sector. The average company has a steady decrease of dividend, payable to the shareholders and due to the major decrease of the company's income, it was even more difficult to reinvest. The equity figures show minor ups and downs through the years.

The next matrix also shows the assessment of the long-term dividend growth. In our case we did not have a dividend growth, because the industry has been strongly affected by the financial crisis. As we can see, through years 2007-2009 the industry had a diminishing rhythm on ROE and on the growth rate of dividend. The year 2008 was a not such a good year, financially speaking, with a slight decrease both on ROE and growth rate of dividend, but entering the year 2009 the industry faced a major drop as illustrated below.

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Earnings per stock	2.92	3.18	1.93	0.49
Dividend per stock	1.92	1.64	0.85	0.87
Reinvesrment Rate	34.08%	48.44%	55.69%	-78.34%
Average Reinvestment Rate	8.60%			
Earnings after Tax (US $)	156,742,478.00	129,805,788.42	90,993,967.83	46,771,356.67
Equity	691,917,600.83	675,941,689.92	879,717,651.50	947,818,722.25
Operating Income	191,539,740.50	225,011,383.00	158,026,020.08	108,454,028.83
Growth Rate of Op. Income		17.48%	-29.77%	-31.37%

Assessment of long-term dividend growth

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Net Income	156,655,061.33	130,845,705.08	90,912,551.17	63,805,773.33
Shareholders Equity	714,123,434.17	685,046,856.58	886,425,568.17	937,634,472.25
Return on Equity (ROE)	21.94%	19.10%	10.26%	6.80%
Return on Average Equity	14.52%			
Growth Rate of Dividend		-0.07	-0.14	0.03
Average Growth Rate of Dividend	-6.18%			

Estimated Cost of Equity

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Dividend per stock	1.75	1.64	0.85	0.87
Average Dividend per stock	1.28			
Price of Share	28.96	17.15	15.94	16.56
Average Price of Share	19.65			
Dividend Yield	6.04%	9.56%	5.36%	5.24%
Cost of Equity	6.04%	2.68%	-9.08%	8.04%
Average Cost of Equity	0.55%			

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Expected Dividend per share		1.65	1.05	1.03
Discount Factor	0.82	0.82	0.82	0.82
P/E Ratio	29.13	3.84	10.34	9.32
Fair Value of Stock	55.17	9.37	20.78	7.70
Average Value of Stock	33.75	14.77	17.50	18.83

The matrix also shows that the average listed shipping company has an average ROE of 14.52% and an average growth rate of dividend of -6.18%, which shows the picture of the industry even if this about the attractiveness to potential and existing shareholders.

The two other matrixes consists an illustration of estimation of the cost of equity for the average shipping company. In this matrix we see, the growth of dividend per stock that is issued, and the price of the share that has fallen dramatically on 2009 and suffers some slight fluctuations through the years. The dividend yield, which is the financial ratio that shows how much the company pays out in dividends every year in relation to its share's price, had a boom in 2009 due to the drop of the average share price but then came even lower than before since the dividends were much lower also. We can also comment that although the financial environment was not very "hospitable" and the industry's growth rates on dividends per stock was negative it has been a success for the sector the maintenance of its dividend yield ratio almost stable.

The fair value the average company's stock has been relatively higher on 2007 to the average value of the stock in 2008, 2009 and 2010. For the years 2009 and 2010, the fair value of the stock and the average value are not very close due to the corrective moves of the stock house market. Through this matrix we can also see, that the industry has a discount factor of 8.2% and there is also a slight decrease on the expected dividend per share, through the years 2008-2010 and this might continue on the next couple of years as we will see in the last Chapter.

As a conclusion, after analyzing data through the GORDON model, we can say that industry succeeded to keep a stabilized value of its average stock price after a drop down in 2008 but not an optimistic growth rate on the dividends paid per stock and that is rational since the financial circumstances were extremely "violent". The attempts that the industry made to keep their shareholders happy through dividends and attract new shareholders has stopped since the reinvestments have been remarkably fallen.

Price to Earnings Ratio

Definition

The price to earnings ratio measures how expensive a stock is. It equals to a stock's market capitalization divided by the company's after-tax earnings over a 12-month period. The value is the same whether the calculation is done for the whole company or on a per-share basis. If the P/E ratio of a company is high, the market is willing to pay more for its dollar of annual company's earnings. Companies with high P/E ratio are more likely to be considered *risky* investments, because the expectations are much higher, than companies with low P/E ratio. To be most valuable, the companies, whose P/E ratios are being compared, must be in the same industry. Companies with negative earnings do not have a P/E ratio.

Implementation of method

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Repayment Rate of Dividend	2.92	3.18	1.93	0.49
1+g	1.00	1.67	1.02	0.78
Discount Factor	0.08	0.08	0.08	0.08
Actual Value P/E	26.70	4.11	9.90	9.32
Fair Value P/E	31.80	3.54	10.74	8.37

Data	Financial Year 2007	Financial Year 2008	Financial Year 2009	Financial Year 2010
Fair Value P/E Ratio	31.80	3.54	10.74	8.37
Enterprise Value	3,408,172,828.22	2,529,986,237.43	2,401,505,651.45	3,775,157,743.81
Long-Term Debt	1,043,561,083.33	1,103,832,916.67	1,089,462,250.00	1,141,187,251.00
Fair Value of Equity (US $)	2,364,611,744.89	2,304,339,911.56	2,318,710,578.22	2,266,985,577.22
Shares (in million)	1,937,592,109.06	967,672,135.51	956,476,163.78	2,329,258,626.48
Fair Value of Shares	50.58	9.37	20.78	7.70
Average Value of Shares	28.12	14.77	17.50	18.83
No of Shares	78,152,376.33	64,467,656.33	70,101,558.58	131,670,418.42

The above matrixes show us, the stock's market capitalization of the average shipping company. The number of the shares, the value of these shares, the value of the whole "company" and the long-term debt of it are all data that have been calculated from the annual reports of all the listed companies periodically through the years 2007-2010. By analyzing the financial data, we estimated the repayment rate of dividend, which shows a steady growth through the years 2007-2008 and turned over for the next couple of years. As we go through the matrixes, we noticed that the 1+g ratio faced a huge decrease through years 2007-2009, which was mainly caused by the major decrease on the earnings of the industry during the same period. Another real interesting notification is the high increase on the actual value P/E ratio and the fair value P/E ratio at the end of year 2009. The main reason behind this increase is the high decrease on the earnings of the company in the same period. It could be said that, at this period of time, shipping could be considered as a risky investment.

Discounted Cash Flow

Definition

The Discounted Cash Flow (DCF) is a valuation method, which financial analysts use to estimate the attractiveness of an investment opportunity. The DCF analysis uses future free cash flow projections and discounts them (with the help of the weighted average cost of capital) to arrive to a present value, which is the key to evaluate the potential for investing. If the present value arrived through the Discount Cash Flow analysis is higher than the current cost of the investment, the opportunity for investing is a good one. Although it is really complex to calculate all this data, the purpose of DCF analysis is just to estimate the money investors' would receive from the investment and to adjust for the time value of money. Terminal value techniques are often used, instead of trying to project the cash flows to infinity. Terminal values past 10 years are used, because it is harder to come to a realistic estimate of the cash flows as time goes on.

Implementation of method

We will project 2 Discounted Cash Flows, the first (*Discounted Cash Flow I)* shows the growth ratios for the earnings of the company and the expenses the industry faces for providing its services on average. The second matrix (*Discounted Cash Flow I*) shows the projections through the years 2011-2016 in amount of money.

Predictive Variables

	2011	2012	2013	2014	2015	2016
Revenue Growth Factor	-0.27%	3.33%	6.93%	10.53%	14.13%	17.73%
Factor Variation of Voyage Expenses	5.00%	5.10%	5.20%	5.31%	5.41%	5.52%
Factor Variation of Cost of Charter	5.50%	5.61%	5.81%	6.02%	6.24%	6.46%
Factor Variation of Vessels Operating Expenses	6.00%	6.12%	6.34%	6.57%	6.81%	7.05%
General & Administrative Expenses	5.00%	5.10%	5.20%	5.31%	5.41%	5.52%
General & Administrative Expenses % of Earnings	10.00%	10.20%	10.57%	10.95%	11.34%	11.75%
Change in Interest Costs	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
Depreciation & Amortization	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Capital Costs	6.36%	6.80%	7.28%	7.78%	8.33%	8.91%
Net Working Capital % to Sales	10.00%	11.00%	12.00%	15.00%	17.00%	21.00%

Outputs

	2011	2012	2013	2014	2015	2016
Gross Profit Margin Ratio	55.26%	54.25%	54.72%	56.57%	59.59%	63.49%
Net Operating Profit Margin Ratio	22.30%	19.99%	20.28%	23.05%	27.97%	34.87%
Free Cash Flow (US $ mil.)	434,362,236	456,069,130	500,357,831	574,821,194	685,893,061	853,040,231

Discounted Cash Flow I

	2010	2011	2012	2013	2014	2015	2016
Total Revenue	518,105,583	516,685,648	533,870,287	570,845,807	630,932,677	720,057,830	847,694,828
Voyage Expenses	99,538,154	104,515,062	109,845,330	115,559,484	121,691,116	128,277,235	135,358,657
Charter Hire Expenses	0	0	0	0	0	0	0
Vessels Operating Expenses	119,485,734	126,654,878	134,406,156	142,927,937	152,316,261	162,681,443	174,150,520
Total cost of Goods Sold	**219,023,888**	**231,169,940**	**244,251,486**	**258,487,421**	**274,007,377**	**290,958,679**	**309,509,177**
Gross Profit	299,081,695	285,515,708	289,618,801	312,358,386	356,925,300	429,099,152	538,185,651
Selling, General & Administrative Expenses	36,042,149	37,844,256	39,812,915	41,925,404	44,194,474	46,634,188	46,634,188
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	263,039,547	247,671,452	249,805,886	270,432,983	312,730,826	382,464,964	491,551,463
Depreciation & Amortization	73,631,143	80,994,257	89,093,683	98,003,051	107,803,356	118,583,692	130,442,061
Earnings before Interest & Taxes (EBIT)	189,408,404	166,677,195	160,712,204	172,429,932	204,927,470	263,881,273	361,109,403
Interest and Finance costs	49,004,827	51,440,367	53,996,954	56,680,602	59,497,628	62,454,660	65,558,657
Net Taxable Earnings	140,403,577	115,236,828	106,715,250	115,749,330	145,429,842	201,426,612	295,550,746
Net Operating Profit after Tax (NOPAT)	140,403,577	115,236,828	106,715,250	115,749,330	145,429,842	201,426,612	295,550,746
Add back Depreciation & Amortization	73,631,143	80,994,257	89,093,683	98,003,051	107,803,356	118,583,692	130,442,061
subtract Capital Expenditures	-91,078,147	-96,870,717	-103,461,114	-110,990,478	-119,630,778	-129,592,812	-141,136,591
subtract New Net Working Capital	-128,418,577	-141,260,435	-156,799,082	-175,614,972	-201,957,218	-236,289,945	-285,910,834
Free Cash Flow	433,531,443	434,362,236	456,069,130	500,357,831	574,821,194	685,893,061	853,040,231

<u>Discounted Cash Flow II</u>

Evaluating the Discounted Cash Flow II, we come to the result that industry will have signs of recovery from 2013 and on. Starting from year 2013 the sector seems to have an increase on the NOPAT which leads to a high increase on the free cash flow. Looking at the first matrix we can notice the steady growth rate on the Gross Margin ratio and the Net Operating Profit Margin ratio, which gives us an idea of how much attractive the investment in shipping could possibly become in the future as the ratios increase. Despite the profound effects of the global financial recession, the future for the industry seems to be promising and tempting for the investors.

ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΑ

Conclusion from Economic Modelling

Those pre-mentioned financial models are considered as basic management decision-making tools and provide the investors, apart from senior management the necessary information about future investment projects. They majorly contribute to the reliability and commitment of the company to creating value through the management.

It is profound that the shipping tries to engage and commit their shareholders' interest and continuously attracts new investors. The financial analysis indicates that the financing originated to loans has not been so successfully allocated by the industry. It has been shown from the unsatisfactory Return on Capital ratio. The reinvestment rate had to be decreased although there has been a decrease in dividend attribution which cannot keep the shareholders happy and align with smooth continuation in business life.

Despite the pessimistic scenario of the financial growth short-term, there is a light in the end of the tunnel. There are few strong companies that have comparative advantages such as remarkable cash flows and reliable bank background which may be in position to purchase new vessels and be at position to trade in better transportation circumstances in the future. As it can be shown in the aforementioned diagrams in 2013 a beginning of new boom seems to come up.

VI. Bibliography

- *Ansoff, H.I. (1987), Corporate Strategy, revised edition, Penguin Books.*
- *Hawanini – Viallet, Finance for Executives, Managing for Value Creation, 3^{rd} Edition*
- *T. Koller, Valuation, Measuring and Managing the Value of Companies, McKinsey & Co, 5^{th} Edition, 2010.*
- *Brooksbank, R (1996) The BASIC marketing planning process: a practical framework for the smaller business, Journal of Marketing Intelligence & Planning, Vol 14, 4, P 16-23.*
- *Dealtry, R. (1992) Dynamic SWOT Analysis, DSA Associates, Birmingham, Haberberg, A. (2000), "Swatting SWOT", Strategy, (Strategic Planning Society), September.*
- *Hill, T. & R. Westbrook (1997), "SWOT Analysis: It's Time for a Product Recall," Long Range Planning, 30, No. 1, 46-52.*
- *King R.K. (2004), ENHANCING SWOT ANALYSIS USING TRIZ AND THE BIPOLAR CONFLICT GRAPH: A Case Study on the Microsoft Corporation, Proceedings of TRIZCON2004, 6th Annual Altshuller Institute.*
- *Koch, A.J. (2000), SWOT Does Not Need to be Recalled: It Needs to be Enhanced, http://www.westga.edu/~bquest/2001/swot2.htm - accessed 15th September 2008.*
- *S.F. Lee, K.K. Lo, Ruth F. Leung, Andrew Sai On Ko (2000), Strategy formulation framework for vocational education: integrating SWOT analysis, balanced scorecard, QFD methodology and MBNQA education criteria, Managerial Auditing Journal Vol 15 (8), pp407-423.*
- *Menon, A. et al. (1999), "Antecedents and Consequences of Marketing Strategy Making," Journal of Marketing, 63, 18-40.*
- *Piercy, N. and Giles, W. (1989) Making SWOT Analysis Work Journal of Marketing Intelligence & Planning, Vol 7, Issue 5/6, P 5-7.*
- *Panagiotou, G. (2003) Bringing SWOT into Focus, Business Strategy Review, Vol 14, Issue 2, pp8-10.*

- *Shinno, H., Yoshioka, S., Marpaung, S., and Hachiga, S. (2006), Qualitative SWOT analysis on the global competiveness of machine tool industry, Journal of Engineering Design, Vol 17, No.3, June 2006, pp251-258.*
- *Tiles, S. (1968), Making Strategy Explicit, in I. Ansoff (ed), Business Strategy, Penguin.*
- *Turner, S. (2002), Tools for Success: A Manager's Guide. London: McGraw-Hill.*
- *Valentin, E.K. (2001), SWOT analysis from a resource-based view - journal of marketing theory and practice, 9(2): 54-68.*
- *Wheelan, T.L. and Hunger, J.D. (1998), Strategic Management and Business Policy, 5th Edition, Addison-Wesley, Reading, MA.*
- *Weihrich, H. (1982). The Tows Matrix – a Tool for Situational Analysis, Long Range Planning, April (60).*
- *Decision Support Systems, Volume 26, Issue 2, August 1999, Pages 125-135, G. Houben, K. Lenie and K. Vanhoof.*
- *Business Policy, Text and Cases, Homewood Illinois1969, Edmund P. Learned, C. Roland Christiansen, Kenneth Andrews και William D. Guth*
- *Groppelli, Angelico A.; Ehsan Nikbakht (2000). Finance, 4th ed.*
- *Financial Statement Analysis, J.J. Wild- Subramanyam – R. Hesley , 8th Edition*
- *http://www.quickmba.com/finance/financial-ratios/*
- *http://www.conference-board.org/data/globaloutlook.cfm (Global Economic Outlook 2012)*
- *http://www.investopedia.com*

APPENDIX

ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΑ

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0063
Expires:	April 30, 2015
Estimated average burden hours per response	. . 1,998.78

(Mark One)

FORM 10-K

[ ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended____________________

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number ____________________

(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization

(I.R.S. Employer Identification No.)

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code ____________________

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered

Securities registered pursuant to section 12(g) of the Act:

(Title of class)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☐ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

SEC 1673 (01-12)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

6

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☐ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☐ No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Note.—If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
☐ Yes ☐ No

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

7

PART I

[See General Instruction G(2)]

Item 1. Business.

Furnish the information required by Item 101 of Regulation S-K (§ 229.101 of this chapter) except that the discussion of the development of the registrant's business need only include developments since the beginning of the fiscal year for which this report is filed.

Item 1A. Risk Factors.

Set forth, under the caption "Risk Factors," where appropriate, the risk factors described in Item 503(c) of Regulation S-K (§229.503(c) of this chapter) applicable to the registrant. Provide any discussion of risk factors in plain English in accordance with Rule 421(d) of the Securities Act of 1933 (§230.421(d) of this chapter). Smaller reporting companies are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments.

If the registrant is an accelerated filer or a large accelerated filer, as defined in Rule 12b-2 of the Exchange Act (§240.12b-2 of this chapter), or is a well-known seasoned issuer as defined in Rule 405 of the Securities Act (§230.405 of this chapter) and has received written comments from the Commission staff regarding its periodic or current reports under the Act not less than 180 days before the end of its fiscal year to which the annual report relates, and such comments remain unresolved, disclose the substance of any such unresolved comments that the registrant believes are material. Such disclosure may provide other information including the position of the registrant with respect to any such comment.

Item 2. Properties.

Furnish the information required by Item 102 of Regulation S-K (§ 229.102 of this chapter).

Item 3. Legal Proceedings.

(a) Furnish the information required by Item 103 of Regulation S-K (§ 229.103 of this chapter).

(b) As to any proceeding that was terminated during the fourth quarter of the fiscal year covered by this report, furnish information similar to that required by Item 103 of Regulation S-K (§ 229.103 of this chapter), including the date of termination and a description of the disposition thereof with respect to the registrant and its subsidiaries.

Item 4. Mine Safety Disclosures.

If applicable, provide a statement that the information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in exhibit 95 to the annual report.

PART II

[(See General Instruction G(2)]

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Furnish the information required by Item 201 of Regulation S-K (17 CFR 229.201) and Item 701 of Regulation S-K (17 CFR 229.701) as to all equity securities of the registrant sold by the registrant during the period covered by the report that were not registered under the Securities Act. If the Item 701 information previously has been included in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K (17 CFR 249.308), it need not be furnished.

(b) If required pursuant to Rule 463 (17 CFR 230.463) of the Securities Act of 1933, furnish the information required by Item 701(f) of Regulation S-K (§229.701(f) of this chapter).

(c) Furnish the information required by Item 703 of Regulation S-K (§229.703 of this chapter) for any repurchase made in a month within the fourth quarter of the fiscal year covered by the report. Provide disclosures covering repurchases made on a monthly basis. For example, if the fourth quarter began on January 16 and ended on April 15, the chart would show repurchases for the months from January 16 through February 15, February 16 through March 15, and March 16 through April 15.

Item 6. Selected Financial Data.

Furnish the information required by Item 301 of Regulation S-K (§ 229.301 of this chapter).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Item 303 of Regulation S-K (§ 229.303 of this chapter).

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Furnish the information required by Item 305 of RegulationS-K (§ 229.305 of this chapter).

Item 8. Financial Statements and Supplementary Data.

(a) Furnish financial statements meeting the requirements of Regulation S-X (§ 210 of this chapter), except § 210.3-05 and Article 11 thereof, and the supplementary financial information required by Item 302 of Regulation S-K (§ 229.302 of this chapter). Financial statements of the registrant and its subsidiaries consolidated (as required by Rule 14a-3(b)) shall be filed under this item. Other financial statements and schedules required under Regulation S-X may be filed as "Financial Statement Schedules" pursuant to Item 15, Exhibits, Financial Statement Schedules, and Reports on Form 8-K, of this form.

(b) A smaller reporting company may provide the information required by Article 8 of Regulation S-X in lieu of any financial statements required by Item 8 of this Form.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Furnish the information required by Item 304(b) of Regulation S-K (§ 229.304(b) of this chapter).

Item 9A. Controls and Procedures.

Furnish the information required by Item 307 and 308 of Regulation S-K (§229.307 and §229.308 of this chapter).

Item 9A(T). Controls and Procedures.

(a) If the registrant is neither a large accelerated filer nor an accelerated filer as those terms are defined in §240.12b-2 of this chapter, furnish the information required by Items 307 and 308T of Regulation S-K (17 CFR 229.307 and 229.308T) with respect to an annual report that the registrant is required to file for a fiscal year ending on or after December 15, 2007 but before December 15, 2009.

(b) This temporary Item 9A(T) will expire on June 30, 2010.

Item 9B. Other Information.

The registrant must disclose under this item any information required to be disclosed in a report on Form 8-K during the fourth quarter of the year covered by this Form 10-K, but not reported, whether or not otherwise required by this Form 10-K. If disclosure of such information is made under this item, it need not be repeated in a report on Form 8-K which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 10-K.

PART III

[See General Instruction G(3)]

Item 10. Directors, Executive Officers and Corporate Governance.

Furnish the information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K (§ 229.401, § 229.405, § 229.406 and § 229.407(c)(3), (d)(4) and (d)(5) of this chapter).

Instruction

Checking the box provided on the cover page of this Form to indicate that Item 405 disclosure of delinquent Form 3, 4, or 5 filers is not contained herein is intended to facilitate Form processing and review. Failure to provide such indication will not create liability for violation of the federal securities laws. The space should be checked only if there is no disclosure in this Form of reporting person delinquencies in response to Item 405 and the registrant, at the time of filing the Form 10-K, has reviewed the information necessary to ascertain, and has determined that, Item 405 disclosure is not expected to be contained in Part III of the Form 10-K or incorporated by reference.

Item 11. Executive Compensation.

Furnish the information required by Item 402 of Regulation S-K (§ 229.402 of this chapter) and paragraph (e)(4) and (e)(5) of Item 407 of Regulation S-K (§ 229.407(e)(4) and (e)(5) of this chapter).

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Furnish the information required by Item 201(d) of Regulation S-K (§ 229.201(d) of this chapter) and Item 403 of Regulation S-K (§ 229.403 of this chapter).

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Furnish the information required by Item 404 of Regulation S-K (§ 229.404 of this chapter) and Item 407(a) of Regulation S-K (§ 229.407(a) of this chapter).

Item 14. Principal Accounting Fees and Services.

Furnish the information required by Item 9(e) of Schedule 14A (§240.14a-101 of this chapter).

(1) Disclose, under the caption <u>Audit Fees</u>, the aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements and review of financial statements included in the registrant's Form 10-Q (17 CFR 249.308a) or services that are normally provided by the

accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(2) Disclose, under the caption <u>Audit-Related Fees</u>, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the registrant's financial statements and are not reported under Item 9(e)(1) of Schedule 14A. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

(3) Disclose, under the caption <u>Tax Fees</u>, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

(4) Disclose, under the caption <u>All Other Fees</u>, the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in Items 9(e)(1) through 9(e)(3) of Schedule 14A. Registrants shall describe the nature of the services comprising the fees disclosed under this category.

(5) (i) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X.

(ii) Disclose the percentage of services described in each of Items 9(e)(2) through 9(e)(4) of Schedule 14A that were ap proved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(6) If greater than 50 percent, disclose the percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) List the following documents filed as a part of the report:

(1) All financial statements;

(2) Those financial statement schedules required to be filed by Item 8 of this form, and by paragraph (b) below.

(3) Those exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter) and by paragraph (b) below. Identify in the list each management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(b) of this report.

(b) Registrants shall file, as exhibits to this form, the exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter).

(c) Registrants shall file, as financial statement schedules to this form, the financial statements required by Regulation S-X (17 CFR 210) which are excluded from the annual report to shareholders by Rule 14a-3(b) including (1) separate financial statements of subsidiaries not consolidated and fifty percent or less owned persons; (2) separate financial statements of affiliates whose securities are pledged as collateral; and (3) schedules.

SIGNATURES

[See General Instruction D]

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) ______

By (Signature and Title)* ______

Date ______

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* ______

Date ______

By (Signature and Title)* ______

Date ______

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

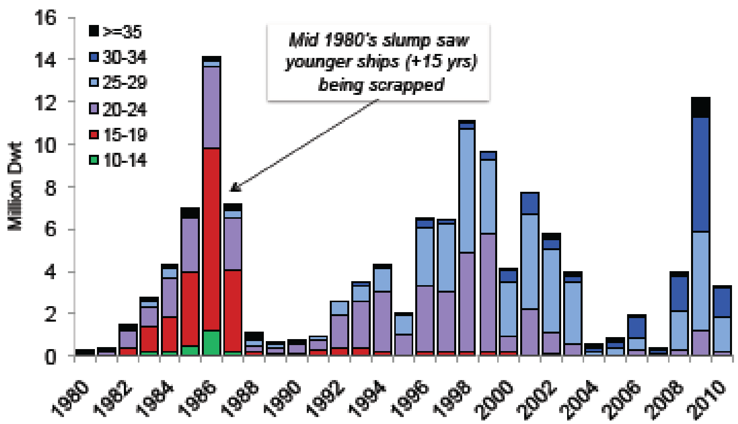
(a) Except to the extent that the materials enumerated in (1) and/or (2) below are specifically incorporated into this Form by reference (in which case *see* Rule 12b-23(d)), every registrant which files an annual report on this Form pursuant to Section 15(d) of the Act shall furnish to the Commission for its information, at the time of filing its report on this Form, four copies of the following:

(1) Any annual report to security holders covering the registrant's last fiscal year; and

(2) Every proxy statement, form of proxy or other proxy soliciting material sent to more than ten of the registrant's security holders with respect to any annual or other meeting of security holders.

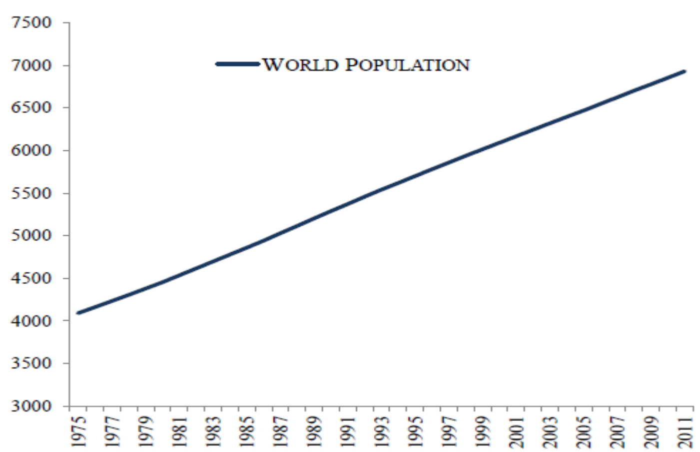
(b) The foregoing material shall not be deemed to be "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Act, except to the extent that the registrant specifically incorporates it in its annual report on this Form by reference.

(c) If no such annual report or proxy material has been sent to security holders, a statement to that effect shall be included under this caption. If such report or proxy material is to be furnished to security holders subsequent to the filing of the annual report of this Form, the registrant shall so state under this caption and shall furnish copies of such material to the Commission when it is sent to security holders.

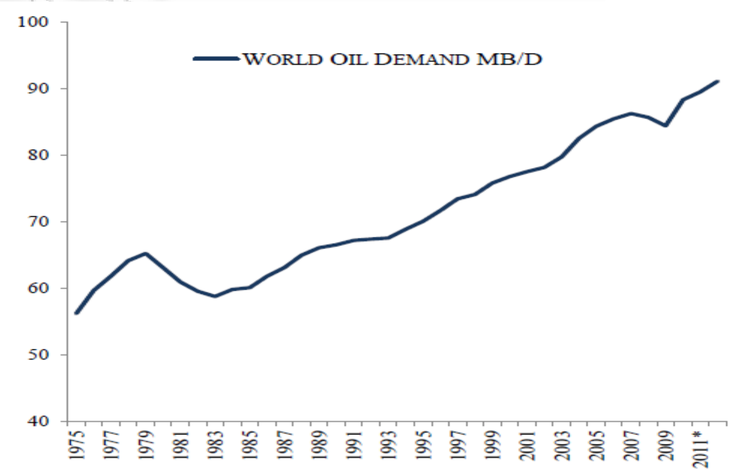


Howe Robinson: Scrapping Activities – By age groups of Vessels as on 1st October 2010 (Dry Bulk Carriers)

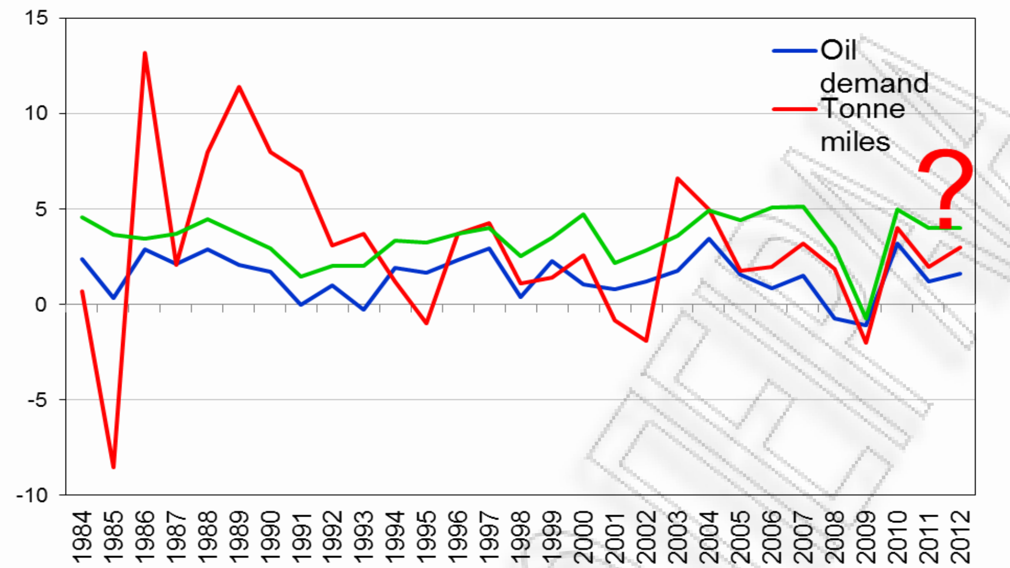
Howe Robinson: BDI Annual Figures until 2010



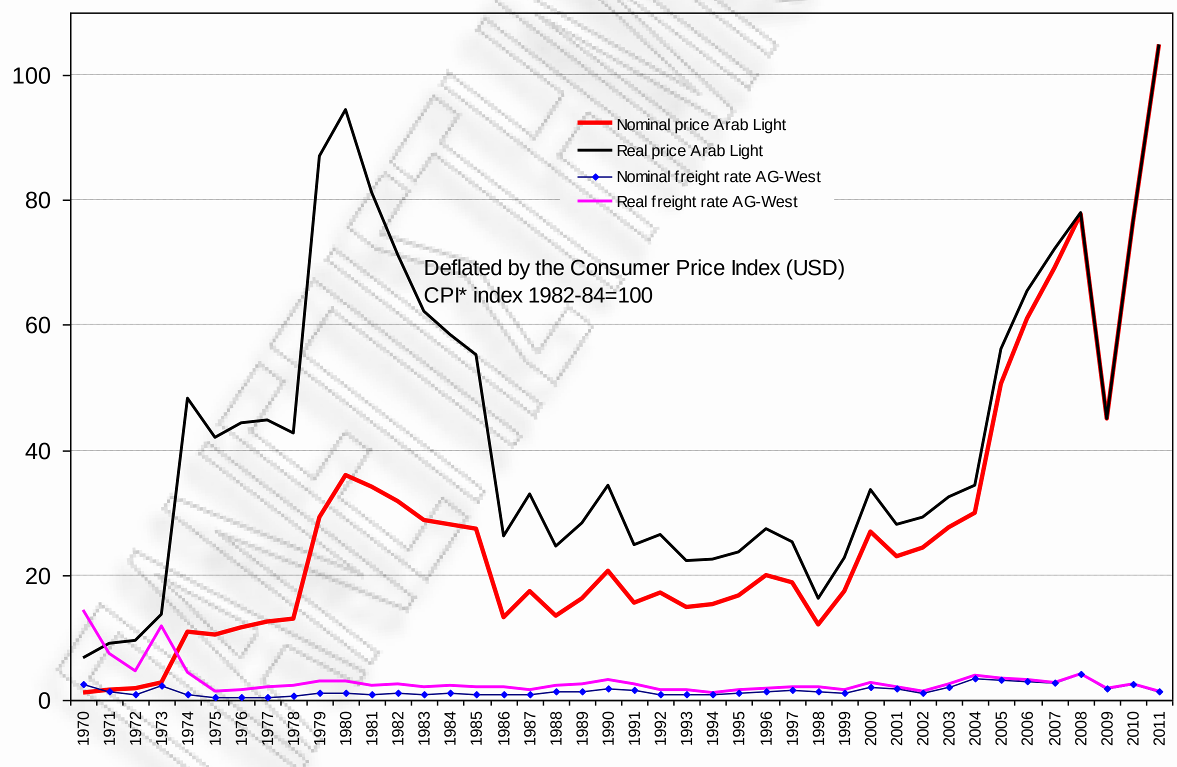
DATA BY THE US CENSUS BUREAU



DATA BY THE US DEPT. OF ENERGY



Source. IMF/BP/IEA/Fearnleys



INTERTANKO: Oil price and freight rates 1970-2011