

(Data as of June 30, 2016)

I. Conditions of PSC inspections for the second quarter of 2016

1. Overall conditions

TOKYO MOU: 668 ship-times in terms of inspection of CCS class ships, 4 ship-times in terms of detentions, with a detention rate of 0.60%.

PARIS MOU: 48 ship-times in terms of inspection of CCS class ships, 0 ship-time in terms of detention, with a detention rate of 0%.

USCG: 52 ship-times in terms of inspection of CCS class ships, 0 ship-time in terms of detention, with a detention rate of 0%.

Other regions: no detention information received.

To sum up, during the PSC inspections of TOKYO MOU, PARIS MOU and USCG, there are totally 768 ship-times in terms of inspection of CCS class ships, 4 ship-times in terms of detention, with a detention rate of 0.52%.

2. List of ships detained in the second quarter of 2016:

Ship name	Ship flag	Ship type Construction date	Detention place Date	Detention deficiencies
A	Panama	General dry cargo ship 2009	South Korea April 20, 2016	SMS has not ensured effective maintenance and shipboard operations of ship and its equipment as per the above deficiencies-ship board operations:No.1.2.3.6; maintenance:No.4.5.
B	Panama	General dry cargo ship 2008	Japan April 22, 2016	1. Crew is not familiar with essential shipboard procedures relating to safety of the ship. The crews were unable to perform a satisfactory fire drill. Crew failed two attempts to perform the fire drill as evident by unfamiliarity with procedure to attack a fire and donning / operation of the breathing apparatus, etc.; 2. Senior officers were not aware of their tasks, duties or responsibilities as evident by deficiency in item #1, 2.
C	Hong Kong, China	General dry cargo ship 2009	Japan June 15, 2016	Discharge line of CO2 fixed fire extinguishing system as follows: 1) No.3 C/H on upper deck(STBD); 2) No.2 C/H on upper deck(Port) 。 Detached, because of severe corrosion.
D	China	General dry cargo ship 2011	Vietnam June 29, 2016	1. Responsible officer (2/o) not familiar with essential shipboard operational procedure relating test GMDSS equipments on DC power.; 2. VDR: malfunctioned.; 3. Navigation light at S. side: the arc of light not follow. COLREG 72

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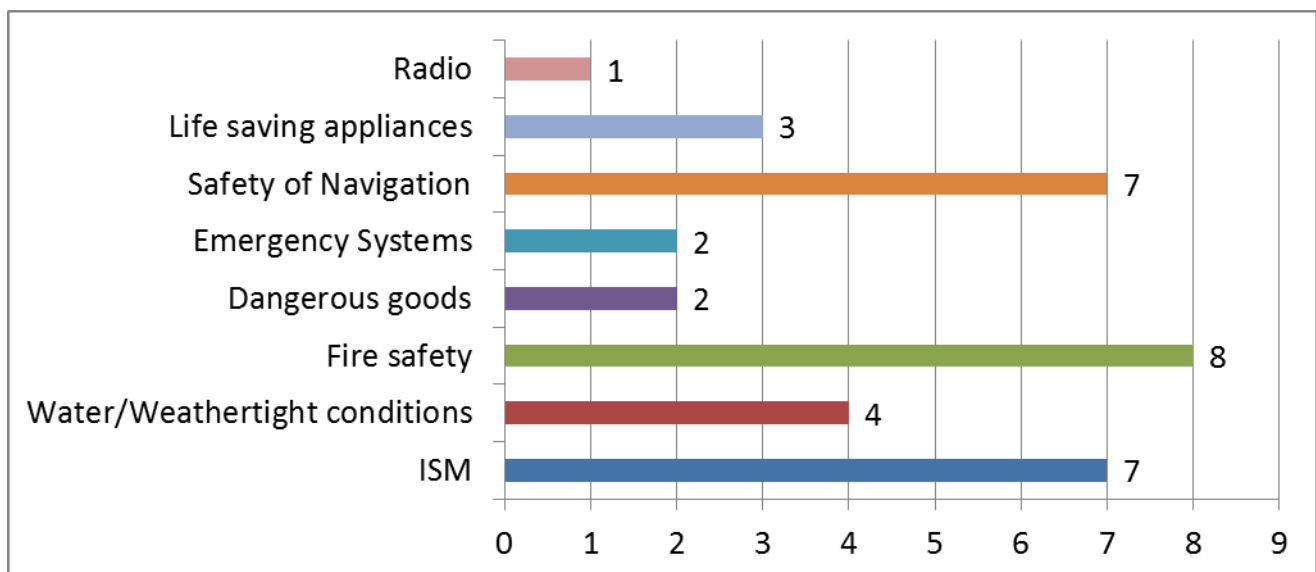
				requirement; 4. Davit for rescue boat: limit switch out of work and can not operated with second power as required; 5. Fire door frame of emergency escape trunk heavily corroded and have a gap about 10mm through out from E/R to escape drums; 6. Publications: admiralty tide table (NP205-16); Ocean passage for the world; ISM Code, FSS Code, ISPS Code, LSA Code, COLREG 72 not available on board.
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II. PSC statistical analysis and some deficiency pictures for the second quarter of 2016

1. Statistical analysis of data about ships detained:

- **All deficiencies:**

For these 4 ship-times of CCS class ships receiving detention reports, and subject to investigation and handling, there were totally 35 deficiencies, with an average of 8.75 deficiencies for each ship detained, which was lower than the average number of deficiencies for ships detained in the first quarter, i.e. 10.86.

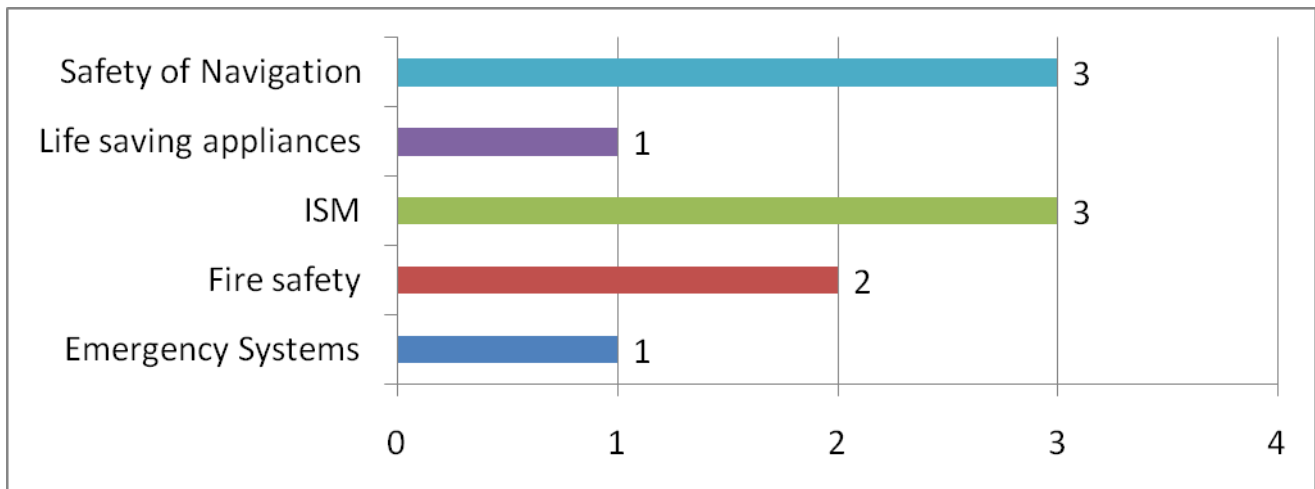


There were relatively many deficiencies in fire safety, ISM, safety of navigation and water/weathertight facilities. Relevant parties shall pay additional attention and endeavor to reduce the number of ship deficiencies, especially ISM related deficiencies.

- **Detainable deficiencies**

For these 4 ship-times of CCS class ships receiving detention reports, and subject to investigation and handling, there were totally 10 detainable deficiencies, with an average of 2.5 detainable deficiencies for each ship detained, which was lower than the average number of detainable deficiencies for ships detained in the first quarter, i.e. 3.14.

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Among these 10 detainable deficiencies, there were respectively 3 detainable deficiencies related to ISM and safety of navigation, and 2 detainable deficiencies related to fire safety. The inspections of ship ISM management, navigation safety equipment and fire safety shall be strengthened, especially the inspections related to crew members' drills, equipment maintenance and service, and emergency equipment operation, and the requirements shall be strictly met, so as to avoid the detention of ships.

- **Ship flags, ship ages, ship types and tonnage distribution of ships detained:**

Among these 4 ship-times of CCS class ships detained, there were 2 Panama flag ships, 1 China flag ship and 1 Hong Kong, China flag ship.

All these 4 CCS class ships detained were general dry cargo ships with a ship age of less than 10 years and a gross tonnage less than 7,000.

Therefore, attention shall be paid to find and timely solve ship problems, strengthen the management, and strictly carry out the inspections, in order to reduce the number of deficiencies and the detention ship-times of similar ships.

- **Distribution of countries/regions related to detentions**

Among these 4 ship-times of CCS class ships detained, 2 ships were detained in Japan, 1 ship in South Korea and the remaining 1 ship in Vietnam.

Therefore, attention shall be paid to strengthen the inspections of ships bound for Japan (especially Nagoya, Japan), South Korea and Vietnam, so as to ensure that the ship drills, maintenance, service, emergency operation and other safety management aspects continuously meet the requirements, and reduce the number of deficiencies and the detention ship-times of ships in these countries and regions.

It's worth noting that although there was no detention of CCS ships in PARIS MOU, USCG and Australia in the second quarter, we shall maintain sharp vigilance and endeavor to avoid any ship detentions in countries and regions in Europe, America and Australia.

2. Some deficiency pictures (only for the second quarter of 2016)

(Data as of June 30, 2016)



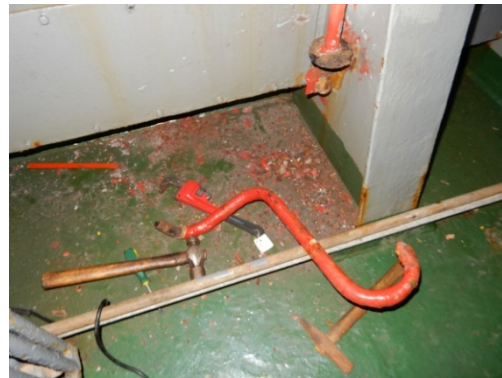
Light Coming from Gap between Fire Door Frame and Bulkhead (Riveted Door and Bulkhead)



Serious Rusting of Water Filling Nozzle Cover of Fresh Water Tank



Chemical Protective Gloves Not Meeting Requirements



Rusting and cracking of Extinguishment CO₂ Pipe for Cargo Holds

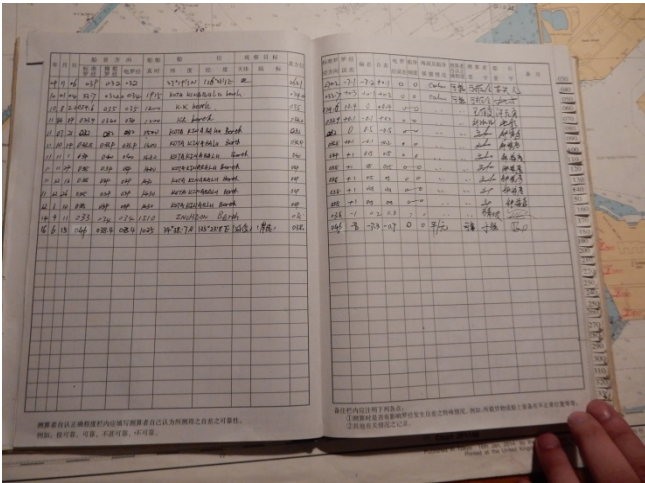


A60 Fire Door for Escape Tunnel Fastened by Ropes at Open Status



Insufficient Magnetic Compass Light Intensity and Unclear Reading

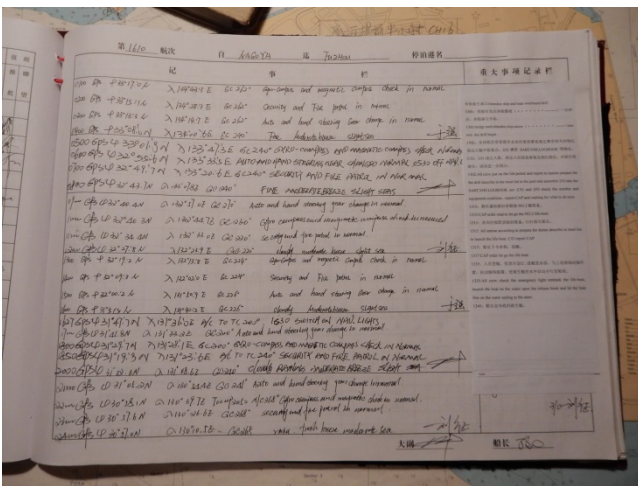
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Crew Members Not Checking and Recording Magnetic Compass Accuracy as per Requirements



Crew Members Not Familiar with Position of Isolating Valve for Fire Main Pipe



Logbook Indicating Drills and Launching during Ship Navigation



Same Color for Seat Belts for Adjacent Seats in Lifeboat



Failure to Close Storeroom Deadlight due to Rusting



Serious Corrosion and Damage of Securing

(Data as of June 30, 2016)



Portable Covers Securing Not Meeting Requirements

Lashing Eye



Serious Corrosion and Damage of Securing Parts and Components

III. PSC work suggestions

- Under the continued depression of shipping market, the working enthusiasm of crew members shall be enhanced, the benefits shall be obtained for ship maintenance, service and safety management, and unnecessary losses due to PSC deficiencies and detentions shall be reduced.
- The ships bound for Japan, South Korea, Europe and America were detained many times due to deficiencies related to ISM such as life saving and fire drills and safe operation. It is suggested that the ship/shore training for crew members be strengthened. The crew members shall make themselves master of operation requirements of ship safety emergency equipment, pollution prevention equipment and communication and navigation equipment, especially new type equipment (e.g. electronic chart). The company shall strengthen the inspections of crew members' drills and operations, so as to reduce the deficiencies and detentions due to insufficient ship drills and operations.
- Currently, with the continuous deepening of inspection of MLC-2006 convention compliance by various PSC organizations all over the world, many ships have been subject to deficiencies or even detentions due to incompetence in implementation of MLC convention. Therefore, various companies and ships shall continuously meet the requirements of international labor conventions, and actively prepare for the Concentrated Inspection Campaign (CIC) of the implementation of MLC-2006 convention on ships to be performed by various PARIS MOU member countries in September to November 2016, so as to avoid any ship detentions due to MLC-2006 deficiencies.
- In the second quarter of this year, the temporarily positioned portable hatch covers of a ship was not effectively secured, so some hatch covers slipped into the sea and crashed other ships, causing the strict inspection and detention by PSC. The deficiencies include corrosion and damage of securing equipment, securing not meeting requirements, missing of securing parts and components, and serious insufficiency in implementation of ISM rules. During September to November 2016, the TOKYO MOU member countries will perform the Concentrated Inspection Campaign (CIC) of ship securing. Therefore, various companies shall prepare for the inspections in advance. The ships shall pay attention to the requirements of the Concentrated Inspection Campaign (CIC), pay close attention whether the ship securing manual is on the ship and properly approved, whether the securing equipment and relevant parts and components are complete and intact, and whether the crew members are familiar with the securing requirements and the implementation status. Any problem shall be solved timely, so as to prevent any ship deficiencies or even detention during the Concentrated Inspection Campaign (CIC).



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- Many ships are subject to deficiencies or even detention due to bad habits of crew members, such as the fire door is fastened in the open position, the tank sounding hole was kept abnormally open, the closing of quick closing valve is limited, the oily wastes and household garbage are discarded at will, the switches of emergency equipment and navigation equipment are not set at normal or automatic positions, and the overboard discharge valve of domestic sewage is not closed within a port. It is suggested that the companies strengthen the publicity and education to reduce the deficiencies or event detention due to bad habits of crew members.
- Some ship deficiencies reflect that some supplier companies and repair/detection service personnel do not strictly follow the detection requirements, and there are problems such as insufficient detection, cheating on workmanship and materials, falsification, failure to timely find and solve deficiencies, failure to accurately reset the equipment after repair, wrong installation, and halfheartedness when signing and issuing the detection reports. The ship companies and the crew members shall strengthen the service supervision of supplier companies, prevent the cheating on workmanship and materials and the falsification, carefully review the repair certificates and reports provided by the supplier companies, in order to reduce the ship deficiencies and detention.

Thank you for your substantial support to CCS!

Classed Ship in Service Department of CCS Headquarters

July 10, 2016