Tug Market Report

Following is a breakdown of available anchor handling coastal, ocean and harbor tugs. Separate reports available on inland river pushboats and anchor handling tug supply vessels.

<table>
<thead>
<tr>
<th>Horsepower</th>
<th>Under 1,000</th>
<th>1,000 – 2,000</th>
<th>2,000 – 3,000</th>
<th>3,000 – 4,000</th>
<th>4,000 – 5,000</th>
<th>5,000 – 6,000</th>
<th>6,000 – 7,000</th>
<th>7,000 – 8,000</th>
<th>8,000 – 9,000</th>
<th>9,000 Plus</th>
<th>Total</th>
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<td>199</td>
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<td>7</td>
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<td>125</td>
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<td>142</td>
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<tr>
<td>May 2011</td>
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<td>117</td>
<td>142</td>
<td>144</td>
<td>75</td>
<td>45</td>
<td>13</td>
<td>15</td>
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<tr>
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<td>69</td>
<td>119</td>
<td>121</td>
<td>132</td>
<td>66</td>
<td>46</td>
<td>14</td>
<td>23</td>
<td>7</td>
<td>4</td>
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<tr>
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<td>127</td>
<td>123</td>
<td>143</td>
<td>80</td>
<td>45</td>
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<td>133</td>
<td>132</td>
<td>153</td>
<td>81</td>
<td>45</td>
<td>14</td>
<td>17</td>
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<td>May 2012</td>
<td>79</td>
<td>150</td>
<td>127</td>
<td>145</td>
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<td>39</td>
<td>10</td>
<td>11</td>
<td>5</td>
<td>1</td>
<td>624</td>
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<tr>
<td>Aug 2012 - World wide</td>
<td>86</td>
<td>166</td>
<td>150</td>
<td>153</td>
<td>79</td>
<td>42</td>
<td>14</td>
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<td>8</td>
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<td>34</td>
<td>28</td>
<td>31</td>
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<tr>
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<td>34</td>
<td>54</td>
<td>76</td>
<td>82</td>
<td>36</td>
<td>27</td>
<td>10</td>
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<td>16</td>
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<td>3</td>
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<td>24</td>
<td>7</td>
<td>8</td>
<td>15</td>
<td>12</td>
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</table>

Market Overview

Of the 11,809 vessels and 3,679 barges that Marcon currently tracks, 4,514 are tugs with 711 currently officially on the market for sale worldwide, up 12.15% since May. Of the tugs for sale, 43.34% of foreign and 91.22% of U.S. tugboats are direct from Owners. 232 or 32.63% of the tugs worldwide, primarily foreign flagged, were built within the last ten years, are newbuilding re-sales or currently under construction – compared to 29.65% at the last report. 60 (8.44%) are over fifty years of age and three tugs are 75 years of age or older. 20 have no age listed. The two oldest tugs Marcon currently has listed are both 82 years old - a 1930 built triple screw tug (later rebuilt) in the Netherlands and a 1930 built single screw tug (also rebuilt) in Sweden. These “old ladies” are balanced by 41 newbuildings up to 6,000HP range scheduled for delivery through 2013.

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Details believed correct, not guaranteed. Offered subject to availability.
The majority of tugs Marcon tracks for sale are in the U.S. with 144 tugs officially on the market (down from 145 last report), followed by Southeast Asia with 135 (vs. 110), Europe with 111 (110), the Far East with 104 (91), 74 in the Mediterranean (72), 46 Mid East (44), 26 Caribbean (17), 17 in Canada (16), 16 location unstated, 11 in Latin America (11), South West Asia 10, 10 in Africa (7) and 7 in the South Pacific (6). CAT diesels still power most tugs for sale with machinery in 145 or 21% of the tugs Marcon lists. This is followed by 101 Cummins, 58 EMD, 45 Niigata, 40 Yanmar, 26 GM, 24 Mitsubishi, 22 Ruston and 18 MAK powered tugs. 189 tugs are powered by machinery from other manufacturers from ABC to Zibo with, as always, nine Fairbanks Morse boats out there looking for a new home. Conventional single and twin screw tugs prevail with 140 (19.7%) and 421 (59.2%), respectively, for sale worldwide. These are followed by 116 azimuthing tugs (16.3%) on the market, 26 Voith Schneider tractor tugs (3.7%), six triple screw and two shallow draft quad screws (1.1%).

I keep predicting the number of tugs for sale to level off at a plateau, but in August 2012 we hit a record total of 711 tug listings officially for sale, up 77 from May of this year and up 110 listings or 18.3% since the same time last year. Several of the listings include multiple tugs and, as in the past, there are many vessels officially on the market which we are not familiar with, plus others not officially for sale that can definitely be developed privately for sale out of competition. I cannot say whether this is good news or bad news. It is just the facts of the market. Most of this latest increase was in the overseas market with 74 more tug listings added for sale and 16 more added for charter since our previous Market Report. The greatest number of foreign flag tugs for sale are in the 1,000 – 1,999HP range with 132 listed with an average age of 26 years. This is followed by a tie for second place with 122 tugs each in the 2,000 – 2,999HP range (avg. age 20 years) and 3,000 – 3,999HP (avg. age 15 years). We have three more U.S. flag tugs listed for sale than in May 2012. 34 of the tugs, averaging 43 years of age are in the 1,000 – 1,999HP range followed by 31 3,000 – 3,999HP tugs (avg. 39 years old) and 28 2,000 – 2,999HP tugs (avg. 44 years). The good news is that we are starting to see some signs of activity in the market instead of just stagnation. A few more tugs are being sold or taken off the market than last year and obviously more are becoming available. Calls and inquiries are picking up for tugs and barges in the Americas and we expect more sales between now and the end of the year. We sent out a recent series of flyers for a U.S. flag, 1,500HP twin screw tug built in 1998 that brought in just over a half dozen good responses within 24 hours. Of course the relatively young age probably had a lot to do with that specific interest. A 42 year-old tug which we are extensively marketing has had zero response.

Marcon International’s year-to-date sales revenues are still down over last year, but 2011 included some delayed payments from a 2010 sale plus, happily two newbuilding 5,630BHP ASD escort tugs. We ended up selling a total of 49,028BHP in tugs in 2011 and as of this report have sold 25,944HP with several more sales are pending. Most of the improvement in 2012 revenues is expected to come from other vessel and barge types instead of tugs.

Actual sales price compared to BHP fell this year to just over US$ 250/BHP, but that is to be expected as the average vessel age sold to-date is now 34 years vs. 23 years last year when five of the tugs sold were built after 2009. The graph does not take into account the type of tug or condition, but is just a simple comparison of generic tugs built an average of 11 years apart. 2012’s Price/BHP for a 34 year old tug is fairly close to 2006’s figures (47,264BHP sold) for a generic 35 year old tug and far below 2008’s peak for that age when Marcon sold 107,223BHP in tugs and 19,200BHP in AHTSs. It is unlikely that we will see a major improvement in second-hand tug prices within the next few years. Everyone asks when prices will go up, but this depends on the individual vessel. Newer, top quality tugs, or those filling a specific niche, will achieve a premium, but older horsepower is weighing down the market. Some tugs will never again reach their Fair Market Value achieved during the 2008 peak. Refitting and modernizing old hulls to meet stringent emission and new safety standards encompassing all aspects of today’s towing operations is becoming more expensive. As the market improves, owners who have the financial resources will look to building new rather than renovating thirty plus year old hulls.
Recent Marcon Tug Sales & Charters

Marcon is pleased to announce that the U.S. flag, twin screw “Sea Eagle” (ex-Miss Barbara) was sold by Coastal Towing LLC of Galliano, Louisiana to Northcliffe Ocean Shipping & Trading Company Inc. (NOSAT) of Saint Simons Island, Georgia. The 71.5’ x 24’ x 10’ harbor/coastal tug was built in 1981 at Rayco Shipbuilding & Repair of Bourg, Louisiana. At the time of sale, she was powered by one GM16V92 and one CAT3412 main engine, totaling 1,400BHP. “Sea Eagle” is equipped with Twin Disc MG520 7:1 gears with 69” x 67” stainless steel props in Type 37 kort nozzles. Towing gear consists of a 75,000lbs line pull Smatco DPS-44 winch with 1,200’ of 1.25” galvanized wire. Marcon was sole broker in the transaction.

The U.S. flag single-hull, combo deck/tank barge “160-4” (ex-PAC 160-4) has been sold by Crowley Marine Services, Inc. to private U.S. buyers. The 160.1’ x 46.1’ x 9.4’ depth barge was built in 1970 by Gunderson Brothers Engineering Corp. in Portland, Oregon. “160-4” was classed +A1 Oil Tank Barge. Unrestricted Service by American Bureau of Shipping. Cargo capacity is abt. 1,400st deadweight and 8,608bbl volumetric in six below deck tanks. The barge was most recently trading in Alaska transporting deck and petroleum cargoes to remote villages. New owners will use in dedicated deck service in Alaska. Marcon acted as sole broker in the transaction. Marcon has handled four sales and charters for the Buyers and probably over 100 by now for the Sellers.

A coastwise barge tow arranged on private and confidential basis.

The U.S. flag twin screw tug “Spartan Service” (ex-Spartan, Domar Captain) was sold by Covington, Louisiana-based Hornbeck Offshore Transportation, LLC to Marinoil Servicios Maritimos S.A de C.V. of Mexico. The 3,000BHP tug was built in 1978 at Leevac-Zigler Shipyard in Jennings, Louisiana for Sheridan Transportation and based out of Morgan City, Louisiana worked with the 12,350dwt petroleum barge “Domar 118”. The tug came into Hornbeck’s fleet in 2001 when they acquired nine ocean-going tugs and nine ocean-going barges from the Spentonbush / Red Star Group, affiliates of Amerada Hess Corporation. “Spartan Service’s” principal dimensions are 110.0’ loa / 101.2’ lbp x 34.0’ beam x 17.5’ depth with a 16.00’ loaded draft. Powered by twin EMD 12-645E6 main engines; 24 metric tons of bollard pull is generated via twin fixed pitch propellers in kort nozzles through Lufkin 6.11.1 gears. For auxiliary power, the vessel is equipped with two 75kW generators driven by GM8V71 diesels. On deck, there is a single drum Markey TDS 32 tow winch holding 2,000ft of 2” wire. Below deck tank capacity is rated at 82,000g fuel, 22,000g potable water and 19,000g ballast. Tug is classed with ABS with the notation +A1, Towing Service, +AMS, but in active lay-up status. Buyers intend to renew certification. The vessel can cruise at 8.5kn and top out at 10kn free running with an average fuel consumption of around 90gph. “Spartan Service” is fitted with an upper pilothouse for barge operations whilst the lower wheelhouse is fitted with a full suite of communication and navigation aids. The vessel can accommodate 10 persons in five air conditioned cabins. Marcon International has represented both the seller and the buyer on several separate occasions prior to this, but this is first time that Marcon has brokered a sale between these two parties. The vessel, to be renamed “Champayan”, will be reflagged under Mexican registry.
Marcon International, Inc.
Tug Boat Market Report – August 2012

A 210’ new barge sold on private and confidential basis.

Marcon is pleased to announce the sale of the ex-ocean deck barge “Lucca” from foreign Seller to a Canadian Buyer on private and confidential terms. The 210’ x 54’ x 14’ depth barge “Lucca” was originally built as the ABS+A1 ocean deck barge “Foss 290” in 1966 by Albina Eng. & Mach., Portland, OR. She was rated for 2,600LT at an 11.5’ loaded draft and traded in ocean deck service for years for her original Owner and later as General Construction’s barge “GC-204”. After the ABS Loadline lapsed, the barge traded in gravel service in Puget Sound as the “Katie II” and “ITB-211”, and then in the San Francisco Bay area where she was located at the time of her current sale. The barge will continue in service in British Columbia when she is relocated there later this summer. This is the second time Marcon has sold this barge.

Brusco Tug & Barge of Longview, Washington has sold their 302’ x 72’ x 19’ depth ABS ocean log barge “Ocean Bear” to Canadian Buyers. The barge was purpose-built as the “Silver Bay” for Crowley Silver Bay Barge Co. in 1975 at Todd Shipyards, Galveston, Texas to transport logs to the Alaska Lumber & Pulp mill in Sitka and to Wrangell for the Wrangell Lumber mill also owned by ALP. As the “Ocean Bear”, she was trading as a dedicated ocean log barge for Brusco Tug and Barge just prior to the sale. The barge, now reflagged to Canadian registry, will continue in the same log trade for the new Principal in British Columbia. “Ocean Bear” is fitted with a Manitowoc 4600 crane and a log grapple mounted on tracks running longitudinally on the barge, allowing the crane a certified capacity of 44st @ 80’ boom radius, with higher capacities allowed, depending on boom angle and overall radius. The barge was delivered to Vancouver Island during July 2012 and almost immediately went to work on arrival.

The U.S. flag twin screw tug “St. Michael” (ex-Seaco, Jenny Foss) and single-hull tank barge “180-2” have been sold by Crowley Marine Services, Inc. and Vessel Management Services, Inc. (a Crowley company), respectively, to private U.S. buyers. The tug “St. Michael” was built in 1965 by Martinolich Shipyard in Tacoma, Washington. Measuring 65.0’ length overall x 21.5’ beam x 7.3m depth, she is powered by twin Lugger 6 cylinder diesels producing a total of 1,000BHP driving 52” props in kort nozzles. The tug is equipped with a single drum hydraulic towing winch and stern roller. Originally powered with a pair of 600HP CATs as the “Jenny Foss”, she was the second of three “J” class tugs built to replace Foss’ veteran wood boats and started working her first season in Cook Inlet tending oil rigs when ice conditions permitted until 1973, after which she returned to Puget Sound to tow chip barges, log rafts and perform general line-haul work. The 180’ x 54’ x 12.5’ depth barge “180-2” was built in 1978 by Oil Field Barges in Belle Chasse, Louisiana. She was originally built as a deck barge and converted to oil service in the mid-1980s. “180-2” is classed +A1 Oil Tank Barge, Unrestricted Service by American Bureau of Shipping. Cargo capacity is abt. 2,025lt deadweight and 16,700bbl volumetric. New owners plan to return the barge to deck service with an ABS ocean loadline. Both tug and barge will remain in Alaska. Marcon acted as sole broker in the transaction.

As of August this year Marcon booked 24 sales and charters including four tug sales and three tug charters / tows. The year started out slow, but additional sales and charters of various tugs & barges are pending and expected to close over the next 30 days. It will not be a record year for tug sales, but I think 2012 will end with some decent transactions.

Details believed correct, not guaranteed. Offered subject to availability.
Once Again – Yet Another Record Number of Tugs Worldwide

Once again the worldwide number of tugs hit another record - even in today’s economy. While information in Lloyd’s Register only covers “sea-going” vessels over 100 GRT, there are many tugs either under that tonnage or in inland service. According to Lloyd’s, as of August 3rd, 2012, there were 15,283 “sea-going” tugs over 100GRT worldwide, up from 14,668 in August 2011, and up 92 vessels from last May’s report. Total horsepower is 40,111,776BHP, up 230,628BHP since May. Even taking into account flags of convenience, the largest national fleet of tugs over 100GRT sails under Indonesian flag, with the U.S. still in first place as far as horsepower. The U.S. operates 1,469 “sea-going” tugs over 100GRT, or 9.61% of the world market, totaling 4,847,030BHP (12.08% global BHP).

Average age of tugs worldwide is 21 years with the U.S. flag fleet now at 33 years (built 1979).

Top 50 “Sea-Going” Tug Fleets By Units As Of August 2012 According to Lloyd’s Register

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<tr>
<th>Flag</th>
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<th># Tugs</th>
<th>%</th>
<th>Avg BHP</th>
<th>Avg Age</th>
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<td>100%</td>
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<td>9.61%</td>
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<td>Italy</td>
<td>1,009,702</td>
<td>2.52%</td>
<td>323</td>
<td>2.11%</td>
<td>3,126</td>
<td>1985</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>793,011</td>
<td>1.98%</td>
<td>253</td>
<td>1.66%</td>
<td>3,134</td>
<td>1990</td>
</tr>
<tr>
<td>Australia</td>
<td>793,074</td>
<td>1.98%</td>
<td>234</td>
<td>1.53%</td>
<td>3,389</td>
<td>1993</td>
</tr>
<tr>
<td>China, People’s Republic Of</td>
<td>763,670</td>
<td>1.90%</td>
<td>219</td>
<td>1.43%</td>
<td>3,487</td>
<td>1993</td>
</tr>
<tr>
<td>Canada</td>
<td>597,415</td>
<td>1.49%</td>
<td>213</td>
<td>1.39%</td>
<td>2,805</td>
<td>1974</td>
</tr>
<tr>
<td>St Vincent &amp; The Grenadines</td>
<td>688,352</td>
<td>1.72%</td>
<td>195</td>
<td>1.28%</td>
<td>3,530</td>
<td>2000</td>
</tr>
<tr>
<td>Iran</td>
<td>394,807</td>
<td>0.98%</td>
<td>180</td>
<td>1.18%</td>
<td>2,193</td>
<td>1988</td>
</tr>
<tr>
<td>Turkey</td>
<td>488,069</td>
<td>1.22%</td>
<td>179</td>
<td>1.17%</td>
<td>2,727</td>
<td>1992</td>
</tr>
<tr>
<td>Brazil</td>
<td>610,035</td>
<td>1.52%</td>
<td>176</td>
<td>1.15%</td>
<td>2,860</td>
<td>1996</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>502,282</td>
<td>1.25%</td>
<td>176</td>
<td>1.15%</td>
<td>2,860</td>
<td>1996</td>
</tr>
<tr>
<td>Spain</td>
<td>609,136</td>
<td>1.52%</td>
<td>174</td>
<td>1.14%</td>
<td>3,501</td>
<td>1992</td>
</tr>
<tr>
<td>Philippines</td>
<td>333,162</td>
<td>0.83%</td>
<td>162</td>
<td>1.06%</td>
<td>2,057</td>
<td>1977</td>
</tr>
<tr>
<td>Netherlands</td>
<td>588,734</td>
<td>1.47%</td>
<td>161</td>
<td>1.05%</td>
<td>3,657</td>
<td>1999</td>
</tr>
<tr>
<td>Mexico</td>
<td>524,282</td>
<td>1.31%</td>
<td>157</td>
<td>1.03%</td>
<td>3,339</td>
<td>1986</td>
</tr>
<tr>
<td>Egypt</td>
<td>439,841</td>
<td>1.10%</td>
<td>147</td>
<td>0.96%</td>
<td>2,992</td>
<td>1988</td>
</tr>
<tr>
<td>Venezuela</td>
<td>406,000</td>
<td>1.01%</td>
<td>147</td>
<td>0.96%</td>
<td>2,762</td>
<td>1988</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>444,192</td>
<td>1.11%</td>
<td>145</td>
<td>0.95%</td>
<td>3,063</td>
<td>1990</td>
</tr>
<tr>
<td>Ukraine</td>
<td>231,372</td>
<td>0.58%</td>
<td>118</td>
<td>0.77%</td>
<td>1,950</td>
<td>1993</td>
</tr>
<tr>
<td>Greece</td>
<td>210,288</td>
<td>0.52%</td>
<td>114</td>
<td>0.75%</td>
<td>1,845</td>
<td>1973</td>
</tr>
<tr>
<td>France</td>
<td>383,968</td>
<td>0.96%</td>
<td>110</td>
<td>0.72%</td>
<td>3,491</td>
<td>1991</td>
</tr>
<tr>
<td>Thailand</td>
<td>263,511</td>
<td>0.66%</td>
<td>106</td>
<td>0.69%</td>
<td>2,486</td>
<td>1983</td>
</tr>
<tr>
<td>Vietnam</td>
<td>194,691</td>
<td>0.49%</td>
<td>99</td>
<td>0.65%</td>
<td>1,967</td>
<td>1996</td>
</tr>
<tr>
<td>Chinese Taipei</td>
<td>244,361</td>
<td>0.61%</td>
<td>95</td>
<td>0.62%</td>
<td>2,572</td>
<td>1987</td>
</tr>
<tr>
<td>Germany</td>
<td>323,986</td>
<td>0.81%</td>
<td>86</td>
<td>0.56%</td>
<td>3,767</td>
<td>1989</td>
</tr>
<tr>
<td>Norway</td>
<td>239,428</td>
<td>0.60%</td>
<td>84</td>
<td>0.55%</td>
<td>2,850</td>
<td>1979</td>
</tr>
<tr>
<td>Nigeria</td>
<td>163,364</td>
<td>0.41%</td>
<td>78</td>
<td>0.51%</td>
<td>2,094</td>
<td>1986</td>
</tr>
<tr>
<td>Bahrain</td>
<td>214,403</td>
<td>0.53%</td>
<td>74</td>
<td>0.49%</td>
<td>2,897</td>
<td>1990</td>
</tr>
<tr>
<td>Chile</td>
<td>252,964</td>
<td>0.63%</td>
<td>70</td>
<td>0.46%</td>
<td>3,614</td>
<td>1999</td>
</tr>
<tr>
<td>Cyprus</td>
<td>225,032</td>
<td>0.56%</td>
<td>66</td>
<td>0.43%</td>
<td>3,410</td>
<td>2000</td>
</tr>
<tr>
<td>Honduras</td>
<td>124,822</td>
<td>0.31%</td>
<td>66</td>
<td>0.43%</td>
<td>1,891</td>
<td>1968</td>
</tr>
<tr>
<td>Algeria</td>
<td>216,362</td>
<td>0.54%</td>
<td>64</td>
<td>0.42%</td>
<td>3,381</td>
<td>1991</td>
</tr>
<tr>
<td>Colombia</td>
<td>169,296</td>
<td>0.42%</td>
<td>59</td>
<td>0.39%</td>
<td>2,869</td>
<td>1996</td>
</tr>
<tr>
<td>Argentina</td>
<td>159,840</td>
<td>0.40%</td>
<td>58</td>
<td>0.38%</td>
<td>2,756</td>
<td>1980</td>
</tr>
<tr>
<td>Finland</td>
<td>151,723</td>
<td>0.38%</td>
<td>58</td>
<td>0.38%</td>
<td>2,616</td>
<td>1969</td>
</tr>
<tr>
<td>Portugal</td>
<td>126,242</td>
<td>0.31%</td>
<td>56</td>
<td>0.37%</td>
<td>2,254</td>
<td>1979</td>
</tr>
<tr>
<td>Sweden</td>
<td>141,282</td>
<td>0.35%</td>
<td>55</td>
<td>0.36%</td>
<td>2,569</td>
<td>1963</td>
</tr>
<tr>
<td>Libya</td>
<td>138,975</td>
<td>0.35%</td>
<td>53</td>
<td>0.35%</td>
<td>2,622</td>
<td>1990</td>
</tr>
<tr>
<td>Malta</td>
<td>275,719</td>
<td>0.69%</td>
<td>53</td>
<td>0.35%</td>
<td>5,202</td>
<td>2002</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>117,006</td>
<td>0.29%</td>
<td>51</td>
<td>0.33%</td>
<td>2,294</td>
<td>2002</td>
</tr>
<tr>
<td>Belgium</td>
<td>199,053</td>
<td>0.50%</td>
<td>50</td>
<td>0.33%</td>
<td>3,981</td>
<td>1999</td>
</tr>
</tbody>
</table>

Details believed correct, not guaranteed. Offered subject to availability.

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Global fleet numbers reflect last decade’s newbuilding boom on the industry. Overall, the worldwide fleet has been getting younger. The average age of today’s 15,283 strong global “sea-going” tug fleet is about 21 years – i.e. built in 1991. In January 2008, the average age of the world fleet, including the U.S., was 30 years, or built in 1978. Generally today’s tugs are more efficient, operate with less crew and are becoming more environmentally friendly as far as emissions go than tugs built in the past. Owners though pay a premium for these features. Over the past 10 years or so tugs have been getting more fuel efficient, but as we keep pushing the envelope in an attempt to obtain lower and lower emissions any economies in fuel consumption are starting to get lost.

Breakdown of U.S. “Sea-Going” Fleet

Following is a breakdown of the U.S. sea-going tug fleet as of August 2012, according to Lloyd’s Register, compared with last quarter. As of May 2012, the U.S. domestic tug fleet consisted of 1,492 “sea-going” tugs totaling 4,854,101HP. The U.S. flag fleet decreased by 23 tugs to 1,469 while total horsepower fell by 7,071BHP to 4,847,030HP- reflecting recent sales of a number of 5,750 – 7,200HP 1970s built tugs overseas to West Africa plus to domestic operators for foreign service. High horsepower and large tugs are easy to track, but Lloyd’s Registry has data on only 54 U.S. tugs under 999BHP. As most of the “under thousand horsepower” tugs in the U.S. are below 100 gross register tons, they are generally not included in the Registry. Not counting pushboats, there are eight to nine hundred additional small tugs in U.S. coastal waters. As of Spring 2012, there were 7,159 “towboats” (both tugs & inland river pushboats) in the U.S. Approx. half were under 100GRT. Inland river pushboats do not meet IHSF criteria and therefore are also not included in Sea-Web.

<p>| U.S. Sea-Going Tug Fleet Over 100GRT By BHP According to Lloyd’s Register as of August 2012 |
|---------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|</p>
<table>
<thead>
<tr>
<th>Total #</th>
<th>Unknown BHP</th>
<th>Under 999</th>
<th>1000-1999</th>
<th>2000-2999</th>
<th>3000-3999</th>
<th>4000-4999</th>
<th>5000-5999</th>
<th>6000-6999</th>
<th>7000-7999</th>
<th>8000-8999</th>
<th>9000 Plus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>131</td>
<td>54</td>
<td>274</td>
<td>223</td>
<td>272</td>
<td>243</td>
<td>97</td>
<td>65</td>
<td>54</td>
<td>10</td>
<td>46</td>
<td>1,469</td>
<td></td>
</tr>
<tr>
<td>Avg BHP</td>
<td>788</td>
<td>1,501</td>
<td>2,360</td>
<td>3,412</td>
<td>4,358</td>
<td>5,446</td>
<td>6,401</td>
<td>7,160</td>
<td>8,066</td>
<td>11,643</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg LOA</td>
<td>91</td>
<td>81</td>
<td>87</td>
<td>97</td>
<td>106</td>
<td>106</td>
<td>116</td>
<td>113</td>
<td>138</td>
<td>157</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg Beam</td>
<td>28</td>
<td>23</td>
<td>26</td>
<td>29</td>
<td>32</td>
<td>34</td>
<td>36</td>
<td>38</td>
<td>39</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg Depth</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| Previous U.S. Sea-Going Tug Fleet Over 100GRT According to Lloyd’s Register as of May 2012 |
|---------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|</p>
<table>
<thead>
<tr>
<th>Total #</th>
<th>Unknown BHP</th>
<th>Under 999</th>
<th>1000-1999</th>
<th>2000-2999</th>
<th>3000-3999</th>
<th>4000-4999</th>
<th>5000-5999</th>
<th>6000-6999</th>
<th>7000-7999</th>
<th>8000-8999</th>
<th>9000 Plus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>142</td>
<td>57</td>
<td>284</td>
<td>225</td>
<td>271</td>
<td>240</td>
<td>98</td>
<td>65</td>
<td>54</td>
<td>10</td>
<td>46</td>
<td>1,492</td>
<td></td>
</tr>
<tr>
<td>Avg BHP</td>
<td>787</td>
<td>1,491</td>
<td>2,359</td>
<td>3,411</td>
<td>4,356</td>
<td>5,447</td>
<td>6,401</td>
<td>7,160</td>
<td>8,066</td>
<td>11,643</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg LOA</td>
<td>89</td>
<td>81</td>
<td>87</td>
<td>97</td>
<td>106</td>
<td>107</td>
<td>116</td>
<td>113</td>
<td>138</td>
<td>160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg Beam</td>
<td>28</td>
<td>23</td>
<td>26</td>
<td>29</td>
<td>32</td>
<td>34</td>
<td>36</td>
<td>38</td>
<td>39</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg Depth</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>13</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>18</td>
<td>20</td>
<td>21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Of the 1,469 U.S. flag tugs in Lloyd’s as of August, 220 have unknown engines. 468 or 37% where engine type is known are powered by EMDs, 381 (31%) by CATs, 125 (10%) by General Motors / Detroit Diesels and Cummins and Alco are tied with 4% market share each. Of 1,469 U.S. flag tugs, 409 (28%) and 782 (53%) are conventional single screw and twin screw, respectively. The remaining 19% of U.S. flag tugs are 218 azimuthing, 37 triple screw and 23 Voith-Schneider tractor tugs. The U.S. fleet four years ago in 2008 was powered by 35% EMDs, 24% CATs, 20% General Motors / Detroit Diesels and 5% Fairbanks Morse. The gain in EMDs and loss in GM / DDs may have been due more to a correction in naming the engine builder rather than a shift in the fleet, but there is no question though about CAT diesels growing more popular. As expected, single screw tugs continue to be phased out and azimuthing tugs are increasing in use as the U.S. fleet modernizes.

Details believed correct, not guaranteed. Offered subject to availability.
New Construction, Shipyard and Conversion News

According to “Fairplay”, as of 3rd August 2012, there were 6,767 ships over 299GRT on the World Orderbook, down 549, or about 7.51% from 7,316 ships in May, and showing a further decline from the 8,340 newbuildings one year ago. This is the lowest number since Marcon started tracking newbuildings over five years ago. Of the total number, 542 vessels are tugs or “towing / pushing” vessels, down from 560 in May and from a peak of 643 in August 2011. 699 of today’s newbuildings, down six from the last report, are Offshore Supply Vessels and 227, down two, are “Offshore – Other”. Although I expect the “towing / pushing” newbuilding order book to fall to about the 500 level by the time of Marcon’s next report, many tugs built for domestic use in China and other countries are not included. As the data only covers vessels over 299GRT, I would not be surprised to find a few additional tugs below 299GRT also being built. The tug current order book represents only abt. 3.55% of the existing global fleet of “sea-going” tugs over 100 GRT, which would theoretically maintain an approximate same-size fleet age of abt. 23 years if continued.

Of the 542 tugs under construction across the world, once again Malaysia leads the order book with 155 tugs being built, down 11 tugs from May. They are again followed by China PR at 88 (down 2) tugs under construction, Indonesia 36 (up 2), Turkey 29, Vietnam 28, Spain 25, Egypt 23, USA 21, India 15, 14 each in Poland and Romania, Singapore 13, Russia 12, Japan 10, 8 each Brazil, Iran and Qatar, South Korea 7, the UAE 4, 3 the Netherlands, 2 each Chile, Colombia, Cuba, Peru, Serbia, South Africa, the Ukraine and Venezuela, and 1 each in Azerbaijan, Belgium, Hong Kong, Libya and Thailand. Of the 542 tugs presently being built, abt. 0.2% tugs are still showing for delivery in 2011 (even though it is already 2012), 74.4% in 2012, 23.6% in 2013 and 1.8% during 2014.

Fourth quarter 2012 new tug deliveries, as shown in the left hand graph, will increase slightly as 2012 progresses, but this is primarily due to slippage of second and third quarter 2012 deliveries than an actual increase in the number of tugs ordered. New orders are still being announced and tugs continue to be ordered and delivered both in the U.S. and abroad, but today’s tug order book is 15.7% lower than this same time in 2011 and expected to decline further over the next four or five years. While profits at many yards are also expected to decline, there are a few yards booked solid with commitments for new construction, conversion and repair. BollingerShipyard’s two construction locations, out of a total of ten facilities, are busy. Bollinger’s Lockport yard is building the U.S. Coast Guard Fast Response Cutter fleet while commercial building at Bollinger Marine Fabricators in Amelia, Louisiana is booked well into 2014 with commercial work ranging from sludge ships for the City of New York to the 10,880BHP “Ocean” class tugs (see photo) for Crowley Maritime, a flood protection gate for a local municipality and an ocean tank barge for Bouchard Transportation. Repair and conversion work is steady, with utilization of the 28 dry-docks at approximately 75%. 2013 looks to be a busy year for regulatory work with many of their commercial clients. While U.S. new tug construction is getting a boost with three new 7,268HP tugs being ordered by Foss Maritime Company at their Foss Rainier shipyard, and an innovative ATB trailing suction hopper barge being built at Signal International for Great Lakes Dredge & Dock, the U.S. order book for 2012 and 2013 will primarily improve because of new PSVs and inland river towboats / pushboats being built.

14 pushboats are expected to be ordered at one U.S. Gulf Coast yard alone which will fill their available openings for the next couple of years.
CAT power still leads in popularity for propulsion in new sea-going tugs with main engines in 146 tugs. This is followed by Yanmar in 96 boats, Cummins in 54, Niigata diesels in 38, 21 GE Marine, Mitsubishi 18, Wartsila 11, MTU 9, 8 Chinese Standard Type, 6 ABC, Daewoo 5, Daihatsu 4, 3 each Deutz and MAN/MAN-B&W, 2 MWM and 1 EMD. Engines were not listed for 113 tugs. Only 59 tugs below 1,000BHP are shown as under construction because, as discussed earlier, many tugs of lower horsepower are under 299GRT.

<table>
<thead>
<tr>
<th>Summary of Horsepower – Fairplay Worldwide Tug Orderbook Over 299GRT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tugs</strong></td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Tugs</td>
</tr>
</tbody>
</table>

After successful trials held at *Damen Shipyards Galati*, Romania, the 29.2m x 8.8m x 4.4m depth “Otuoke” commenced her maiden voyage to her new Owners: *Nigerian Ports Authorities*, Lagos. “Otuoke”, named after the birth place of his Excellency, the President of Nigeria, is the first Stan Tug 2909 for NPA. The 4,584HP vessel was delivered including a bowthruster and an external fire-fighting and salvage system. She is powered by a pair of CAT 3616B-HDs developing 1,686kW at 1,600RPM. “Otuoke” will be joining other Damen Vessels operating at various ports in Nigeria……The *Transnet National Ports Authority* (TNPA) in South Africa has ordered a Pilot Cutter 2706 and its fifth Stan Tug 2006 with *Damen Shipyards Cape Town (DSCT)* for operations in the expanding Port of Saldanha, South Africa. Both vessels have been specifically designed for the South African market. The Pilot Cutter 2706 will be delivered in May 2013 and the tug in March 2013. TNPA already operates four Damen Stan Tugs in South Africa. The Stan Tug 2006 is an enlarged design, based on the Stan Tug 1906. This parent vessel was adapted to the specific needs of the South African ports, namely increased payload and hull speed as well as increased stern gear protection while handling submerged equipment. The new tug will be used for general port services and pilot duties in Saldanha, South Africa’s largest deepwater port. Under a recently started program by President Zuma, aimed at investing in infrastructure and generating jobs, Saldanha’s port is expanding rapidly. Currently the port’s main export product is iron ore, while its main import product is oil. Both vessels will be built at DSCT. Recently the yard has started an expansion program with the building of a new vessel construction shed and office/workshop building to cater for increased demand and growing work force. DSCT has furthermore established its own Apprentice Training Centre in order to provide government recognized training and qualification for welders and boiler makers so as to add capacity and create sustainable employment opportunities.

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Details believed correct, not guaranteed. Offered subject to availability.
After successful trials held at Damen Shipyards Gorinchem, Netherlands, the 27.09m x 8.5m x 4.05m depth “Zaria” commenced her maiden voyage to her new Owners: Nigerian Ports Authorities, Lagos. “Zaria”, named after the birth place of the Vice President of Nigeria, is the first Stan Tug 2608 for NPA. Tug is powered by a pair of CAT 3512C TA/Bs developing a total of 3,000BHP at 1,600RPM through Reintjes WAF 675L 7.091:1 gears to 2,200mm Kaplan II Promarin fixed pitch props in Van de Giessen Optima nozzles. The vessel was delivered including a 100kW Veth bowthruster and an external fire-fighting and salvage stem. Towing gear consists of a Mampaey disc type 65T towing hook and electric capstan. During the first stages of delivery though “Zaria, reportedly had some cooling problems and to return from the English Channel to The Netherlands. She was towed by MTS Group’s tug “MTS Valour” (Damen SB-2308 design) and near the Hoek of Holland assisted by tug “Orient”. The 42.5mt bollard pull “Zaria” will be joining other Damen vessels operating at various ports in Nigeria. In order to upgrade their fleet, Societe Cherifienne de Remorquage et d’Assistance (SCRA) of Casablanca took delivery of their seventh Damen tug. The 26.16m x 8.54m x 4.05m Damen Stan Tug 2608 “Jacques 2” is powered by a pair of CAT 3512C TA/C total 2,460kW (3,300BHP) with Reintjes WAF 675L 7.476:1 gears and Promarin Kaplan II props in 2,350mm Van De Giessen Optima nozzles. The propulsion plant delivers a bollard pull of 46.0 tons and free running speed of 12.7kn. Towing gear consists of a DMT 125 ton brake winch and a 60kN Mampaey Disc type tow hook. Tug is classed BV I +Hull, Mach Tug Unrestricted Navigation. Air-conditioned and heated wheelhouse and accommodations are provided for 8 persons. This new Stan Tug 2608 is intended for harbor and coastal duties performing towing, mooring and fire-fighting operations. Together with their subsidiary Fedala Tug, four similar tugs will be delivered within the next two years. In June 2012 the ASD Tug 3212 “Kin” was delivered to Colombian tugboat operator Intertug S.A. After the previous delivery of ASD Tug 3213 “Tanok” in December 2011, “Kin” is another contribution to the expanding tugboat fleet of the Colombian family owned operator. The powerful ASD Tug 3212 with a bollard pull of 78.9 tons ahead and 75.3 tons astern, will help Intertug to maintain and expand its dominant position in the Caribbean tug market. The 6,772BHP “Kin” is powered by a pair of CAT 3516C HD+ TA/D diesels with Rolls Royce US255CP 2,800mm azimuthing props. Towing gear consists of a hydraulic 30mt @ 40m/min tow winch aft, hydraulic double drum anchor / rendering-recovery winch forward, Mampaey 100T SWL tow hook and a 5T @ 15m/min electric capstan. Air conditioned accommodations are provided for 10 in 6 cabins. “Kin” classified LR +100A1 Escort Tug + LMC, UMS EP FiF-1……Damen Shipyard Group delivered the ASD 2310 “Tancred” to DMS Maritime Pte. Ltd. of Australia, a joint venture between P&O Maritime Services and Serco Australia. Built by Damen Shipyards Changde Co. Ltd. in China, the 22.73m x 10.43m x 4.50m tug is powered by a pair of 1,765bkW CAT 3512Cs developing a bollard pull of abt. 47 tons and free running speed of abt. 12.6kn. The 4,800BHP tug is classed Bureau Veritas. ASD “Tancred” shares her name with a 43.6m x 10.1m U.S. Airwell class fleet tug “W-104” built by Gulfport Boiler and Welding of Port Arthur, Texas in 1943. She came to Australia under the U.S. Lend Lease arrangements with the Royal Navy during World War II, and served with the RAN while under control of the Commonwealth Salvage Board and transferred to the Australian Salvage Board after the war. Tug was powered by a pair of Cleveland / GM 12-278A diesels powering 605kW 560VDC generators and connected to two electric motors driving a single fixed pitch prop. She was laid up in 1982 and broken up in Port Adelaide in 1983. Also delivered to DMS Maritime Pty. Ltd. and built at Damen Shipyards Changde was the 1,450BHP Damen Stan Tug 1606 “Wattle”. This 16.8 x 5.9m x 2.5m depth twin screw tug is powered by a pair of CAT C18 4 stroke 533kW diesels giving her a bollard pull of about 16.7T and free running speed of 11.3kn. Like DMS’s “Tancred”, “Wattle’s” namesake was another old-timer - a 23m steam tug built in 1932-1933 by Cockatoo Island Shipyard in Sydney, Australia and operated as a civilian crewed Royal Australian Navy tug in Sydney Harbor until 1969, then running commercial cruises around Melbourne until 2003 when her commercial license was suspended. The steam-tug “Wattle” has reportedly found some benefactors and is currently being refurbished.
In 1974 Damen delivered two Damen Stan Tugs 1 to their first Libyan customer, Azzawiya Oil Refining Company Inc. (ARC). After the start of the new free Libya, Damen was awarded with the contract to deliver two Damen Stan Tugs 1606. The “Azzawiya 4” and “Azzawiya 6”, each having a bollard pull of 15.7 ton and total power of 1,216BHP will operate at Azzawiya port and oil refinery to handle oil tankers in the Azzawiya oil field. An older delivery we missed in the last report was when Euro Cup soccer fever started early this year in March when the orange colored Stan Tug 1606 named “Rhumb Matilda” was handed over to the proud owners Rhumb Maritime of Melbourne Australia. This tug was built at Damen Shipyards Changde in China and is equipped with crew accommodation, capstan, fly bridge and coupling winches for barge operations. Damen Services delivered the vessel to the East Coast of Australia where she joined three other Damen Stan Tugs in Gladstone Queensland.

Bisso Towboat of New Orleans, with their immediately recognizable red and white tugs with bright black and yellow stacks, has a new addition with delivery of the new 4,000HP “William S” (Hull 434) from Main Iron Works, Inc. A sister to the 100’ x 38’ x 16.5’ depth “Michael S”, also built in 2009, “William S” is powered by a pair of 1,492bkW CAT 3516Cs with Rolls-Royce US 205 Mk. 2 azimuthing drives developing a bollard pull of about 55 – 57 tons. The two earlier similar azimuthing tugs built by the yard for Bisso Towboat in 1999 and 2006 were powered with EMD 16-645E6s which produced 4,300BHP at 900RPM. “William S” is fitted with a Markey DYSF-42 hydraulic bow winch and a 100 ton quick release tow hook aft. The fleet of tugs operates from Baton Rouge, Louisiana to the Gulf of Mexico. Captain Joseph Bisso purchased the first tug, “Leo”, in 1890. By 1908, Bisso Towboat’s fleet had grown to five tugboats and one river steamer and now consists of 12 tugs with a total fleet horsepower of 50,000HP.

The 25.4m x 8.8m x 4.2m draft ASD tugboat “Putorani”, Pella Shipyards building No 928, project 90600 was delivered on 25th July to the Open JSC Mining and Metallurgical Company Norisk Nickel. The 2,720HP tug is scheduled to depart shortly through the Northern Sea Route to the port of Dudinka in the Arctic region. Tug is powered by a pair of 1,230kW CAT 3512Bs and Rolls Royce azimuthing drives. “Putorani” successfully completed her sea trials on 6th July……. Open JSC Pella’s 5,000HP, 33.5m x 12.1m x 6.0m depth, twin screw, escort tugboat of project PE-65, building No 502 was ready for sea trials as of 23rd July. The 63 ton bollard pull tug has a free running speed of abt. 13kn. On the same day, the launch of the twin screw sister-tug of project PE-65, building No 503 was carried out at their yard in Leningrad…….The delivery trip of the 28.5m x 9.5m x 4.8m sister-tugs “Delphin” (project 16609, building No 618) and “Kasatka” (project 16609, building No 619) through inland waterways to Murmansk was completed on 12th July of this year after their acceptance by the State Commission. The 39.5m bollard pull vessels are assigned to the Russian Navy’s North Fleet for harbor, coastal and offshore towing and berthing operations. The tugs will be home-ported out of Murmansk. Altogether, JSC Pella has built 17 vessels of different types for the Russian Navy. Pella specializes in construction of 1,000–5,000HP tugs, push boats, pilot boats, salvage, firefighting, oil spill response and fishing vessels. Pella is investing 3 billion rubles through the end of 2014 on its second stage of construction to increase the yards capacity two-fold (up to 12 ships per year) and turnover three times. The new facility will also be able to build larger sizes up to 6m in draft including high ice-classed vessels vs. the present limitation of 4m.

Russian Laysky Sudoreomontny Savod shipyard in Arkhangelskaya oblast, launched the ice-class tug “Iskander”, which will join the fleet of Arkhangelsk-based shipping company Ecotek-Bunker. The vessel will undergo sea trials in September before being delivered to its owner. The tug is designed to tow barges carrying coal, firewood and construction materials to remote areas of the Arkhangelsk region, northwest Russia. “Iskander”, which has the capacity of towing barges of up to five tons, is the second ice-class tug launched by Laysky Shipyard over the past year and a half. ECOTek LLC operates a specialized fuel oil terminal in St. Petersburg and produces bunker fuels for the Russian part of the Gulf of Finland.
Sanmar Marine’s chairman, Orhan Gürün, flew from Istanbul to Vancouver, British Columbia, in early July as an honored guest at the naming ceremonies of Seaspan’s three new powerful RAstar Class ASD tugs built at the Sanmar’s yard located on the outskirts of Turkey’s largest city. Vessel designer Robert Allan, of Vancouver, was another special guest. The three tugs, “Seaspan Osprey”, “Seaspan Kestrel” and “Seaspan Eagle” followed a 2011 delivery by Sanmar, “Seaspan Raven”. All four vessels, the largest operating in British Columbia, measure 28.20m in length, have a 12.60m beam, draft of 5.39m and a propulsion system comprising two Caterpillar main engines and Rolls-Royce Z-drives mounted aft in ASD configuration to give exceptional maneuverability and plenty of power when assisting and escorting large tankers. Two of the boats (“Osprey” and “Kestrel”) have bollard pulls of 81 tons whilst, with a lower, more economical, horsepower rating, “Eagle” and “Raven” still manage a healthy 71 tons. Rolls-Royce also supplied the fore and aft winches. Commented Orhan Gürün: “I spend most of my time organizing and supervising the continuous construction of tugs at our new custom built yard. But this triple-commissioning, the first in Seaspan’s 126-year history, was an ideal opportunity for me to see ‘our’ tugs in their final place of work – more than 15,000 kilometers away from where their keels were laid. Moreover, I was able to meet and talk to the people who will be operating them and who are obviously so proud of their new boats. All four tugs crossed the Mediterranean and Atlantic Oceans, negotiated the Panama Canal into the Pacific and made their way up to Vancouver under their own power,” he added. “A fitting tribute to the designer’s art and the high skills of our workforce.”

From its new custom-built construction facility in Tuzla Bay near Istanbul, Sanmar Marine succeeded in launching five brand new tugs in less than five months – both ASDs and conventional twin-screw units. “Dogancay XXIV”, the latest vessel is named, is another Robert Allan Ltd. design and the 26th of this popular and highly successful class of 25.25m long twin-screw ship assist tug to have been built by Sanmar since 1999 – the first two sister vessels were given different names. “Dogancay XXIV”, destined to serve the Port of Mersin in southern Turkey, is similar to its predecessors but is more powerful than the very early models with increased horsepower from its Caterpillar engines to give a bollard pull of 45 tons. As standard on Sanmar vessels, only the best suppliers are used with Reintjes gearboxes and Wärtsilä propellers being fitted. The vessel is ABS classed. Other modifications over the years have brought about improvements to crew safety and comfort, including great steps forward in significantly reducing sound and vibration levels. In addition, the wheelhouse is now fitted with electronics to a higher level of sophistication, mainly incorporating Simrad and Sailor equipment. Most examples of this Class have an aft towing winch but this has been dispensed with on this new boat which is to be used solely within the confines of the harbor – it is, however, equipped with a Data towing hook. The company’s new custom built construction yard near Istanbul has been paying dividends with the third launch in just a couple of months. “Ulupinar XIII” was followed by the completion of “Ulupinar XIV” and the launch of the more powerful “Ulupinar XV”. When originally conceived by the Robert Allan Ltd. team of naval architects and Sanmar management working together in close consultation, this class, unique to this builder, was a 45 ton bollard pull ASD. This latest version of the class has a very similar general specification and layout configuration to its highly successful predecessors but more powerful Caterpillar engines and the next size up of Rolls-Royce Z-drives gives a minimum of five extra tons of bollard pull to attain a figure fractionally more than 50 tons. Now incorporating a pair of Caterpillar 3512, Tier I main engines, each developing 1,500kW at 1,600RPM, turning Rolls-Royce type 205FP fully azimuthing thrusters located aft, with propellers of 2,200mm diameter, the increased bollard will prove an even greater attraction to potential customers needing a powerful agile tug with compact dimensions. Measuring 24.40m x 9.15m with a maximum draft of just 4.40m, “Ulupinar XV” enjoys the same high standard of accommodation for a crew of six both in terms of the clever use of space and low noise levels. Initially “Ulupinar XIV” is being chartered to an Egyptian Operator for nine weeks and then will join Sanmar’s own fleet operating in Mersin International Port. “Ulupinar XV” will join the same fleet unless it is sold prior to completion. Marcon previously brokered the sale of the “Ulupinar II” (2008), “Ulupinar IV” (2009) and “Ulupinar VII” (2010) to the Dominican Republic as sole broker.

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Responding to new oil and gas industry opportunities, Foss Maritime Company of Seattle, Washington will build the first three 7,268HP tugs in an innovative “Arctic Class” of tugs, a fleet expansion that broadens its capacity to take on large projects in extreme environments. Construction on the first tug starts in early 2013 at Foss' Rainier, Oregon shipyard, work which will bring additional jobs to the growing Columbia River facility. “At Foss we innovate,” said Gary Faber, Foss' President and COO. “These vessels will be built using the latest advances in technology and equipment. We want to increase efficiency, improve safety and performance and reduce environmental impact. These concerns are paramount to our customers, our stakeholders and our crews involved in offshore drilling and other project work in extreme environments.”

Specifically, the new tugs will meet ABS A1 requirements, including standards for hulls, machinery, towing, anchors and cable; ABS Ice Class requirements, SOLAS requirements, including an on-board rescue boat and davit; and Green Passport, which requires an inventory of shipboard hazardous materials that make decommissioning of vessels far safer.

Faber said the new tugs have been designed to withstand the rigors of Arctic operations and are suited to work across the globe. The new tugs will position the company to compete for opportunities in the oil and gas industry. Currently Foss has five assets committed to an Arctic offshore exploration project in the Chukchi and Beaufort Seas and looks forward to providing additional assets in the Arctic. Several oil and gas customers are expected to perform similar projects in the region during the coming years, and Foss will be positioned to provide services and support with tugs, landing craft, crew boats and barges. “Foss has worked Alaskan Arctic waters for decades with a well-known record for our focus on, and innovation in, environmental protection with the highest of safety standards,” Faber said. “We have unique skills when it comes to the transportation of infrastructure needed for Arctic oil and gas exploration in to areas with little or no infrastructure. The new tugs will enhance our ability to move cargoes safely.” Faber added that additional ABS-classed tugs and support vessels are already under consideration.

Mike Magill, Vice President of Technical Services, who oversees Foss' two shipyards and the company's engineering department, said the three new tugs will be designed to achieve in excess of 100 metric tons of bollard pull. The vessels will be used primarily to tow barges with oil field modules, rig topsides and project cargoes throughout the world. Design work is expected to be completed by year's end. Machinery on the new 7,268HP tugs will include Caterpillar C280-8 280 x 300mm, IMO Tier II main engines, which comply with the highest federal environmental standards, and Reintjes reduction gears. Markey Machinery, also of Seattle, will supply the tow winch. In addition to the low-emission Caterpillar engines, the vessels will incorporate several environmentally focused designs and structural and technological upgrades, including elimination of ballast tanks, so there is no chance of transporting invasive species; holding tanks for black and gray water to permit operations in no-discharge zones (such as parts of Alaska and California); hydraulic oil systems compatible with biodegradable oil; energy efficient LED lighting; and high-energy absorption Schuyler fendering. The decision to build the three ocean-going tugs will have a ripple effect throughout Foss, Magill said. The vessels will be built at the company's Rainier, Oregon shipyard. Foss has already announced that the facility, which specializes in new vessel construction, will expand by an additional 10,000 square feet, and will require additional staff. These highly anticipated vessels signify a continuing commitment by Foss to growth and expansion into new and exciting markets. “This is a win-win for us,” Magill said. “We have a fine workforce in place at Rainier and we’re very excited to be able to expand the fleet in ways that grow our business.” Foss has been planning a coastal / ocean tug newbuilding program at their yard for a number of years. The Foss Shipyard in Rainier had been concentrating over the past eight years on building new ASD shipdocking tugs vs. “conventional” twin screw coastal and ocean tugs. Names for the new tugs which are expected to be delivered in 2014-15 have yet to be decided. Founded in 1889, Seattle-based Foss Maritime offers a complete range of maritime services and project management to customers across the Pacific Rim, Europe, South America, and around the globe.

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The 27.4m x 12.2m x 5.05m depth / 3.80m design draft Robert Allan, Ltd. Z-Tech 6500 design, “ICDAS 19” has been successfully delivered to ICDAS Port Operations, by sister company, ICDAS Shipyards. This 65 ton bollard pull vessel was conceived, constructed and will be operated entirely in house under the parent company; ICDAS Celik Enerji Tersane ve Ulasim A.S. in Turkey. The Z-Tech 6500 is a unique Class of ship-handling tug designed to provide a combination of the superior handling characteristics of an ASD tug with that of a Z-drive tractor. This vessel design builds on the successful experience of the previous Z-Tech Class tugs built for operation across the world. “ICDAS 19” was built and classed to Class NK NS* (CS) / MNS*. Main propulsion for the tug comprises two MTU 16V4000M63 engines; each rated 1,920kW at 1,800RPM, driving a pair Rolls-Royce US 205 FP azimuth thruster. The electrical plant comprises of two identical Deutz generating sets, each with a capacity of 122eKw 140kVa 400vAC 50Hz. The deck machinery comprises a 35 ton line pull, hydraulic winch, with a maximum brake holding capacity of 130 tons. Similarly located at the bow of the vessel is a single, remotely operated fire monitor rated at 1200m3/hr, supplied by a main engine driven pump. Incorporated into this system are 4 additional 2” hydrants. This provides the vessel with an external fire-fighting capability commensurate with its operation as a superior ship berthing tug. Ship-handling fenders at the bow comprise of; a single row cylindrical fender of 800mm diameter (400mm core) and a 300mm deep “W” fender mounted beneath. A 300 x 300 hollow “D” fender protects the main and foc’sle deck sheer lines, and at the stem is a second cylindrical fender of 400mm diameter (200mm core). The vessel has been outfitted for a compliment of up to six people. The deckhouse contains a high level of luxury, with overnight cabins for the Master and Chief Engineer with individual en-suite facilities, and a pair of double berth cabins for the deck crew. Galley facilities and a comfortable mess room, allow 24 hour operations to be conducted. The wheelhouse is designed for maximum all-round visibility from driving positions and to both fore and aft deck working areas. On trials, “ICDAS 19” met or exceeded all performance expectations, developing 65 tons bollard pull astern, a speed of 13.7kn at 83% MCR, fuel consumption of 23.4m3/day at 100% MCR and an endurance of 5 days at full power.

Work continues at Signal International’s state-of-the-art continuous flow manufacturing facility in Orange, Texas on Kirby Ocean Transportation’s two new 20,000dwt, 480’ x 90’ x 36’ articulated ocean bulk barges units mated with 6,000BHP, 125’ x 42’ x 22’ ocean tugs. Once completed the two AT/Bs will transport dry-bulk commodities in U.S. coastwise trade. Both units will be fitted with Ocean Tug & Barge Engineering’s and Taisei Engineering’s Articouple connection. The first US$ 47 million unit was ordered by Kirby in March 2011 and an option for a second was exercised in August 2011. Signal International reports that the first AT/B reportedly will be completed within 14 months and the second built in less than 12 months. Both tugs will be classed ABS +A1 Ocean Towing and are a variation of Ocean Tug & Barge Engineering’s “Atlantic III” class design fitted with twin EMD 12-710G7 main engines and Reintjes WAF3455 5.091:1 gears driving 135” 3-blade props in, Nautican high performance kort nozzles with triple rudders. Two previous 6,000HP “Atlantic III” class AT/B tugs, the “Cristiana” and her sister “Brandywine” were built by Marinette Marine for Vane Line Bunkering and two 8,000HP versions, the “Endurance” and “ Courageous” built by VT Halter Marine, Inc. for OSG.
“Al Fenci” (Hull No. H088/11), and “Al Durrah” (Hull No. H089/11), the first two new 32.0m x 12.0m x 5.36m depth / 5.0m maximum draft RAMparts 3200 escort tugs have been successfully delivered to Abu Dhabi Ports Company by Grandweld Shipyards in Dubai. The vessels are specially designed to assist in marine and harbor operation at Khalifa Port including escorting & towing, mooring/unmooring, and fire-fighting operations. The design is based on an intended low-manning operation, with a high standard of machinery automation. Particular attention has been paid to the crew comfort, with high levels of noise and vibration control. This has been certified by ABS with the HAB notation for workboats. “Al Fenci” and “Al Durrah” are classed and built according to ABS +A1 Towing Vessel, +AMS, Unrestricted Navigation, Fi-Fi 1, QR, HAB + (WB). On trials, the vessels met or exceeded all performance expectations, achieving a bollard pulls of 55 tons ahead and 50 tons astern and free running speeds of 13kn ahead and 12kn astern. Both tugs are powered by a pair of MAN-B&W 4-stroke diesels. Jamal Abki, General Manager of Grandweld commented: “We thank Abu Dhabi Ports Company for giving us the opportunity to build their first escort tugs for Khalifa Port. We at Grandweld understood the requirements of ADPC for top quality tugs. Therefore, these tugs were built to the most advanced design and fitted with the highest quality equipment that will ensure reliability and mission readiness for heavy duty operations at the Port. We are proud to advise that both Al Fenci and Al Durrah successfully passed stringent testing requirements during extensive sea trials that were attended and certified by the American Bureau of Shipping. Both vessels over-performed on speed and bollard pull, which categorize the capabilities and value of the tugs.” Cost for both tugs is AED 61 million (nearly US$ 17 million).

Riviera Boat Industrial Investment of Sharjah was also contracted to build one 18m pilot boat with a speed of 21kn, at a cost of approx. AED 5 million (just over US$ 1 million). The pilot boat will be used for pilotage operations in harbor and coastal waters. The three vessels will operate in Khalifa Port, Phase 1 of which is being constructed adjacent to Kizad (Khalifa Industrial Zone Abu Dhabi) at Taweelah. The first phases of both mega-projects will see infrastructure completed by Q4 2012, with Phase 1 of Khalifa Port able to handle 2 million TEUS and 12 million tons of cargo. Commenting on the order, Capt. Mohamed Al Shamisi, VP of Port Operations, ADPC, said: “This is a milestone order not only for Khalifa Port but also for ADPC. The Emirati yards in question build consistently excellent quality vessels and the contracts pave the way for the exciting full opening of Khalifa Port’s first phase. The fact that ADPC placed these orders emphasizes our full commitment to completing the infrastructure and superstructure to Khalifa Port Phase 1 to budget and on time.”

On 23rd, June of 2012, launching ceremonies of 58.7m AHTS vessels “YX3156” and “YX3158” were held on drydock #2 of Guangdong Yuexin Ocean Engineering Co., Ltd. at the same time. “YX3156”, renamed “ADS Galtesund”, was built for Norwegian ship owners Pareto AS of Oslo, while “YX3158” (yet to be named) is built for Martens Marine Pte. Ltd. Both vessels were designed by Khiam Chuan Marine. The vessels measure 58.7m in length, with a molded breadth of 14.6m, depth of 5.5m. and maximum draft of 4.75 m. The vessels can carry 42 men, 475m3 of fuel oil, 230m3 of fresh water, 187m3 of dry bulk and 250m3 of mud. Equipped with a 150T line pull winch, they are designed to have bollard pull of 65T, and speed of 13.5 knots. “YX3156” is built to Bureau Veritas Class 1, + Hull, + Mach, Supply Vessel & Fire Fighting Ship Unrestricted Navigation. “YX3158” is built to ABS +A1 Offshore Support Vessel, AH, Towing Vessel, Fi-Fi Class1, AMS and DPS-1. Both “YX3156” and “YX3158” are the second pair of vessels that Yuexin has built for the owners. “YX3156” is powered by 1,641kW CAT 3516Bs, developing a total of abt. 4,462HP and “YX3158” by 1,894kW CAT 3516Cs developing a total of 5,150BHP to CP props. Several this class are under construction at Yuexin.
Zamil Offshore Services recently completed construction of a series of three 4,720kW RAmparts 3200-W tugs. The RAmparts 3200-W class are powerful ship-handling/terminal support tugs designed as harbor, escort, pollution control and fire-fighting tugs, and will assist in mooring, unmooring and all maintenance requirements in the ports of the Kingdom of Saudi Arabia, in both the Red Sea and Arabian Gulf waters. Saudi Ports Authority, owner of “Rasalkir 1”, “Rasalkir 2” and “Rasalkir 3”, has taken delivery of all three tugs. Robert Allan Ltd. worked closely with Zamil to establish the final specification and vessel layout for the demanding service. The hull form reflects the now well-proven double chine form that characterizes all Robert Allan Ltd. designs, with a sweeping chined stern. A large escort skeg is fitted forward to enhance indirect towing capability and to provide enhanced roll stability. Principal characteristics are 31.0m length (BP), 12.0m beam, 5.36m depth and a maximum draft of 5.20m. The vessels have all been built and classed to ABS +A1, Towing Vessel, Fire-fighting 1, (E) AMS, ABCU, Unrestricted Navigation. Propulsion consists of a pair of Yanmar 8EY26 medium speed diesels, each producing 2,360kW at 750RPM. This power is transmitted via Kawasaki KST-220ZC/B Rex-pellers. On trials “Rasalkir 1”, “Rasalkir 2” and “Rasalkir 3” met or exceeded all performance expectations, developing bollard pulls of 72 tons ahead, 67 tons astern and a free running speed ahead of 13.5kn at fullRPM. To enable extended endurance, the tugs have tankage for 192.6m3 fuel, 26.4m3 potable water and 34.8m3 ballast. On the bridge deck, the wheelhouse is arranged to provide maximum all-round visibility, with overhead viewing windows, a split console forward, from where most of the driving is conducted, and a center console facing aft, with fire-fighting controls and a similar driving position. A chart table is located to port, and a communication station is located on the lower level of the wheelhouse, similarly to port. On the main deck are Mess / Lounge / Galley: comfortable seating area with television and an area for the crew to enjoy a meal between shifts along with cabins for the Master and Chief Engineer with private facilities. Below the main deck are lavatory facilities suitable for the crew of 6, a laundry, HVAC Room and access to the Engine Control Room and then to the Engine Room plus an Owners Stateroom: a comfortable single berth cabin, with en-suite, specifically set aside for an Owners representative.

Rotortug is pleased to announce that a design contract has been signed between Elizabeth Ltd. and Robert Allan Ltd. for a new ART 80-32 Rotortug. This new design harbor tug will be chartered by Kotug, the Rotterdam, Hamburg and Bremerhaven based operator. The Rotortugs are 32m long and have a bollard pull of minimum 80 tons over the stern and bow. It is the intention of Elizabeth Ltd. to place a new building order for four tugs. At this stage it is not revealed where the tugs will be deployed. The design is a direct result of co-operation between Robert Allan and Rotortug. All future new design Rotortugs will be from Robert Allan Ltd.

Senesco Marine in North Kingstown, Rhode Island is also busy as they come closer to launching the 300’ x 60’ x 26.5’, double hull ocean tank barge “RTC 42” and articulated pusher tug “B. Franklin Reinauer” (Hull No. 206) for Reinauer Transportation Co. of Staten Island, New York. The 110’ x 33’ x 18’ draft tug AT/B tug is powered by a pair of MTU/DDC 16V4000 diesels rated at 2,360HP each at 1,800RPM and fitted with Lufkin gears and 104” fixed pitch props in twin Naucian nozzles and triple shutter rudders. “B. Franklin Reinauer” is similar to the 4,000HP “Ruth M. Reinauer” delivered in 2008 in that she represents a new concept in AT/B design with double skin fuel tanks and a “FacetTug” hull shape developed by Ocean Tug & Barge Engineering that allows the tug to be built in panel lines without extensive plate forming and bending.
Great Lakes Dredge & Dock Corporation of Oak Brook, Illinois, the largest provider of dredging services in the United States and a major provider of commercial and industrial demolition and remediation services, announced recently the execution of definitive contracts for the construction of a 15,000-cubic-yard-capacity Trailing Suction Hopper Barge and 14,000HP tug. When delivered in the second quarter of 2014, these vessels will function as an AT/B Trailing Suction Hopper Dredge and will comprise the largest hopper dredge in the U.S. Great Lakes contracted with Signal International Inc., operating from Mobile, Alabama; Orange, Texas; and Pascagoula, Mississippi, for the construction of both vessels, with an option to build an additional dredge, should domestic or international market conditions warrant. Signal International will perform the detail design and construct the dredge in Orange, Texas based on a patent pending engineered design and performance specification provided by Great Lakes. The aggregate cost of the initial dredge is expected to be approximately $94 million.

Great Lakes’ patent pending design for the dredge introduces a new concept for hopper dredging in both deep and shallow waters, providing extensive flexibility. The new dredge, with a hopper capacity of 15,000 cubic yards, applies well-known and proven ATB technology to hopper dredging, enabling the Company to continue its leadership in the dredging industry as the low cost provider. The dredge will feature two 36-inch suction pipes and will be able to dredge at depths of up to 125’. Even with a maximum load it will only have a draft of 28’, the best carrying-capacity-to-draft ratio in the U.S. dredging industry. The new dredge will be well-suited to multi-use applications. It will be deployed for channel deepening, maintenance dredging, beach nourishment, and coastal restoration projects with long distance transport capabilities. The tug and barge hull form design was optimized at MARIN, a state of the art leading testing facility in nautical research and development, located in the Netherlands. The vessel features a proven Articouple interconnect system for the tug and barge. Its high-tech ATB design includes all of the latest innovations and developments in dredging technology. MARIN’s Senior Project Manager Klaas Kooiker stated, “Having modeled and tested many of the world’s modern hopper dredge hull forms, we were very pleased to see the Great Lakes ATB hull achieve similar speed and power results. We believe this is the first ATB hull to equal ship performance capabilities.” The ATB will be equipped with a direct high power pump-ashore installation, a hybrid power sharing configuration between the tug and barge, dynamic positioning and tracking, EPA Tier III compliant engines, and additional features designed to minimize the impact of its dredging process on the environment.

The high speed hull of the tug and the barge were created from Bob Hill’s Ocean Tug & Barge Engineering’s “Rapid” class AT/B shape developed in consort with Mr. T. Yamaguchi of Taisei Engineering, modified working with the hydrodynamicists at MARIN to create a platform capable of high speed transits despite some necessary proportions that normally challenge that ability. OT&BE Corp.’s “Rapid” class is a true evolution in tug/barge design that moves the AT/B into the ship-speed and horsepower realm without creating an impractical shape. Joe Fischer’s Bay Engineering will be doing the bulk of the functional design work on the barge for Signal International. OT&BE Corp. is also working with Signal International in building the new Kirby articulated tug and barge units.

Great Lakes President of Dredging Operations Dave Simonelli stated, “We have ownership and operating experience with tug-barge dredge combinations that dates back 40 years. ATB and hopper dredge technology have advanced greatly during that time. I am pleased that our in-house engineering team working in close cooperation with Offshore Tug and Barge Corporation were able to design a proprietary unit, for which a patent is pending, that will be able to achieve ship-like productivity and efficiency at an ATB’s lower operating cost. Our dredge is a ‘game changer’ in the competitive hopper dredging marketplace and will bring important new capacity to the U.S. hopper dredge fleet. The favorable environmental and safety features of the design, including greater fuel efficiency, green overflow systems and automated processes, were important considerations. These features emphasize our focus on minimizing the impact of dredging on the environment and providing a safe work environment for our employees.”

The dredge represents a strategic investment by Great Lakes in providing the most productive, efficient and capable dredging equipment in the domestic industry. Construction of the dredge and scows will create approximately 250 new U.S. shipyard and engineering jobs over the construction period.
Great Lakes has also contracted with BAE Systems in Mobile, Alabama to build two new high-capacity material dump scows that will be delivered in 2013 with an option to build two additional barges also with delivery 2013. The scows will be used primarily on capital deepening and coastal restoration work on the U.S. East and Gulf coasts. These two new scows, with an aggregate cost of approx. $17 million, will each have a carrying capacity of 7,700 cubic yards of dredged material. Great Lakes is proud to invest in the maritime future of America, constructing these three state-of-the-art “Jones Act” vessels to meet the Country’s growing needs. The recently enacted RESTORE act provides for funding to ensure the important Gulf Coast coastal and barrier island restoration is performed as expeditiously as possible. The Great Lakes dredge will be a key tool in performing the restoration of the eroded land mass in the Gulf Coast States. Additionally, the vessel’s ability to cost-effectively deepen and maintain navigable waterways will bolster the United States’ competitive position in world trade, as the nation’s ports move forward with deepening plans to accommodate the larger vessels, which will sail through the expanded Panama Canal to be completed in 2015. Great Lakes CEO concluded, “We are very excited about this investment in new equipment. As we analyze the future dredging market, U.S. Shipyard capability and the cost of capital, we feel the time is right for these new builds. In addition, the building of the ATB Hopper Dredge and two scows will add more than 250 jobs in the two shipyards. We were attracted to the favorable construction and operating cost economics of the dredge for the market growth ahead, underscoring our belief in the dredging market and commitment to innovation in our core business. We expect this unique hopper dredge to offer new economics to our customers in the domestic market, and possibly beyond. The investment in the two new high capacity material scows will further ready us for the worldwide market growth ahead. We have invested significant engineering effort into the proprietary, patent pending design of the hopper dredge for the future and believe our customers will be very pleased with the capability we are adding to the market. Great Lakes enjoys a legacy of superior innovation, engineering and execution, and this is a continuation of those attributes and our commitment to the dredging industry.”

On 18th August, the shoalbuster “Liz F” owned by GSS Marine Services departed for a voyage of approx. seventy days under command of the delivery crew of T.O.S. (Transport & Offshore Services), after only having three days to prepare for the voyage. Vessel left the port of Hardinxveld-Giessendam, The Netherlands for a voyage around the world to Singapore or Australia with a first planned stop in Cape Town, South Africa. The 2012 built, 32.3m x 9.4m x 4.4m depth Damen SB 3209 design vessel is powered by a pair of CATs. “We are proud to have been awarded for the delivery of the Liz F owned by GSS Marine Services. The first contacts with GSS were made during a CEDA meeting (Central Dredging Association) with the office in Maassluis, The Netherlands. The crew is excited about the voyage route and the shoalbuster. They are looking forwards in delivering her.”, says Ronald van der Kolk, Manager Division Nautical & Technical at TOS.

Many tugs being built in China for domestic use are not included in many published order books. Jiangsu Zhenjiang Shipyard Group of Jiangsu, China completed and successfully delivered the two sister azimuthing tugs “Jing Tang Gang Tuo 15” and “Jing Tang Gang Tuo 16” to Tangshan Port in Hebei Province, China….. On 19th August, the 6,900HP ASD tug “Caogang 18” was delivered to Caofeidian Tugboat Co. Ltd., also of Tangshan Port. “Caogang 18” reportedly has the highest horsepower of any harbor tug presently used in the Chinese domestic market. Mr. Wang Zhongmin, General Manager and Vice General Manager Liu Shuyin from Tangshan Caofeidian Port Affairs Co., Ltd. Mr. Hou Shouzhu General Manager and Vice General Manager Gaojun from Tangshan Port Caofeidian Tugboat Co., Ltd. attended the sailing ceremonies….. On 12th August, the azimuthing tug “Ruong Tuo 16” built for Fuzhou Port on the Min River on the northeast coast of Fujian Province was successfully delivered….. Sealink Sdn Bhd’s multi-purpose anchor handling tug supply vessel “Sealink 178” (photo at right) was launched on 31st July. The 84.8m x 22.0m x 8.3m dynamically positioning AHTS is classed ABS and is reportedly the first Chinese built vessel meeting requirements of HAB, ENVIRO and ORO class notations. The 4,800dwt AHTS was designed by Wartsila and powered by a hybrid system of two Wartsila 9L26 diesels and two 1,500kW electric motors for maximum bollard pull.

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Details believed correct, not guaranteed. Offered subject to availability.
On 24th July, the azimuthing stern drive tug “Caogang 17” built for Tangshan Caofeidian Tug Co. Ltd. was delivered by Jiangsu Zhenjiang Shipyard Group. Five days earlier, the 2,600HP ASD tug “Cheng Shun Tuo 8” which Jiangsu Zhenjiang Shipyard Group built for JiangYin Shun’an Co., Ltd. was successfully delivered. The 10,000kW (13,400HP) multi-purpose working vessel “Xinyunyang Hao” built for Nanjing Sumec Shipping Co., Ltd. was successfully launched on 18th July in the morning.

Juejie, General Manager of Jiangsu Fanzhou Shipping as well as 60 other guests and specialists from over 30 companies operating in the China’s offshore industry attended the launching ceremony. The DP-2 “Xinyunyang Hao” meets the requirements for UMS in Unrestricted Service and demonstrates an advanced level of construction in China. The ASD tug “Caogang 16” built for Tangshan Caofeidian Tug Co. Ltd. was successfully delivered on 14th July, ten days before delivering the “Caogang 17”. Another two 65 ton bollard pull ASD tugs in the series built for Svitzer A/S sailed successfully on 11th July. The Lloyds +100A1 classed 30.8m x 11.3m x 6.1m depth tugs are powered by 3,676kW Niigata 6L28HX 4-stroke diesels developing a total of 5,000HP at 750RPM. On 15th July, the tenth 65 ton bollard pull ASD tug in the series, named “Svitzer Heron” was successfully delivered. On 13th June, the two 3,824kW (5,100HP) ASD tugs “Xia Gang Tuo 16” and “Xia Gang Tuo 17” built for Xiamen Port on the southern coastline of Fujian province were delivered. The 2,942kW (3,945HP) ASD tug “Xin Beibuwan Port 10” built by Jiangsu Zhenjiang Shipyard Group for Beihai Port located on the north shore of the Gulf of Tonkin and the 2942kW (3,945HP) ASD tug “Xin Beibuwan Port 2” built for Qinzhou Port in south China’s Guangxi Zhuang Autonomous Region were both successfully delivered.

Qinzhou Port is one of the closest Chinese ports to ASEAN countries and is building a channel capable of handling ships up to 300,000dwt in addition to a number of container ports with a capacity of more than 100,000dwt. Two 2,942kW (5,884HP) ASD tugs, named “HuGang 1” and “HuGang 2” built by Jiangsu Zhenjiang Shipyard for LiaoNing HongYun International Trade Co., Ltd. were successfully delivered on 3rd June 2012. On 20th May, the 2,942kW (3,945HP) azimuthing tug “Chang Hong Tuo 2” built for Zhoushan Changhong International Shipyard was delivered, following the day before delivery of the 2,942kW ASD tug “Xin Beibuwan Port 3”, another tug also built for Qinzhou Port mentioned previously. On 16th May, the 65 ton bollard pull ASD tug “Svitzer Owl” built for Svitzer A/S and operated by Svitzer Caribbean Ltd. was delivered. Like the “Svitzer Heron” and others in the series mentioned earlier, the 30.8m x 11.3 x 6.1m tug is powered by a pair of 1,838kW Niigata 6L28HX 4-stroke diesels developing a total of 5,000HP to twin Niigata ZP-41, 2,600mm azimuthing props. Tug is classed LR +1A1, Escort Tug, FiFi 1 with water spray, +LMC, UMS. Towing gear consists of a 30T @ 10m/min winch forward, a 40T @ 10m/min aft with 110m 120mm rope and 800mm 52mm wire and a 10T @10m/min tugger winch. Tug is also fitted with a Palfinger fully hydraulic foldable hydraulic crane and FiFi-1 firefighting equipment. On 12th May, the 6,000HP multi-purpose supply vessel “Runhai 662” (photo at left) was delivered to Shanghai Bestway Marine Technology Development Co., Ltd. The two 3,400HP ASD tugs “Panjin Port 1” and “Panjin Port 2” (photo at right) were delivered to Panjin Port located on the Great Liaohe Estuary on the Dalian side of the Gulf of Chihli. On 4th May, the 3,528kW ASD tug “Yonggang Zhonglian 20” built for Ningbo Zhonglian was delivered. In addition, three tugs are currently under construction at Jiangsu Zhenjiang Shipyard for Iraq Government Ports with expected deliveries around July 2013, two 3,500dwt OSVs are under order from Falcon Energy Group Ltd. for delivery about June 2013, and the PSV “Xing Yun Yang” is planned to be delivered to the Chinese Government the end of this year. It will be interesting to see if the extent of this construction activity continues into 2013.

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A new name has been chosen for Vane Brothers’ seventh tug under construction at Chesapeake Shipbuilding in Salisbury, Maryland. She will be named “Red Hook”, after the small New York neighborhood in Brooklyn where Vane’s New York office is located. Construction is continuing. Pumps and valves are getting installed in the engine room and wire ways are being built for the miles of wire to be run. Within the next several weeks, “Red Hook’s” hull will be painted, keel coolers, shafts, propellers and rudders will be installed and set up for launching. Vane Brothers is anticipating a late winter delivery. In the early 1900s Red Hook was the busiest freight port in the world.

Harley Marine Services has partnered with Nichols Brothers Boat Builders of Freeland, Washington to construct two new 100’ x 40’ azimuthing ship assist tractor tugs. The tugs will be built with the most technically and environmentally advanced equipment available to meet needs of customers and expanding business markets. In selecting a shipyard, Harley Marine chose Nichols Brothers based on their combined expertise and quality of product. “We look forward to working with Nichols Brothers through these projects and more in the future, their workmanship and superiority are superb and closely match our corporate vision”, said Harley Franco, Chairman and CEO. Construction of the first tug began in May 2012 and is well underway, with the pilothouse, bow, and both port and starboard wing tanks nearing completion. The skeg has been set for the mid-body and jigs are in place ready to accept bottom plate sections and internals close behind. All trades have started prefab and starting on rough-in and assembly as needed. Prefabrication of the second tug began earlier this month at the shipyard on Whidbey Island, about 15 minutes away from Marcon’s office. Building the two tugs simultaneously will increase productivity, efficiency and overall quality while shortening material handling making it cost-efficient for both the shipyard and owner. The vessels were designed by Jensen Maritime of Seattle, Washington and will be ABS load line certified. Both tugs are 100’ x 40’ each consisting of a complete propulsion system with two Caterpillar 3516C diesels coupled to the Rolls Royce z-drive system. The vessels are also equipped with two Cat C9 generators. The propulsion package will produce over 90 tons of bollard pull with a combined horsepower of 6,770, giving the tugs exceptional pulling power and maneuverability. Both vessels are outfitted with Mackay Marine Electronics, Technicold by Northern Lights HVAC system, two Markey winches, one forward for ship assist and one aft for towing and Smith Berger tow pins aft. Harley Marine Services will name the tugs after Harley and Lela Franco’s two children, Ahbra and Robert Franco. The first tug, “Robert Franco” is scheduled for delivery in Spring 2013 while the second tug, “Ahbra Franco” is scheduled for delivery in mid-summer 2013. The tugs will enter service on the U.S. West Coast and will enhance Harley Marine’s current fleet of tractor tugs operating in the tanker escort and ship assist markets.

On Monday, August 27th, Harley Marine Services initiated the first of three machinery upgrades to the San Francisco based ABS Ice Classed azimuthing sister-tugs, the “Z-Three”, “Z-Four” and “Z-Five”. With tug “Z-Three” being the first vessel to undergo the transition, all three vessels will be upgraded with complete overhauls of their Caterpillar 3516B main engines which drive the Ulstein 1650 Z-drive units, bringing the vessels to Tier 2 Compliance. The Z-Boats were built in 1999 by Marco Shipyard in Seattle, WA. Each vessel produces 4,000BHP and have been operating in California since 2004 when Harley Marine Services purchased the tugs from an operation in Hawaii. All three vessels are engaged in the tanker escort and ship assist Business and are enrolled in the State of California’s Escort Tug Inspection Program. Harley Marine continues to support environmental programs by exceeding Federal and State Emission Regulations. All three projects will be complete by December 31, 2012. The 94.0’ x 32.0’ x 14.8’ depth “Z-Three”, “Z-Four” and “Z-Five” were all designed by Jensen Maritime built by Marco Shipyard in Seattle, Washington and classed ABS +A1 Towing Vessel (FiFi), +AMS, Unrestricted Service and have a class certified bollard pull of 47.67 long tons. Towing gear consists of a Almon Johnson electro-hydraulic double drum headline winch forward and Almon Johnson ocean single drum tow winch aft.

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Caterpillar Inc.’s second-quarter 2012 profit per share reached an all-time quarterly record, and a 67% increase from second-quarter 2011. Sales and revenues were $17.374 billion, also an all-time record, and a 22% increase from second-quarter 2011 sales and revenues of $14.230 billion. Profit was $1.699 billion in the quarter, an increase of 67% from $1.015 billion second quarter 2011. “I am very pleased with Caterpillar’s record-breaking performance in the second quarter. Our employees, dealers and suppliers across the globe are doing a superb job of executing our strategy. They have helped deliver the highest level of financial performance for any quarter in our history for our stockholders and outstanding value for our customers,” said Caterpillar Chairman and CEO Doug Oberhelman. “Our global footprint, the breadth of industries we serve and our extensive line of products and services have helped us achieve these record-breaking results during this time of heightened economic uncertainty, and execution has been outstanding. Whether you look at cost control, delivery performance, safety, quality, new product introductions or margin rates, Caterpillar's operational performance in the quarter was excellent. It’s what drove second-quarter profit and is providing a solid foundation as we balance our positive long-term view of the world economy with the high level of uncertainty we’re all seeing today.” Caterpillar Inc. narrowed the outlook range for sales and revenues and raised the outlook for profit. Sales and revenues outlook range for 2012 is now $68 to $70 billion. The previous outlook was a range of $68 to $72 billion. The adjustment to the high end of the sales and revenues outlook is a result of weaker economic conditions in much of the world and about $1 billion of negative currency impacts. Since introduction of CAT’s outlook in January of 2012, the U.S. dollar has strengthened and has negatively impacted their sales and revenues outlook as sales in currencies other than the U.S. dollar are translating into fewer U.S. dollars. The profit outlook improved as a result of better underlying operating performance, partially offset by the negative impact from an increase in our estimated annual tax rate for 2012. Currency had little impact on the change in the profit-per-share outlook because of the offsetting impact on sales in the worldwide markets it serves with costs resulting from Caterpillar’s extensive global manufacturing footprint and cost base. The outlook for 2012 reflects full-year records for sales and revenues and profit. Outlook for 2012 represents the highest sales and revenues and profit in Caterpillar history, exceeding last year’s record results.

“Caterpillar’s success in 2012 is occurring despite U.S. construction activity that remains depressed and well below the prior peak, problems facing Eurozone economies and economic concerns in China,” Oberhelman said. “While we’re expecting a record year in 2012, we understand the world is facing economic challenges, and if it becomes necessary, we are prepared to act quickly as we did in late 2008 and 2009. While we’re prepared, the good news is, this doesn’t feel like 2008. Interest rates are low, central banks are prepared to inject more liquidity if needed, and housing is coming off lows, not a peak, and seems to be improving. While we will not hesitate to act if we need to, we believe that actions needed for better world economic growth for the future have already begun. Brazil started easing monetary policy with lower interest rates in late 2011, and we are now seeing improvement in our business there. China has started taking action, and we expect that further monetary easing and investment initiatives in China should help economic growth in late 2012 and 2013. In the United States, we were pleased to see the passage of a transportation bill that provides our customers more clarity through fiscal 2014. We expect that with continued fiscal and monetary action the economies in Asia/Pacific, Latin America and North America can improve. It will likely take some time for the Eurozone to fix its problems, but we expect that monetary easing by the European Central Bank, a commitment to resolve debt issues and more focus on economic growth should help stabilize the situation and lead to better prospects in the future. I am cautiously optimistic about the world economy in 2013, very positive on the long-term prospects for global growth and excited about the role Caterpillar will play in making that growth happen. After all, the road to progress … begins with a road,” Oberhelman said.

Excluding acquisitions, Caterpillar’s sales increased in all geographic regions with the most significant improvement in North America. Outside of North America, the most significant improvement was in Asia/Pacific. Within Asia/Pacific, increases, primarily in Australia, more than offset a decline in China. While sales in Europe were down, sales in Africa, the Mid-East and CIS increased. Sales in Latin America were slightly higher. Increase in machinery sales volume was primarily the result of higher end user demand. Mine production increased despite lower commodity prices for metals and coal compared with a year earlier. While lower than a year ago, most mining-related commodity prices remained at levels attractive for investment. This was positive for mining in most regions of the world and drove increased sales for Resource Industries. Some improvements in construction activity and continued fleet upgrading, primarily in North America, led to higher sales of construction equipment. Despite the increase in machine sales in North America, construction activity in the U.S. and other developed countries is still well below prior peaks. Construction sales declined in Asia/Pacific, where a large decrease in China more than offset increases in other Asia/Pacific countries.
Power Systems’ sales were $5.511 billion in the second quarter of 2012, an increase of $593 million, or 12%, from the second quarter of 2011. The improvement was the result of higher sales volume, the acquisition of MWM and improved price realization. The sales volume increase was almost all in North America. The most significant increases in Power Systems’ sales occurred in petroleum and rail applications. Worldwide demand for energy, at prices that encourage continued investment, resulted in higher sales of engines and turbines for petroleum applications. Sales of rail products and services, primarily locomotives, increased due to higher demand. Those increases were partially offset by lower sales for electric power generation. Power Systems’ profit was $982 million in the second quarter of 2012 compared with $736 million in the second quarter of 2011. The increase was primarily due to higher sales volume and improved price realization. The improvements were partially offset by increased period manufacturing, SG&A and R&D expenses. MWM, acquired during the fourth quarter of 2011, added sales of $196 million, primarily in EAME [Europe, Africa, the Middle East and the Commonwealth of Independent States (CIS)] and was about neutral to profit.

Economic growth remained sluggish in the first half of 2012, prompting central banks throughout the world to ease policies further. Average short-term interest rates in the developed countries are now lower than during the recent recession; rates in the developing countries are within 50 basis points of 2009 lows. CAT expects that further interest rate cuts are likely. However, governments also tightened budgets, which reduced overall economic growth. Continued budget austerity likely will offset some of the benefits of lower interest rates, and world economic growth will likely average about 2.5% in 2012, slightly less than in 2011 and more than a percentage point lower than in 2010. Key points related to Caterpillar’s outlook include:

Worldwide demand for most commodities has increased so far this year, but prices have generally declined. CAT expects economic growth will support demand for most commodities but average prices will probably be lower than in 2011. Key price assumptions for the full year of 2012 are that Brent crude oil will average $105/bbl; copper, $3.50/pound; and Chinese iron ore, $145/metric ton. Caterpillar believes prices for most commodities will remain sufficiently attractive to encourage production and investment. While commodity prices remained attractive for investment, some mining customers are extending investments as a result of permitting delays in developed countries and uncertainty about world economic growth over the next few years. U.S. coal prices declined enough to cause coal mines to reduce both production and investment. Producers have increased exports to record highs, which is contributing to softer coal prices in Asia. However, CAT does not expect that Asian coal prices will decline enough to cause Asian mines to reduce production or investment.

Recoveries in developed countries remain weak, with some countries returning to recession. Most central banks are maintaining record low interest rates and are expanding balance sheets to improve the functioning of financial markets. Over the past year, the dollar value of central bank balance sheets increased about 18%, or about $1.4 trillion. The U.S. economy slowed sharply in the first quarter of 2012, and employment data suggest second-quarter growth will also be weak. However, historically reliable leading indicators suggest a recession is unlikely in 2012. Declines in U.S. federal, state and local government spending reduced first-quarter economic growth by more than a half percentage point. State and local investments, which include infrastructure, were the lowest since the fourth quarter of 2008. CAT expects total U.S. government spending to decline at a slower rate in the second half of 2012. The U.S. Federal Reserve’s balance sheet expansion in the first half of 2010 benefitted the economy, but those gains seem to be slowing.

Eventually, Caterpillar expects the U.S. Federal Reserve will resume expanding its balance sheet, but not soon enough to benefit growth in 2012. CAT believes modest recovery will continue in the U.S., with economic growth slowing to slightly more than 2% in 2012. Some industries important to Caterpillar’s sales in the United States are beginning to recover. Housing starts are increasing in response to rising apartment demand, low mortgage rates and more than four years of depressed activity. CAT forecasts housing starts will exceed 750 thousand units this year. Although this represents the best level of housing starts since 2008, it is a decline from Caterpillar’s prior forecast of 800 thousand units. Nonresidential construction is also expected to increase, although highway construction will likely remain weak.
Budget austerity and monetary tightening in 2011 pushed Eurozone economies near a recession in the first quarter of 2012. Problems are spreading beyond those countries struggling with debt problems; in the majority of Eurozone countries, unemployment is rising and business confidence is deteriorating. The European Central Bank offered two liquidity programs and cut interest rates for the third time since October 2011, and rates are at a record low. Caterpillar anticipates additional actions this year, but CAT now expects overall Eurozone economic growth will likely be negative in 2012. The Bank of Japan pushed bank liquidity to a record high, and construction will benefit from reconstruction programs. CAT expects the Japanese economy will grow more than 2% in 2012. Four recent interest rate cuts and continued growth in mining will likely lead to more than 3% economic growth in Australia. Although mining profits in Australia started declining in fourth quarter 2011, Caterpillar expects mining capital expenditures will be higher in 2012 than in 2011. Developing economies slowed in response to interest rate increases in 2011, and central banks have begun reversing policies. The larger economies of Brazil, Russia, Indonesia, South Africa and Turkey all have lower short-term interest rates than at the depth of the financial crisis in 2009. The Chinese government has accelerated policy easing, with its second consecutive interest rate cut in July 2012. Infrastructure spending is running behind the government’s target, and CAT expects the government will introduce supplemental investment programs. With this expected easing, Caterpillar believes China’s economic growth will slow to about 8% in 2012. Data through May suggest infrastructure spending is improving. Year-to-date imports of key commodities increased compared with 2011.

Most other developing countries in Asia also cut interest rates. Economic growth, except in India, which is struggling with inflation, will likely be close to that in 2011 rather than improve as previously expected. Brazil reduced its short-term interest rate to a record low, and at least one more cut is likely this year. Other Latin American countries are likely to maintain current low interest rates. Caterpillar projects regional economic growth of more than 3% in 2012, which is lower than the 4% previously expected. CAT also expects faster growth in construction than the overall economy. CAT expects economic growth in both Africa/Middle East and CIS will exceed 4.5%, slightly higher than in 2011. Construction activity, which is growing faster, will likely be up more than 10% this year. Positives are low interest rates, attractive oil prices and increased oil production.

Economic risks include that Central banks, particularly in developed countries, have repeatedly overestimated inflation risks and underestimated growth and employment problems. These miscalculations contributed to the weakest economic recovery in decades and persistent high unemployment. If central banks remain too cautious, such actions may prolong the weak recovery and risk another downturn. Austerity measures implemented to reduce deficits have contributed to short-term slowing in economic growth. A continued emphasis on austerity, without other actions to drive growth, threatens modest recoveries. In addition, budget cuts have tended to fall heavily on already poorly-funded infrastructure programs. While the world’s economic environment is weaker than Caterpillar expected, sales have continued to grow. In addition, dealer machine deliveries to end users have continued to increase compared with 2011 and in June 2012, the most recent month, CAT had the highest month-over-month percentage increase versus 2011 since January of this year.

Cummins Inc. of Columbus, Indiana reported strong profits for the second quarter of 2012. Second quarter revenue of $4.45 billion decreased 4% from the same quarter in 2011. Excluding the impact of divestitures and currency movements, revenues were flat year over year. Growth in North America offset weakness in international markets, particularly China and Brazil. Earnings before interest and taxes (EBIT) was $669 million or 15.0% of sales. Excluding gains from divestitures, EBIT was $663 million or 14.9% of sales compared to $707 million or 15.2% of sales in the second quarter of 2011. Net income attributable to Cummins in the second quarter of 2012 was $469 million compared to $505 million in the same period a year ago. “The Company continued to deliver strong profits despite the weakening global economic conditions”, said Tom Linebarger, Chairman and CEO. “Second quarter gross margins were at record levels as we continue to drive improvements in productivity and quality. Looking forward, as the global economy improves, our growth opportunities remain strong.” Based on the current forecast, Cummins expects full year revenues to be $18 billion, with EBIT in the range of 14.25 to 14.75% of sales. Cummins engine segment sales though were down 2% to US$ 2.8 billion. Improved demand in North American heavy duty truck, medium duty truck and light duty truck and construction markets was offset by lower sales to China construction, Brazilian truck and North American oil and gas markets. Power generation sales of $909 million was flat as higher revenues in North America offset lower demand in Europe, China and Latin America.
Wärtsilä is to supply the main engines for two environmentally sustainable tugs being built for CNOOC Energy Technology & Services Limited (CETS), a subsidiary of the state-owned China National Offshore Oil Corp. (CNOOC). The vessels are the first in a planned series to be fuelled by LNG, and will be the first tugs in China ever to be operated on gas. These will also be the first tugs globally to take advantage of the dual-fuel benefits offered by the Wärtsilä DF engine technology. The contract was signed in the beginning of July 2012 and the order is included in the third quarter 2012 order book. The strategy of CNOOC is aimed at achieving more clean energy in its operations, and the Wärtsilä dual-fuel engine solution fits this profile perfectly. The low emission levels made possible by this technology is particularly beneficial for vessels operating close to population centers, as tugs frequently are, while the high fuel efficiency enables lower operating costs. These 6,500BHP tugs will operate along China's coastline, and will be fuelled from the company's own bunkering terminals. "We are delighted to be co-operating with CNOOC in supplying the main engines for these gas fuelled tugs. It is a landmark project that is very much in line with the marine sector's key targets of achieving greater sustainability with better fuel efficiency. We endorse CNOOC's strategic move towards cleaner energy and the use of LNG as a marine fuel, which is precisely in line with Wärtsilä's own strategy," says Aaron Bresnahan, Vice President Wärtsilä Ship Power Specials. The vessels will each be powered by two 6-cylinder Wärtsilä 34DF in line dual-fuel engines. Delivery is scheduled at the beginning of 2013, and the first of the tugs is expected to be delivered in June 2013.

Wärtsilä's advanced dual-fuel technology was first launched in the early 1990s for use in land-based power plant applications. The first marine installation came a decade later. The technology enables the engine to be operated on either natural gas, light fuel oil (LFO), or heavy fuel oil (HFO), and switching between fuels can take place seamlessly during operation, without loss of power or speed. This ensures safety and continuous installation operability. Wärtsilä DF engines are designed to have the same output regardless of the fuel used. The fitting of Wärtsilä DF engines onboard the first LNG Carriers in 2006 set a trend in the industry. Since that introduction, 65% of all new LNG Carriers have been fitted with Wärtsilä dual-fuel engines. One of the reasons for the strong success of this particular engine over the alternatives is its superior propulsion efficiency. The clear environmental advantages that operating on gas allows, is another factor in the success of this technology. When operating in gas mode, the nitrogen oxide (NOx) emissions are at least 85 percent below those specified in the current IMO regulations, and CO2 emissions are some 25% less than those of a conventional marine engine running on diesel fuel. Additionally, the sulphur oxide (SOx) and particle emissions are negligible at almost zero percent. Wärtsilä has recently achieved the notable milestone of supplying dual-fuel propulsion engines to 100 LNG Carriers. As of end May, Wärtsilä has sold some 720 DF engines, and has accumulated more than 5 million running hours of experience with this technology.

Wärtsilä reported a steady development in the second quarter of 2012. Order intake increased 2% to EUR 1,198 million (1,170) and net sales increased 6% to EUR 1,099 million (1,036). Wärtsilä's operating result during the second quarter was EUR 113 million or 10.3% of net sales (EUR 117 million and 11.3%). Over the period of January – June 2012, Wartsila's order intake increased 7% to EUR 2,308 million (2,149). At the end of the period the order book totaled EUR 4,515 million (3,779), up 19%. Bjorn Rosengren, President & CEO: "The second quarter marked steady progress for Wärtsilä. Our net sales grew by 6% and our profitability was 10.3%. We continue to work towards reaching our growth and profitability targets this year. I am pleased with the good development within Ship Power's specialised vessel segments, which compensated for Power Plants' slightly weaker second quarter order intake. Ship Power also received interesting pump, gas and environmental system orders. Services development remained rather steady, despite the tough market conditions in the merchant vessel markets. To further strengthen our competitiveness and to serve our customers more effectively, we have decided to change the organisational set up within Ship Power and Wärtsilä Industrial Operations (WIO). The main change will be that the product development related to 2-stroke, and the manufacturing and product development related to Propulsion and Electrical & Automation will be transferred from WIO to Ship Power. WIO will be renamed PowerTech and it will continue to serve both market areas of Ship Power and Power Plants. There are no job reductions planned based on this change." Wärtsilä expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before non-recurring items) to be 10-11%.

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Wartsila’s activity in the offshore and specialised vessel markets stood out. During second quarter 2012, 238 contracts for new vessels were registered. Thus far in 2012, 490 vessels have been contracted globally. This activity level is considerably lower than that of 2011, when the average quarterly contracting volume was 353 vessels. The decrease in activity is a reflection of continuing tough market conditions for traditional merchant segments, i.e. bulkers, tankers and container vessels. In these segments owners are experiencing severe pressure resulting from low earnings and high operating expenses, including high fuel costs, as well as difficulties in accessing financing. Contracting activity has, however, been robust for the offshore and specialised vessel markets during 2012, with offshore accounting for a notable 29% of all contracting measured in number of vessels. The gas carrier market (LNG carriers and LPG carriers) has also been active with 18 and 28 contracts booked respectively. There has also been good contracting activity in the ferry segment. China and Korea continued to be dominant countries in shipbuilding, capturing respectively 33% and 40% of contracts confirmed in 2012 in terms of gross tonnage. Non-traditional shipbuilding countries are emerging with 15% of the contracts confirmed. Brazil, Norway, the USA and Turkey stand out amongst the small shipbuilding nations that have been capturing new building contracts during 2012. Wärtsilä’s share of the medium-speed main engine market remained stable at 49% (49% at the end of the previous quarter). The market share in low-speed engines decreased slightly to 22% (24). In the auxiliary engine market, Wärtsilä’s share was 5% (5). The second quarter order intake for Ship Power totaled EUR 447 million (306), an increase of 46% over the corresponding period last year. Compared to the previous quarter, the order intake increased by 62% (EUR 276 million in the first quarter of 2012). During the review period, offshore and specialised tonnage related orders continued to dominate. Among the various orders in these segments, Ship Power received an order for six Pipe Laying Vessels for use by the Brazilian energy giant Petrobras. The Wärtsilä solutions selected for these six vessels include the design, main engines, and the propellers. The Offshore segment represented 40% of the second quarter order intake, while the Merchant segment’s share was 35% and Navy accounted for 16%. The Cruise & Ferry segment’s share of the order intake was 5% and the Special Vessels segment’s 2%. Other orders accounted for 2%.

The total order book at the end of the review period stood at EUR 4,515 million (3,779), an increase of 19%. In relation to the previous quarter, Wärtsilä’s order book increased by 2% (EUR 4,409 million in the first quarter of 2012). At the end of the review period, the Power Plants order book amounted to EUR 1,514 million (1,265), an increase of 20%. The Ship Power order book stood at EUR 2,187 million (1,753), which is 25% higher than at the same date last year. The Services order book increased by 7% to EUR 815 million (761).

The business environment for the shipping and shipbuilding industry remains stable; however concerns over the global economy continue to cause uncertainty. The traditional merchant segments are under particular pressure and risks related to cancellations and delayed deliveries in this area have elevated. The outlook for overall vessel contracting activity during 2012 is slightly negative, with full year contracting expected to be somewhat lower than contracting during 2011. The decrease is largely driven by the low contracting levels in traditional merchant segments. Robust contracting activity, in line with activity levels seen during 2011 and so far in 2012, is expected for the offshore, gas carrier, and other specialised vessel markets. Interesting opportunities are seen in the following areas: efficiency improvement, gas as a fuel, and environmental solutions. These are now central issues in many newbuilding discussions and are expected to grow in importance going forward. Despite the slightly improved market situation in the review period, some uncertainties remain in the service market. The merchant marine segments are still expected to be under pressure, as overcapacity in the market continues to impact the potential for services in this area. Development in the active installed base is also expected to be moderate, with continued scrapping, layups, slow steaming, and low utilisation of vessels in the merchant segments.
Wärtsilä has been contracted to supply the power system for four new diesel-electric powered tugs being built for Svitzer Australia Pty Ltd. The contract again represents confirmation of Wärtsilä's ability to meet the demands for operational economy and environmental sustainability set for modern vessels in different shipping segments. The contract was signed in Q2/2012. The vessels are being built at the ASL Shipyards in Singapore and are scheduled to be in operation by early 2014. Each of the four 80 ton bollard pull harbor tugs will be fitted with two 9-cylinder and one 8-cylinder in-line Wärtsilä 20 engines. The use of the Wärtsilä 20 engines as diesel-electric generating sets is a new development in the tugs market. The engines will operate on Marine Gas Oil (MGO). The tugs will be equipped with batteries that allow power from the Wärtsilä generating sets to be stored for later use. "Modern tugs need to feature both fuel efficiency and environmental sustainability, as well as lifecycle reliability. This contract represents further evidence of Wärtsilä's strength in meeting these demands, and further emphasizes our ability to offer sophisticated diesel-electric machinery solutions for this particular sector of the marine industry," says Aaron Bresnahan, VP Wärtsilä Ship Power Specials. "By selecting Wärtsilä 20 engines for the diesel-electric generating sets, the owner will benefit from their robustness and reliability, which has been proven by the fact that more than 4000 of the engines have been delivered since this model was introduced to the market in the early 1990s. The Wärtsilä 20 offers low exhaust gas emissions, low operating costs, fuel economy across the entire engine operation range, and high redundancy," says Bresnahan. Wärtsilä has earlier supplied integrated propulsion solutions for two Svitzer Tier III compliant ECOtugs pictured left.

Tognum AG, and Rolls-Royce won two orders for marine engines and propeller-rudder systems. Tognum is to supply twelve MTU 16V4000 M63 engines to Brazilian shipping company Camorim for powering Rolls-Royce propeller-rudder systems on a total of six tugs. Each engine delivers power of 2,000kW, and the order value lies at some three million euros. The tugs will mainly be used in offshore oil production operations carried out by Petrobras. "The Brazilian market for marine engines is continuously expanding and holds huge potential for us," said Joachim Coers. Together, both orders are worth a total of 5.8 million euros to Tognum. "Winning these first orders confirms that cooperation with our new majority shareholders Rolls-Royce and Daimler is on the right track," explained Joachim Coers, CEO of Tognum AG. Twin MTU engines will be used to power Contract partner for the second order is Fjellstrand, the Norwegian yard. Four marine gensets based on MTU 16V4000 M23S engines, each with a power output of 1,840kW, will be used to propel a multi-purpose offshore vessel operated by Norside Supporter AS. The engines back up the Rolls-Royce propellers and automation system. Order is worth around two million euros to Tognum. Engine dispatch for both orders is scheduled for end 2012. Tognum recently concluded an agreement for a revolving credit line of €300 million. The credit line has a term of five years. In addition to Commerzbank as coordinator, seven other banks are involved. Tognum will redeem the consortium financing agreed to during the IPO in 2007. In the last few months, Tognum also received loans totaling €200 million for research projects from the European Investment Bank. In addition, KfW IPEX-Bank will finance R&D activities amounting to €50 million. Tognum adjusted its forecast for the full year 2012. Tognum now anticipates growth in revenues in the lower single-digit percentage range and thus remains within the current forecast corridor. The adjusted return on sales is expected to be around 10% by the end of the year. Tognum had previously assumed it would achieve an adjusted return on sales of over 10%. "The macro-economic prospects for the financial year deteriorated significantly in the course of the second quarter. We nevertheless expect to generate higher revenues in the second half of the year than in the first half," says Joachim Coers, CEO of Tognum AG. "Since uncertainty still prevails on the raw materials and capital markets, we still expect to see fluctuations in demand in the course of the year." Tognum reported a solid order intake in the first half of the year at €1,524.1 million (H1 2011: €1,651.0 million). Revenues were up 5.7% to €1,415.4 million compared with the previous year (H1 2011: €1,338.9 million). An adjusted gross profit of €415.4 million (H1 2011: €420.5 million) resulted in an adjusted gross profit margin in the reporting period of 29.3% (H1 2011: 31.4%). Half-year revenues in the Engines segment amounted to €942.3 million and were thus 1.9% above the level of the previous year (H1 2011: €924.4 million). A strong increase in revenues was reported in the Oil & Gas application area, resulting from higher investing activities due to past increases in prices for raw materials.
GE announced second-quarter 2012 Operating Earnings of $4.0 billion up 7% from second-quarter 2011. GAAP earnings from continuing operations attributable to GE were $3.7 billion, up 2%. Revenues were $36.5 billion for the quarter, up 2%. Industrial segment revenue grew by 9%, with organic growth of 10%. The strength of GE's Industrial portfolio was underscored by strong segment profit increases in Energy, Oil & Gas and Transportation. GE is performing well and is on track to deliver double-digit earnings growth in 2012 for both Industrial and GE Capital segments. GE Transportation reported $1.6 billion in second-quarter 2012 revenues, up 27% year-over-year. Segment profits for 2Q 2012 were $282 million, up 58% from $178 million second quarter 2011. GE Transportation’s orders in rose 2% to $1.4 billion, driven by higher locomotive orders in North America. “The second quarter was a significant one for us,” said Lorenzo Simonelli, President and CEO of GE Transportation. “We continued our record of double-digit revenue growth and built on our positioning as a global technology and manufacturing leader. We announced plans to acquire two manufacturers of underground mining equipment, one in North America and one in Australia, to expand our role in the global mining industry. We also plan to double capacity at our high-tech manufacturing plant in Schenectady, NY, to produce industrial batteries for the telecoms industry and utility operators worldwide.”

Rolls-Royce signed an £18 million contract with Italian shipyard Rosetti Marino S.p.A for design and delivery of an integrated power & propulsion and equipment system for an anchor handling vessel. The vessel will be built for Augusta Offshore S.p.A and is a repeat order of a Rolls-Royce UT 712 CD due to be delivered in June from the same yard. Hans Robert Almestad, Rolls-Royce, General Sales Manager, said: "This is the 12th contract Rolls-Royce has signed with Rosetti and it has further strengthened our position in the Mediterranean market as a leading supplier of mission-critical technology and systems for the offshore oil and gas industry. "Due for delivery in mid-2014, the high tech vessel is specially designed and equipped for handling anchors and mooring lines in water up to 2,000 meters deep. The vessel is also equipped to undertake oil recovery, fire-fighting, stand by and rescue duties. Rolls-Royce will also supply the main engines, propulsion systems and gear, tunnel thrusters, rudders, deck machinery, electrical systems as well as automation and control systems.

Two NYK Group companies - tugboat operator Wing Maritime Service Corporation and tugboat builder Keihin Dock Co. Ltd. - have teamed with Niigata Power Systems to construct an environment-friendly tugboat. The new tugboat will feature the hybrid propulsion system that Niigata Power Systems has developed and manufactures, and will be the first tugboat in Japan propelled by such a system. This environment-friendly tugboat is being developed and manufactured with support from Nippon Kaiji Kyokai (Class NK) as part of the society’s joint R&D with industry, and practical research and development needed for this new tugboat will thus be conducted in collaboration with Class NK. By adopting a propulsion system that uses electrical motors and high-performance rechargeable batteries in addition to conventional diesel engines, efficient and environment-friendly operation and towing can be realized. Using rechargeable batteries manufactured by the IHI Corporation and capable of being charged not only by the onboard power generator but also power from land, the new tugboat is expected to emit 20% fewer CO2 emissions in port. After being completed in January 2013 at Keihin Dock's Oppama Shipyard, the new tugboat will be used by WMS in towing operations mainly at the port of Yokohama. By cooperating with various tests conducted by Niigata Power Systems for this new tug, the NYK Group is able to actively participate in research into the design of this tug, in addition to its order, construction, ownership, and operation. A reduction in the environmental effects of tugboats, which help large vessels get into and out of ports, often in areas adjacent to urban areas, will directly contribute to environmental-conservation measures for areas in which many people reside. NYK continually strives through groupwide efforts to involve itself in measures that reduce the environmental impact caused by port facilities and operated vessels.
Anglo Belgian Corporation is introducing a new DL36 range of medium speed marine engines, expanding the market to larger tugs and offshore vessels. With the 8DL36 (5,200kW) and the soon to follow V-versions up to 10,400kW, ABC, with their current DX, DZ in the power range of 150 – 4,000kW and the new DL ranges, will be able to supply all major shipyard with solutions for any size of tug or offshore support vessel. With a bore x stroke of 365mm x 420mm, the DL36 will be set to deliver 650kW/cylinder at 750RPM with a BMeP of only 24 bar. With ETR, 2 stage turbo-charging and a radically optimized common rail system, the engine’s emissions are designed to meet IMO Tier III requirements without catalyst maintaining competitive fuel and oil consumption. The 6 cylinder will be ready to ship the second half of 2013 followed by the 8 cylinder in 2014.

As of 28th August 2012, MarineLog and Tim Colton reported 33 tugs on the order books in the U.S., the same number as reported in the May Market Report, although I note that a few have already been delivered. At this same time, Lloyd’s reported 21 “sea-going” U.S. flag tugs on the books.
The Economy and the Towing Industry

The tide seems to be slowly turning, but the key word is “slowly”. Charter and purchase inquiries are slowly increasing, sales are slowly picking up and the S&P market for quality equipment is slowly tightening. Progress will be measured inch-by-inch from where we are today, not where we were in 2008. There are still too many vessels and barges at the bottom of the barrel which will remain on the market for years to come. The official end of this latest recession is three years behind us and for many reasons global economies continue to struggle with the weakest recovery in decades and a second recession looming over Europe. Recovery will be slow in contrast to previous times because the recession was global and it was deeper than previous decades. In a time when many overseas yards are dealing with layoffs and bankruptcies there is a glimmer of light in the United States. U.S. new vessel and barge construction is approximately half of November 2008’s order-book with respect to the numbers of individual vessels, but the domestic newbuilding market did not collapse as in the 1980s. Things are tough, but according to Tim Colton and MarineLog’s data there are 33 tugs up to 16,320BHP, 56 OSVs of various types and sizes (21 over 300’ in length), fourteen 170’ – 220’ crewboats and over 50 inland river pushboats up to 6,000HP on order at U.S. shipyards as of 28th August. In addition to these work boats, there are naval vessels, tankers, jack-ups, barges, fast response cutters, tour boats, barges, ferries, fish boats, research vessels and others in the pipeline. Many of today’s vessels and barges on order in the United States are unquestionably “high ticket” items and much larger, more sophisticated and significantly more expensive than what was built 30 years ago. In comparison, the 1981-2 recession officially ended in November 1982. In 1985, three years after that recession, there were only 14 tugs (3 conventional, 4 anchor handling and 7 harbor tugs), 13 OSVs over 150’ in length, 17 crewboats (only 1 above 130’) and 8 utility boats (six 110-119’ in length) built in the United States. Newbuildings in the U.S. fell even further the next year to four AHTSs, two seismic survey vessels, two miscellaneous OSVs, one 145’ crewboat and 35 designated as “towboats” - most of which under 50’ in length and made up of a mixed bag of mostly inland river pushboats with a few model bow tugs.

According to Tim Colton’s Shipbuilding History, the U.S. today has six major U.S. shipbuilders (vs. 6 major inactive yards), 20 active large shipbuilders (54 inactive) and 82 active small U.S. Shipbuilders and Boatbuilders (223 inactive). A sample of 189 U.S. flag tugs built between 1980 and 1986 from our database were built by 79 different domestic yards. 45 of those yards active thirty years ago do not exist today – at least under the same name or ownership - or are now only currently active as a repair yard. Many shipyards were bought out or merged with other facilities, but a good percentage just no longer exist. Period. Some sites were absorbed into ports, such as Diamond Manufacturing of Savannah, Georgia, or converted to river terminals, such as Dravo SteelShip of Pine Bluff, AR, or Dravo’s Wilmington, Delaware yard which was one of the busiest shipyards in World War II and now a public space. Others are being redeveloped as condominiums, such as the Covacevich Shipyard site in Biloxi which stopped building new vessels in 1982 and continued on in the repair business until finally destroyed by Hurricane Katrina in 2005 - or have in other ways become part of the urban landscape and lost forever to the commercial marine world. The total number of U.S. shipyards will decline in the future due to mergers & acquisitions, further closures and the constant pressure from alternative urban development as waterfronts continue to increase in value.

Under the circumstances, today’s domestic order-book is more “half-full” than “half-empty”. Many U.S. yards are enjoying full newbuilding slots through 2013 – 2014. Shipyards are hiring and once again doing their part to reduce the country’s lingering high unemployment. As the newbuilding order-book continues to improve in the U.S., we will see slots first filled by the traditional newbuilding yards, followed by a number of repair yards and other non-traditional builders who are also already looking closely at new construction. A few new shipyards may even once start up in old sites as demand increases and delivery schedules stretch further out into the future.

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In the past three months, the global recovery, which was not strong to start with, has shown signs of further weakness. Financial market and sovereign stress in the euro area periphery have ratcheted up, close to end-2011 levels. Growth in a number of major emerging market economies has been lower than forecast. Partly because of a somewhat better-than-expected first quarter, the revised baseline projections in the 16 July 2012 International Monetary Fund World Economic Outlook Update suggest that these developments will only result in a minor setback to the global outlook, with global growth at 3.5% in 2012 and 3.9% in 2013, marginally lower than in the April 2012 World Economic Outlook. These forecasts, however, are predicated on two important assumptions: that there will be sufficient policy action to allow financial conditions in the euro area periphery to ease gradually and that recent policy easing in emerging market economies will gain traction. Clearly, downside risks continue to loom large, importantly reflecting risks of delayed or insufficient policy action. In Europe, the measures announced at the European Union leaders’ summit in June are steps in the right direction. The very recent, renewed deterioration of sovereign debt markets underscores that timely implementation of these measures, together with further progress on banking and fiscal union, must be a priority. In the United States, avoiding the fiscal cliff, promptly raising the debt ceiling, and developing a medium-term fiscal plan are of the essence. In emerging market economies, policymakers should be ready to cope with trade declines and the high volatility of capital flows.

Global growth increased to 3.6% (seasonally adjusted annual rate) in the first quarter of 2012, surprising on the upside by some ¼ percentage point compared with the forecasts presented in the April 2012 World Economic Outlook. The upward surprise was partly due to temporary factors, among them easing financial conditions and recovering confidence in response to the European Central Bank’s longer-term refinancing operations. Global trade rebounded in parallel with industrial production in first quarter 2012, which benefited trade-oriented economies, notably Germany and those in Asia. For Asia, growth was also pulled up by a greater-than-anticipated rebound in industrial production, spurred by restart of supply chains disrupted by Thai floods in late 2011, and stronger-than-expected domestic demand in Japan. Developments during the second quarter, however, have been worse. Job creation has been hampered, with unemployment remaining high in many advanced economies, especially among the young in the euro area periphery.

Incoming data for the United States suggests less robust growth than forecast in April. While distortions to seasonal adjustment and payback from the unusually mild winter explain some of the softening, there seems to be an underlying loss of momentum. Negative spillovers from the euro area, limited so far, have been partially offset by falling long-term yields due to safe haven flows.

Growth momentum has also slowed in various emerging market economies, notably Brazil, China, and India. This partly reflects a weaker external environment, but domestic demand has also decelerated sharply in response to capacity constraints and policy tightening over the past year. Many emerging market economies have also been hit by increases in investor risk aversion and perceived growth uncertainty.

Commodity prices have also fallen. Among major commodities, prices of crude oil declined the most in the second quarter—at about $86 a barrel, they are some 25% below mid-March highs—given combined effects of weaker global demand, easing concerns about Iran-related geopolitical oil supply risks, and continued above-quota production by OPEC members.
Baseline projections in the latest *WEO Update* incorporate weaker growth through much of second half 2012 in both advanced and key emerging market economies, reflecting setbacks to global recovery. Near-term forecasts are based on the usual assumption of current policies, with two important qualifications. Projections assume that financial conditions in the euro area periphery will gradually ease through 2013 from levels reached in June this year, predicated on assumption that policymakers will follow up on positive decisions agreed upon at the June EU leaders’ summit and will take action as needed if conditions deteriorate further. Projections also assume that current legislation in the United States, which implies a mandatory sharp reduction in the federal budget deficit—the so-called fiscal cliff—will be modified so as to avoid a large fiscal contraction in the near term. Downside risks to this weaker global outlook continue to loom large. The most immediate risk is still that delayed or insufficient policy action will further escalate the euro area crisis.

Overall, global growth is projected to moderate to 3.5% in 2012 and 3.9% in 2013, some 0.1 and 0.2 percentage point, respectively, lower than forecast in April. In view of a stronger-than-expected first quarter outcome, weaker global growth in second half 2012 will primarily affect annual growth in 2013. Growth in advanced economies is projected to expand by 1.4% in 2012 and 1.9% in 2013. Owing mainly to negative spillovers, including from uncertainty, growth in most advanced economies will also be slightly weaker, although lower oil prices will likely dampen these adverse effects. Growth in emerging and developing economies is expected to be supported by the policy easing that began in late 2011 or early 2012 and, in net fuel importers, by lower oil prices, depending on the extent of the pass-through to domestic retail prices (which is often incomplete). Growth is projected to remain relatively weaker than in 2011 in regions connected more closely with the euro area (Central and Eastern Europe in particular). In contrast with broad trends, growth in the Middle East and North Africa will be stronger in 2012–13 relative to last year, as key oil exporters continue to boost oil production and domestic demand while activity in Libya is rebounding after unrest in 2011. Similarly, growth in sub-Saharan Africa is expected to remain robust in 2012–13.

Global consumer price inflation is projected to ease as demand softens and commodity prices recede. Overall, headline inflation is expected to slip from 4½% in last quarter 2011 to 3–3½% in 2012–13.

The IMF expects U.S. economy to recover at a tepid pace in 2012 and 2013—at about 2 and 2⅛%, respectively—in line with the very slow recoveries that we have seen in previous financial crises and housing busts. But the outlook remains difficult. With house prices still weak, households are rebuilding wealth by reducing debt, and therefore consumption growth will remain sluggish. But there could also be positive surprises if, with a less uncertain environment, the housing market picked up steam and firms were to ramp up spending and hiring. Exports have been a bright spot in the recovery but going forward they are going to be restrained by weaker growth in trading partners and the stronger U.S. dollar. And the inevitable correction of the very large U.S. fiscal deficit will mean less spending and more taxes starting in 2012.

Unfortunately, the IMF see negative risks, in particular from a further deterioration of the euro debt crisis, as this would lower demand for U.S. exports and hurt financial markets. The economy would also suffer if policymakers here in the U.S. were unable to reach agreement on raising the debt ceiling and avoiding the so-called fiscal cliff—the spending cuts and large-scale expiration of tax breaks that will kick in on January 1, 2013 if nothing is done. Policymakers should address policy uncertainties related to the fiscal cliff as soon as possible. If the fiscal cliff materializes, economic effects would be severe, as the U.S. economy would contract in early 2013 and negative spillovers would be felt around the world. Some unfavorable effects from the fiscal cliff could be felt later this year, as consumer and business spending may be held back by uncertainty about tax rates and government spending.

In the IMF’s view, the best thing that policymakers can do before the year-end is to reach agreement on a medium-term plan to reduce debt to more sustainable levels through a gradual reduction of the deficit. In addition, the federal debt ceiling should be raised well ahead of the deadline, to alleviate risks of financial market disruptions and loss in consumer and business confidence.
Results of an International Chamber of Commerce World Economic Survey, reveal declining optimism over global economic recovery as fear continues to spread about the unsolved debt crisis in Europe. The Survey, which received responses from 1,079 experts in 123 countries, showed that the world economic climate indicator fell to 85.1 in Q3 2012 after two successive increases. These results are significantly below the long-term average of 96.7 (1996-2011) for the Survey, conducted by Munich-based Ifo Institute for Economic Research and the International Chamber of Commerce. These findings imply a setback in recovery of the world economy due to unfavorable assessments of the current economic climate and a less positive six-month outlook than in previous quarters, particularly in Europe. The climate indicator for Europe was down 20 points from its long-term average of 109.0. “Political decisions are urgently needed in order to counter this widespread negative outlook and to boost investor confidence, starting with resolving the debt crisis in Europe,” said ICC Secretary General Jean-Guy Carrier. While the experts downgraded their evaluation of the economic climate, they implied that the global economy is still in recovery and has not fallen back into recession. There is cause for some optimism, however, according to the Survey findings, which revealed that economic sentiment is improving in China, where experts anticipate further stimulus from the Chinese central bank and inflation seems to be under control. In Western Europe and North America, the economic climate indicator fell compared to the second quarter, mainly due to far less positive expectations for the next six months. In Asia, less favorable assessments of the economic situation were primarily responsible for the decline, after a strong upturn the previous quarter.

The Organization for Economic Co-operation and Development sees high jobless rates continuing until at least the end of 2013. OECD-wide joblessness rate is forecast to remain high at 7.7% in the fourth quarter of 2013, close to the 7.9% rate in May 2012. This leaves around 48 million people out of work across the OECD. In the Euro area, unemployment rose further in May to an all-time peak of 11.1%. To get employment rates back to pre-crisis levels, about 14 million jobs need to be created in the OECD area. In most key emerging economies, with the exception of South Africa, labor markets have weathered the crisis well. But there have been recent signs of a slowdown in the rapid pace of economic and employment growth in some, notably Brazil, China and India.

Total nonfarm payroll employment rose by 96,000 in August, and the unemployment rate edged down to 8.1% according to U.S. Bureau of Labor Statistics. Since the beginning of this year, the rate has held in a narrow range of 8.1 to 8.3%. The number of unemployed persons, at 12.5 million, was little changed in August. Both the civilian labor force (154.6 million) and the labor force participation rate (63.5%) declined in August. The employment-population ratio, at 58.3%, was little changed. The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) was little changed at 8.0 million in August. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. Among the marginally attached, there were 844,000 discouraged workers in August, a decline of 133,000 from a year earlier. Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.7 million persons marginally attached to the labor force in August had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities. Manufacturing employment edged down in August (-15,000). A decline in motor vehicles and parts (-8,000) partially offset a gain in July. Auto manufacturers laid off fewer workers for factory retooling than usual in July, and fewer workers than usual were recalled in August. Employment in other major industries, including mining and logging, construction, retail trade, transportation and warehousing, information, and government, showed little change over the month. Total private employment grew by 103,000 in August, bringing the year-to-date gain to 1.2 million. Since reaching an employment trough in February 2010, private industry has added 4.6 million jobs, for a gain of 4.3%. Construction employment was essentially unchanged in August. Since reaching an employment trough in January 2011, the industry has added an average of 3,000 jobs per month. Although manufacturing employment did edge down by 15,000 in August; since reaching an employment trough in January 2010, the industry has added 512,000 jobs. Since the end of the most recent recession in June 2009, government employment has declined by 670,000, or 3.0%. Continued improvement in job growth in the United States will be a long and slow haul, many times making two steps forward and one back, regardless of what party wins the upcoming Presidential election. There are signs though that the unemployment rate will continue to edge lower.

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The euro area1 (EA17) unemployment rate was 11.2% in June 2012, stable compared with May. It was 10.0% in June 2011. The EU271 unemployment rate was 10.4% in June 2012, also stable compared with May. It was 9.5% in June 2011. Eurostat estimates 25.112 million men and women in the EU27, of whom 17.801 million were in the euro area, were unemployed in June 2012. Compared with May 2012, the number of unemployed increased by 127 000 in the EU27 and by 123 000 in the euro area. Compared with June 2011, unemployment rose by 2.165 million in the EU27 and by 2.024 million in the euro area. Figures are published by Eurostat. Among Member States, lowest unemployment rates were in Austria (4.5%), the Netherlands (5.1%), Germany and Luxembourg (both 5.4%), and highest in Spain (24.8%) and Greece (22.5% in April 2012). Compared with a year ago, the unemployment fell in seven Member States, increased in nineteen and remained stable in Sweden. June 2012’s seasonally adjusted unemployment rate in Malaysia was 2.8%, down 0.3% from previous month and down from 3.0% in 2011. Employment also strengthened in Singapore during the second quarter of 2012 reflected by a decline in unemployment to a seasonally adjusted overall rate of 2.0% in June after a slight rise a quarter ago. South Korea reported 3.1% unemployment, down 0.2% year-on-year.

Employment, or lack-there-of; and trade are all so closely interrelated that their roles in the world’s economy are sometimes so difficult to untangle. A change in either employment or trade can ripple right through an economy with regretfully any negative news usually moving quicker. This is one reason why taking on the challenging task of improving both a country’s employment and trade is necessary, but difficult for private industry or governments to successfully tackle. Neither can do it alone. They must somehow work together. Growth in employment and trade are key to a healthy economy and a healthy maritime industry.

Real gross domestic product - the output of goods and services produced by labor and property located in the United States - increased at an annual rate of 1.7% in the second quarter of 2012 (that is, from the first quarter to the second quarter), according to the "second" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 2.0%. The increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures, exports, nonresidential fixed investment, and residential fixed investment that were partly offset by negative contributions from private inventory investment and from state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased. The deceleration in real GDP in the second quarter primarily reflected decelerations in personal consumption, in nonresidential fixed investment, and in residential fixed investment that were partly offset by a smaller decrease in federal government spending, an acceleration in exports, and a smaller decrease in private inventory investment. Real exports of goods and services increased 6.0% in the second quarter, compared with an increase of 4.4% in the first. Real imports of goods and services increased 2.9%, compared with an increase of 3.1%. Real federal government consumption expenditures and gross investment decreased 0.1% in the second quarter, compared with a decrease of 4.2% in the first. National defense decreased 0.1%, compared with a decrease of 7.1%. Nondefense decreased 0.3%, in contrast to an increase of 1.8%. Real state and local government consumption expenditures and gross investment decreased 1.4%, compared with a decrease of 2.2%. Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased $10.4 billion in the second quarter, in contrast to a decrease of $53.0 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation adjustment) - the internal funds available to corporations for investment - decreased $11.3 billion in the second quarter, compared with a decrease of $169.8 billion in the first.

After a sharp rebound in world trade of 13.8% in 2010 and a slower growth of 5% in 2011, World Trade Organization economists earlier this year predicted that the growth in trade would slow even further still to 3.7% for 2012, well below the 5.4% twenty-year average. Although 2013’s projected growth in trade should be viewed with caution, world trade volume may improve to above the twenty-year average.
Economic growth worldwide is slowing. World trade volume decreased 0.2% in July 2012, following a revised 1.5% decline in June as shown by the CPB World Trade Monitor. Growth in international trade declined during the first half of this year. The disappointing growth in international trade has mostly been due to a sharp decline in eurozone imports. The slow-down has been most pronounced in this region, but in emerging economies, such as those of China, India and Brazil, production growth is also slowing due to both a reduction in export and lower domestic spending. For the United States, growth is expected to increase slightly, compared with 2011, to 2¼% in 2012 and 2013. This is under the assumption that agreement is reached on the continuation of a number of fiscal measures before the end of this year. In case such an agreement fails, more severe spending cuts will result in the United States, with a further dampening effect on global economic growth.

International trade is expected to recover to a certain extent in the second half of this year and in 2013. For the second time in three years, according to current insights, the eurozone has moved into a recession. Not only is the economy contracting in the southern parts of the eurozone, also in Germany, the economic engine of Europe, growth has slowed down in the second quarter of 2012. In the whole of the eurozone, on balance, GDP has decreased during the second quarter of this year. Unemployment has risen to 11.3% – an increase of 1.2 percentage points since July 2011. Leading indicators also point to a weak economic growth for the near future. A slight recovery of production growth is assumed for 2013, as a result of flexible monetary policy, cautious recovery of international trade, and depreciation of the euro. GDP growth in the eurozone for 2012 is projected at -¼% and for 2013 at ½%. The CPB world trade database contains foreign trade value series of 23 OECD countries and around 60 emerging economies. Those 60 emerging economies cover approximately 90% of foreign trade of all emerging economies. With almost 85 countries in the database, coverage of total world trade value is around 97%.

After a 5.12% growth in global container trade volume during first quarter 2012 compared to the same period in 2011, growth in container trade slowed to a 1.14% growth with an estimated 32,602,900 TEU dry and reefer containers carried. The July 12 overall global trade volume of 11,008,200 TEUs was up on June by 3.7% but was a decline year-on-year of 2.6%. Asia, the largest exporting region, exported worldwide 3,887,900 TEUs in July. This was an increase of 5.2% month-on-month. But compared to last year, this was down by 5.3%. Imports to Asia slipped 2.2% in July compared to June and were 6.4% down on a year ago. The next largest exporting region, Europe, also grew month-on-month. The July total of 1,513,300 TEUs was 5.6% up on June and 7.8% up on last year. Imports were 2% up in July but nearly 9% down on last year. Exports from North America (Canada, USA & Mexico) saw a further contraction in July. They were down on June by 3.5% and down by 4.9% on a year ago. Imports, on the other hand, were up. The July total of 1,929,400 TEUs was 6.5% up on June and 3% up on July 2011 according to Container Trades Statistics Ltd.

In first half 2012, 222 million tons of cargo was handled in the Port of Rotterdam, 3.2% up on first half 2011. Incoming trade rose by 1% to 155 million tons and outgoing trade by 8% to 66 million tons. Bulk throughput increased by 5% to 147 million tons and container throughput was 2% up at 63 million tons. Less general cargo was handled: down 8% to 12 million tons. Less agribulk (-11%), iron ore & scrap (-15%), other dry bulk (-9%) and other general cargo (-25%) were imported and exported. Other types of cargo were up: coal (+2%), crude oil (+10%), mineral oil products (+14%), other liquid bulk (+6%), roll on/roll off (+1%) and containers (+2%). In numbers, container throughput fell by close on 2% to 5.9 million TEU.

Hans Smits, Port of Rotterdam Authority CEO: “The port of Rotterdam got off to a good start, with slightly higher than expected growth in throughput. This is in line with the recent report from Statistics Netherlands, in which economic growth is attributed primarily to exports outside the EU. By far the majority of this travels via the port of Rotterdam. The national picture also corresponds with that of the port when it comes to products: an increase in refining and handling of crude oil and oil products, as well as container throughput is benefiting from the good export performance of Dutch and German industry. I expect throughput over the year as a whole to show modest growth of around one per cent. Like throughput, construction of the Second Maasvlakte is developing well. One of this year’s two critical moments, closure of the seawall, went perfectly. I have every confidence that the same will apply to the rerouting of the infrastructure and start of the digging through of the Yangtsehaven in October. Construction on the RWG and APMT container terminals marks the actual beginning of corporate investment on the land expansion. In the existing port area there is ongoing investment, with large projects in refining, chemicals, tank storage and energy. In total, the business sector will be investing almost €11 billion in the port area during the period 2011 up to and including 2015. This is evidence of confidence in the port, and also positive expectations regarding economic developments and integration of Europe. It is crucial for us all that some quick, clear political decisions are made on these aspects.”

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In the first six months of 2012 the Port of Hamburg reported total throughput of 65.8 million tons (up 2.7%). At 45 million tons or 4.4 million TEU, the container throughput that predominates in Hamburg as a universal port achieved a gain of 1.9%. The reason for this relatively modest growth was the total for empty containers, whereas throughput of loaded containers grew by 4.7% to 3.8 million TEU. Weaker growth rates compared to the 2011 first half are explained by the unusually strong growth achieved at that time. The main factor underpinning growth for the Port of Hamburg in the first half of 2012 were exports. Despite a problematical economic environment in Europe and slackening off in the China trade that is of such particular importance for the Port, both on general and bulk cargoes Germany’s largest universal port achieved a positive result: at 46 million tons, general cargo throughput was up by 3%, while bulk goods at 19.8 million tons reported 2.2% growth.

The ports of Le Havre, Rouen and Paris, under the umbrella of the “Haropa” Economic Interest Grouping since early 2012, saw throughput of 42.7Mt (million tons) of maritime cargo during the first half of 2012, a decline of 7% compared with the same period in 2011 which relates particularly to a cut in bulk traffic, despite a major rise in containerized exports (+17.5%). These results are directly related to the six-month shutdown of the Petroplus refinery (-3Mt) and a middling year for grain exports (-1.4Mt). Despite the stagnation of French economic growth since the start of the year, Haropa has seen sustained container traffic through its terminals with seagoing exports up by 17.5% (+1 Mt). Traffic remained stable through Le Havre’s terminals over the first half of 2012, but levels were noticeably down for those of Rouen. Where river-based activity is concerned, the Seine Artery ports registered traffic at a level equivalent to the corresponding period in 2011 with the particular feature that river container traffic turned in a welcome 9% increase……..First-half container traffic at leading French port Marseilles Fos reached 520,132 TEU - up 14% on the first six months last year – but total cargo throughput fell 4% to 42.7 million tons as oil volumes continued to shrink. Dry bulks soared 23% to 5.8Mt due to raw materials imports for the steel industry. With box trades up by 58% for the Americas, 10% for the Mediterranean and 8.6% for Asia, volumes through the Fos container terminals rose 18% to 400,000 TEU and the Marseilles terminal gained 2% for 120,000 TEU. This led a 12% increase in general cargo to 8.6Mt. Liquid bulks were down 12% on 28.3Mt, stemming from a 13% drop in crude oil and petroleum products to 26.6Mt. Oil refinery shutdowns continued to hit crude imports, which were pegged to 11.4Mt (-22%) for national refineries and 4.1Mt (-13%) for pipeline deliveries to Switzerland and Germany.

The Port of London Authority (PLA) trade in the first six months of 2012 was down by 1.664 million tons (6.85%), compared to the same period last year. Trade has been dramatically affected by difficulties at the Coryton oil refinery. Crude oil tonnages were down by almost a million tons (28.13%) as production at the refinery was patchy from the beginning of the year, through to announcement of closure in May. A total of 8.32 million tons of crude oil and oil products was handled at the terminals in the port between January and end of June. Tonnages of unitized cargo (containers & roll-on/roll-off units) were flat at 7.266 million tons, as were forest products at 582,000 tons. Aggregates were down by 366,000 tons (9.51%) to 3.480 million tons. “Overall we have had a very difficult start to the year on port trade,” explained PLA chief executive, Richard Everitt. “The Coryton refinery was the biggest single customer of the PLA, handling in excess of eight million tons of oil and refined products a year. Its closure is a big blow for a port with annual throughput last year of 48 million tons. News of the Vopak, Greenergy and Shell plans to develop an oil products import terminal on the site are therefore very welcome. Over the next few months we will support the development of their terminal plans, and the other operations developing or consolidating on the river. Inevitably in the meantime we have to reduce our costs and look at operational efficiencies as we adapt to lower levels of income.”

Developments underway on the Thames include the London Gateway container port which is expected to welcome first vessels towards the end of next year. PLA is providing support to the channel deepening operation for the project, with pilots for dredgers and hydrographic surveying. Its pilotage team is also modeling handling of the largest container ships ready for the terminal opening. Operational improvements in hand at the PLA include construction of a £6 million Mooring Maintenance Vessel, the organization’s biggest single investment in over 20 years. The new vessel, being built by Manor Marine in Portland, Dorset will replace the PLA’s two salvage ships, “Crossness” (photo) and “Hookness”, which have been in operation on the Thames for over 40 years.
DP World reported a strong improvement in revenues to $1,529 million for the six months ending 30th June 2012. In the first six months of the year, DP World handled 28.2 million TEU across its global portfolio of over 60 terminals, 7.5% ahead of the same period last year. Like for like gross volume growth was 5.4%. The Asia Pacific and Indian Subcontinent region was the main driver of this growth, reporting a 12.1% increase in volumes to 13.3 million TEU. This strong performance was driven by growth across its terminals in Asia Pacific as well as new capacity across the region as a whole. The Americas and Australia region grew volumes by 6.1% to 3.3 million TEU as solid growth in the Americas mitigated a more challenging environment in Australia. The Europe, Middle East and Africa region grew 3.2% to 11.6 million TEU. Weaker trade across Europe masked the stronger performance across the rest of the region including in Jebel Ali, UAE which handled 6.6 million TEU in the first six months of the year, 7.3% ahead of the same period last year. DP World’s portfolio of consolidated terminals reported volumes of 13.6 million TEU in the first six months of the year. Underlying volume growth would have been 5.5% when compared to the same period last year, had their five terminals in Australia not been deconsolidated from 12 March 2011.

In the second quarter of 2012, total port cargo throughput at the Port of Hong Kong decreased by 6% compared with a year earlier to 69.1 million tons. Within this total, inward and outward port cargo dropped by 4% and 9% to 40.9 million tons and 28.2 million tons respectively. For the first half of 2012, total port cargo throughput decreased by 2% compared with a year earlier to 133.6 million tons. Within this total, both inward and outward port cargo dropped by 2% to 76.8 million tons and 56.8 million tons respectively. In the second quarter of 2012, the port of Hong Kong handled 5.9 million TEUs of containers, representing a decrease of 7% compared with a year earlier. Within this total, laden containers decreased by 8% to 5.0 million TEUs, while empty containers also dropped by 2% to 0.9 million TEUs. Among laden containers, inward containers decreased by 10% to 2.5 million TEUs, while outward containers also dropped by 7% to 2.5 million TEUs.

Singapore’s Maritime and Port Authority reported a preliminary container throughput estimate of 2,744.7 thousand TEU containers in August which was down slightly compared to the 2,769.6 thousand reported the previous month and up 4.5% from 2,625.7 thousand in August 2011. Year-to-date container throughput through August 2012 was 21,154.6 thousand TEU up 6.7% over last year’s 19,847.6 thousand TEU over the same time period. Total cargo throughput in August 2012 was 42,625.7 thousand tons, down only slightly over July’s figures, but a decline of 7.9% from August 2011. Of August 2012’s total, 12,587.2 thousand tons was oil, 1,080.4 thousand tons non-oil bulk and 2,472.1 thousand tons conventional.

Port Metro Vancouver in British Columbia posted a healthy continued 2012 mid-year growth of 6% overall. Port Metro Vancouver handled 62.3 million tons of cargo through the end of June and is on track for another strong year. "What we have seen to the mid-point in 2012 is continued resiliency in the Canadian export market. Although some Asian economies show slower growth overall, through the port we saw continuing strong demand for Canadian natural resources, with all the major economic benefits that provides for the Canadian economy," said Robin Silvester, President and CEO, Port Metro Vancouver. "Thanks to capacity building projects now underway, together with improved efficiencies, and this ongoing demand, we expect to see continued strength throughout 2012." Total foreign tonnage at Port Metro Vancouver posted a 6% increase with 49 million tons. Total domestic tonnage increased by 6% to 13.3 million tons. Breakbulk cargo at 8.3 million tons represents an increase of 5% overall; with continued growth supported by 5.5 million tons of traffic of forest products like lumber, logs and woodpulp. Bulk volumes rose to 42.4 million tons, a 6% increase. Records with dry bulk cargoes like coal up 10% at 16.7 million tons, while potash posted a 9% decrease, to 3.4 million tons due to weak demand in the first quarter. Liquid bulk cargo ended the mid-year up 7% to 4.9 million tons, largely due to some recovery of crude petroleum exports, though much lower than levels seen in 2010. Container traffic at Port Metro Vancouver set a record in the first half of 2012, growing 6% compared to the first half of 2011 to 1.3 million TEUs.
Reports from the twelve U.S. Federal Reserve Districts in “The Beige Book” suggest economic activity in the United States continued to expand gradually in July and early August across most regions and sectors. Six Districts indicated the local economy continued to expand at a modest pace and another three cited moderate growth; among the latter, Chicago noted that the pace of growth had slowed from the prior period. The Philadelphia and Richmond Districts reported slow growth in most sectors and declines in manufacturing, while Boston cited mixed reports from business contacts and some slowdown since the previous report. Most Districts indicated that retail activity, including auto sales, had increased since the last Beige Book report, although Cleveland, Chicago, St. Louis, Dallas, and San Francisco noted the retail improvements were small. Atlanta said that retail growth had slowed, while Philadelphia indicated growth in retail sales was somewhat faster than in the previous report. Many Districts reported some softening in manufacturing, either a slowdown in the rate of growth or a decline in the level of sales, output, or orders; among those with declining shipments and orders, Philadelphia noted that the rate of decline was tempering. Real estate markets were generally said to be improving. On the residential side, all 12 Districts cited increases in home sales, home prices, or housing construction. Reports on commercial real estate markets were also generally positive, although San Francisco noted stable demand. Boston indicated conditions were not much changed since the last report, and Richmond, Chicago, and St. Louis said commercial real estate conditions were mixed. Energy and mining activity was generally high and increasing. However, Cleveland noted softening demand for coal, while Minneapolis and Kansas City had some energy sectors up and some down. The Midwest drought has reduced actual and expected farm output, especially cotton, soybean, and/or corn crops in the Chicago, Kansas City, and St. Louis Districts. Most Districts reported that the selling prices of manufacturing and retail products were largely stable. The picture in manufacturing was mixed. The Boston, Chicago, Kansas City and San Francisco Districts reported increasing demand and sales since the previous Beige Book, although the improvement was generally small and uneven, with two of these four Districts reporting that demand growth was slowing. Six Districts reported that demand for manufactured goods was actually falling, although none reported a dramatic fall. The outlook was somewhat more positive, with six Districts reporting that manufacturers expected increasing demand and only two reporting the opposite. Areas of strength were varied. The Cleveland and Philadelphia Districts both pointed to the revolution in natural gas production in the United States as a driver of demand, but the Chicago District said that a contact blamed cheap natural gas for weakness in demand for coal. Several Districts noted that improvements in residential construction boosted demand for products such as lumber, PVC, cement, and home goods. The Chicago and Philadelphia Districts said that auto production was positive, but Richmond said the opposite.

Weakness overseas remains a problem for U.S. manufacturing. Reports from the Boston, Atlanta, and Chicago Districts explicitly mentioned it. Although Europe represented one notable problem, several Districts also mentioned weakness in demand in Asia as an issue. In general, District reports indicate that the cost and availability of raw materials has not been an issue for manufacturers recently, especially as compared with the situation in previous years. Four Districts reported lower input costs, but contacts in New York reported a slight increase. On the employment front, there was little movement. Across all Districts, few manufacturing firms reported any major hiring or layoffs, and the ones that did usually attributed it to idiosyncratic factors like new products or restructuring related to a merger. Capital spending also showed little change. Reports on transportation services were generally positive. Rail contacts reported continued increases in intermodal shipments in the Atlanta District and increased cargo volumes in the Dallas District, with both Districts recognizing gains in lumber shipments. Atlanta and Dallas also reported steady to increasing demand for trucking services, whereas logistics firms and carriers in the Philadelphia District reported a relatively sluggish start to the traditional “freight season.”

Oil and gas activity continued to be robust across most Districts. Extraction of natural gas and petroleum remained at high levels in the Dallas and Minneapolis Districts and expanded in the Cleveland and Richmond Districts, partly because of increased demand from electrical utilities. Production increased in Gulf Coast oil refineries in the Atlantic District as a result of closures along the East Coast, while higher demand for crude oil, diesel, and other distillates supported prices. However, natural gas producers in the Cleveland, Richmond, Minneapolis, and Dallas Districts reported a decline in exploration and drilling of new wells on account of high inventories and low prices. Coal demand was unchanged from 2011 in the St. Louis District but was expected to fall below 2011 levels in the Cleveland District due to reduced demand for thermal coal from domestic utilities and metallurgical coal from Europe and Asia. Iron ore, taconite, and sand mines in the Minneapolis District continued to operate at high capacity.
Zepol Corporation reports U.S. import shipment volume for August, in TEUs, down from July by 3% and 0.3% from August 2011. It’s unusual to see a drop in imports from July to August, since the trend for the past three years has been a spike. In 2010 and 2011, August was actually the peak month of the year for TEU imports. “Lower August numbers could be due to early holiday purchases in July, which saw abnormally high TEU numbers,” states Zepol’s CEO Paul Rassmussen, “but may also have to do with the potential for labor strikes at east coast ports from the International Longshoremen’s Association and United States Maritime Alliance.” Although, there are speculations that a strike will not affect import volume and that September will be a major month for U.S. imports.

The amount of freight carried by the for-hire transportation industry in the United States rose 0.1% in July from June, after a one-month decline, according to the Department of Transportation's Bureau of Transportation Statistics' (BTS) Freight Transportation Services Index (TSI). The July 2012 index level was 16.3% above the April 2009 low during the recession. BTS reported that the level of freight shipments in July was 3.8% below the all-time high level in December 2011. The Freight TSI in July 2012 continued a pattern of little change since January. This appears to reflect the rate of growth in the general economy. GDP growth slowed to a revised 1.7% in the second quarter and a revised 2.0% in first quarter 2012, from 3.0% fourth quarter 2011, according to the Bureau of Economic Analysis. Waterborne freight, which declined significantly in June, remained stable in July, apparently due to the impact of continued low water conditions on the Mississippi River. Freight shipments in July 2012 were at the sixth highest monthly level since the early recession month of July 2008 despite the 3.8% decline from its peak in December 2011, which was the highest level in the 22-year history of the Freight TSI series. After dipping to a recent low in April 2009 during the recession, freight shipments increased in 25 of the last 39 months, rising 16.3%. Freight shipments are up 1.6% in the five years from the pre-recession level of July 2007 and up 7.0% in the 10 years from July 2002 despite declines in recent years.

The Association of American Railroads reported U.S. rail carloads in August 2012 totaled 1,461,680, down 1.4% compared with August 2011. Intermodal traffic in August 2012 totaled 1,230,992 containers and trailers, up 51,145 units or 4.3% compared with August 2011. The August 2012 average weekly intermodal volume of 246,198 units is the second highest average for any August on record. Commodity groups that saw carload gains in August 2012 compared with August 2011 included: petroleum and petroleum products, up 49% or 18,007 carloads; motor vehicles & parts, up 13% or 8,966 carloads; and crushed stone, sand, & gravel, up 7.3% or 6,905 carloads. Commodities with carload declines in August 2012 were led by coal, down 7.3% or 48,493 carloads; metallic ores, down 18.7% or 8,757 carloads; and waste & nonferrous scrap, down 15% or 2,652 carloads. Carloads excluding coal were up 3.3% or 27,443 carloads compared with August 2011. Carloads excluding coal and grain were up 3.5% or 25,889 carloads in August 2012 compared with August 2011. “U.S rail traffic in August was pretty much same song, different verse,” said AAR Senior VP John T. Gray. “Weakness in coal carloadings was largely but not entirely offset by increases in carloads of petroleum and petroleum products, autos, lumber, and several other commodities, with intermodal showing continued strength.”

After a significant dip during the Great Recession, and a mild economic recovery, the U.S. freight economy, particularly for trucking, is projected to grow significantly in the years ahead, according to American Trucking Associations’ U.S. Freight Transportation Forecast to 2023. The Forecast, a collaboration between ATA, IHS Global Insight and Martin Labbe Associates, lays out the state of the freight economy where trucking is a leading mode of transport and projects an even more robust role for trucks in the future. "The trucking industry continues to dominate the freight transportation industry in terms of both tonnage and revenue, comprising 67% of tonnage and 81% of revenue in 2011," ATA Chief Economist Bob Costello. Overall, total freight tonnage is expected to grow by 21% by 2023, and revenue for the freight transportation industry is projected to rise 59% in that same timeframe. Trucking’s share of the tonnage market will rise over 2 percentage points to 69.6% by 2023, while the industry’s share of freight revenues will increase to 81.7% from 80.9%. In other surface modes, rail’s overall share of tonnage will fall to 15% in 2023 from 15.7% in the baseline year of 2011. However, intermodal tonnage will rise 6.2% a year between 2012 and 2017, and then 5.4% annually through 2023. Domestic waterborne tonnage will show very modest growth between now and 2023 – growing 1% annually through 2023. Domestic airfreight tonnage is slated to grow over 4% annually during the forecast period.

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In 2010, U.S. waterborne trade (foreign and domestic) amounted to 2,334,386,600 short tons, up about 5.6% over 2009 but still off 8.5% from the peak of 2,588,440,451 short tons in 2006. U.S. domestic coastwise trade also improved in 2010, up about 6.4% to 1,440,937,396 in 2010 while foreign trade was only up about 4.2%. Of the total waterborne commerce, 43.6% or 1,018.8 million short tons carried in 2010 was petroleum or petroleum products, down 10% from the peak of 1,133.0 million short tons petroleum / petro products carried in 2007. Under U.S. law, vessel operators must report domestic waterborne commercial movements to the U.S. Army Corps of Engineers. Vessel types include dry cargo ships & tankers, barges (loaded & empty), towboats (with or without barges), tug, crew & supply boats to offshore locations and new vessels from shipyards to point of delivery. Vessels idle are also reported. August 2012’s 40.1 million tons moved on internal U.S. waterways was down slightly from July’s 40.6 million tons and also the lowest for the same month in the five years reported. 16.6 million short tons of petroleum and chemicals were carried in August, up 19.4% over July, but down slightly for the month compared to 2011. Coal and coke were up slightly in August while the tonnage of Farm and Food Products transported was substantially lower.

Even though the U.S. Army Corps of Engineers reportedly had more than a dozen dredgers working on the Mississippi River, the drought in the U.S. Mid-West caused major problems for river barge traffic. At times fifty vessels were backed up waiting for their turn to try to navigate shrunken waterways as the river hit a record twenty-year low. With the river 12” below normal level, hundreds of vessels were idled, at least 66 Mississippi River vessels ran aground and many loaded barges ended up trapped by sand bars. Some operators reported filling barges with 30-50% less cargo than what they would normally hold and working half the normal number of barges in a tow due to the low water levels. The Mississippi River was also heavily impacted by Tropical Storm Issac which hit the region hard causing the Coast Guard to close major ports in the path of the storm in the Gulf Coast and along the Mississippi River, from Baton Rouge to the mouth of the river, for several days.

Import cargo volume at U.S. major retail container ports is expected to increase 8.5% in September compared with the same month last year, and strong increases are expected into the holiday season despite talk of a possible strike at East Coast and Gulf Coast ports, according to the monthly Global Port Tracker report released by the National Retail Federation and Hackett Associates. “Retailers are bringing in more merchandise for the holiday season this year. The question at some ports is whether longshoremen will be on the docks to unload it,” NRF VP for Supply Chain and Customs Policy Jonathan Gold said. “Regardless of what happens with contract talks, retailers have contingency plans in place to ensure that merchandise reaches store shelves in time and that there is no disruption for shoppers.”

Talks between the International Longshoremen’s Association and United States Maritime Alliance broke down in August, and at least one major ILA local has authorized a strike if a new contract for East Coast and Gulf Coast ports isn’t agreed on by the time the current pact expires September 30. Labor and management agreed to meet again under the supervision of the Federal Mediation and Conciliation Service. Retailers are considering a variety of contingency plans, including diverting cargo to West Coast ports, which are represented by a separate union and not affected. U.S. ports followed by Global Port Tracker handled 1.41 million TEU in July, the latest month for which after-the-fact numbers are available. That was up 2.2% from June and 2.5% from July 2011. August was estimated at 1.43 million TEU, up 4.4% from last year. September is forecast at 1.49 million TEU, up 8.5%; October at 1.48 million TEU, up 11.7%; November at 1.32 million TEU, up 1.9%; and December at 1.25 million TEU, up 2.7%. January 2013 is forecast at 1.23 million TEU, down 3.8% from January 2012. The first half of 2012 totaled 7.7 million TEU, up 3% from the same period last year. For the full year, 2012 is expected to total 16 million TEU, up 4.2% from 2011. All the numbers above reflect this month’s addition of Port Everglades in Fort Lauderdale, Florida., to the list of harbors covered by Global Port Tracker, with 2011 numbers adjusted to provide accurate comparisons. Hackett Associates Founder Ben Hackett said shipping patterns are being affected by the possibility of a strike. “Importers anticipating a strike placed orders early to ensure that their goods would arrive in time, and are most likely also switching deliveries for the East Coast to the West Coast instead,” Hackett said. “As a consequence, August appears to have been a relatively good month, and September will also be above the norm. The West Coast will benefit at least through October as cargo is diverted.”

Global Port Tracker, which is produced for NRF by the consulting firm Hackett Associates, covers the U.S. ports of Long Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Hampton Roads, Charleston, Savannah, Port Everglades and Miami on the East Coast, and Houston on the Gulf Coast.
Year-to-date as of 31st August, the Great Lakes St. Lawrence Seaway System total combined cargo carried was up 1.5% from 21,057 million same time 2011 to 21,373 million tons with most of the increase being in iron ore and coal cargoes. Grain was down 20.81%, while liquid bulk was down 16.36%. Total transits were also down by 5.93%.

According to Lake Carriers’ Association of Cleveland, Ohio’s U.S.-flag Great Lakes freighters carried 9.5 million tons of dry-bulk cargo in August, a decrease of 10.1% compared to July, and 8.6% less than the volume recorded a year ago. The August float was also 7% below the month’s 5-year average. Iron ore cargos for the steel industry in August totaled 4.5 million tons, a decrease of 5.2% compared to a year ago. Coal cargos fell to 1.7 million tons, or almost 20% compared to August 2011. Aggregate and fluxstone for construction and steelmaking slipped to 2.7 million tons, a drop of 6%. Through August U.S.-flag cargos stand at 54,352,509 tons, a slight decrease compared to the same point in 2011, and a marginal increase compared to the 5-year average for the January-August timeframe. Iron ore cargos are down by 1.9%. Coal slipped by more than 18%, but limestone cargos are up by nearly 15%, or 1.8 million tons. Lake Carriers’ Association represents 17 American companies that operate 57 U.S.-flag vessels on the Great Lakes carrying raw materials that drive the nation’s economy: iron ore and fluxstone for the steel industry, aggregate and cement for the construction industry, coal for power generation, as well as salt, sand and grain. Collectively, these vessels can transport more than 115 million tons of cargo per year.

The Port of Portland’s Marine Terminals in Oregon reported a total tonnage down 9% year-to-date over 2011. Of this total, breakbulk was down 8.9% and the total number of containers down 9.4%. Grain and bulk minerals were also down 14% and 10.6% respectively. One bright spot was the number of autos were up 52.1%. The number of calls by ocean-going vessels were up slightly by 0.6% over the same time period…. As peak shipping season began ramping up in Asia at the end last month for the holiday shopping season, the Port of Tacoma in Washington state saw international container volumes post a 14.5% gain year to date. The Port handled 156,804 TEUs in August - nearly 30% more than the same month last year. Along with the start of peak season, two new services associated with the Grand Alliance began calling Washington United Terminals last month. Uncertainty surrounding labor negotiations on the East and Gulf coasts also appear to be diverting cargo to the West Coast. While import container volumes improved nearly 18% year to date, export container volumes jumped almost 11%. So far this year, 1,024,896 TEUs have crossed Port docks, accounting for a 7.5% increase compared to last year. The strength in container volumes helped fuel a 25% year-to-date increase in intermodal lifts. Meanwhile, breakbulk volumes remain up about 85.4%, reflecting the continued high demand for agricultural and construction equipment. Total vessel calls year-to-date were up 4.4% to 682 calls year-to-date 2012……Total container through-put at the Port of Seattle year-to-date was 1,322,076 TEUs, down 3.1% from 2011’s 1,364,636 TEUs over the same period of time. 154,984 TEUs were handled in August 2012 consisting of 66,309 import, 56,157 export and 32,517 domestic. This monthly total was down 27,983 TEUs or 15.3% compared to August 2011. The Port of Seattle’s Terminal 18, run by SSA Terminals, will have three more Super Post Panamax cranes, allowing it to handle the largest container vessels in the world. “SSA is making Terminal 18 big-ship ready for the next generation of oceangoing vessels,” said Port Commission President Gael Tarleton. “This is the kind of investment that will help the region’s companies create 100,000 family-wage jobs over the next 25 years as they compete in a global economy.” As some of the largest container handling cranes in the world, they are 267’ high, and can extend out to handle the new Triple E Class vessels, which can carry up to 18,000 TEU with a width of 210’, or 24 containers. Last year, the Port of Seattle harbor handled over two million TEUs …. Cargo container volumes at the Port of Long Beach climbed in August, start of the “peak season” when shipments begin arriving for end-of-the-year holiday shopping. Imports were up 2.9% compared to the same period last year. Port terminals handled 274,977 TEUs loaded inbound cargo last month compared to 267,198 TEUs in August 2011. The modest rise in August points to a slight recovery during peak season and the second half of the year. Exports were up too in August, rising 5.7% to 128,225 TEUs compared to 121,277 TEUs a year ago. Overall, container volume through the Port was up 1.4% in August. The total includes imports, exports and empty containers, which declined 4.9%. With imports exceeding exports, empty containers are sent overseas to be refilled with goods. With gains in exports, fewer containers moved back to Asia in August. For the calendar year, overall container volumes are down 4.6% because of continuing weakness in the economy, and cutbacks in ship calls by several niche vessel operators at end 2011 and early 2012. Imports are down 4.6% and exports down 1.2% through August, compared to the same period a year ago.
Moore Stephens’ latest “Shipping Confidence Survey” reports that overall confidence levels in the shipping industry fell in the three months ended August 2012 to their lowest level for a year, corresponding to the lowest figure recorded since the survey was launched in May 2008. The fall, which follows three successive quarters of improved confidence, was fuelled largely by concern over the glut of newbuildings coming onto the market and by continuing uncertainty about the global economy. In August 2012, the average confidence level expressed by respondents in the markets in which they operate was 5.3 on a scale of 1 (low) to 10 (high), compared to 5.7 recorded in the previous survey in May 2012, and identical to the figure posted one year previously, in August 2011. The survey was launched in May 2008 with a confidence rating of 6.8. The likelihood of respondents making a major investment or significant development over the next twelve months remained stable, on a scale of 1 to 10, at 5.3, the highest figure since the 5.6 recorded in May 2011. Demand trends, competition and finance costs once again featured as three top factors cited by respondents as those likely to influence performance most significantly over the coming twelve months. The numbers were up for demand trends (from 21% to 22%) and for finance costs (16% to 17%), but down in the case of competition, from 18% to 17%. There was a 7 percentage point fall (from 51% to 44%) in the number of respondents overall who expected finance costs to increase over the next twelve months.

Moore Stephens shipping partner, Richard Greiner, says, “The fall in confidence recorded in our latest survey is clearly a disappointment. But it cannot really be termed a surprise. In some respects, shipping has been bucking the trend for the past twelve months, exhibiting increased confidence despite the effect on the industry of the political and financial woes in Europe and elsewhere, and the problems of over tonnaging and falling rates. Unless you are a charterer, it is difficult to find too many operators who believe that rates in the tanker, dry bulk and container ship trades are likely to move upwards over the coming twelve months. Given that it is unlikely that charterers know anything that the rest of the market does not, it will, as always, be market forces which ultimately dictate the winners and losers. Clearly, tonnage supply – both actual and incipient – currently exceeds demand in most trades. Increased scrapping will help, but it will still be necessary to renegotiate commercial arrangements. Meanwhile, good, long-term contracts with reliable business partners are as good as money in the bank, and better in many respects. Shipping has always been a mixture of long-term and short-term business, the lading and the tramp! That does not change even in a depressed market such as the one we are currently operating in.

“Lower newbuilding costs do nothing to address the current tonnage overhang, but they do provide an opportunity for those with access to cash, a viable business plan and a secure level of demand to fill. Furthermore, the leaner market left in the wake of the disappearance of those operators unable to survive the economic downturn does at least offer up the prospect of a more viable industry for the future.

“Among other, isolated pieces of good news to emerge from the survey was the fact that respondents overall expected expenditure on fuel to be a less significant influence on their overall performance than they did previously. This may be no more than a temporary reprieve, courtesy of the recent fall in the price of crude, but it will be welcome nonetheless. Fuel and crew costs will continue to be a major expenditure for owners and operators for the foreseeable future. They are costs which will not go down in real terms, like all other costs facing the industry. In truth, the only costs which ever seem to go down are the costs of shipping itself.

“Shipping is an industry which is often accused of undervaluing and underselling itself. There is a lot of empirical evidence to back this up, not least the over-simplistic but nonetheless powerful anecdote about the enormous gap between the cost of shipping brand-name trainers from the Far East and the retail price of those trainers in western markets. The problem for today’s shipping industry is having the nerve, the wherewithal and the financial backing to sell its expertise and service at a self-supporting price. You don’t have to be John Kenneth Galbraith to work this one out. But while the prospects for recovery in the shipping markets depend to a large extent on a resolution of the debt crisis in Europe and elsewhere, there are issues closer to home which shipping can address, and which will both carry it over the current crisis and position it properly in the more stable market which will hopefully emerge. Quite when that will be is a question which might have defeated Galbraith himself.”
Bunker Prices Worldwide

After a very short dip last month, bunker prices are climbing. Average August 2012 MDO prices in Houston were US$ 1,011.00 per metric ton, up from US$ 922.00 in July. Average MGO prices for August were US$ 1,010.50 in Houston (US$ 935.00), US$ 1,015.00 in Fujairah (US$ 1,002.50), US$ 952.50 in Rotterdam (US$ 878.50) and US$ 970.00 in Singapore (US$ US$ 880.00 reported in July). U.S. West Coast OPIS contracted average for ultra-low sulfur diesel also increased after the first week of the month, peaking around 24th August and falling back slightly. As of 31st August prices were about US$ 3.50 per U.S. gallon in Seattle, US$ 3.54 in Portland, US$ 3.57 in San Francisco, US$ 3.51 in Los Angeles, Long Beach & El Segundo and US$ 3.56 in San Diego. In Boston, on the East Coast, ultra-low sulphur was US$ 3.42 per gallon. Prices are expected to continue around this level for the near future.

The International Energy Agency reports that oil prices extended earlier gains in August, but crude prices seemed to plateau the second half of the month. Brent was last trading at $115/bbl after reaching a high of near $117/bbl around mid-August, while WTI traded at $97, close to its August high. Demand projections for 2012 and 2013 have been raised by 100 kb/d on data revisions for 2011, to 89.8mb/d and 90.6mb/d, respectively, though demand growth forecasts are little changed at around 0.8mb/d for both years. Demand grew by 1.2mb/d in 2Q12, buoyed by Japanese utility burn to replace idled nuclear generators. Global oil supply fell by 0.1mb/d m-o-m to 90.8mb/d in August from upwardly revised July estimates. OPEC liquid production growth, led by Nigeria, Angola and Iraq, failed fully to offset unplanned outages in non-OPEC countries. Crude oil imports from Iran are estimated to have inched up in August to 1.1mb/d, from below 1mb/d in July. Non-OPEC annual supply growth slowed to 0.2mb/d in 3Q12.

According to the U.S. Energy Information Administration, Brent crude oil spot prices increased at a relatively steady pace from their 2012 low of $89/bbl on June 25 to their recent high of $117/bbl on August 23 because of seasonal tightening of oil markets and continuing unexpected production outages. EIA expects Brent crude oil prices to fall from recent highs over the rest of 2012, averaging $111/bbl over the last 4 months of 2012 and $103/bbl in 2013. West Texas Intermediate (WTI) crude oil spot prices rose by a more modest $17/bbl between June 25 and August 23, as the WTI discount to Brent crude oil widened from $10/bbl to $22/bbl. EIA expects WTI spot prices to average $93/bbl in 2013, with the WTI discount to Brent narrowing to $9/bbl by end 2013. The oil market tightened in recent months as the seasonal increase in global demand outpaced supply and unplanned production outages in countries outside of OPEC persist. Most recently, Hurricane Isaac led to the shut-in of 13 million barrels of crude oil production from August 25 through September 10 in the Gulf of Mexico. EIA expects oil markets to loosen, with non-OPEC liquid fuels production growing by 1.2 million bbl/d in 2013 compared with world consumption growth of 1.0 million bbl/d. The possibility of a deteriorating economic situation in the European Union and slowing growth in China adds significant downside risk to future prices, though supply disruptions and lower-than-expected supply growth could raise prices. EIA expects stock builds during 2013, reflecting a looser oil market over that time period. World liquid fuels consumption grew by an estimated 1.0 million bbl/d in 2011. EIA expects consumption growth of 0.8 million bbl/d in 2012 and 1.0 million bb/d in 2013. Energy price forecasts are highly uncertain. WTI futures for December 2012 delivery during the five-day period ending September 6, 2012 averaged $96.11/bbl. Implied volatility averaged 31%, establishing the lower and upper limits of the 95% confidence interval for the market’s expectations of monthly average WTI prices in December 2012 at $74/bbl and $126/bbl, respectively. Last year at this time, WTI for December 2011 delivery averaged $89/bbl and implied volatility averaged 40%. The corresponding lower and upper limits of the 95% confidence interval were $62/bbl and $127/bbl.

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Recent News – North America

Crowley Maritime Corporation recently made its first delivery of petroleum products to the U.S. Naval Station in Guantanamo Bay via an articulated tug-barge tank vessel. The cargo was loaded in San Diego, California, and transported to Guantanamo Bay aboard Crowley’s ATB “Coastal Reliance” / “550-4”. The fuel delivery was made in support of Crowley customer Military Sealift Command (MSC), which will continue utilizing the “Coastal Reliance” / “550-4” under short-term contract to transport clean petroleum products between the Gulf and East Coasts for the next several months. Before serving MSC, the “Coastal Reliance” / “550-4”, operated on the West Coast for nearly a decade. “Crowley has been serving MSC for decades in a variety of ways,” said Rob Grune, Crowley’s senior vice president and general manager, petroleum transportation. “We are pleased to continue serving MSC with petroleum transportation services from the U.S. to Guantanamo Bay.” The Guantanamo Bay fuel delivery was yet another in a long history of firsts for Crowley. In 2011, Crowley’s petroleum transportation team sent the first ATB, the “Ocean Reliance” / “550-3”, north of the Arctic Circle to deliver petroleum products to Nome, Alaska. “Our fleet of ATBs – ranging in size from the 155,000-barrel 550 class to the 327,000-barrel 750 class – is not only diverse in capacity, but also in geographic capabilities,” said Grune. “These vessels can be used to safely and reliably transport petroleum products and chemicals almost anywhere in the world. We’ve proven it by going to some of the most remote locations in some of the most extreme conditions, including the waterways of Alaska, the U.S. West and East Coasts, and now to Guantanamo Bay. We’re extremely proud to support our customers in almost any way, and in almost any place, that they need products delivered.” The “Coastal Reliance” / “550-4” is one of four Crowley owned and operated 550 class ATBs, which are approximately 20,000 deadweight tons, and approx. 605’ in length and 78’ in breadth. This class of ATBs, since their construction in 2001 and 2002, has operated on the U.S. West Coast, Canadian West Coast and Alaska for a variety of customers. These vessels were developed and designed by Crowley specifically for West Coast operations and weather conditions, with advanced safety features such as double hulls, inert gas generator systems, segregated ballast and radar gauging systems.

Naval Station Guantanamo Bay, Cuba, is on the front lines for regional security in the Caribbean area. The base supports the ability of U.S. Navy and Coast Guard ships, along with allied nation ships to operate in the Caribbean area by providing contingency and quality logistical support with superior services and facilities. The base also supports the Department of Homeland Security in U.S. migrant operations to help care for displaced migrants from the surrounding area, effectively helping control the flow of illegal immigrants into the U.S.

Windmill blades, measuring 148’ long, recently rode Alaska Marine Lines’ 380’ x 100’ x 24’ ocean rail-barge “Fairbanks Provider” from Seattle to Whittier, Alaska. The customer also chartered the 420’ x 100’ x 24’ ocean barge “Nana Provider” to move the remaining blades to a wind farm project in remote Healy, Alaska. The blades will be used in turbine towers at the Eva Creek Wind Project. The Golden Valley Electric Association’s (GVEA) Board of Directors gave the Eva Creek Wind Project a final nod of approval on June 27, 2011. At just under 25-megawatts, Eva Creek will be the largest wind project in Alaska and the first by any Railbelt utility at a total projected costs of region US$ 93 million. The project’s 12 Repower turbines are scheduled to come online at the end of October 2012. This is exciting news for Golden Valley and the Interior as a whole. GVEA has been researching wind in the Eva Creek area since 2003; it has done its due diligence. Eva Creek integrates well into GVEA’s system, helps reduce its dependence on oil and meets the cooperative’s renewable energy pledge. And it won’t raise rates. In fact, assuming oil prices of $90 per barrel, Eva Creek will save members $13.6 million over the next 20 years. The ABS +A1 classed “Fairbanks Provider” and “Nana Provider” were built for Alaska Marine Lines by Gunderson Marine of Portland, Oregon in 2001 and 2007, respectively.
Foss Maritime's tugs “Drew Foss”, and “Wedell Foss”, below, towed the oil rig “Noble Discoverer” out of Seattle’s Elliott Bay on Wednesday, June 27, heading for Port Angeles to hand off the rig to the 8,000HP “Lauren Foss”, to tow the rig to Dutch Harbor in Alaska. Numerous Foss tugs, two barges and a derrick are to support a Shell Arctic drilling project. Royal Dutch Shell is engaged in a six-year drilling US$ 4.5 billion program to explore for new oil & gas resources during a roughly four-month open water season in high-potential blocks in offshore Alaska. The US Geological Survey reportedly estimates 26 billion barrels of recoverable oil and 130 trillion cubic feet of natural gas. Delays in completing the emergency containment dome and associated equipment though could delay drilling until 2013.

The 23rd season lightering ore at the Red Dog Mine in the Alaskan Arctic got off to its latest start ever in July, as Foss Maritime crews encountered heavy ice, the likes of which veterans said they had seen in only two prior years. The 98.0’, 2,250BHP twin screw tug “Iver Foss” arrived through the ice June 30th, the 111.5’, 2,900BHP “Stacy Foss” with the 275’ x 76’ customized, self-discharge ore lightering barge “Kivalina” made it through the ice July 5th, followed by the “Stacy Foss” sister-tug, the “Sandra Foss” with the sister-barge “Noatak” on July 10th. The first ship made it through to the loading anchorage July 11. By comparison, the 2011 season started on June 28th. In spite of the late start, Red Dog Manager Keith Spearman said, “The crews are excellent and we have full confidence we will successfully load the 1.26 million metric tons of ore scheduled for 24 ships.” He said the ice delayed delivery of 12 million gallons of diesel to the mine, which had been critically short of fuel. In operation since 1989, Red Dog is a zinc-lead mine located in Northwest Alaska, near Kotzebue, and one of the world’s largest producer of zinc concentrate. Due to shallow water, barges are needed to lighter the ore concentrate from the mine to bulkers anchored in the deep water open roadstead in the Chuckchi Sea during ice-free conditions. Since 1990, Foss has transported tens of millions of tons of concentrated ore for Red Dog Mine. The tugs depart in October before the port completely freezes over.

Foss tugs, the 105’, 3,000BHP “Point Fermin” and “Point Vicente”, towed the derelict former Navy tugs “Lion” and “Tiger” to be scrapped at the ship recycling facility at the Graving Dock No. 1 on Mare Island on San Francisco Bay. The derelict tugs had been privately owned after decommissioning by the Navy in 1985, although one may have operated well into 1991 or early 1992. The tugs have been tied up in Richmond for more than 10 years. As Navy Abnaki-class tugs, they were named “Quapaw” and “Moctobi”. The 205.3’ x 38.5’ x 26’ depth riveted construction tugs were originally built in 1943 and 1944 by United Engineering of Alameda, California and Charleston Shipbuilding & Drydock in South Carolina, respectively. The vessels’ machinery on both tugs was replaced and modernized in 1969, including installation of four CAT D399-V16 diesels totaling 4,500BHP in place of the original DC generator engines for propulsion. In December 2011, “Quapaw” sank while tied up at the graving dock and had to be salvaged.
Foss International recently delivered 13 windmills blade sets and turbines from Houston to Ponce, Puerto Rico, on the 400’ x 105’ x 20’ ocean deck barge “American Trader”, originally Crowley Maritime’s double deck ro/ro trailer barge “500-3”. The cargo went to a wind farm project in Punta Lima on the southeast coast of Puerto Rico. Each blade set included 3 blades, each 161’ long. The 13 windmills are expected to generate 52 gigawatt hours per year, reducing carbon dioxide emissions by 34,000 tons. The voyage on the Foss barge covered 3,615 nautical miles and took 26 days. Marcon International sold the 11,732dwt, 1983 built barge to America Cargo Transport (ACT) / Jore International, of Seattle, Washington in 2000 and the marine assets of Jore International and America Cargo Transport were acquired by the Foss Maritime Company in 2007.

On 18th August, the 93.0’ x 29.2 x 13.0’ twin screw tug “Peggy H” (ex-Island Power, Captain Ed, Kate) and the 110.0’ x 28.1’ x 14.6’ single screw tug “Gladys B” (ex-F.M. Whitaker) both sank at their dock in New Orleans near Mile Marker 101 on the Mississippi River. “Gladys B” was built in 1937 by Newport News Shipbuilding and powered by a single Fairbanks 38D8-1/8 diesel and the 3,000HP “Peggy H” in 1983 by Delaware Marine & Manufacturing and powered by twin EMD 12-645s. Both vessels were out of service when they sank. One person on board managed to safely get ashore without injury.

The salvage permit issued by Nova Scotia’s Department of Natural Resources and the Environmental Department for the 28,094dwt Great Lakes bulker “Miner” (ex-Canadian Miner, Lemoyn, Maplecliffe Hall) was extended three months. The ship, being towed from Montreal to Turkey for scrapping, wrecked on Scatarie Island off Nova Scotia in September 2011, has been slowly breaking up since. The 222.5m x 23.0m x 11.9m depth “Miner” reportedly will be dismantled in sections and barged to Port Hawkesbury where scrap will be shipped by rail to buyers in Canada. The U.S. “Miner” was under tow of the tug “Hellas” when the tow wire parted in heavy seas and the ship drifted hard aground. Heavy seas prevented “Hellas” from retrieving her tow. As autumn and winter weather approaches all bets may be off for a successful salvage.

Great Lakes Dredge & Dock Corporation, the largest provider of dredging services in the U.S. and a major provider of commercial and industrial demolition and remediation services, reported revenues of US$ 166.5 million for the quarter ended June 30, 2012, up 7.4% over second quarter 2011. Gross profit for second quarter was $23.9 million, up 14.4% over the same 2011 period. Year to date revenue increased primarily due to the increase in second quarter revenue; however, gross profit margin was down due to weather impacts and lower dredge utilization during the 2012 first quarter. CEO Jonathan Berger said, “The dredging division performed well this quarter, after weather impacted results in the first quarter of 2012. Backlog remained at a high level, $455 million, at June 30, 2012, despite the slow domestic bidding during the second quarter. The demolition segment continues to perform on its projects in backlog. A large portion of the demolition backlog earned in the quarter relates to new management’s focus on large complex projects with higher margins, such as bridge demolition and industrial, municipal and utility buildings.” Mr. Berger continued, “The last month has been very busy for us. Positive legislation was passed by Congress and signed into law by the President, bidding has been active in dredging and demolition and we announced we are building a new, world class hopper dredge. Great Lakes is well positioned to execute on our strategic plan of doubling the size of the Company in five years.” Great Lakes Dredge & Dock’s fleet is comprised of twelve cutter suction dredges, ten hopper dredges, five bucket dredges, two drill boats, a fleet of hydraulic loaders, barges, booster pumps, state-of-the-art survey vessels, and dozens of other specialized support vessels, as well as land equipment.
Seacor Holdings Inc.’s net income for quarter ended June 30, 2012 was $11.2 million, including a net loss from discontinued operations of $0.4 million. During the first quarter, Seacor disposed of certain companies and assets that were part of its Environmental Services business segment for a net sales price of $99.9 million. For the preceding quarter ended March 31, 2012, net income attributable to SEACOR Holdings Inc. was $36.5 million, including net income from discontinued operations of $19.4 million.

Offshore Marine Services – Operating income was $0.8 million on operating revenues of $123.3 million compared with operating income of $22.9 million on operating revenues of $121.1 million in the preceding quarter. Second quarter results included $0.6 million in gains on asset dispositions compared with $1.8 million in gains in the preceding quarter. In the U.S. Gulf of Mexico, second quarter results included results of Seacor’s large anchor handling towing supply vessels. Utilization was 71.8% compared with 73.1% the preceding quarter and average day rates decreased from $14,964/day to $10,649/day. As of June 30, 2012, Seacor had no vessels cold-stacked in the U.S. Gulf of Mexico, compared with four in March. In Africa, time charter revenues were $3.4 million higher. Time charter revenues were $2.7 million higher due to improved utilization, $0.4 million higher due to improved average day rates and $0.9 million higher due to repositioning of vessels between geographic regions. These increases were partially offset by a $0.6 million reduction in time charter revenues due to fleet dispositions. In the Middle East, time charter revenues were $2.2 million higher, of which $0.9 million was due to improved utilization and $0.2 million due to higher average day rates. Net fleet additions and repositioning of vessels between geographic regions increased time charter revenues by $1.1 million. In Brazil, Mexico and Central and South America, time charter revenues were $3.1 million lower. Time charter revenues were $3.8 million lower due to reduced fleet utilization and were $0.1 million lower due to net fleet dispositions and the repositioning of vessels between geographic regions. Higher average day rates increased time charter revenues by $0.8 million. In Europe, excluding the $7.1 million contribution of the wind farm utility vessels, time charter revenues were $0.1 million lower. Higher average day rates and improved utilization increased time charter revenues by $1.1 million and $0.3 million, respectively. Time charter revenues were $1.0 million lower due to vessel dispositions and $0.5 million lower due to currency exchange rates.

Marine Transportation Services – Seacor’s operating income was $0.5 million on operating revenues of $25.8 million compared with operating income of $2.4 million on operating revenues of $26.3 million the preceding quarter. Operating results for the U.S.-flag product tanker fleet were lower the second quarter primarily due to 21 days of out-of-service time and $1.6 million of expenses related to topside repairs on “Seabulk Arctic”. As of June 30, 2012, Marine Transportation Services’ fleet included seven U.S.-flag product tankers operating in the domestic coastwise trade, of which five were owned and two were leased-in, and eight owned foreign flag RORO vessels operating in the shipping trade between the United States, the Bahamas and Caribbean. Of the U.S.-flag product tankers, four were operating under long-term bareboat charters and three were under time charters. The fleet also includes five U.S.-flag deck barges, two U.S.-flag RORO barges and one U.S.-flag articulated tug-barge unit operating under a joint venture. At June 30, 2011 quarter-end, Marine Transportation Services’ fleet included seven U.S.-flag product tankers and eight foreign flag RORO vessels. Other, primarily Harbor and Offshore Towing Services, reported operating income of $3.0 million on operating revenues of $17.6 million compared with operating income of $3.2 million on operating revenues of $19.9 million the preceding quarter. Second quarter results included $1.9 million in gains on asset dispositions relating to sale of two harbor tugs. Operating results were lower in the second quarter primarily due to decreased port traffic and conclusion of a short-term contract on the U.S. West Coast.

Seacor’s unfunded capital commitments as of June 30, 2012 were $377.6 million and consisted of: eleven OSVs for $148.7 million; an interest in a jack-up drilling rig for $31.2 million; twelve helicopters; seven inland river tank barges for $16.2 million; an interest in a river grain terminal; four harbor tugs for $28.5 million; and other equipment and improvements. During the six months ended June 30, 2012, capital expenditures were $186.5 million. Equipment deliveries during the period included one OSV, one wind farm utility vessel, three inland river dry cargo barges, two liquid tank barges, one inland river towboat and 13 helicopters. During the six months ended June 30, 2012, Seacor sold four OSVs, six helicopters, one inland river towboat, two harbor tugs and other. Two of the offshore support vessels sold were to Seacor’s Mexican joint venture for $48.5 million. Subsequent to June 30, 2012, Seacor committed to purchase three inland river towboats for $11.4 million and notified the lessee of its intent to purchase three harbor tugs currently operating under capital leases for $3.9 million.

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Hornbeck Offshore Services’ second quarter 2012 revenues increased 62.9% to $131.6 million compared to $80.8 million for the second quarter of 2011 and increased 9.7% compared to $120.0 million for the first quarter of 2012. Operating income was $33.8 million, or 25.7% of revenues, for the second quarter of 2012 compared to $3.8 million, or 4.7% of revenues, for the prior-year quarter; and $28.6 million, or 23.8% of revenues, for the first quarter of 2012. Hornbeck recorded net income for the second quarter of 2012 of $12.0 million, compared to a net loss of ($7.0 million) for the year-ago quarter; and net income of $6.3 million for the first quarter of 2012. Second quarter 2012 EBITDA increased 131.3% to $55.5 million compared to $24.0 million for the second quarter of 2011 and increased 24.4% compared to $44.6 million for the first quarter of 2012. Hornbeck recorded a $0.9 million ($0.6 million after-tax) loss on early extinguishment of debt during the second quarter 2012. This loss resulted from the redemption of its remaining 6.125% senior notes due 2014. Excluding the impact of such loss on early extinguishment of debt, EBITDA and net income for the second quarter of 2012 would have been $56.4 million and $12.6 million respectively. After adjusting for a $5.2 million ($3.2 million after-tax) loss on early extinguishment of debt in the first quarter of 2012, the sequential increase in EBITDA is primarily attributable to improved market conditions for Hornbeck’s Upstream segment.

Downstream Segment. Revenues from the Downstream segment of $9.9 million for the second quarter of 2012 decreased by $3.0 million, or 23.3%, compared to $12.9 million for the same period in 2011, and were lower than the sequential quarter by $2.2 million, or 18.2%. Hornbeck’s double-hulled tank barge average day rates were $16,284 for the second quarter of 2012 compared to $17,333 for the same period in 2011 and $17,271 for the sequential quarter. The decrease in tank barge day rates for the second quarter of 2012 compared to the first quarter of 2012 was primarily driven by demobilization revenue Hornbeck earned from an Upstream customer in the sequential quarter. Excluding the impact of this demobilization fee, day rates would have been $16,636, for the first quarter of 2012. Utilization for the double-hulled tank barge fleet was 74.6% for the second quarter of 2012 compared to 90.6% for the year-ago quarter and 85.4% for the sequential quarter. The significant decline in utilization from the prior-year quarter largely resulted from 164 incremental days out-of-service for discretionary commercial capital expenditures readying three barges with vapor-recovery systems for charters commencing in the third quarter of 2012 related to the Eagle Ford shale trend in the Gulf of Mexico and the regulatory drydocking of one barge during the second quarter of 2012. Effective, or utilization-adjusted, day rates for Hornbeck’s double-hulled tank barges were $12,148 for the second quarter of 2012, which is $3,556, or 22.6%, lower than the prior-year quarter effective day rates.

Hornbeck expects maintenance capital expenditures and other capital to be approximately $58.2 million and $9.4 million, respectively, for the full-year 2012. For fiscal years 2013 and 2014, Hornbeck expects that its annually recurring maintenance capital expenditure budget for its company-wide fleet of vessels will range between $45.0 million and $55.0 million per year.

As of June 30, 2012, excluding seven inactive non-core vessels, Hornbeck’s operating fleet consisted of 51 new generation OSVs, four MPSVs, nine double-hulled tank barges and nine ocean-going tugs. Hornbeck’s active Downstream fleet for fiscal 2012 is expected to consist of nine double-hulled tank barges and nine ocean-going tugs. Hornbeck’s forward contract coverage for its nine-vessel fleet of double-hulled tank barges for the remainder of fiscal 2012 and for fiscal 2013 is currently 63% and 10%, respectively. Effective day rates for Hornbeck’s nine double-hulled tank barges are projected to be in the range of $14,000 to $15,000 for the full-year 2012.

Hornbeck Tug & Tank Barge Quarterly Utilization and Day Rates

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<tr>
<td></td>
<td>30-Jun</td>
<td>31-Mar</td>
<td>31-Dec</td>
<td>30-Sep</td>
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<tr>
<td>Fleet Cap. (k bbl)</td>
<td>9</td>
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<td>9</td>
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<tr>
<td>Barge Size (bbl)</td>
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<tr>
<td>Utilization</td>
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<td>85.40%</td>
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<td>90.60%</td>
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<tr>
<td>Avg. Day rate</td>
<td>$16,284</td>
<td>$17,271</td>
<td>$18,176</td>
<td>$18,222</td>
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Note: As of 9/30/09, above only includes the double-hulled tank barges. All single-hulled tank barges have been stacked and excluded from above computations.

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Kirby Corporation of Houston, Texas announced net earnings for the second quarter ended June 30, 2012 of $47.6 million compared with $41.7 million for the 2011 second quarter. Consolidated revenues for the 2012 second quarter were $511.8 million compared with $437.3 million reported for the 2011 second quarter. Joe Pyne, Kirby’s Chairman and CEO, commented, “Our second quarter earnings of $.85 per share came in at the high end of our revised $.80 to $.85 per share guidance range. During the second quarter, we experienced overall continued strong inland tank barge utilization and improved rates as United States petrochemical production remained strong. Our coastal transportation results were hindered by higher than anticipated maintenance related costs and further deterioration in the Northeast market. In our diesel engine services segment, our legacy marine market remained strong during the quarter and our power generation market remained positive. For the land-based market, with the decrease in natural gas prices, we experienced a significant decrease in demand for the manufacturing of hydraulic fracturing equipment, but the demand for the remanufacturing of such equipment continues to improve.”

Marine transportation revenues for the 2012 second quarter were $342.2 million, compared with $266.6 million for 2011 second quarter, and operating income was $71.7 million compared with $58.4 million. High United States production levels at petrochemical plants, stable refinery output and favorable demand for the movement of crude oil resulted in continued strong inland transportation demand, fleet utilization in the 90% to 95% range and favorable pricing trends during the second quarter. Temporarily lower petrochemical volumes from one major customer due to scheduled and unscheduled maintenance at multiple facilities, as well as low water levels on the Mississippi River System which led to light loading of tank barges and resulting lower revenues, did negatively impact the second quarter and resulted in lower ton miles when compared with 2011 second quarter.

Kirby Offshore Marine, Kirby’s coastal tank barge fleet acquired on July 1, 2011, generated approx. 20% of the marine transportation segment’s 2012 second quarter revenues. Coastal operating results were positive, but hindered by continued softness and excess capacity in the New York Harbor market resulted in low equipment utilization levels and competitive bidding for available movements. 2012 second quarter results were also negatively impacted by additional maintenance and repair related expenditures, and resulting lost revenue days.

Marine transportation operating margin for 2012 second quarter was 21.0% compared with 21.9% for second quarter 2011. The 2012 second quarter margin reflected overall strong inland demand and equipment utilization and higher term and spot market pricing, offset by lower margins for the coastal fleet. Commenting on 2012 third quarter and full year market outlook, Mr. Pyne said, “earnings guidance for the 2012 third quarter is $.87 to $.97 per share compared with $.94 per share reported for the 2011 third quarter. Our third quarter guidance range reflects a continued strong inland marine transportation petrochemical and black oil products markets, favorable term and spot contract pricing, and favorable marine and power generation diesel engine services markets. Our guidance also reflects continuation of low water conditions throughout the Mississippi River System during the third quarter. We anticipate improved results from our coastal marine transportation market, benefiting from seasonal refined products movements, partially offset by continued weakness in the New York Harbor market. Due to the lack of clear visibility, a key contributor between our low and high end guidance range for both the third quarter and the year is the land-based diesel engine services market, particularly the demand for the manufacturing and remanufacturing of oilfield equipment, including hydraulic fracturing units. For the 2012 year, earnings per share guidance was narrowed to $3.50 to $3.70 compared with $3.33 per share for the 2011 year.”

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Mr. Pyne continued, “Our 2012 capital spending guidance range is currently $290 to $300 million, including approximately $130 million for the construction of 58 inland tank barges and five inland towboats, and approximately $70 million in progress payments on the construction of two offshore dry-bulk barge and tugboat units scheduled for delivery in 2012 with an estimated cost of $52 million each. The increase from the previous capital spending guidance range of $265 to $275 million is primarily for upgrading the coastal fleet and progress payments on inland tank barges and towboats recently ordered in 2012 and scheduled for delivery starting in December 2012 and throughout 2013.”

Late breaking news… Kirby Corporation entered into an agreement to purchase the assets of Allied Transportation Company, a subsidiary of Allied Marine Industries, and two affiliated companies. Allied is an operator of offshore barges and tugs participating in the coastal transportation of petrochemicals, as well as dry sugar products, in the U.S. Northeast, Atlantic and Gulf Coast regions. Customers include major petrochemical companies, most of which are current Kirby customers for inland tank barge services. Allied’s fleet consists of 10 coastwise tank barges with a total liquid capacity of 680,000bbl, three offshore dry-bulk barges with a total capacity of 48,000dwt, and seven tugs. Total value of the cash transaction is anticipated to be $116 million before post-closing adjustments and fees, including $10 million that will be paid contingent on developments with sugar provisions in the U.S. Farm Bill. The purchase will be financed through Kirby’s revolving credit facility. The week of August 27th, Kirby received consent and commitment from participating banks to increase its unsecured revolving credit facility from $250 million to $325 million. Closing of the Allied transaction is expected to occur late third or early fourth quarter 2012 and is subject to certain conditions, including expiration of the required waiting period under the Hart-Scott-Rodino Act. Joe Pyne, Kirby’s Chairman and CEO, commented, “We are very pleased to announce our agreement with Allied. Operating as a U.S. Jones Act carrier primarily in the offshore petrochemical business, Allied has one of the most complementary coastal fleets to Kirby’s existing coastal and inland operations. In addition to enhancing Kirby’s ability to expand and strengthen certain existing customer relationships, the acquisition of Allied provides Kirby with a strong footprint from which to grow the petrochemical segment of our offshore business.” Mr. Pyne further commented, “We expect the positive earnings impact from Allied on our 2012 results will be offset by transaction related expenses. Accordingly, our guidance for 2012 remains in the $3.50 to $3.70 per share range. For 2013, we expect the earnings per share contribution from Allied to be in the $0.06 to $0.08 range.”

Trinity Industries of Dallas, Texas, reported net income of $67.8 million for second quarter 2012. Net income for the same 2011 quarter was $30.0 million. Revenues for second quarter 2012 increased 45% to $1,028.4 million compared to $708.3 million for the same quarter 2011. Trinity reported an operating profit of $154.9 million in the second quarter of 2012, a 62% increase compared to $95.4 million for the same quarter last year. “I am pleased with our accomplishments during the second quarter and the overall rate of growth that we are experiencing in our company, both in terms of growing top-line and bottom-line results,” said Timothy R. Wallace, Trinity’s Chairman, CEO and President. “During the second quarter, our businesses continued to perform well as they responded to various conditions within their respective markets.” Mr. Wallace continued, “During the second half of 2012, we are repositioning a portion of our production capacity to meet the growing demand for products serving the oil, gas, and chemicals industries. These products are well aligned with our core competencies. Repositioning will include, among other things, the conversion of certain facilities from manufacturing wind towers to railcars. These initiatives will enhance our ability to meet market demand and achieve additional operating leverage in the future. As we shift a portion of our production capacity to pursue these opportunities, there are multiple variables that can influence the timing of events pertaining to quarterly financial results. As a result, the earnings guidance we are providing is for the second half of 2012, rather than quarterly guidance.” Inland Barge Group reported revenues of $173.9 million, a 48% increase compared to second quarter 2011. The increase in revenues was due to higher volumes and a change in mix of barge types. Increased volume was primarily due to the recovery from flooding that reduced production levels second quarter last year. Operating profit for this Group was $36.6 million in second quarter 2012, a 92% increase compared to second quarter 2011. The increase in operating profit was primarily due to higher volumes, the mix of barge types delivered, and the delivery of an order of specialty barges during the quarter. During second quarter 2012, the Inland Barge Group received orders of approx. $203 million, and as of June 30, 2012 had a backlog of approx. $542 million compared to a backlog of approx. $512 million as of March 31, 2012.
Tidewater Inc. reported first quarter net earnings for the period ended June 30, 2012, of $32.9 million on revenues of $294.4 million. For the same quarter last year, net earnings were $24.6 million on revenues of $254.6 million. The immediately preceding quarter ended March 31, 2012, had net earnings of $33.6 million on revenues of $289.4 million. Primary driver of Tidewater’s business, and revenues, is the level of its customers’ capital and operating expenditures for oil and natural gas exploration, field development and production. These expenditures, in turn, generally reflect expectations for future oil and natural gas prices, economic growth, hydrocarbon demand and estimates of current and future oil and natural gas production. The prices of crude oil and natural gas are critical factors in exploration and production (E&P) companies’ decisions to contract drilling rigs and offshore service vessels in the various international markets or the U.S. Gulf of Mexico, with the various international markets being largely driven by supply and demand for crude oil, and the U.S. Gulf being influenced both by the supply and demand for natural gas (primarily in regards to shallow water activity) and the supply and demand for crude oil (primarily in regards to deepwater activity).

Crude oil prices trended downward during the quarter ended June 30, 2012 on concerns that the global economic recovery is losing steam. Renewed concerns regarding prolonged levels of relatively high unemployment in the U.S. and other advanced economies, along with a worsening fiscal and financial uncertainty in certain Euro-zone countries, and inflation risks in emerging economies, have softened global demand for crude oil in the near term. The OPEC, at its meeting held in June 2012, stated that because of the downside risks to the global economy in the near term, despite seasonally higher demand, it will maintain current crude oil production levels (approx. 30 mb/d) to ensure that supply and demand for crude oil is balanced. OPEC further expressed that it will strive to meet consumer demand, crude oil market stability, and other coordinated efforts to respond quickly to market developments to ensure balanced global supply of crude oil at a time when, despite the current economic uncertainties, long-term demand for crude oil is expected to grow. Tidewater anticipates that its longer-term utilization and day rate trends for its vessels will continue to be correlated with demand for and the price of crude oil, which in mid-July 2012, was trading around $87 per barrel for West Texas Intermediate (WTI) crude and around $103/bbl for Intercontinental Exchange (ICE) Brent down from $105/bbl for WTI and $120 for ICE in mid-April 2012. High crude oil prices generally bode well for increases in drilling and exploration activity, which would support increases in demand for Tidewater’s vessels. Conversely, downward pricing trends result in lower E&P expenditures by Tidewater’s customers and accordingly, lower demand for Tidewater’s vessels.

Natural gas prices continue to be weak due to the rise in production of unconventional gas resources in North America (in part due to increases in onshore shale production resulting from technological advancements in horizontal drilling and hydraulic fracturing) and the commissioning of a number of new, large, LNG exporting facilities around the world, which have contributed to an oversupplied natural gas market. The price of natural gas trended slightly higher during the quarter ended June 30, 2012 due to increased demand for natural gas as a result of the industrial sector switching from coal-to-gas. In addition, some production shut-ins of natural gas wells have occurred, but to date such shut-ins have not yet had a significant impact on natural gas pricing, in part because a considerable amount of natural gas is being derived as a byproduct of drilling crude oil and natural gas liquids-oriented wells in liquid rich basins onshore, which is contributing to an oversupplied market. As of mid-July 2012, natural gas was trading in the U.S. in the $2.85 to $2.95/Mcf range up from the $1.85 to $2.05 range in mid-April 2012. The dynamic of oversupplied natural gas inventories in the U.S. exerts downward pricing pressures on natural gas prices in the U.S. Prolonged increases in the supply of natural gas (whether supply comes from conventional or unconventional natural gas production or gas produced as a byproduct of crude oil production) generally will continue to suppress prices for natural gas, although over the longer term may also lead to increased demand for the resource. High onshore gas production along with a prolonged downturn in natural gas prices can negatively impact the offshore exploration and development plans of E&P companies, which in turn, would result in a decrease in demand for offshore support vessel services, primarily in the Americas segment (specifically Tidewater’s U.S. operations where natural gas is the relatively more predominant exploitable hydrocarbon resource).
Certain energy industry analysts are reporting in their 2012 Mid-Year E&P Expenditure (both land-based and offshore) Surveys that global capital expenditure budgets for E&P companies are forecast to increase by approx. 11% over calendar year 2011 levels with international spending driving the increase. The surveys forecast that international capital spending budgets will increase 12% (originally forecast at 9% in the year-end 2011 surveys) over calendar year 2011 levels while North American capital spending budgets (primarily oil drilling related as natural gas directed drilling is forecast to decline) are forecast to increase 9% (originally forecast at 11%) over calendar year 2011 levels. It is anticipated by these analysts that the North American capital budget increases will primarily be spent onshore rather than offshore, while international E&P spending is expected to be largely offshore, with the strongest markets expected to include Asia, Latin America, Europe, and the Middle East. Capital expenditure budgets incorporated into spending surveys were based on an approx. $90 WTI average price per barrel of oil, which is above the current WTI market prices for crude oil. Analysts also report that declines in capital budgets for natural gas-focused spending in North America were offset by higher levels of drilling for oil.

Deepwater activity continues to be a significant segment of the global offshore crude oil and natural gas markets, and deepwater activity has also been a source of growth for Tidewater. Deepwater activity in non-U.S. markets did not experience significant negative effects from the 2008-2009 global economic recession, largely because deepwater oil and gas development typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the participating exploration, field development and production companies using relatively conservative assumptions relating to crude oil and natural gas prices. These projects are, therefore, considered less susceptible to short-term fluctuations in the price of crude oil and natural gas. During the past few years, worldwide rig construction increased as rig owners capitalized on the high worldwide demand for drilling and low shipyard and financing costs. Reports published by ODS-Petrodata in mid-July 2012 suggest that the worldwide movable drilling rig count (currently estimated at approx. 860 movable offshore rigs worldwide, approx. 45% of which are designed to operate in deeper waters) will increase as approx. 195 new-build offshore rigs that are currently on order and under construction are delivered, primarily over the next three years. Of the estimated 860 movable offshore rigs worldwide, approximately 640 are currently working. It is further estimated that approx. 50% of the new-build rigs are being built to operate in deeper waters, suggesting that the number of rigs designed to operate in deeper waters could grow in the coming years to nearly 50% of the market. Investment is also being made in the floating production unit market, with approximately 70 new floating production units currently under construction and expected to be delivered primarily over the next three years to supplement the current approx. 355 floating production units worldwide.

According to ODS-Petrodata, the global offshore supply vessel market in mid-July 2012 had approx. 415 new-build offshore support vessels (platform supply vessels and anchor handlers only), under construction that are expected to be delivered to the worldwide offshore vessel market primarily over the next two years. The current worldwide fleet of these classes of vessels is estimated at approx. 2,775 vessels, of which Tidewater estimates more than 10% are stacked. An increase in worldwide vessel capacity would tend to have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity. The worldwide offshore marine vessel industry, however, also has a large number of aged vessels including approx. 717 vessels, or 26%, of the worldwide offshore fleet, that are at least 25 years old and nearing or exceeding original expectations of their estimated economic lives. These older vessels, approximately one-third of which Tidewater estimates are already stacked, could potentially be removed from the market within the next few years if the cost of extending the vessels’ lives is not economically justifiable. Although the future attrition rate of these aging vessels cannot be determined with certainty, Tidewater believes that the retirement of a sizeable portion of these aged vessels could mitigate the potential combined negative effects of new-build vessels on vessel utilization and vessel pricing. Additional vessel demand could also be created by addition of new drilling rigs and floating production units that are expected to be delivered and become operational over the next few years, which should help minimize the possible negative effects of the new-build offshore support vessels being added to the offshore support vessel fleet.
At June 30, 2012 Tidewater had 324 owned or chartered vessels (excluding joint-venture vessels and vessels withdrawn from service) in its fleet with an average age of 13.5 years. The average age of 218 newer vessels acquired or constructed since calendar year 2000 as part of Tidewater's new-build and acquisition program is 5.7 years. The remaining 106 vessels have an average age of 29.5 years. During quarters ended June 30, 2012 and 2011, Tidewater's newer vessels generated $263.3 million and $211.0 million, respectively, of revenue and accounted for 98%, or $121.9 million, and 91%, or $91.7 million, respectively, of total vessel margin.

Tidewater's consolidated net earnings for the first quarter of fiscal 2013 increased 34%, or $8.3 million, compared to the same period in fiscal 2012, due to a 16% increase in total revenues, partially offset by a 9%, or $13.5 million increase in vessel operating costs, an 8%, or $3.1 million, increase in general & administrative costs, and a $3.5 million, or 87%, increase in interest and other debt costs. Tidewater recorded $294.4 million in revenues during first quarter fiscal 2013, which is an increase of $39.8 million over revenue earned during the same period of fiscal 2012.

Tidewater’s Americas-based vessel revenues decreased approximately 4%, or $3.0 million, during first quarter fiscal 2013 compared to the revenues earned during the same period in fiscal 2012, primarily due to $1.3 million and $1.6 million lower revenues earned on the towing supply/supply and other classes of vessels, respectively. Americas-based vessel operating costs decreased 4%, or $1.8 million, during first quarter fiscal 2013 compared to the same period in fiscal 2012. Revenues on towing supply/supply vessels decreased $1.3 million, or 4%, during the comparative periods, due to a smaller number of towing supply/supply vessels operating in this segment because of vessels transferring to other segments and because of vessel sales. Revenues on the other class of vessels decreased $1.6 million, or 18%, during the same comparative periods, primarily because fewer other vessels are operating in the Americas segment due to vessel sales. Total utilization rates for Americas-based vessels increased 9 percentage points, during first quarter fiscal 2013 compared to first quarter fiscal 2012; however, this increase is primarily a result of sale of 24 older, stacked vessels from the Americas fleet during the fifteen month period ended June 30, 2012. Vessel utilization rates are calculated by dividing the number of days a vessel works by the number of days the vessel is available to work. As such, stacked vessels depressed utilization rates during comparative periods because stacked vessels are considered available to work and are included in the calculation of utilization rates. Within the Americas segment, Tidewater continued to stack, and in some cases dispose of, vessels that could not find attractive charters. At the beginning of fiscal 2013, Tidewater had 21 Americas-based stacked vessels. During first quarter fiscal 2013, Tidewater stacked four additional vessels and sold no vessels from the previously stacked fleet, resulting in a total of 25 stacked Americas-based vessels as of June 30, 2012.

Asia/Pacific-based vessel revenues increased 46% or $16.2 million, during first quarter fiscal 2013 compared to first quarter fiscal 2012, due to a 22 percentage point increase in utilization and 50% increase in average day rates on deepwater vessels which resulted in a $9.4 million increase in revenues as vessels were put to work following resolution of delays on certain customer projects. In addition, revenue on towing supply/supply vessels increased $7.1 million, or 38%, during the same comparative periods, due to a 12 percentage point increase in utilization and a 14% increase in average day rates due to stronger demand for this class of vessel in this segment. At the beginning of fiscal 2013, Tidewater had 16 Asia/Pacific-based stacked vessels. During first quarter of fiscal 2013, Tidewater stacked no additional vessels and sold two vessels from the previously stacked vessel fleet, resulting in a total of 14 stacked Asia/Pacific-based vessels as of June 30, 2012. Middle East/North Africa-based vessel revenues increased $6.4 million, or 25%, during first quarter fiscal 2013 compared to first quarter fiscal 2012, primarily due to a 20 percentage point increase in utilization rates and a 27% increase in average day rates on towing supply/supply vessels, which resulted from resolutions of delays with acceptance of some vessels (and cancellation of other vessels) as part of a multi-vessel package committed to charter hire contracts with one customer in the Middle East. This resulted in a $6.5 million increase in towing supply/supply revenue. At the beginning of fiscal 2013, Tidewater had seven Middle East/North Africa-based stacked vessels. During first quarter fiscal 2013, Tidewater stacked no additional vessels and sold no vessels from the previously stacked vessel fleet, resulting in a total of seven stacked Middle East/North Africa-based vessels as of June 30, 2012.
Sub-Saharan Africa/Europe-based vessel revenues increased 16%, or $17.2 million, during first quarter fiscal 2013 compared to first quarter fiscal 2012, primarily due to a three percentage point increase in utilization rates and an 11% increase in average day rates on deepwater vessels resulting from an increase in the number of deepwater vessels operating in the segment due to delivery of new vessels and vessels mobilizing into this segment. Revenue increases by deepwater vessels were partially offset by a decline in revenue from towing supply/supply and other classes of vessels. Vessel revenue on towing supply/supply vessels and other class of vessels decreased 7% and 17%, or $3.6 million and $3.3 million, respectively, primarily due to a fewer number of towing supply/supply and other vessels operating in this segment because of vessels mobilizing to other segments where there was stronger demand for these classes. Vessel sales also contributed to decline in revenues (particularly for towing supply/supply vessels) during the comparative periods; however, the majority of sold/disposed vessels were stacked vessels that generated no revenue for Tidewater. Within the Sub-Saharan Africa/Europe segment, Tidewater also continued to stack, and in some cases dispose of, vessels that could not find attractive charters. At the beginning of fiscal 2013, Tidewater had 23 Sub-Saharan Africa/Europe-based stacked vessels. During first quarter fiscal 2013, Tidewater stacked three additional vessels and sold six vessels from the previously stacked vessel fleet, resulting in 20 stacked Sub-Saharan Africa/Europe-based vessels as of June 30, 2012.

At June 30, 2012, Tidewater had one 8,200BHP AHTS under construction at an international shipyard, for a total expected cost of $24.0 million. This vessel will be delivered mid-August 2012. As of June 30, 2012, Tidewater had invested $19.1 million in this vessel. Tidewater is also committed to construction of one 261’ deepwater PSV, one 215’ deepwater PSV, and two 300’ deepwater PSVs. The two 300’ deepwater PSVs were acquired one vessel from a third party. One of the delivered vessels is a 286’ PSV, which was constructed at an international shipyard for $30.1 million. The other vessel delivered during first quarter fiscal 2013 is a towing supply/supply class PSV vessel of 8,200BHP. This vessel was constructed at a different international shipyard for $23.7 million. Tidewater also acquired a 246’ deepwater, PSV for $19.4 million.

During the quarter ended June 30, 2012, Tidewater disposed of nine vessels, including three AHTSs and two PSVs. Three of the nine vessels were disposed from the Asia/Pacific fleet and the other six were disposed from the Sub-Saharan Africa/Europe fleet. During first quarter fiscal 2013, Tidewater took delivery of two newly-built vessels and acquired one vessel from a third party. One of the delivered vessels is a 286’ deepwater PSV, which was constructed at an international shipyard for $30.1 million. The other vessel delivered during first quarter fiscal 2013 is a towing supply/supply class, AHTS vessel of 8,200BHP. This vessel was constructed at a different international shipyard for $23.7 million. Tidewater also acquired a 246’ deepwater, PSV for $19.4 million.

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**Notes:**

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Fairmount Alpine’s 16,300HP tug “Fairmount Sherpa” has delivered the 149.4m x 24.0m x 12.6m drillship “Peregrine 1” (ex-Onyx, Mikhail Mirchink) safely in Singapore. The Bahamas flagged “Peregrine 1” was towed from Salvador in Brazil to Singapore. For this job the 75m, 2005 built “Fairmount Sherpa” was mobilized from Rio de Janeiro where the tug had delivered the rig “Odn Tay IV”. Upon arrival in Salvador the Fairmount team prepared the “Peregrine 1” for towage. After these preparations, “Fairmount Sherpa” commenced the tow across the Atlantic, clearing Cape of Good Hope and across the Indian Ocean towards Singapore - a voyage of over 9,100 miles, which was done at an average speed of 8.5kn. En route a bunker stop was made in Port Louis, Mauritius. The 1982 built, “Peregrine 1”, is owned by U.S. company La Patagonia Offshore. The 7,425mtdw drillship had to be towed to a shipyard in Singapore for repairs and modifications......Fairmount’s tug “Fairmount Alpine”, sister to the “Sherpa”, towed the 11,165dwt “Elbcarrier” safely into a Guatemalan port after the vessel was drifting off the island of Cozumel off the eastern coast of Mexico’s Yucatan Peninsula after the Antigua and Barbuda flagged ship suffered an engine failure. “Fairmount Alpine” was mobilized from the port of Kingston, Jamaica, arriving at the location of the disabled ship within 36 hours and able to connect up in short time. “Fairmount Alpine” towed the 139.6m x 22.2m x 9.5m depth ship to Santo Tomas de Castilla, Guatemala. The voyage of 321 nautical miles took only two days, with an average speed of 6.4 knots. “Elbcarrier” is a German owned container vessel flying the flag of Antigua & Barbuda and built in 2007. The vessel, with a cargo capacity of 974 TEU, was on its southbound voyage from Port Everglades, Florida to Santo Tomas de Castilla, Guatemala......Fairmount Marine’s 205 ton bollard pull super tugs “Fairmount Glacier” and “Fairmount Summit” delivered the Bahamas flagged FPSO “Cidade de Anchiceta” (ex-FPSO Espadarte, FPSO VI, Berge Pilot, Berge Beauvagine, Beaurivage) in the Baleia Azul Field, offshore Rio de Janeiro, Brazil. After mobilization, Fairmount Class tugs “Fairmount Glacier” and “Fairmount Summit” hooked up with the FPSO, which had undergone a fast track upgrading at a shipyard in Singapore. The convoy set sail on June 15th for the 9,500nm voyage. Only one bunker stop was made in Cape Town, South Africa while enroute. “Fairmount Glacier”, the lead tug, and “Fairmount Summit” delivered the “Cidade de Anchiceta” in the Baleia Azul Field in the early morning hours of August 2nd. Both tugs towed the 344.5m x 51.9m x 28.4m “Cidade de Anchiceta” from Singapore to Brazil at a record breaking average speed of 8.4kn. The 1975 build FPSO is owned by SBM Offshore NV. After modification and upgrading in Singapore, the FPSO was leased by Petrobras for an 18 year operation.

Five years ago, the Panama Canal Expansion broke ground at Paraiso Hill and, as of August 31, 2012, the program’s advance was estimated at 44.5%. “The Panama Canal Expansion Program is moving forward at a good pace. The program has made positive contributions to Panama’s economy such as direct employment, investments, knowledge and technological transfer,” said Panama Canal Administrator/CEO Jorge L. Quijano. To date, three of the four dry excavation projects have been completed and the 4th project reached 67% through August 31. Dredging of the Pacific and Atlantic entrances and of Gatun Lake are advancing as scheduled with progress reaching 92%, 98%, and 76% respectively. Locks design and construction has reached 31%. Locks gates are being fabricated in Italy and the first four gates should be shipped to Panama during first quarter 2013. The last four gates should be in Panama first quarter 2014. Valves are being fabricated in Korea and delivery of valve components to Panama has been ongoing for some time and are being incorporated into the lock structure. The contractor is expected to complete the main lock structure and begin pre-commissioning tests in the dry during first quarter 2014, with flooding of the locks and final commissioning planned to start in September 2014.
Grupo TMM, S.A.B., reported financial results for second quarter of 2012. José F. Serrano, chairman and chief executive officer of Grupo TMM, said, "In the 2012 second quarter, consolidated revenue decreased compared to the 2011 period, driven mainly by lower tariffs and lower utilization at the product tanker segment, reduced operations at Acapulco and the volatility of the peso versus the dollar, all of which is more difficult to overcome in a contracted revenue environment. However, 2012 second-quarter and first six-month utilization at the offshore segment was 88.5 percent and 90.4 percent, respectively. In the first six months of 2012, we renewed six contracts for three-year terms each, and in July we renewed two contracts for two-year terms each, all of which will improve our Maritime division results going forward. To date, the Maritime division’s backlog is $167.6 million." Serrano concluded, "We believe we are close to reaching an agreement for the financial implementation of the development of a container and liquids terminal at the Port of Tuxpan. Once completed, this terminal will strategically position TMM in this lucrative sector. Additionally, we continue to work to expand the Company’s revenue and profit base through the addition of specialized offshore vessels to TMM’s fleet."

Compared to the same periods of last year, consolidated revenue in the 2012 second quarter and first six months decreased 12.8% and 8.7%, respectively. Second-quarter and first six-month 2012 consolidated operating profit was $1.7 million and $6.0 million, respectively. Operating profit in the 2011 second quarter included other income net of $6.4 million, which was mainly attributable to the recovery of certain tax incentives. Excluding this one-time event, operating profit decreased $2.6 million in the second quarter of 2012 and decreased $3.7 million in the first six months of 2012, compared to the same periods of last year. Consolidated EBITDA decreased 41.8% to $14.2 million in the 2012 second quarter compared to $24.4 million in the 2011 second quarter and decreased 26.6% to $31.4 million in the 2012 first six months compared to $42.8 million in the 2011 first six months.

Maritime revenue decreased 8.5% and 2.3% in the 2012 second quarter and first six months, respectively, compared to the same periods of last year, mainly driven by revenue losses at product tankers due to increased off-hire days, as well as by lower average daily tariffs compared to the same periods of 2011. These losses were partially offset by $1.8 million of revenue from TMM’s shipyard at Tampico recorded in the first six months of 2012. Comparing the first six months of 2012 with the same period of 2011, offshore revenue increased 0.4% to $50.3 million, due mainly to increased revenue days; product tanker revenue decreased 16.8% to $13.9 million, attributable mainly to increased off-hire days and lower average tariffs, as mentioned above; chemical tanker revenue decreased 18.4% to $8.0 million as a result of lower volumes; and harbor tugs revenue increased 7.5% to $7.2 million mainly due to higher tariffs per ship call and to the addition of tug services to a new LNG terminal at Manzanillo in March. Maritime operating profit decreased 20.6% and 12.7% in the 2012 second quarter and first six months, respectively, compared to the same periods of last year, due mainly to operating losses at product tankers as a result of two vessels that were unemployed for the larger part of this year’s first quarter and one unemployed vessel in the second quarter, which increased operating costs. Maritime profit reductions were partially offset by improvements at chemical tankers in both reported periods compared to last year, as this business segment recorded $0.9 million of gross profit in the first six months of 2012 compared to a gross loss of $0.3 million in the first six months of 2011. Additionally, TMM’s shipyard contributed $0.5 million of profit in the first six months of 2012.

TMM is a major shipping company that provides transport services for chemicals, molasses and vegetable oils between Mexican and U.S. ports in the Gulf of Mexico. It operates a modern fleet of two chemical tankers equipped with stainless steel and Marine Line coated tanks and heating and cleaning systems which permit the suitable and safe handling of every product TMM transports. Since 1992 Grupo TMM has provided transportation of clean petroleum products for “Pemex Refinación” in cabotage trades and for third parties in international trades. Its operations are carried also in the international market out in compliance with the highest international standards in order to ensure a safe and reliable operation to its customers. Grupo TMM currently operates a fleet of six product and two chemical tankers.

Since 1997 Grupo TMM has offered a towing service at the port of Manzanillo, Colima, Mexico’s busiest commercial port. Grupo TMM has five tugboats.
Marcon International, Inc.
Tug Boat Market Report – August 2012

ULTRAPETROL

Ultrapetrol (Bahamas) Limited, serving three markets (River Business, Offshore Supply Business and Ocean Business), recorded second quarter 2012 revenues of $79.5 million, compared to $70.0 million same quarter 2011. Adjusted net loss for the second quarter of 2012 was $8.0 million as compared with net loss of $6.0 million during the same period of 2011. Second quarter 2012 net loss includes a $2.6 million gain for deferred taxes on an unrealized foreign currency exchange loss on U.S. dollar-denominated debt of Ultrapetrol's Brazilian subsidiary in the Offshore Supply Business. Including the effect of this gain, the net loss for the second quarter of 2012 was $5.4 million.

Felipe Menéndez, Ultrapetrol's President and CEO, stated, “During this quarter our River Business suffered from the drought which has cut the soybean crop in the Hidrovia region in 2012 in half. We partially substituted the soybean volume lost with iron ore but the margins that we expect to obtain are lower and the longer distances involved in the transportation make our pushing capacity a limiting factor. As a compensating element our barge shipyard has secured orders to build 38 dry barges and 14 tank barges to be delivered beginning in the second half of 2012 through April 2013 for a total consideration of approximately $63.0 million. We estimate that with the deliveries that will take place through the end of 2012 we will obtain a consideration of approximately $43.0 million to partially compensate for the lower margins related to the increased transportation of iron ore as a result of the drought.” Mr. Menéndez continued, “During this quarter we took delivery of our first new building from India ‘UP Jade’. The ship commenced her four year charter with Petrobras at $33,000 per day on August 10, 2012. With this addition plus the increase in rate that we expect to obtain from ‘UP Agua-Marinha’, ‘UP Topazio’ and ‘UP Diamante’ whose old charters expire in the fourth quarter, we expect to have significant additional EBITDA generation in the second half of 2012. Our remaining three new buildings are scheduled for delivery in October and December 2012 and March 2013 respectively so this time next year our operating fleet in our Offshore Supply Business is expected to be 50% larger than it was in the second quarter 2012.” Len Hoskinson, Ultrapetrol's Chief Financial Officer, said, “In August 2012 we secured a $10.0 million bridge loan from DVB to complete the pre delivery financing of ‘UP Pearl’ and ‘UP Onyx’ at the yard in India. We are in the process of organizing the new post-delivery financing of all four of the Indian PSVs which we expect to complete in the second half of the year.”

As a consequence of the combined effect of a severe drought that affected the soybean production in the region and the lower than usual water levels in the Upper Paraguay River at the beginning of the second quarter Ultrapetrol’s River Business experienced a 7% decrease in the volume of cargo transported in the second quarter of 2012 as compared with the same period of 2011. Second quarter 2012 River Business segment adjusted EBITDA decreased to $5.4 million from $5.9 million when compared to the same period of 2011. According to the United States Department of Agriculture, the soybean crop in Paraguay for 2012 has dropped to 4.0 million tons down from 8.4 million tons in 2011, a decrease of 52% year over year. This decrease is mainly attributable to the effects of a severe drought and higher than average temperatures in January and February in large parts of Argentina and central Brazil as well as Paraguay. Soybean and particularly the early variety crop in Paraguay suffered severe impacts on its yields. Compounding this effect, low river levels limited the draft at which Ultrapetrol could operate through the Upper Paraguay River at the beginning of the second quarter.

Partially offsetting the milder prospects for agricultural products in the Hidrovia region for 2012, iron ore production in the three mines connected with the river system has increased substantially. As a result, cargo mix for the first half of 2012 has shown a stronger skew for iron ore as a result of Ultrapetrol's efforts to fix the available capacity left by agricultural products on contracts for carrying iron ore. Although these ore volumes are partially replacing the decrease in soybean cargo, such replacement is showing the lower margins associated to this type of cargo on account of longer round trips and consequent higher fuel consumption. Additionally, this temporary shift in Ultrapetrol's cargo mix towards a larger share of iron ore places more pressure on its pushing capacity. Ultrapetrol continues to add capacity and implement various margin expansionary initiatives to profitably capitalize on the segment’s long term growing demand of the agricultural sector along the Hidrovia which remains strong. Seeded area is expected to continue to grow fostered by the strong prices of soybean and other agricultural commodities. This steady long-term growth trend represents an important demand driver for Ultrapetrol's future River Business.

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Details believed correct, not guaranteed. Offered subject to availability.
Ultrapetrol’s barge building shipyard, which it believes is one of the most modern in South America, has been in operation since first quarter 2010. During second quarter 2012 Ultrapetrol entered into three very significant contracts to build barges for third parties. On April 25, 2012, Ultrapetrol entered into a barge building contract where it agreed to build a total of 24 jumbo barges (these barges when built will be leased by Ultrapetrol for 10 years) in its Punta Alvear yard. On May 18, 2012, Ultrapetrol entered into a contract to build for a third party 14 liquid and dry barges for a total of $20.3 million. On July 24, 2012, Ultrapetrol entered into a similar contract to build for the same buyers another 14 liquid and dry barges for a total of $20.3 million. In both these sales the barges will be exported to Colombia and buyers have advanced 50% of the purchase price. With these orders the yard will be fully employed until end first quarter 2013. Ultrapetrol expects that all of the 24 barges of the first order and all of the 14 dry and liquid barges of the second order will be delivered in the third and fourth quarter of 2012. The resulting adjusted EBITDA will be reported during the second half of this year (none of these deliveries have taken place yet; the first three barges are scheduled to be delivered the third week of August). Ultrapetrol has continued its re-engining and re-powering programs that aim to convert engines on eleven of its main pushboats from diesel to heavy fuel. Having finalized re-engining of two pushboats in the second quarter of 2012, six heavy fuel-consuming pushboats are now in operation (compared to only two such pushboats in operation a year ago) and the next re-engined pushboat is expected to commence operation within first quarter 2013 bringing the total to seven where Ultrapetrol has installed 17 out of a total of 25 new engines purchased. Ultrapetrol expects this program to lead to substantial savings in fuel expense and to an increase in tow size and navigation speed which will enhance EBITDA margins in the future.

Sociedad Matriz SAAM S.A. of Valparaiso, Chile currently owns and operates a tug fleet of 126 units (including 7 units under construction) in 11 countries, distributed along the most important Chilean ports, and overseas, operating in the main ports of Peru, Ecuador, Mexico, Colombia, Uruguay, Brazil, Guatemala and Costa Rica. 66, or 52.4% of the tug fleet, is fitted with azimuthing propulsion. During the next five years 2012 - 2016, SAAM plans to double EBITDA in their three divisions of Port Terminals, Towage and Logistics with potential investment of $2.4 billion in terminals, $900 million in the tugboat sector and $600 million in the logistics. Included in the $900 million tug investment to sustain a leading role in port activities in the Americas is a maintenance plan for fleet modernization and acquisition, boost their presence in the oil and gas markets with larger vessels, further port tug operator acquisitions especially in countries that SAAM currently does not have a presence and entering the river transport market in Brazil, Colombia and Argentina through acquisitions and/or new operations. Financing for the expansion is expected to come through SAAM’s own resources, strategic partners and indebtedness in the capital market. SAAM’s 2011 revenue for 2011 was $641 million with an EBITDA of $156 million. The towage division brought in combined consolidated and affiliated revenues of $185 million during 2011. During the first six months of 2012, the towage sector’s combined revenues were $96 million, up 6.7% from the same period during 2011.

In addition to Port Terminals, logistics, shipyards and offshore support vessels, Wilson, Sons currently operate a fleet of 76 tugs operating in all major ports of Brazil. Net revenues for 2011 totaled $698.0 million, of which the towage sector brought in $167.4 million (24% of total 2011 revenues) and offshore $41.4 million (6% of 2011 total revenues), all three revenue figures up from 2010. 84.8% of total towage revenues were earned from harbor work, while 15.2% came from special operations such as FPSO and ocean towage, salvage, LNG operations and support to FPSO construction. In addition to the tugs, Wilson, Sons also owns 14 owned PSVs plus three flag-cover AHTSs as of August 2012. Wilson, Sons shipyards have also delivered a total of 10 PSVs and 25 tugs between 2004 – 2011 and currently have two Damen design tugs and nine Damen PSVs or other offshore support vessels up to 4,500dwt on the order-book through 2014 at their Guaruja yard and eight
FPSOs and three drilling ships on the order-book through 2017 at their Rio Grande Ltda. shipyard.
Recent News – Europe and Mediterranean

The Italian-American Consortium, Titan / Micoperi, presented the detailed engineering and design plan for the removal of the wreck “Costa Concordia” to representatives from Osservatorio during a regularly scheduled meeting on 13th August. The presentation confirmed the previously presented and shared phases of the plan. Activities in recent months have focused on the testing of the various technologies required to successfully execute the operation and the increasing need to prevent or contain any potential impacts to the surrounding environment. To date, all suppliers of the materials and work required have been secured. The drilling techniques that will be used have been selected carefully and the seabed has been mapped, which will aid in minimizing the effects on the marine environment. The marine environment (turbidity, sediments distribution, current patterns, sea mammals, etc.), as well as the land environment (air quality, noise, vibrations, etc.), have been evaluated. Diligent monitoring of these environments will be in place once the drilling begins to minimize the impact. As the plan progresses, the various phases will be confirmed with the Osservatorio team and the technicians who operate on site to ensure feasibility and well-being of the ecosystem surrounding the wreck. Orders were recently placed for all the supplies, components and materials necessary for operations. These purchases will have a positive impact on Italy’s national industry and the local economy. The wreck removal plan has a new predicted timeline that estimates the parbuckling and refloating to be complete by Spring of 2013. This time schedule is dependent in part upon subcontractor deliverables and schedules, and will preserve the upcoming summer season. The consortium of Titan-Micoperi, along with Costa Crociere and the Osservatorio, remains committed to pursuing all appropriate solutions that improve the time frame of the wreck removal.

TOS (Transport & Offshore Services) is delivering both 28.4m x 8.5m x 3.4m twin screw sister-tugs “Zweden” (ex-Smit Zweden) and “Rusland” (ex-Smit Rusland) from Sliedrecht, The Netherlands on behalf of new owners Marsadel Co. Ltd. of Gibraltar. Both tugs were built for Smit Harbor Towage of Rotterdam in 1979 by BV Scheepswerf & Mfbk De Merwede in Hardinxveld, Netherlands and powered by a pair of 699kW Kromhout-Stork Werkspoor 6F240 diesels developing a total of 1,900HP to CP props. New owners reportedly plan to use both tugs hauling construction and dredging equipment along the North and West African coasts.

Rimorchiatori Riuniti’s 7,180BHP VSP tug “Spinola” was chartered in June by PB Tankers to carry out the unmooring operations and general assistance to the 280m x 40.8m x 22m FSO “Alba Marina” off Termoli in the Adriatic Sea. Four tugs were employed in this operation. The tug left Malta on 16th June and successfully concluded the operation on 26th June, berthing again back in Malta on 29th June ready to start new employment.

The 4,200HP, 23.8m ASD tug “VB Cádiz” and sister tug “VB Jerez”, both built in 2006 and from the fleet of Boluda Towage and Salvage, took part in the docking and departure of two large sail training ship from the Royal Spanish and Italian navies, the 113m, four-masted topsail schooner “Juan Sebastián de el Cano” and the 101m, three-masted, full rigged ship “Américo Vespucci” respectively, in occasion of the bicentenary of the Spanish Constitution. Both vessels participated in the Great Race that took place in the waters off Cádiz. Nearly half a hundred big ships participated in the competition that brought thousands of spectators in the bay of Cádiz, where the “Juan Sebastián de el Cano” was built 85 years earlier. The steel hulled “Américo Vespucci” was built in 1930 at the (formerly Royal) Naval Shipyard of Castellammare di Stabia in Naples in the style of large late 17th century 74-gun naval ships of the line.
On Friday 13th July, 2012, Tsavliris Salvage Group of Piraeus dispatched their salvage tug “Tsavliris Hellas” (ex-Zouros Hellas, Magdelan Sea, Salvor General, Abeille Normandie), from her Ponta Delgada salvage station, to the assistance of the Marshall Islands flagged, Turkish owned, 9,370dwt general cargo vessel “Faruk Kaan”, laden with about 7000mt of steel products, disabled about 700 nautical miles northwest of Cape Verde Islands. The convoy arrived safely at Mindelo outer anchorage under tow on 25th July, 2012. On 29th July the 2005 built, 126.1m x 20.0m x 10.4m depth vessel was shifted to Mindelo inner anchorage and redelivered to her owners. “Tsavliris Hellas” was originally built in 1977 by Beliard-Murdoch S.A. for Les Abeilles and powered by a pair of SACM AGO 240V20ESHR diesels with 4-blade CP props in Tow Master nozzles developing a total of about 10,000HP and bollard pull of about 110 tons. Les Abeilles International operated the tug for 10 years and sold her to Venezuelan interests. In 1990, Marcon arranged for the purchase of “Salvor General” as she was then known and her sister-tug “Salvor Commander” (ex-Abeille Provence) to Secunda Marine Services of Canada under whose ownership she operated until 2004.

After a short maintenance period, at the end of August, Van Wijngaarden Marine Services’ tug / workboat “Gouwestroom” departed The Netherlands for a journey of about 5,700nm to the Caribbean via Tenerife, Canary Islands; Mindelo, Cape Verde and St. Eustatus; Netherlands Antilles. The 20.7m x 6.5m x 2.48m depth, 1,460BHP “Gouwestroom” will act in a beach replenishment project assisting by connecting the floating pipeline to the trailing suction hopper dredger, survey operations, transport of crew / stores and all other common activities. The 1998 built, twin screw tug is powered by a pair of 536kW GM 16V92TA diesels, Twin Disc MG 5202 5.04:1 gears and fixed pitch props in kort nozzles. “Gouwestroom” has tankage for 35,000L fuel and 18,000L water and is classed by Bureau Veritas.

Harms Bergung’s 192 ton bollard pull, 19,000BHP AHT “Magnus” built 2006, 207 ton bollard pull, 19,000BHP “Taurus” built 2007 and 100 ton bollard pull, 8,078BHP AHT “Pegasus” built 2009 were involved in the Saipem summer season projects in the North Sea. The “Magnus” was the first vessel released from the contracts after which it mobilized to Greece for the tow of the jack-up rig “B319” recently built by Keppel FELS in Singapore to Giresun in Turkey through the Bosphorus….. The 104 ton bollard pull, 8,078BHP AHT “Centaurus” built in 2009 towed the 28,824dwt self-discharging laker “Don” (ex-Gordon C. Leitch, Ralph Misener) from Montreal to Aliaga, Turkey where the 222.5m x 23.0m x 12.8m ship was broken up by Oge Gemi Sokum Ihracat Ithalat. The ship was originally built by Canadian Vickers Ltd. of Montreal in 1968 for Misener Shipping Ltd…… Previous to the August scrap tow, “Centaurus” was fixed in July for a move of the independent leg cantilever jack-up rig “Rowan Gorilla VII” and scheduled to go on hire to Apache, after completing a charter on-hire to Heerema Marine Contractors supporting their 201m x 88.4m x 49.5m deep water construction vessel “Thialf”.

As of 31st August, the inspectors on board the 85,823dwt, abandoned 6,732TEU container ship “MSC Flaminia” found no objections to the vessel transiting the English Channel to her port of refuge in Germany. The 300m x 40m x 12.2m ship, built in 2008 by Daewoo Shipbuilding, caught fire on 14th July in the middle of the Atlantic Ocean while enroute to Northern Europe from Charleston, South Carolina. The stricken ship was taken under tow on 20th July by Fairmount Marine’s 205 ton bollard pull deep sea tug “Fairmount Expedition”, escorted by J.P. Knight’s 180 ton bollard pull “Anglian Sovereign”, continuing firefighting attempts to contain the blaze, and Augustea’s 152 ton bollard pull “Carlo Magno”.

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In a different type of a towing experience, Kotug International BV is going to try and set a world record attempt at the World Harbor Days at the Port of Rotterdam on 7th September. Thirty experienced and professional knee-boarders will be towed behind the 28.7m x 9.8m x 4.8m, 5,000BHP ASD tug “SD Rover” between the Erasmus Bridge and Hotel New York in Rotterdam (Wilhelminakade). The attempt is sponsored by Damen Shipyards, Endenburg, Earth Water, Milot Reizen, RTS Waterfun, SuperRebel and with cooperation of the Foundation Wereldhavendagen. The ASD 2810 design “SD Rover” was built in 2012 by BV Scheepswerf Damen and powered by a pair of CAT 3516Cs developing a bollard pull of 56 tons…On 3rd July, the jack-up drilling rig “Shelf Explorer” (ex-Transocean Shelf Explorer, Shelf Driller) was discharged from the heavy lift vessel Dockwise’s “Black Marlin”. The Transocean owned rig was brought from Singapore to Rotterdam by the 57,000dwt “Black Marlin”. Four Kotug RotorTugs assisted during the float-off operation at “paal 84” in the Dutch Caland-canal. As soon as the rig was well clear of the submerged “Black Marlin”, the two forward tugs, the 31.4m, 6,456BHP, 84 ton bollard pull Rotortug “RT Champion” and the E-Kotug hybrid 32.0m, 6,884BHP, 84 ton bollard pull “RT Adriaan” extended its position to ITC Towage’s 12,000HP ocean-going tug “Switzer Marken”. With the “RT Magic” and “RT Leader” as steering tugs until the Hook off Holland breakwaters, the transport set sail to Flushing where the drilling rig “Shelf Explorer” will be converted into offshore hotel accommodations at the Damen Scheldepoort Shipyard. The accommodation unit will then be known as “Atlantic Amsterdam”, owned by Atlantic Amsterdam Pte. Ltd. in Singapore, a subsidiary of Ezion Holdings Ltd. The 74.7m x 86.3m x 7.6m depth, jack-up drilling rig was originally built in 1982 by Cie. Francaise d’Entreprises Metalliques in France at a cost of abt. US$ 60 million…Kotug towed barges “H281” and “H332” for Allseas Marine Contractors. Nordane Shipping’s 5,200BHP ASD tug “Stevns Arctic” (in time charter with Kotug) picked up barge “H281” in Tyne, which needed to be towed to Laggan field. Allseas’ 225m x 32m pipelay ship “Audacia” is working at Laggan Field and “Stevns Arctic” is giving, next to the barge towage, general assistance. Besides, Allseas required Kotug for the towage project of the barge “H-332” from Tyne to Lerwick, covering the same project as where “Stevns Arctic” was occupied. On June 6th the 6,300HP, 76mt bollard pull Rotor-tug “RT Magic” departed Tyne with the barge “H-332” in tow. On June 9th barge “H-332” was delivered in Lerwick and “RT Magic” was released by Allseas..Kotug assisted the rig move of “Noble Piet van Ede” and “Noble Ronald Hoope”. On June 4th assisting tug Nordane Shipping’s “Stevns Arctic”, in time charter with Kotug, and Ostensjo Rederi AS’ leading tug, the 45.5m, 7,178HP ASD tug “Thorax” and the “Zeus” moved Noble Drilling’s jack-up rig “Noble Piet van Ede” for account of GDF Suez in the Dutch sector. Shortly after GDF Suez required Kotug / "Stevns Arctic" to move the jack-up rig "Noble Ronald Hoope". Operations went according to plan, although bad weather conditions often prevented continuation. Rig “Noble Ronald Hoope” was delivered safely at her new location on June 20th. Kotug was awarded a 6 year towage concession for Germany’s new deep sea Container Terminal Wilhelmshaven (CTW). In the European Tender bidding process to render towage services at CTW, Kotug persuaded JadeWeserPort Realisierungsgesellschaft, owners of the terminal, about Kotug's professional capabilities and experience, dedicated crew and powerful, maneuverable RotorTugs. CTW Terminal will be commissioned in September 2012 and will be Germany’s first deep sea container terminal with a water depth of 18m, enabling the latest generation container vessels to call the port at any time. CTW in Wilhemshaven will be Germany’s third largest container port at the German North Sea coast. The rise in the number of containers being transported, and in particular the increasing size of the container ships (currently: 18,000TEU) must be catered to with suitable port structures. Wilhelmshaven is optimally equipped. "JadeWeserPort" – Container Terminal Wilhelmshaven (CTW) with its short navigable channel of only 23nm can handle fully loaded container ships up to 430m length, 58m width and drafts of 16.5m, at any time independent of tide. The 1,725m long riverside quay can simultaneously handle large container ships and feeder ships.
Following successful completion of the Nord Stream project, **ITC Towage**'s 12,000BHP AHTS "Blizzard" continued working for **Saipem UK, Ltd.,** now supporting the semi-submersible lay barge "Castoro Sette" with anchor handling operations. From May up to including August 2012, the 145 ton bollard pull vessel spread worked in the Norwegian sector on the Gundrun project and in the UK sector on the Scott and York projects. The Gundrun project comprises a new build platform, export lines to "Sleipner A" and the power cable from "Sleipner A". The jacket was installed last summer by Saipem's "S 7000", which will also install the topsides next summer. Working for **Statoil**, "Castoro Sette" had to install two 14 and 12 inch oil and gas export pipe lines of 57km long. The 140 ton bollard pull "Boulder" towed "Castoro Sette" to its first work location and was relieved by "Blizzard" after the first week of May. The Gundrun project required intensive anchor handling operations, "Blizzard" setting up to 24 anchors each 24 hours and handling of the heavy midline buoys. For the Scott project, "Castoro Sette" took care of 7km of pipeline, incorporating the start-up operation. Mid July the vessel spread moved to the Scott worksite and activities were completed early August. During three weeks in August, "Castoro Sette" completed the deep water part of the pipelines after which the barge was towed to Rotterdam, where the convoy arrived on August 24th, 2012 after a successful campaign. ITC has sold their 47.8m x 13.9m, 8,500HP tugs "Tempest" (ex-SmitWijs Tempest, Tempest) and "Typhoon", with the "Tempest" going to **Indus Shipping and Trading Corp.,** and being renamed "Indus", and the "Typhoon" sold to **Gudri Shipping and Trading Corp.,** and renamed "Gudri". The tugs were built in 1977 and 1976 respectively for **Wijsmuller** by **van der Giessen-de Noord BV** of Alblasserdam and powered with Stork Werkspoor 6TM410 4-stroke diesels with controllable pitch props in kort nozzles and developed a bollard pull of abt. 102 tons. Both vessels are now under the management of **Rotterdam Shipping Solutions** of Schiedam and Panamanian flagged......In July, **Saipem Ltd.** was awarded the EPIC contract by **Centrica Resources** for the York gas field which comprises reservoirs in UKCS block 47 e in the Southern North Sea. The project called for the installation of approx. 34 km of 16 inch gas export pipeline, and 3 inch methanol piggy-back line from the York gas field to the Easington Gas Terminal. Saipem UK Ltd awarded Allseas Marine Contractors SA the installation of approx.13 Km 16 inch + 3 inch pipeline as part of the York Development project. The pipeline installation will start near shore in a pre-dug trench. During lay of the first kilometer the pipe was pulled ashore. Steel cofferdams were installed on the beach. There was high cofferdam at the top of the beach, the top surface of which is above water level and forming the winch platform for pipe pulling. This part of the project was performed by Allseas' 111.3m x 27.4m, shallow water lay barge "Tog Mor", assisted by ITC's 8,500BHP AHT "Typhoon". For five weeks, during June and July 2012, AHT "Typhoon" performed anchor handling and towage services with "Tog Mor" under contract with Allseas......In June, AHT "Typhoon" was contracted by **Augustea Anchor Marine Transportation Ltd.** to tow the 124m x 31m x 7.93m depth heavy lift submersible "Boa Barge 35", loaded with the fore-ship section of the new British aircraft carrier HMS "Queen Elizabeth", from Portsmouth to Rosyth. HMS "Queen Elizabeth" will be the first of the Royal Navy's two new super aircraft carriers and is scheduled to enter service in 2016. Construction of HMS "Queen Elizabeth" began in 2009. Her assembly is taking place in the Firth of Forth at **Rosyth Royal Dockyard.** The carrier will be built from nine blocks built in six UK shipyards in Glasgow, Appledore, Rosyth, Hebburn, Portsmouth and at Birkenhead. The tow was redelivered to local tugs at Rosyth following a smooth four days towage operation......The 12,000BHP "Boulder" was contracted by **Heerema** for cargo runs and towage of their barge "H 302" and "Vikingbarge 3" from Flushing to South Arne Field, where Heerema's HLV "Baldar" will install a new jacket and topside. The South Arne platform comprises a combined wellhead, processing and accommodation platform with an oil storage tank on the seabed and buoy loading facilities for oil. The oil produced is conveyed to an 87,000m3 storage tank on the seabed. When the tank is full, the oil is transferred to a tanker by means of buoy loading facilities. The gas produced is transported through a gas pipeline to Nybro on the west coast of Jutland. The South Arne Field has accommodation facilities for 57 persons.

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Marcon International, Inc.
Tug Boat Market Report – August 2012

Last 14th March, a wayward 165m x 35m drydock was returned to her original home at Oresund Drydocks in Sweden, towed by two tugs and assisted by a third. The drydock had broken loose from its moorings at the southern quay of Oresund Drydocks premises in Landskrona, Sweden on the 27th of November 2011. The dock drifted in an eastern direction towards bay of Lundåkra, due to the high sea water level occurring at that day. It passed over the very shallow waters and stranded approx. 3km from its original position. The floating dock then came to a stop in a sensitive Natura 2000 area. Because of the very shallow water depth of 0.5m and the protected nature area, Koole Maritiem of The Netherlands developed an unconventional method for re-floating. With a little help from an old friend called Archimedes, thinking out-of-the-box, actually resulted into thinking inside-the-basin. At the end of January 2012 and with the use of 200 crane mats and 175 steel beams, Koole Maritiem built an artificial basin with an area of approx. 28.000m² around the dock, while at the same time three excavators were digging a 2m deep channel with a length of 1.8km. When the basin was finished, a gully with a depth of 2m was excavated as well inside of the basin, where the dock could stay afloat. All the preparations, operated during a very cold month, were finished at the end of February. Then it was time to wake up the sleeping giant to return home. When the basin was filled with about 60 million liters of water, the dock was refloated. At that point it was repositioned with the use of winches, anchors and cranes, and pointed in the direction of the newly formed channel, just above the deep gully. With an alive, floating and repositioned dock, the basin was emptied and, the water level lowered to sea level again. At this point only the weather stood in the way of returning the dock. When the wind and tidal conditions were optimal, the dock was slowly but steadily moving in the direction of open sea.

Touax Group, owners and operators of river barges, railcars, shipping containers and modular buildings, indicates that business in the first half of 2012 was in line with forecasts thanks to the dynamism of world trade, apart from Europe. Half-year revenues of Euro 187.2 million, up 25%, and EBITDA after distribution to investors up 29%. Half-year net income was Euro 8.6 million, up 51%. The River Barge division's revenue was up 10% compared with June 2011. The leasing revenue continued to fall due to the discontinuation of transport services and repositioning in favor of leasing. The division sold river transport assets in Europe and the United States in order to optimize its profitability and invest in new contracts. River barge revenues were Euro 15.8 million for first half 2012 compared to Euro 14.4 million for the same period in 2011. The leasing business continues to show relatively good performance. New barges intended for leasing have been ordered for the South American market, with deliveries scheduled in the second half of 2012. The Group is studying new prospects for growth in South America.

According to a 31st May 2012 European Commission Report, in the course of an average year, around 140 billion ton-kilometers of transport work is performed on inland waterways, transporting around 500 million tons of cargo. The inland waterway network in the EU includes about 37,000km inland waterways in 20 Member States; 12 Member States are directly interconnected through inland waterways. Although this represents only a modest percentage of the overall EU transport network and activity, it remains a formidable volume of freight transported over a network with a huge spare capacity capable to alleviate the busiest parts of the EU road and rail network. The Transport White paper sets the overall EU target to reduce transport related greenhouse gas emissions by 60% until 2050, while at the same time accommodating the expected increasing demand for mobility. It moreover recognizes that this target can only be achieved if all modes of transport contribute to the best of their abilities to the sustainable, integrated transport system of the future. Inland waterway transport definitely has potential in this respect: the preferred policy option of the White Paper anticipates that the modal share of inland waterway transport can improve by 2050 by more than 20% compared to the business as usual scenario. Inland waterway transport remains the most energy-efficient and climate friendly of all modes of transport and its energy efficiency can still be further improved. Its emissions (and associated external costs) have moreover much more reduction potential than for the other modes of transport. Realizing its potential is therefore a priority and a vital part of the EU’s transport policy mix.

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Compared with first half 2011, **Bourbon’s** revenues are up 17.7% to €568 million, with a strong 20.5% overall increase in Marine Services and Subsea Services. This growth mainly stems from expansion of the fleet, particularly in the Shallow Water Offshore segment (with 12 more vessels than in H1 2011), the rise in average daily rates and the firmer dollar exchange rate (14.5% at constant exchange rates). Compared to second half 2011, revenues grew 8.1% (+3.9% at constant exchange rates), driven essentially by the Shallow Water Offshore and Crewboats segments, which gained 20.1% and 10.2%, respectively. These gains primarily reflect expansion of the fleet, improvement in daily rates and the firmer dollar. The sharp increase in average daily rates in Subsea Services more than offset the impact of Classification drydock periods. "Against the backdrop of a continuing favorable market environment, **BOURBON** reports growth in line with the Bourbon 2015 Leadership Strategy plan, as the positive impact of the increase in average daily rates applies to an expanding fleet", says Christian Lefèvre, **BOURBON**'s CEO. "With the relative slowdown in the rate of commissioning of new vessels, our focus is now more than ever on safety, operational excellence and cost control."

Compared to first half 2011, Marine Services revenues increased 22.4% to €460.4 million, with growth driven by the higher rates, especially in deepwater offshore, expansion of the fleet, particularly the shallow water offshore fleet, and the firmer dollar. At €142.6 million, H1 EBITDA rose a steep 42.7%, almost twice the rate of growth of revenues. Profitability measured by the “**EBITDA to average capital employed excluding installments**” ratio improved by 3.3 percentage points to 12.9%. The three segments, Deepwater Offshore, Shallow Water Offshore and Crewboats all contributed to improvement. Revenues gained 10.5%, compared to second half 2011, primarily due to higher rates in the Shallow water Offshore and Crewboats segments, combined with the favorable impact of foreign exchange rates. EBITDA increased 17.4%.

Compared to the first half of the previous year, revenues for the period from Deepwater Offshore vessels were up 17.3% to €175 million, due primarily to improved rates and a stronger dollar, and, to a lesser extent, a higher utilization rate at 91.9%. EBITDA increased at a stronger rate than revenues to €62.8 million, a 28.6% increase. Compared to the second half of 2011, revenues and EBITDA increased slightly (by 3.4% and 1.6%, respectively). Compared to the first half of 2011, revenues for the period from Shallow water Offshore vessels increased 35.7% to reach €153.8 million, mainly driven by the expansion of the fleet (+12 vessels in the past 12 months), the firmer dollar and the upturn in rates. First-half EBITDA for the segment totaled €40.4 million, up 42.1%, proportionately outstripping the growth in revenues. Compared to the second half of 2011, revenues for the period for this segment rose 20.1%, reaping the benefits of these same impacts. EBITDA increased 26.7% for the second half of the year.

Despite the continued uncertainty surrounding global economies, investments by oil and gas sector clients continue to be backed by the price per barrel (US$113 on average for the first half of the year), while demand for offshore service vessels is predicted to increase over the next two years. Orders for drilling rigs due to be commissioned in the next few years and the order books of offshore construction companies are set to stimulate demand for vessels. In Shallow Water Offshore, accelerating the process of replacing older vessels (deemed obsolete) on the market seems vital in order to meet the increasingly stringent risk management demands of oil and gas companies. Clients will continue to favor innovative, high-productivity vessels, which is where **Bourbon**’s fleet of vessels is particularly appreciated. The global Deepwater Offshore fleet continues to increase with new orders for “large” PSVs. In line with its strategy of taking into account the risk of over-capacity, **Bourbon** has very limited exposure to this market and concentrates on medium-sized vessels, for which demand remains strong in international markets. In August 2012, typhoon Haikui struck China, affecting the construction of 15 vessels in Sinopacific’s shipyards in Zhejiang. The estimated delay for delivery and transfer of title to **Bourbon** of these vessels is five to six months.
Maersk delivered a profit of US$ 1.0bn (US$ 1.6bn) and a return on invested capital (ROIC) of 8.8% (14.0%) for Q2. Cash flow from operating activities was US$ 1.6bn (US$ 1.8bn) and cash flow used for capital expenditure was US$ 2.1bn (US$ 1.6bn). The Group’s equity ratio was 50.4% (53.7%) and net interest-bearing debt was US$ 16.6bn (US$ 11.7bn). APM Terminals’ profit for the period was US$ 160m (US$ 162m). Throughput increased by 7% and by 5% on a like-for-like basis to 9.1m TEU (8.4m TEU). The West Africa region and some terminals in Asia saw double digit growth rates, whereas most European terminals experienced declining throughput in Q2. Operations in terminals affected by local political unrest or labor issues improved during the quarter. APM Terminals took further initiatives to expand the portfolio with terminals and projects in China and Mexico. An unsolicited proposal to operate all Port of Virginia’s facilities in Hampton Roads, U.S., was submitted.

Maersk Oil’s profit for the period was US$ 468m (US$ 694m). The result was negatively affected by a 17% decline in share of production to 287,000 barrels of oil equivalent per day (boepd) compared to 346,000 boepd in Q2 2011. Maersk Oil completed five exploration/appraisal wells compared to one in Q2 2011 and exploration costs were US$ 199m (US$ 214m). The average oil price was US$ 108 per barrel (US$ 117 per barrel). Maersk Oil entered into an agreement to acquire the remaining 30% of the Dumbarton and Lochranza fields, UK, with expected completion in the second half of 2012. Maersk Tankers lost US$ 9m in Q2 (loss of US$ 24m) and was negatively impacted by the persisting excess tonnage supply. Cash flow from operating activities was positive by US$ 46m (negative by US$ 14m) and ROIC was negative by 0.8% (negative 2.7%). The product segments continued to suffer from excess capacity and weak demand in the US and in Asia. Particularly, US gasoline import was far below 2011 levels. The crude segment performed well due to high demand but rates dropped toward the end of the quarter. The very large gas carriers (VLGC) segment benefited from increased gas supply and healthy demand in Asia. Maersk Tankers took delivery of a newbuild VLCC and a second hand 50,000 DWT MR vessel, and sold two product tanker vessels. 10 chartered vessels were redelivered to their owners during Q2. The last VLCC vessel from the newbuilding program was delivered in July 2012. Due to the current unsustainable market conditions, significant uncertainty pertains to valuation of the fleet. In anticipation of improved market conditions, Maersk Tankers has not recognized any impairment losses during Q2.

Svitzer’s profit was US$ 33m in Q2 (US$ 24m), an increase of 38% compared to Q2 2011, primarily driven by Harbor Towage tariff increases and startup of new Terminal Towage operations. ROIC was 5.8% (9.2%). The AHTS, PSV and subsea support segments experienced weaker market conditions in Q2. Especially the North Sea market saw less activity and a large supply of vessels leading to increased pressure on day rates and utilization. Main areas of operation remain Brazil and Africa with high activity levels and a number of new contracts and extensions completed during Q2 2012. Maersk Supply Service has established an organization in Angola and initiated a significant training program of Angolan crew in order to strengthen the position in this growth area. Within the emergency response and rescue segment, Esbjerg saw a higher activity level during the second quarter. Svitzer’s contract coverage is 67% for the remainder of 2012 and 48% for 2013, excluding options.
Royal Boskalis Westminster N.V. (Boskalis) reported a record revenue and record order book with a 12% increase in revenue the first half of the year to EUR 1.4 billion (first half 2011: EUR 1.25 billion). Net profit declined to EUR 102.5 million (first half 2011: EUR 114.1 million). Compared to year-end 2011 the order book increased and stood at EUR 3,753 million (end-2011: EUR 3,489 million). First half year EBITDA amounted to EUR 255 million and the operating result (EBIT) equaled EUR 146 million (first half 2011: EBITDA: EUR 277 million, EBIT: EUR 163 million). The decline was largely due to lower results at Dredging, Maritime Infrastructure and Dry Infrastructure segments.

Conversely, Harbor Towage & Salvage, Transport & Heavy Lift had a good first half year with a high level of activity and a rise in operating result. Peter Berdowski, CEO commented: “In the prevailing market we had a fine performance in the first half of the year with record revenue and an all-time high order book. In addition, the utilization level of the dredging fleet was good. We are clearly reaping the benefits of the addition of SMIT – both in terms of the financial contribution and with respect to new market initiatives, particularly in the field of Offshore Energy. For the remainder of the year our well-filled order book bodes well for the utilization of the vessels. Market conditions are not expected to change substantially in the short term. We see opportunities particularly in the offshore energy market and in port developments.”

At the end of the first half of the year the order book stood at a historic high of EUR 3,753 million (end-2011: EUR 3,489 million). In the course of the first half of 2012 Boskalis acquired, on balance, EUR 1,544 million of new contracts, broadly spread around the world and across various market segments. Demand for infrastructure from the offshore energy sector (wind, oil and gas) continues to be a key factor behind the influx of new orders.

At the start of 2012, the Dredging & Earthmoving segment was split to provide more insight into both sizeable activities. Based on large differences in capital employed, the two segments also have different margin profiles. Dredging activities make up the Dredging segment while dry earthmoving activities, along with new road construction and concrete construction activities of MNO Vervat, comprise the new Dry Infrastructure segment. Revenue in Dredging amounted to EUR 682 million (first half 2011: EUR 717 million). Revenue in European home markets (the Netherlands, Germany, U.K., Nordic countries) declined to EUR 186 million (first half 2011: EUR 219 million). The drop was mainly attributable to lower activity in the Netherlands. Projects that contributed to revenue in the Netherlands included Maasvlakte 2 and coastal defense projects along the Wadden islands, Texel. In other European markets Boskalis worked on various port and waterway maintenance projects. Germany in particular experienced a busy first half of the year, mainly with maintenance projects. Revenue in the non-European home markets (Nigeria and Mexico) rose to EUR 101 million (first half 2011: EUR 70 million). In Mexico it was mainly the Cuyutlán LNG import terminal and construction of a tunnel in Coatzacoalcos which contributed. Most of the growth was achieved in Nigeria, where activity continues to be strong, with main ongoing projects being the Gbaran-Ubie riverbank protection project, maintenance activities at a water station in Olero Creek and land reclamation project Onne Port. Growth prospects in Nigeria are good, although general stability remains an important point of attention for oil and gas companies when it comes to major investment. Revenue from the international project market declined to EUR 305 million (first half 2011: EUR 353 million). Projects in progress are widely spread across market segments and the world, with the Gorgon LNG project in Western Australia, Superporto do Açú port development in Brazil and Lelydorp bauxite mining project in Suriname making important contributions to revenue. Revenue from specialist niche services amounted to EUR 90 million (first half 2011: EUR 75 million). As in previous years, Boskalis Offshore worked on the Nordstream project, while various projects using fallpipe vessels were carried out in Australasia, Brazil and Northwest Europe. A few cable-laying projects, particularly in Northwest Europe and South America, commenced. The new fallpipe vessel “Rockpiper” was taken into service in April and has been widely deployed in Northwest Europe. Utilization of the hopper fleet was strong in the first half of the year, achieving an effective annual utilization rate of 43 weeks (first half 2011: 34 weeks). Effective annual utilization rate of the cutter fleet was 25 weeks (first half 2011: 22 weeks). In the oil and gas market various notable projects were acquired. Several cable-laying projects and various stone-dumping orders were awarded in Northwest Europe for oil and gas projects and wind farms. Furthermore the important Ichthys Offshore project was acquired in Australia. In the ports market Boskalis acquired several port and waterway maintenance projects in various home markets, as well as a long-term maintenance project for the port of Bahia Blanca, Argentina. At the end of the first half of the year the order book stood at EUR 1,681 million (end-2011: EUR 1,629 million). Two notable projects in India and Kenya were acquired following the close of the first half of the year. A sizeable project to deepen and widen the access channel and port of Mumbai was awarded in India and Boskalis will expand the container terminal in the port of Mombasa (Kenya) by reclaiming land.
Boskalis is active in the harbor towage segment through Smit Harbor Towage at locations including Rotterdam, Belgium, Brazil, Panama, Canada, Australia and Singapore. In the first half year revenue, including proportional consolidation of associates, was EUR 122 million (first half of 2011: EUR 111 million). This increase was partly the result of a strong contribution from the well-utilized fleet of the KST joint venture in Singapore. The operating result, including the proportional consolidation of associates, equaled EUR 20.2 million (first half 2011: EUR 16.4 million). The rise in the operating result was partly due to a strong first half year in Singapore and Brazil and partly relating to costs for termination of activities in Argentina in first half 2011.

The Salvage, Transport & Heavy Lift had in the first half of the year revenue, amounted to EUR 245 million (first half 2011: EUR 182 million). Salvage began the year with a contract to provide assistance to the “Costa Concordia”, the cruise ship that had run aground off the Italian island of Giglio. In an operation widely followed by the media, Smit successfully removed bunkers from the ship. Work to remove the “Hyundai H105” car carrier off the coast of Indonesia was operationally concluded in the first half year. Smit was also involved in the wreck removal of part of the “Rena” container ship that had run aground on a reef west of New Zealand last year and had broken up and partially sunk. Utilization of transport vessels, which are mainly used for the oil and gas industry, was good in the first half of the year. Conversely, in Europe the level of utilization of floating sheerleg cranes (Heavy Lift) was below par, while the level of activity at the Asian Lift joint venture was normal. Subsea diving activities experienced a busy first half year, with an upturn in demand for inspection, repair and maintenance services from the oil and gas industry. The operating result, including proportional consolidation of subsidiaries, totaled EUR 38.9 million (first half 2011: EUR 23.9 million). The order book increased for EUR 225 million at the end of the first half of the year (end-2011: EUR 182 million) and currently consists mainly of long-term transport and subsea contracts.

Terminal Services’ segment since October 2011 has mainly consisted of Boskalis’ 50% stake in activities of Smit Lamnalco. Smit’s terminal services, which were sold to Lamnalco the end of third quarter 2011, were fully consolidated in first half 2011. In the first half of 2012 revenue from Terminal Services was EUR 70 million (first half 2011: EUR 79 million). The decline was fully attributable to the sale of Smit Terminals to Lamnalco. Revenue did grow somewhat organically, however, mainly as a result of a stronger US dollar. The operating result rose slightly, despite deconsolidation of Smit Terminals, to EUR 10.8 million (first half 2011: EUR 10.4 million). In first half 2012, Smit Lamnalco was awarded a ten-year contract from a subsidiary of ExxonMobil to provide terminal services at the Papua New Guinea LNG export terminal near Port Moresby contributing to a rise in the order book to EUR 602 million (end-2011: EUR 590 million).

Revenue from the Maritime Infrastructure segment is realized through strategic partner Archirodon, in which Boskalis holds a 40% stake. Archirodon is primarily involved in maritime and civil engineering works, including for clients in the oil and gas sectors and electricity industry, in the Middle East and North Africa, with Saudi Arabia being a main market. Archirodon’s revenue rose to EUR 113 million in first half 2012 (first half 2011: EUR 104 million). Contribution of Archirodon to the operating result was EUR 7.1 million in first half 2012 (first half 2011: EUR 14.3 million). Competition increased in a number of the countries in which Archirodon operates, resulting in downward pressure on margins. As a consequence, and due to delays in start-up or completion of several projects, the result was substantially lower than in first half 2011. In the first half of the year Archirodon was awarded a number of large orders including in Abu Dhabi (offshore work on Zirku Island), Oman (several projects) and Morocco. Partly as a result of these developments Boskalis’ 40% share in the order book rose to EUR 594 million (end-2011: EUR 410 million).

In the first half of the year a total amount of EUR 121 million was invested. Important investments in Dredging concerned completion of the “Rockpiper”, the new fallpipe vessel catering to the oil and gas and offshore wind energy markets. In the past six months Boskalis also invested in conversion of the “Taurus II” mega cutter, which has now been taken into commission, reconstruction work on “Fairway” (mega hopper) and a replacement investment in two small hoppers. Other investments concerned two new multifunctional cable-laying/offshore vessels, construction of the “Asian Hercules III” (5,000MT floating sheerleg crane for the Asian Lift JV) and acquisition of a number of tugs at Terminal Services and Harbor Towage. Capital expenditure commitments end of the first half of the year decreased to EUR 134 million (end-2011: EUR 193 million).
Boluda Towage and Salvage, the division of harbor towing company, offshore and maritime rescue, came to an agreement with Australian company PB Towage Australia that will permit them to present joint offers for towage at LNG terminals in Australia. PB Trailer Australia presently services the Australian ports of Sydney, Melbourne, Brisbane, Townsville and Onslow, and aids operations in the ports of Fremantle and Bunbury. Boluda operates more than 200 tugs in 54 ports and terminals from across Europe, Africa, Indian Ocean and the Americas. With more than 30 years of experience in operations in terminals of gas and petroleum, its extensive know-how contributes to this joint venture. Charlie Kocherla, general director of PB Towage declared that "we recognize the strength and reputation of Boluda in the operations of trailer in port. We are convinced that the combination of its experience and support in the actions in terminals of gas and petroleum, and our knowledge of the Australian industry, as of the Terminal LNG, will result in high quality work, hand in hand with our commitment with the innovation, communication and customer service". Managing Director of Boluda in France, Denis Monserrand added "we are very satisfied with the opportunity to carry Boluda to the flourishing market of LNG Australia, that will lead to an extension to this continent of our good path in this sector. PB Towage, along with its competitive spirit, its exceptional security level and its tested industrial capacity is the ideal local associate".

The Philippine Coast Guard rescued seven Korean crew on board New Korea Ship Mgmt. Co. Ltd.'s 52m x 10m tug "Kosco 202" (ex-Kum Jo 5000, Hayatomo Maru No. 3, Pioneer Star, Kobe Maru) after the South Korean pusher tug encountered problems while being battered by rough seas during Typhoon Saola (Gener) off the northern Province of Zambales. While enroute from Shanghai to Indonesia, the tug encountered 5-6m seas. After sending a distress call, the crew was transferred to the Coast Guard vessel by inflatable boat and brought into Subic Bay for medical attention.

Tsavliris Salvage Group rendered services to the Capesize Isle of Man registered, 163,554dwt bulk carrier "Bet Prince" (ex-Iron Price, Lowlands Trassey) laden with 160,000MT of Brazilian iron ore, in distress, disabled about 100 nautical miles south east of Zhourshan, Ningbo and drifting in the East China Sea. Following one month of salvage operations from 1st August – 30th August in extreme adverse weather conditions, the 283.7m x 44.5m x 24.1m casualty was safely re-delivered to her owners on Thursday 30th August at Zhoushan, China. "Bet Prince" was built in 1995 by Harland & Wolff Shipbuilding and Heavy Industry Ltd. in Belfast.

Teekay Shipping Australia Pty Ltd. and Kotug International B.V. established a new joint venture, called KT Maritime Services Australia Pty Ltd, to pursue new business opportunities in the Australian towage market. "We believe there are new opportunities for trusted and experienced companies like Teekay and Kotug to provide superior towage services at existing and greenfield terminal developments," commented Ard-Jan Kooren, CEO of Kotug. "The JV between Teekay and Kotug will bring together complementary skills from each partner. At Kotug, we have many years of practical and technical experience in the towage field, including the deployment of our highly maneuverable RotorTug technology. Combined with Teekay's worldwide reputation for operational leadership and deep knowledge and expertise in the Australian crewing and ship management markets, this results in a strong partnership to pursue new business." "The Australian market for towage services is growing as new LNG projects begin production, adding to the ongoing growth in Australian coal and iron ore export shipments," commented David Parmeter, Managing Director, Teekay Shipping Australia Pty Ltd. "Since 2002, Teekay has operated in the Australian towage market at both Hay Point and Port Hedland where we currently manage 12 tugs and have experience with several Kotug RotorTug vessels. With our new JV company, we are formalizing a partnership that will deliver top tier towage services for the Australian market." Under the terms of the JV agreement, Teekay and Kotug will both continue to separately manage respective existing operations in various Australian ports. KT Maritime Services Australia Pty Ltd will be located in Perth, Australia. Jamie Anderson, Business Development Manager for KT Maritime Services Australia, will be responsible for developing new business with potential customers.
On Wednesday 25th July at about 1600 local time, the 1,440BHP Malaysian-registered tug boat, “Woodman 38” (IMO No. 9257307) towing the unladen, 91.44m deck barge “Woodman 39” departed Miri, Sarawak, Malaysia enroute to Samarinda, Indonesia scheduled to arrive on the morning of 31st July to load coal. The owners Woodman Sdn Bhd had last contacted “Woodman 38” on 27th July at 1238 local time off Balabac Island, Philippines (07° 56.33’ N, 117° 17.05’ E). Since then, owners had not been able to establish contact with the vessel which has a total of 12 crew (comprising seven Indonesians, four Malaysians & one Myanmar national). The vessel travelled at a speed of 7.02kn had its tracking system switched off after the last contact. The shipping company reported the incident to the ReCAAP ISC, and seeking assistance to locate the missing tug and barge. The ReCAAP ISC had alerted all its ReCAAP Focal Points and the maritime authorities in the region, including the Malaysian Maritime Enforcement Agency (MMEA) and the Indonesian authorities to assist in locating the missing tug and barge which were reportedly attacked and hijacked by pirates in civilian clothing wearing black bonnets in an unmarked speed boat on Friday 27th July. The ReCAAP ISC requested all vessels transiting the area to look out for “Woodman 38” and “Woodman 39” and to report sightings of the vessels to the nearest coastal State. The tug, “Woodman 38” originally painted blue may have been repainted and renamed. The 194 GRT “Woodman 38” is 26.07m x 8.23m x 3.60m depth with a 3.0m draft built in 2001 by C.E. Ling Shipbuilding Sdn. Bhd. She is powered by a pair of CAT 3412DITs developing 720HP each at 1,800RPM and fitted with Twin Disc MG520-2 gears and two 33kW Perkins generators. Tug is classed NK NS* Tug / MNS LSA, RCF. The 3,098GRT “Woodman 39” is 91.44m x 24.38m x 5.49m depth / 4.12m draft built in 2002. The 3,098GRT, Near Coastal flat deck barge with bin walls and double raked. After four days in captivity, the crew accompanied by six men boarded the speed boat. They were blindfolded and asked to jump overboard between Borneo and the Philippines. The pirates reportedly threw two inflatable life rafts towards the crew and provided some fresh water, but no other supplies. Later spotted by Philippine troops manning an outpost off Magunindanao Province late Tuesday 31st July, the crew were rescued and arrived safely in Cotabato City on Wednesday. The crew suffered only minor injuries including dehydration and were treated at a local hospital. On 31st July, two vessels matching the description of the “Woodman 38” and “Woodman 38” were found berthed at Gensan Shipyard in Bawing, Siguii, Maasim, Sarangani Province, Philippines. The shipyard reported that the shipyard rendered assistance as the vessels were in distress and towed the tug and barge to their facility. The six so-called “crew”, presumably pirates, fled the tug after the vessels were secured inside the shipyard. The tug’s name was repainted to read “Odi” and her IMO number on the pilothouse changed from “9257307” to “0257307”. There were several possible speculations to suggest the current state of the hijacked vessels, including the possibilities that the deal between the potential buyer and the hijackers had gone wrong, or the bad weather condition that caused the vessels to be in distress and drifting, or the crew had encountered some technical problems in their attempt to bring the tug boat to their desired destination. A poster published by ReCAAP providing “Guidelines for Tug Boats and Barges Against Piracy and Sea Robbery” can be downloaded from the ReCAAP website at www.recaap.org.

www.marcon.com

Details believed correct, not guaranteed. Offered subject to availability.
Sometime between 13th and 20th July 2012, on passage in Malacca straits, an accommodation barge under tow by a tug from Penang to Pasir Gudang port arrived at anchorage and dropped anchor. Shipyard representatives boarded the barge and later the tug. They informed the tug Master that the cargo on the barge’s deck had been pilfered. It is suspected the theft may have taken place while on passage. A police report was lodged.

On 12th April, the Malaysian-registered tug, “Wantas 6” towing barge “Wantas VII” departed Langkawi, some 30km off the mainland coast of northwestern Malaysia for Tawau, Sabah with a shipment of two sets of turbines destined for Tenaga Nasional Berhad and Sabah Electricity Sdn Bhd. On 26th April, the owner of the tug and barge Wantas Shipping Sdn Bhd reported to the Malaysian Maritime Enforcement Agency (MMEA) that he lost communication with the vessel. The owner last communicated with the master on 16th April at 1000 local time when the tug was passing Batam, Indonesia. “Wantas 6” was hijacked five days after they set sail from Langkawi. Approx. 15 – 20 masked pirates, believed to be Indonesians from Sulawesi, boarded the tug undetected by radar and armed with knives and parangs threatened to harm the seven man Malaysian, Indonesian and Bangladeshi crew. The crew were beaten and forced below decks for three days without food or water until 20th April at about 2030 local time, the seven men were stripped of their belongings and put on a small lifeboat, where they survived for ten days with only the emergency rations found on board. On 26th April at 1705 local time, the Philippine Coast Guard reported to ReCAAP ISC that the “Wantas VII” was found at approx. 3.5nm southeast of the South Islet, Cagayanillo, Palawan, Philippines (8° 41.33’ N, 119° 50.55’ E), floating near the Tubbataha Reef. The Coast Guard boarded the barge and discovered eight containers containing electrical/construction supplies/materials, of which some of them had been forcibly opened. The Coast Guard hired Harbor Star Shipping Services to tow the barge “Wantas VII” to Cagayan de Oro City, Misamis Oriental province where Harbor Star has an office. A low-pressure area though delayed the tow as it forced tug and barge to take shelter in Dapitan City in Zamboanga del Norte before proceeding to Cagayan de Oro. Upon report of the discovery, the ReCAAP ISC alerted all ReCAAP Focal Points, MMEA and Indonesian authorities about the barge, and requested all to look out for the missing crew and tug. The ReCAAP ISC requested all vessels transiting the area to keep a sharp lookout for “Wantas 6” and to report sightings of the vessel to the nearest coastal State. The tug, “Wantas 6” originally painted red could be repainted and renamed; and possibly sold. In the end, after seeing a fishing boat in the distance, one of the crew of “Wantas 6” swam for about four hours, a distance of two nautical miles, before he was spotted by the Vietnamese tuna boat “PY 2647” belonging to Tran Van Luc. Although the tug has not been found, the crew were finally rescued on 30th April at about 1045 local time in the South China Sea at 7° 20.00’ N, 111° 55.00’ E and brought to Phu Yen, Vietnam, arriving on 4th May.

According to the International Maritime Bureau’s global piracy report of 16th July, pirate attacks have fallen sharply the first half of 2012, led by a drop in Somali piracy. Overall, 177 incidents were reported to the IMB Piracy Reporting Centre in the first six months of 2012, compared to 266 incidents for the corresponding 2011 period. 20 vessels were hijacked worldwide, with 334 crew taken hostage. There were a further 80 vessels boarded, 25 vessels fired upon and 52 reported attempted attacks. At least four crew were killed. Indonesia accounts for almost 20% of the global numbers, with 32 reported incidents compared to 21 over the same period in 2011. Twenty-eight of the vessels targeted were boarded, including 23 anchored vessels, two berthed and three that were underway. Guns have been reported on one occasion. IMB further noted that many other attacks may also have gone unreported.
On 17 Aug 12 at about 0230 hrs (local time), Marco Polo Marine Ltd.’s Singapore-registered, 23.5m x 7.3m, 1,200BHP pusher tug, “Bina Marine 61” was underway at approx. 1.3 nm south of Pulau Tekong Kecil Lt, Indonesia (01° 04.32’ N, 103° 42.78’ E) when two robbers armed with sharp weapons boarded the pusher tug. The robbers tied the master and the crew, and escaped with their personal belongings including cash, mobile phones and laptop. The crew was not injured. The master reported the incident to Singapore’s Port Operations Control Centre (POCC), which is also the ReCAAP Focal Point (Singapore). In a separate incident on the 19 Aug 12 at about 0216h (local time), the 30m Indonesia registered tugboat, “Marcopolo 17” towing the barge “Marcopolo 268” was underway at approx. 6.6 nm south-southeast of Pulau Tekong Kecil Lt, Indonesia (01° 00.42’ N, 103° 39.96’ E) when four robbers armed with knives boarded the vessel from a speedboat. They escaped with the crew’s personal belongings, and took with them rice and ration from the tug boat. The crew was also not injured. The master reported the incident to the Singapore’s POCC. In both incidents, the Singapore’s POCC initiated broadcast to alert mariners in the vicinity, and informed the Republic of Singapore Navy, Singapore’s Police Coast Guard, MRCC (KL) and MRCC (Jakarta). The two incidents occurred in close proximity to each other within an interval of three days. In both incidents, the robbers were armed with knives, appeared to target robbery onboard tug boats and escaped after robbing the crew of their personal belongings. The crew was not harmed in both incidents. Since beginning of 2012, a total of nine incidents, all involving tug boats were reported in the vicinity. See map above. Tug boats are generally vulnerable owing to their low freeboard and slow speed whilst engaging in towing operations. Tug masters and crew are advised to exercise enhanced vigilance with all around lookout, and take necessary precautionary measures when in the vicinity especially during hours of darkness.

Singapore’s CH Offshore Ltd.’s revenue for the financial year ending 30th June 2012 declined by 12% to US$51.5 million from US$58.6 million. During FY12, revenue was mainly affected by the reduced fleet size due to the sale of three vessels to its Indonesian associated company during FY11 and one vessel in the financial year just ended. Due to the smaller fleet of wholly-owned vessels, operating costs decreased 7.6% to US$14.7 million from US$15.9 million for FY11 and direct depreciation declined 15.4% to US$7.8 million from US$9.3 million. However, these reductions were insufficient to offset the lower revenue generated during FY12. Hence, gross profit after direct depreciation decreased by 13.2% to US$29.0 million for FY12 as compared with US$33.4 million for FY11. CH Offshore currently manages a fleet of 15 AHTS vessels, nine of which are wholly owned with an average age of about five years old as of 30 June 2012. The fleet includes seven 12,240BHP AHTS vessels built in Japan. The rest are in the 5,000BHP category. CH Offshore expects challenges ahead in FY13 as the OSV market remains competitive despite improving demand.

Jaya Holdings Ltd. of Singapore reported FY2012 revenue of US$82 million. Offshore Support Services Revenue accounted for 85% of Group revenue (FY2011: 53%), as fleet expanded (from 23 to 28) and utilisation improved (from 61% to 70%). Offshore Engineering Revenue was down 73% to US$13 million due to lower vessel sales with nine delivered, including two ROV support vessels. FY2012 net profit of US$44 million compared to US$65 million in FY2011 - due mainly to lower gains from vessels sales and disposal. Jaya forecasts rising E&P investment, supported by sustained high oil prices, will underpin activity in offshore oilfield domain. A positive demand trend has been observed for most asset classes, combined with balanced fleet growth, with a preference for newer assets and stronger demand for larger AHTSs, PSVs and subsea vessels. Average charter rates and utilization are expected to rise further and a charter pipeline of US$198 million provides greater earnings visibility. Offshore Engineering is on track to deliver two vessels worth US$44 million, one 5,150BHP AHTS and one 16,000BHP AHTS for sale in 1QFY2013 (Jaya will be delivering six vessels this year). The 16,000BHP AHTSV, one of the largest vessels being built by Jaya, is constructed and designed for offshore support and is capable of oil rig towing, oil rig positioning and anchor handling, offshore oilfield supply, stand by rescue, and iceberg towing/ice management. The state of the art vessel is Ice Class 1A; giving it the ability to navigate in moderate level ice conditions and northern regions. The vessel has also been designed to Norwegian Maritime Directorate standards (highest in world for offshore vessels) and carries the Clean Design (CD) designation from Det Norske Veritas.
The world economy continues to look bleak with a slow recovery in the US, continued structural issues in the Eurozone and a slow-down in Asia, particularly China, as well as continued instability in parts of the Middle East. The Oil and Gas sector however remains buoyant as a result of strong oil prices. LNG prices are under pressure and will remain so in the medium term with new supplies from unconventional sources such as shale and coal methane coming into the markets. E&P budgets for calendar year 2012, led by oil majors and national oil companies, look promising (approx. 15% up versus 2011). The expectation is that the upstream offshore sector will remain very active in the near and medium term due to increased seismic and drilling, accelerated field development and more spending on repair and maintenance of existing facilities. The supply side of the market remained fairly consistent over the last 12 months. Activity levels are high in Australia, Southeast Asia and the Middle East. In Australia core activity centers around near shore construction support, as MEO works to develop an ongoing offshore presence. With numerous LNG projects in various stages of development, MEO expects continued demand for vessels and looks to further expand the Australian based fleet by repositioning, purchasing and chartering in vessels. Southeast Asia is experiencing a lot of new exploration and field development. MEO's focus remains on further growing the Middle East remains important, with the core focus being on growth in Abu Dhabi, Saudi Arabia and Qatar. MEO had an important breakthrough in Qatar in FY12, winning 5 year contracts for two OSVs.

Miclyn Express Offshore Limited of Singapore pleased to announce that its Australian business, Miclyn Express Offshore, has been awarded contracts for three vessels by Saipem Leighton Consortium to support construction activities at a LNG terminal development project in North-West Australia. 25m x 11.5m x 3.5m triple screw 2,247HP multicats “Samson VI” (ex-Zumaia Sexto) and “Samson VII” and the 28.0m x 9.8m x 4.9m, 3,600HP ASD tug “Cape Mac” (ex-PB Snowy, Kimtrans Aroona, PW Eta) built in 2006, bareboat chartered from a third party, will commence operation in July/August 2012 for a duration of 1 year firm, plus an option to extend for 183 days. The aggregate firm value of the three new contracts is A$ 24m. CEO Diederik de Boer said, “we now have a broad range of Australian compliant vessels working on the North-West Shelf and we are delighted to extend our high quality service offering to SLC, a major player in the region. These contracts will assist in maintaining our strong levels of utilization in the tug fleet leading into Financial Year 2013 as well as support future earnings in our third party vessel segment”. MEO is also pleased to announce acquisition of the new 70.2m x 19.5m x 4.9m, 150 man accommodation / multi-purpose support vessel “MEO Galaxy” (ex-Marina Star 35509) built by Guangzhou Panyu Lingshan Shipyard Ltd. The vessel will initially work on a medium term project in Malaysia and is targeted for a number of long term contract opportunities shaping up in the region.

Miclyn Express Offshore’s performance in the year ending 30th June 2012 exceeded internal expectations. Miclyn achieved a record result with a EBITDA of US$ 98 million against revenues of US$ 269 million and has now delivered strong earnings growth in every reporting period since listing in March 2010. The highlights of the FY 2012 year under review include a record fleet utilization of 84%, continued fleet expansion with 13 vessels added, acquisition of the remaining 50% of Samson and significant improvement in the performance of their tug and barge fleet. Tug and barge fleet performance improved substantially in FY12 reaching a utilization of 77%. Revenues were up 104% on FY11, with gross profit up 159% for the segment. The DB Schenker project utilized a number of their larger barges and smaller units in Southeast Asia and the Middle East also saw robust activity levels. Miclyn continues to strive for longer term contracts and also to leverage off their new business Express Offshore Solutions, to maintain strong utilization of the fleet. MEO added the two Spanish built multicat tugs “Samson VI” and “Samson VII” to the fleet during FY12, which were recently awarded the contracts mentioned above in Northwest Australia.
Recent News – Africa

On 14th June, Boluda Senegal's 4,000HP tractor tug “Malika” assisted the 58.7m ship “Rosalina II” as it was drifting towards the beaches of Guediawaye without power after a main engine failure. The “Rosalina II”, with 11 vehicles on board, sent a S.O.S. received by the National Senegalese Marine which contacted URD—Boluda Senegal to dispatch a tug to the scene of the casualty. The 37.5m x 11.0m, 48 ton bollard pull “Malika” rescued and towed the disabled ship to the port of Dakar, thus avoiding an environmental disaster with her quick intervention. Boluda Senegal has a fleet of seven tugboats operating in the Autonomous Port of Dakar.

ITC and Augustea have been awarded the towage contract of FSO “Planca” from offshore Angola to Singapore. The 256m long and 60m wide storage vessel will be towed by the two AHTs, ITC’s “Bluster” of 12,000BHP and 135 tons bollard pull and Augustea’s 2010 built, 50.0m x 15.5m x 6.6m depth “Kamarina” of 8,160BHP and 123 tons bollard pull around the Cape of Good Hope to the Far East. The voyage is expected to take about 65 days. Sembcorp Marine's subsidiary Sembawang Shipyard has secured the contract for the repair and upgrading of FSO “Palanca” from Angola's state controlled oil company Sonangol Pesquisa e Produção S.A. (SNLPP). The contract, signed in Luanda, Angola, calls for the major repairs and upgrading of the 20-year-old FSO “Palanca”, used for storage and offloading of oil produced from Angola's Block 3. The scope of work includes the renewal of the vessel's cargo piping system and pumps, tank blasting and coating, and cables renewal for the entire electrical system. The existing 30-men accommodation block will be re-designed and rebuilt to accommodate 60 men. The new accommodation block will include a new helicopter deck to meet the vessel's operational requirements. The vessel is expected to enter Sembawang Shipyard in September 2012. Upon completion during the first months of 2013, two tugs of ITC / Augustea will perform the return tow to Angola.

Mammoet Salvage is continuing with the removal of 74 wrecks in Mauretania, Northwest Africa. As of 13th July, Mammoet has removed 67 wrecks, so basically are almost finished on schedule even while challenging elements of Mother Nature. All removed wrecks are demolished in a safe and controlled manner according to environmental guidelines of the European Union. Removing the wrecks will protect the bay against pollution by chemicals and will return the area to its original state allowing nature to fully develop. The accessibility of the port is already optimal again. Mammoet received the official order for the removal of the shipwrecks in Nouadhibou Bay, Mauretania in December 2010 when the European Union made Euro 28.8 million available for the project. Nouadhibou Bay, with an average water depth of 10m, is a busy area used by industrial shipping and fishing vessels. The shipwrecks, ranging from 200 to 1,200 tons, form obstacles and hazards to shipping. Due to the wrecks, shipping dropped off greatly in recent years, with an adverse economic and social impact. Furthermore, the shipwrecks posed a hazard to the environment and their surroundings from both physical and chemical contamination. Wrecks contained oil residues, insulation, asbestos, etc.

Harms Bergung's 298 ton bollard pull, 24,500BHP AHT “Orcus” built 2010 and 218 ton bollard pull, 19,000BHP AHT “Ursus” built 2008 had their contracts extended until the end of October by EMAS for the BP PSVM project offshore Angola. PSVM is located in NE of Block 31 in 2,000 meters of water. The development is named after four fields Plutao, Saturno, Venus and Marte. The FPSO is based upon a VLCC conversion with 1.8mm barrels of storage and an external turret.
Recently Updated Featured Tugs & AHTSs For Sale Direct From Owners (Sorted by HP)


File: SU23047 Supply Boat - AHTS - 230.1' loa x 47.0' beam x 23.9' depth x 20.67' loaded draft. Built in 1976 at Eilsfelther AEG; Germany. Belize flag. GRT: 1,740. Class: GL. Deadweight: 1,540mt. FO: 1,319MT. Main Engines: 2 x MAK 8M551AK total 11,964BHP. 2 - CP prop(s). Genset(s): 2 - 350kW 50Hz 400vAC.


File: SU21158 Supply Boat - AHTS - 211.3' loa x 45.3' beam x 22.7' depth x 15.44' loaded draft. Built in 1983 at Sterkoder Mek; Norway. Vanuatu flag. GRT: 1,398. Class: ABS. Deadweight: 1,100T. Main Engines: 2 x Nohab SF116VSF total 9,160BHP. 2 - CP prop(s). Bowthruster. Speed about 16kn. Genset(s): 3 - 60kW 440vAC 60Hz. Southeast Asia.


Details believed correct, not guaranteed. Offered subject to availability.

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Ship Design. SPS code compliant with Oil Recovery capability, HAB & ENVIRO notations. Max line pull 300MT ahead using combined diesel mechanical + the 1,950kW generators and two 1,500kW electric motors. Kongsberg K-pos DP-21 positioning with HIPAP 500. Two 220m3 rig chain lockers. Two 76mm gypses for rig chain storage. 2 Brattvaag rope storage winches capacity 2,000m 70mm wire. Macgregor 350MT tow pins and 500MT shark jaws. Deck strengthened for AHC crane. Open for outright sale, time charter or BBC to qualified charterers. Due to high bollard pull, vessel can do a towage to area of operation helping defray cost of mobilization. Southeast Asia. 1Q 2013.


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**Tug Boat Market Report – August 2012**

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**File: SU21243 Supply Boat - AHTS**

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**File: TG80151 Tug - Twin Screw**

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**File: SU21844 Supply Boat - AHTS**
- 218.0’ loa x 43.0’ beam x 19.0’ depth x 16.74’ loaded draft. Built in 1974 at Smedvik; Tjorvaag, Norway. Vanuatu flag. GRT: 1,105. Deadweight: 965T. FO: 757m3. Main Engines: 4 x EMD 16-645E7B total 7,800BHP. Speed about 16kn free. Genset(s): 2 - 250kW. Anchor handling firefighting AHTS. **Caribbean.**

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**File: TG74146 / TG74147 Tugs - Twin Screw (2 total)**

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**File: SU24668 Supply Boat - AHTS**

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**File: SU21744 Supply Boat - AHTS**
- 217.8’ loa x 44.6’ beam x 17.1’ depth x 14.60’ loaded draft. Built in 1982 at Southern Ocean Shipbuild; Singapore. Vanuatu flag. GRT: 1,263. ABS + A1 (E) + AMS. Deadweight: 1,386T. 123’ x 32’ clear deck. Main Engines: 2 x Yanmar 12ZL-ST total 7,200BHP. 2 - FP prop(s). Bowthruster. Speed about 15kn. Genset(s): 2 - 210kW AC, 1 - 99kW AC. Quarters: 40 berths. Laid up. **Southeast Asia.**

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Details believed correct, not guaranteed. Offered subject to availability.

File: SU19901 Supply Boat - AHTS - 199.6' loa x 42.6' beam x 20.3' depth x 16.56' loaded draft. Built in 1983 at Hudong; Shanghai, China. Belize flag. GRT: 1,252. Class: ABS SS due Feb 09. Deadweight: 1,171T. Deck Cargo: 600T on 98.4' x 33.5' clear deck. FO: 451T. FW: 234T. DW: 525T. Dry Bulk: 6,000ft³ in 4 tanks. Derrick/A-Frame: 250T. Winch: Norwinch double drum. Line Pull: 180T. Wire Capacity: 2 - 1,100m x 57mm. Stern Roller. Main Engines: 4 x MAN 12V20/27 total 6,000BHP. 2 - 135kW CP 4 blade 108" dia. prop(s). Kort nozzle(s). Each engine independently declutchable. Bowthruster 6.5T. Bollard Pull: 78MT. Speed about 10.8-14kn on 10.2Tpd. Pump(s): FO, DW & FW: 100m³/h. Genset(s): 2 - 245kW / MAN; 2 - 268kW / shaft 440vAC. Firefighting: 2 - 1,200gpm. Stern Roller. Main Engines: 2 x Niigata 12MGV28BX total 6,000BHP. Bollard Pull: 83.5mt. Speed about 7-14kn max on 735-882Lph. Pump(s): FO: 100m³/h; DW: 100m³/h; Bulk: 550m³/h. Genset(s): 3 - 205kW / CAT 3306 440vAC 60Hz. Firefighting: 100m³/h head main, 200m³/h diesel. 1 - water monitor. Quarters: 30 in 4-1, 9-2, 2-4 cabins. 150T Shark jaws & 100T Tow pins. 800m spare tow wire. 3.1kW Ynamar salvage pump. Mid East.

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Details believed correct, not guaranteed. Offered subject to availability.
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Tug Boat Market Report – August 2012


Southeast Asia.


Northwest.


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Details believed correct, not guaranteed. Offered subject to availability.

**Mediterranean. Oct 2012.**

**File: TG53098 / TG53097 Tugs - Azimuthing (2 total) -** 106.6' loa x 38.3' beam x 18.4' depth x 14.10' loaded draft. Built in 2012 at Turkey Shipyard. Foreign flag. GRT: 456. Class: BV 1 Hull + Mach, Salvage, FiFi 1, AUT-UMS, Water Spray, Oil Rec, Unrestricted Nav. FO: 250m3. FW: 53m3. BW: 70m3. Winch: Double drum aft towing. Line Pull: 65T. Wire Capacity: 800 m + 400m x 52mm steel wire. Main Engines: 2 x CAT 3516B total 5,364BHP. Schottel SRP1515CP prop(s). Bollard Pull astern 64MT. Bollard Pull: 65T. Speed about 13 free. Pump(s): 2 - FFS type SFP 250 x 350 1.350m3/h FiFi pumps. Genset(s): 2 - 150kW / CAT C9 1,500RPM. Firefighting: 2 - FFS 1,200 / 300m3/h water / foam monitors + water spray. Quarters: 10 persons. Air Conditioned. Galley. Cintranaval-Defcar design harbor, escort, ship docking ASD tug. Two newbuild sisters under construction. Single, split drum escort towing winch (forward) with 2 - 250m x 54mm synthetic line, with line pull of 80MT. 70T tow hook, tow pins, stern roller. Schottel bowthruster is optional. Further details on request through Marcon's office. Marcon has sold other tugs from this shipyard as sole broker. **Mediterranean. 8 months.**


| File: TG50139 Tug - Azimuthing - 117.1' loa x 37.7' beam x 18.4' depth x 15.90' draft. Built in 2011. RINA I +Hull +Mach / FiFi Ship 1 / Water Spray / Unrestricted / AUT-UMS. FO: 313.1m3. FW: 48.8m3. BW: 55.8m3. Crane: Pallfinger hyd 2,960k @ 4m. Winch: Double drum hydraulic aft + 70T SWL tow hook & tow pins. Wire Capacity: 2 - 750m x 52mm. Stern Roller. Main Engines: 2 x ABC 8DZC total 5,095BHP. Schottel 1515 CP 2,600mm dia prop(s). FiFi pumps PTO both M/E. Range @ 2,000nm at @ 6kn towing speed. Bowthruster 150kW. Bollard Pull @65MT. Speed about @13kn trial on 14MT/d. Pump(s): Bilge / Ballast: 40m3/hr. Fire / GS: 40m3/hr. Genset(s): 3 - 126kW / Volvo Penta D7-7A 400vAC 50Hz 3Ph. Firefighting: Foam 17.4m3. 2 - 1,400m3/hr pumps. 2 - Skum water / foam monitors. Quarters: 3-1, 1-2, 2-4 berth cabins. Linepull: 45MT @ 5m/min. New multipurpose ASD tug. Two sister tugs previously delivered. Dispersant @ 17.4m3. Endurance @22 days. Curtain type water spray. 4.25m work / rescue boat. Full fendering. Oil dispersant booms. Mediterranean. 8 months. |
File: TG46128 Tug - Twin Screw - 127.6’ loa x 32.1’ beam x 10.9’ depth. Built in 1967 at Burton Shipyard; Port Arthur, TX. U.S. flag. GRT: 180. Class: ABS Loadline. FO: 73,000g. FW: 7,600g. BW: 15,000g. Winch: Burdard single drum. Line Pull: 110,000lb. Wire Capacity: 2,800’ x 2.25” IWRC. Main Engines: 2 x Fairbanks Morse 10-38D6-1/8 total 5,000BHP. 2 - 115” x 81’ 5 blade SS prop(s) on 9” shaft(s). 10-38D6-1/8 12cyl. Speed about 13kn. Genset(s): 1 - 99kW / GM 71 280v. 1 - 99kW / JD 9098TA 280v. Firefighting: 1 @ 5,000GPM w/50’ hose. Twin screw tug. For sale direct from Owner. Same owner also has other tugs for sale. U.S. Northeast. Prompt.


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Details believed correct, not guaranteed. Offered subject to availability.

10-13.5kn on 6.5-18.1MT/d. Genset(s): 2 - 450kW CAT / 1 - 65kW CeAT 415V 3ph 50Hz.

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Details believed correct, not guaranteed. Offered subject to availability.
**Marcon International, Inc.**

**Tug Boat Market Report – August 2012**

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**File: TG44083 Tug - Twin Screw -**

- 118.1' loa x 35.4' beam x 16.4' depth x 13.20' loaded draft.
- 144m2 clear deck. FO: 350m3. DW: 26m3. Winch: Double drum waterfall + 1 - 5T Tugger; 1 - 2T capstan. Main Engines: 2 x Daihatsu 6DKM-26FL total 4,400BHP. 2 - FP Kaplan prop(s). Kort nozzle(s). Endurance 20 days. Bowthruster 3MT. Bollard Pull: 58.5MT. Speed about 12kn service. Pump(s): Bilge/Ballast: 35m3. Genset(s): 2 - 240kW 415/230VAC 3ph 50Hz; 1 - 64kW / GM6-71 450vAC 60Hz; 1 - 15kW. Quarters: 16 crew in 6 cabins. Air Conditioned. Galley. Anchor handling tug. 100T shark jaw and guide pins. **Far East.**

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**File: TG44122 Tug - Twin Screw -**

- 121.6' loa x 34.2' beam x 17.5' depth x 15.25' loaded draft.

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**File: TG44144 Tug - Twin Screw -**

- 124.6' loa x 35.4' beam x 16.4' depth x 13.10' loaded draft.
- Built in 2012 at Malaysian yard. Malaysia flag. GRT: 494. Class: BV. Winch: Double drum waterfall 150T SWL. Stern Roller. Main Engines: 2 x Cummins QSK 60-M total 4,400BHP. 4-blade fixed pitch prop(s). Kort nozzle(s). Bowthruster 125kW. Bollard Pull: 53-54MT. Speed about 12-14kn. Genset(s): 2 - 98kW / GM6-71 450vAC 60Hz; 1 - 15kW. Quarters: 10 crew. Laid-up. Raised pilot house installed in '08. Try ALL outright cash offers strictly “as is, where is”. Marcon sold twice, including to current Owner and longterm chartered once in tug's life. **Southeast Asia.**

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**File: TG44148 Tug - Twin Screw -**

- 124.6' loa x 38.7' beam x 15.7' depth x 12.40' loaded draft. Built in 2010. Foreign flag. GRT: 149. Class: ABS + A1 + AMS AHT Offshore Support Vessel, SOLAS.
- Deadweight: 314T. Deck Cargo: 300T on FO: 320m3. FW: 116m3. DW: 26m3. Winch: Marcon sold twice, including to current Owner and longterm chartered once in tug's life. **Southeast Asia.**

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**File: TG43410 Tug - Azimuthing -**

- 108.6' loa x 31.5' beam x 16.4' depth x 14.00' loaded draft. Built in 1987 at Cochrane-Selby; U.K. St Vincent/Grenadine flag. GRT: 376. Class: LR 100A1 Tug; Dtp Class VII. Deadweight: 297T. FO: 198.6m3. FW: 22.47m3. BW: 70.61m3. Winch: Winch/windlass forward & stern. Main Engines: 2 x Ruston 6RK270M total 4,340BHP. Aquamaster US2001/3150 prop(s). 6RR-270m/270 x 305mm. Astern pull @ 50MT. Bollard Pull: 58.5MT. Firefighting: 2 foam/water each, 25m3 @ 35m. Genset(s): 2 - 240kW 415/230vAC 3ph 50Hz; 1 - 64kW / emergency. Firefighting: FiFi 1/2. Pump(s): Bilge & Ballast: 35m3/h; GS & Fire: 35m3/h; FO: 20m3/h; FW: 20m3/h. Genset(s): 2 - 250kW / Cummins QSM11D(M) 415VAC 3ph 50Hz. Firefighting: FIFI 1/2. 2 - 600m3/hr monitors. 1,400m3/hr pump. Quarters: 2-1, 2-2, 3-4 berth cabins. Air Conditioned. Galley. Anchor handling tug. 1 - 10T tugger winch. 1 - 5T capstan. 150T SWL shark jaw & tow pins. 75mm thick hardwood on aft deck. Water spray system. **Southeast Asia.**

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**File: TG43412 Tug - Twin Screw -**

- 124.0' loa x 33.1' beam x 19.9' depth x 15.00' light draft x 18.00' loaded draft.

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**File: SU19632 Supply Boat - AHTS -**

- 196.0' loa x 42.0' beam x 17.0' depth x 14.80' loaded draft. Built in 1983 at Goole Shipbuilders; Goole, U.K. Vanuatu flag. GRT: 806. Class: ABS A1 AMS Special Survey date 09/2008. Deadweight: 1,018T. Light Disp.: 1,040T. 111' x 33' clear deck. FO: 198T. Lqg. Mud: 2,000BBL. Main Engines: 2 x Mirlees 6MB275 total 4,224BHP. 2 - CP prop(s). Bowthruster. Speed about 12kn on 10Tpd. Genset(s): 2 - 500kW 440vAC 60Hz; 1 - 250kW. Quarters: Total 24 persons. Air Conditioned. Galley. Offered strictly “as is, where is”.

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Details believed correct, not guaranteed. Offered subject to availability.


File: SU17444 Supply Boat - AHTS - 173.8' loa x 43.6' beam x 19.7' depth x 14.76' loaded draft. Built in 1983 at Torrens; Port Adelaide, Australia. Vanuatu flag. GRT: 1,141. ABS A1 (E), AMS, ACCU. Deadweight: 1,503T. Deck Cargo: 575MT on 86.92' x 36.08' clear deck. FO: 129,000g. FW: 12,300g. BW: 122,400g. Winch: Norwinch Double drum waterfall. Wire Capacity: 2-900m x 52mm dia. Stern Roller. Main Engines: 2 x Nohab F38A total 4,040BHP. 2-CP prop(s). Kort nozzle(s). Bowthruster. Bollard Pull: 65MT. Speed about 12-13kn on 8-13MT/d. Pump(s): 3 - 300m3/h portable and 1 - 640m3/h fire. Genset(s): 2 - 250kVA / Yanmar 6RALT 440v 3ph 60Hz. Firefighting: FiFi 1/2: 2 - 300m3/h water & 1- 600m3/h water/foam monitors. Quarters: 12 crew. Passengers: 12 clients. Salvage and anchor handling tug, 1,000m 54mm spare wire. 2 each tuggers on main deck and forward. Lifesaving gear and firefighting in accordance with SOLAS. Southeast Asia.
Marcon International, Inc.
Tug Boat Market Report – August 2012


File: SU18948 / SU18950 Supply Boats - AHTS (2 total) - 190.0' loa x 44.0' beam x 16.0' depth x 8.00' light draft x 13.60' loaded draft. Built in 1999 at Eastern Marine, Panama City, FL. U.S. flag. GRT: 1,004. Class: ABS +A1 +AMS USCG Sub L. Not SOLAS ready. Deadweight: 1,310mt. Light Disp.: 844mt. Deck Cargo: 440MT on 4,041ft2 clear deck. FO: 68,704g. FW: 8,650g. DW: 221,341g. Dry Bulk: 7,200ft3. Liq. Mud: 2,053BBL. Calcium Chloride / Brine: 86,258g. Winch: Smatco 72 DAW double drum waterfall + tugger. Line Pull: 134LT. Stern Roller. Main Engines: 2 x CAT 3516B total 4,000BHP. 2,590mm stainless prop(s). Bowthruster 500HP. Bollard Pull: 42MT. Speed about 11-12kn on 108-210gph. Genset(s): 1 - 175kW / CAT 3306. Firefighting: 1 @ 1,000gpm. Quarters: 18 berths / 7 cabins. Fritz Culver tow pins & Smith Berger stern roller. Vessel certified to carry 2 x 500BBL tanks which can be used for liquid mud bringing total capacity over 3,000BBL (tanks measure 34'L x 10'W x 8'H). Direct from leasing company. Both vessels sold by Marcon to last operators in 2001. U.S. Gulf Coast.


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**Details believed correct, not guaranteed. Offered subject to availability.**

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File: **SU20034 / SU20035 Supply Boats - AHTS (2 total)** - 200.0' x 38.0' beam x 15.0' depth x 13.18' loaded draft. Built in 1979 at Yokohama Zosen; Chiba, Japan. Belize flag. GRT: 836. ABS A1, AMS exp. Deadweight: 1,210T. Winch: Single drum towel. Main Engines: 2 x Yanmar 6Z-ET total 3,520BHP. 2 - FP prop(s). Bollard Pull: 150T. Wire Capacity: 3,000' 2 1/4". Stern Roller. Main Engines: 2 x Yanmar 6Z-ET total 3,520BHP. 2 - FP prop(s). Bowthruster Water jet. Speed about 13kn. Genset(s): 3 - 200kW 440v 60Hz; 1 - 50kW 440v 60Hz. Firefighting: Fitted. Quarters: 28. Laid up. For sale out of competition on a strictly “as is, where is” basis. **Africa West Coast.**


File: **TG35129 Tug - Twin Screw** - 141.0' x 34.1' beam x 20.1' depth x 16.50' loaded draft. Built in 1966 at Dominion Steel. Rebuilt: 2009. Canada flag. GRT: 565. FO: 83,925g. FW: 7,500g. BW: 10,563g. Winch: J. Swan Single Drum. 3-12" tow pins. Wire Capacity: 3,000' 2 1/4". Stern Roller. Main Engines: 2 x Stork Werkspoor total 3,470BHP. 101" x 70.7" prop(s). Open wheel. Bollard Pull: 37.5T. Speed about 12kn. Genset(s): 2 - 120kW 460vAC 60Hz. Quarters: 10 men. ITB tug partnered with DB30033, a heavy lift barge converted from Ro-Ro ship. 1,000mt bow ramp. Can operate in both Ro-Ro & Lo-Lo configurations. Owners are inviting best outright offers for sale or charter. Both units can be inspected by arrangement through this office. **Canada Great Lakes.**
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File: TG19096 Multi-cat Style Tug - Triple Screw - 91.8' loa x 41.0' beam x 12.0' depth x 9.80' light draft x 7.50' loaded draft. Built in 2007 at Kooiman; Zwijndrecht, Netherlands. Netherlands flag. GRT: 297. Class: BVI + Hull, Mach Tug Unrestricted Nav AUT-UMS. Special survey due 02/2012. Deadweight: 244mt. FO: 148m3. FW: 60m3. BW: 52m3. Crane: 2 - HS Marine 20MT @ 13m. Winch: Hydraulic anchor handling / towing forward / aft. Wire Capacity: 100m 56mm / 600m 36mm. Main Engines: 3 x Cummins KTA19M3 total 1,920BHP. 3 - 1,550mm FP prop(s) on C45 steel shaft(s). Kort nozzle(s). 1 - Cummins KTA-19M3 for hydraulics. Bowthruster 350HP. Bollard Pull: 29MT. Speed about 11kn. Genset(s): 2 - 80kVA / Cummins 220/380vAC 50Hz + shore power. Quarters: 7 in 4 cabins. Air Conditioned. Galley. Unique, custom multipurpose support vessel / multicat with special characteristics & capacities. Shallow draft. Fully fendered. Four push knees forward and two aft. Three 360deg hydraulically driven retractable thruster. Triple rudders with max rudder angle of 2 x 70 degrees. Heavily constructed 150 ton SWL bow and stern rollers. Two 8T tugger winches with 75m 20mm wire. Two hydraulic 150 tons SWL guide pins. 15MT SWL Mampaey tow hook. Two 600mm x 15m long spuds. 1,000mm diameter moonpool. Cranes remotely operated. Open for charter. Try outright "as is, where is" purchase. Mid East. 2Q 2013.


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File: TG17116 Tug - Twin Screw - 85.3' loa x 26.2' beam x 12.0' depth x 9.8' loaded draft. Built in 2012 at Malaysian Shipyard. Foreign flag. Total 1,700BHP. Kort nozzle(s). Two available for sale direct from shipyard. Southeast Asia.


File: TG14087 Tug - Twin Screw - 72.0' loa x 20.4' beam x 5.6' depth x 6.5' loaded draft. Built in 1949 at G.M. Nichols; Hood River, OR. Rebuilt: 1994. U.S. flag. GRT: 71. FO: 7,000g. Main Engines: 2 x CAT 3508 total 1,550BHP. 3 blade 75'' x 60'' steel prop(s). Bollard Pull: 19.5T. Genset(s): 2 - 30kW / GM3-71 208vAC. Low freeboard. "as is, where is" out of competition. Mechanically sound with good operational machinery, new bulwarks installed. Requires new exterior water tight doors, blasting & paint, one shaft and both props need to be reworked. U.S. Great Lakes.


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Details believed correct, not guaranteed. Offered subject to availability.


File: TG19065 Tug - Twin Screw - 65.0' loa x 23.0' beam x 11.0' depth x 9.50' light draft x 11.00' loaded draft. Built in 1977 at Jones Tug & Barge; Long Beach, CA. U.S. flag. GRT: 95. Class: Not classed. FO: 19,500g. FW: 800g. Winch: Markey Hydraulic Double drum w/cat head. Wire Capacity: 1 1/2" x 1,500'. Main Engines: 2 x GM 12V149 total 1,350BHP. Last Overhauled: 11/93. 2 - FP 59"x59" 4-blade Kaplan prop(s) on 5.5" shaft(s). Kort nozzle(s). Stainless steel lined nozzles. Keel cooled. Speed about 10kn. Genset(s): 2 - 30kW LIMA / GM6-71 and GM4-71. U.S. Northwest. Prompt.


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Details believed correct, not guaranteed. Offered subject to availability.
File: TG05048 Tug - Single Screw - 47.4' loa x 12.3' beam x 5.6' depth. Built in 1974. Foreign flag. Main Engine: 1 x Mercedes total 500BHP. Bollard Pull: 9T. Although currently on long term charter, we may be able to develop for sale on a private & confidential basis. Mediterranean. Prompt.


File: TG04043 Tug - Twin Screw - 24.9' loa x 10.0' beam x 4.0' depth. U.S. flag. FO: 1,000g. Main Engine: 1 x CAT 3208 total 180BHP. 2 - FP prop(s). Hydrostatic Drive. 04/12 New shafts and cutlass bearings in 2011. Small dredge support boat. Twin screw with diesel powered hydrostatic drive. Stick boom aft with 10T hydraulic tugger. Aft steering / control station. Owner prefers an en-bloc sale with 166' OSV (see SU16517) and / or 12" cutter suction dredge (see DR04414). U.S. Northwest. Prompt.

We are also interested in receiving your news, press releases and comments on the market for our next market report.

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