



Goldenport Holdings Inc.

ANNUAL | REPORT 2008

Technical Capability

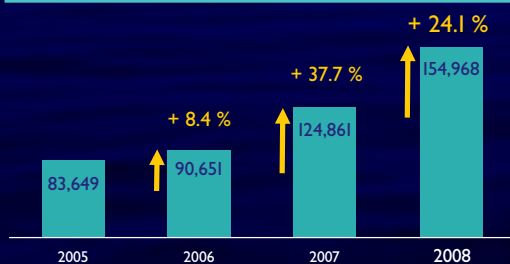


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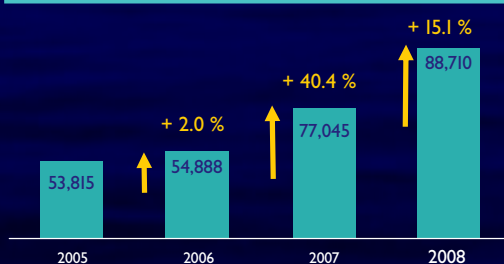
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Goldenport 2008 Profile

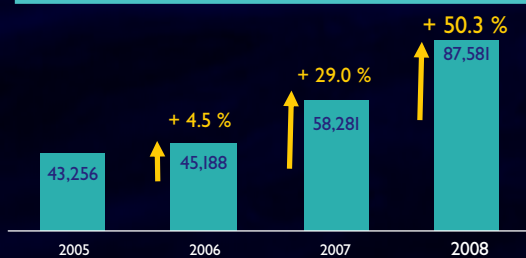
Revenue (US\$000)



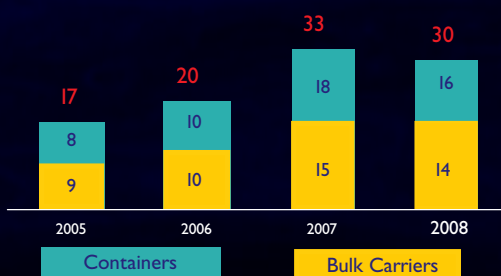
EBITDA (US\$000)



Net income (US\$000)



Number of vessels - incl. vessels under construction



Our Vision

“To achieve sustainable growth in a volatile industry, gradually becoming one of the leaders in marine transportation especially in the containers and bulk carriers segments”

Goldenport has enjoyed profitable growth during 2008 and is well placed to ride out the current world recession. We will continue to operate a conservative business model which places dry bulk and container vessels on medium-term to long-term charters, matching good charter contracts with appropriate vessels.

2008 was the best year in Goldenport's history. Profit grew 50% to USD\$ 87.6 million and revenues grew 24% to US\$ 155.0 million. While this occurred on the back of very high charter rates, it was made possible by safe and efficient day-to-day operations and success in pairing new charter contracts and vessels.

We continue to be successful in having high quality charterers as counter-parties and we take great effort to provide reliable services that fulfil their needs. As a consequence, we have developed strong relationships with our charterers which, in turn, this has made our business more resilient.

The shipping industry has been hit hard by the global recession. In order to manage our way through these difficult times, we aim to keep our vessels employed and to ensure that we have sufficient cash resources.

Due to our time-charter business model, our service reliability and our strong relationships with charterers, the fleet we had at year-end remains fully employed. In January 2009, we took delivery of a vessel which was under reconstruction ("MSC Fortunate") and it went directly to work with a charterer. By the time that you read this report, we will have taken delivery of one additional vessel, the "NYK Procyon".

In order to optimise our cash position, we have scrapped older vessels, deferred construction contracts and restructured loans. Also, our cash position in 2009 will be assisted by a much lower level of dry docking activity compared to prior year. At the year end, Goldenport had US\$ 33.3 million of cash and a conservative gearing ratio. Net debt was 30.5% of the net book value of our fleet.

In view of the challenges ahead, our Board recommends a final dividend of 2.0 pence per share, resulting in a total of 10.0 pence per share for the 2008 year. This final payment will be offered in either cash or shares. The Board and Management Team have undertaken to elect for the scrip alternative for at least half of their holdings.

The success of Goldenport rests largely with management team, lead by our Founder and Chief Executive, Captain Paris Dragnis. On behalf of the Board, I thank them for their efforts during a very difficult time.

Goldenport enters 2009 in a robust position. Our vessels continue to be in employment and we have cash to cushion the recession. These factors, together with our loyal and high quality charterers, give us confidence as we face the future.



Chris Walton

Chairman

Chief Executive Officer Statement



We are particularly pleased to report strong results for 2008, a year of unprecedented volatility and challenge in the global financial and shipping markets. During the year, our management focus evolved in tandem with the

shifting market conditions, taking advantage of the strong markets in the first nine months of the year and adapting to the market downturn during the last quarter of 2008. The results we achieved demonstrate the soundness of our business model by adhering to a strategy of balancing our fleet between the dry bulk and container markets, following a conservative fleet renewal and expansion program, employing our vessels under fixed period charters with reputable charterers and making prudent use of debt.

We took advantage of the healthy markets that prevailed in the first nine months of 2008 and sold several of our older and fully depreciated vessels, locking in healthy gains of \$ 36.5 million that enhanced our results and enabled us to continue with our fleet renewal and expansion program. During this period, we also secured medium and long term period employment for several of our dry bulk and container vessels at higher rates.

Since the last quarter of 2008, we have swiftly adapted our strategy to the rapidly declining market conditions. Our objective has been and still remains to safeguard the value created and at the same time position our company not only to weather the storm but also to take advantage of accretive fleet expansion opportunities that may arise, ultimately for the Company to come out of the current turmoil stronger and larger.

In this context we took several defensive measures to optimize our fleet utilization and cash flow and enhance our operational flexibility. We extended the charter cover on several of our dry-bulk vessels whose original employment would terminate

in 2009, at rates higher than current market conditions, thereby increasing our cash flow and fleet utilization. As of today, we have secured for our current operational fleet of 20 vessels 77% of the available days for 2009, 46% for 2010 and 29% for 2011 under fixed period employment translating to fixed revenues of \$174 million.

Also, we refinanced \$38.1 million of our debt, of which \$33.1 million was maturing in 2009 and I am pleased to report that we are in full compliance with our debt covenants. Furthermore, we reached agreement with the shipyard without incurring additional cost to delay the deliveries of our four dry bulk new-buildings currently under construction at the COSCO Shipyard, while keeping intact the pre-agreed time charter contracts and the committed bank financing. The decision of the Board of Directors to recommend a final dividend of only 2 pence per share accompanied by a scrip dividend alternative aims to strengthen our company's liquidity in the prevailing uncertain environment. Nevertheless, the total dividend of 10 pence for 2008 translates into an annualized yield of about 9% based on the current share price which we believe to be attractive in the current market. These three initiatives will free our cash flow and coupled with our low gearing will reinforce our ability to take advantage of market opportunities for accretive acquisition opportunities, which traditionally surface in weak markets.

The first such opportunity materialized in February of 2009, when we announced the acquisition of one second-hand container vessel, expected to be delivered to us in March 2009, for a purchase price of US\$ 10.5 million, which we consider very attractive. In addition in 2009, our fleet was strengthened with the addition of the fully reconstructed container vessel "MSC Fortunate" (ex "Fortune") which in February commenced its four-year time charter and with the delivery of our first new-build Supramax dry bulk vessel "Marie Paule" which also commenced its agreed three-year charter. Our fleet as of today consists of 30 vessels, of which 16 are containers and 14 are dry-bulk carriers. Out of the total, 9 vessels (2 containers and 7 bulk-carriers) are new-building orders with expected deliveries between 2009 and 2011.

In the current environment we have to remain particularly vigilant and alert. We believe that Goldenport is well equipped to navigate through the current storm and come out stronger and larger. Given their belief in the long term prospects of the business and the company, management will elect for the scrip dividend alternative in respect of at least 50% of their holdings.

Captain Paris Dragnis
Chief Executive Officer

that cost and time factors are always taken into primary consideration but in any case not jeopardizing aspects such as crew, environmental, and vessel safety.

FORMATION

Goldenport Holdings Inc was formed on 21 March 2005 as a Holding Company in order to consolidate the ownership interests of Captain Paris Dragnis in a fleet of seventeen container vessels and dry-bulk carriers, with share capital of 500 authorised shares, without par value.

From 30 March 2006, conditional on admission to the Official List of the London Stock Exchange, the Company amended its Articles of Incorporation. Under the Company's Amended and Restated Articles of Incorporation, the Company has an authorised share capital of 100,000,000 shares (all in registered form) consisting 100,000,000 shares of common stock with a par value of U.S.\$0.01 per share.

The Company has cancelled the existing 500 shares with no par value. Prior to the reorganisation, seventeen holding companies, each in turn owning a vessel-owning company (altogether the Contributed companies), were wholly-owned by the founder and current CEO Captain Paris Dragnis.



From left: Konstantinos Kabanaros, John Dragnis and Christos Varsos in London Stock Exchange on 5th April 2006

Goldenport is a customer oriented global provider of shipping services that brings added value services to its charterers and provides innovative solutions for cargo movements requirements. The Company operates a well diversified fleet and has been active in acquiring additional tonnage as well as reconfiguring vessels to serve niche trades. Most importantly, as a commitment to its clients Goldenport continuously renews its fleet with the acquisition of younger tonnage.

Goldenport has built strong, reliable relationships with a number of first class charterers and worldwide clients both in the container and dry-bulk fleet sectors. Its performance standards have given to the Company the ability to grow its fleet steadily, and ensure that every new addition is accompanied by a long-term employment opportunity in the market. The Company emphasizes both flexibility and reliability in its service while being committed to environmentally sound corporate policies.

After being in business for almost three decades, it has been our primary goal to maintain professionalism in all our business transactions and to ensure that the quality of service is always of the highest standards. In order to achieve this, Goldenport has built a strategy comprising of the following:

- ❖ *Our primary goal is to always have an efficient and well-maintained fleet comprising of vessels that will satisfy and fulfil only the highest of expectations, in order to provide the best service to our charterers. Special attention is always given to having the ability to respond to every situation that may arise 24 hours a day, 365 days a year. We provide reliable and effective solutions in co-operation with our vessels' charterers ensuring*

REORGANISATION

The reorganisation that took place on 30 March 2006, involved the following steps:

- ❖ Captain Paris Dragnis contributed all of the shares held by him in the seventeen intermediate holding companies to Goldenport, in exchange for shares of common stock in Goldenport, fulfilling his obligation for the Company's share capital, in accordance with the share for share agreement exchange dated 30 March 2006; and
- ❖ Captain Paris Dragnis transferred all of the shares of common stock in Goldenport to Starla Shipholding Corporation (Starla), a company wholly owned by Captain Paris Dragnis; as a result Starla was, prior to admission to the Official List of the London Stock Exchange, the sole shareholder of the Company;
- ❖ Following completion of the reorganisation, the Contributed Companies were wholly-owned subsidiaries of Goldenport Holdings Inc.

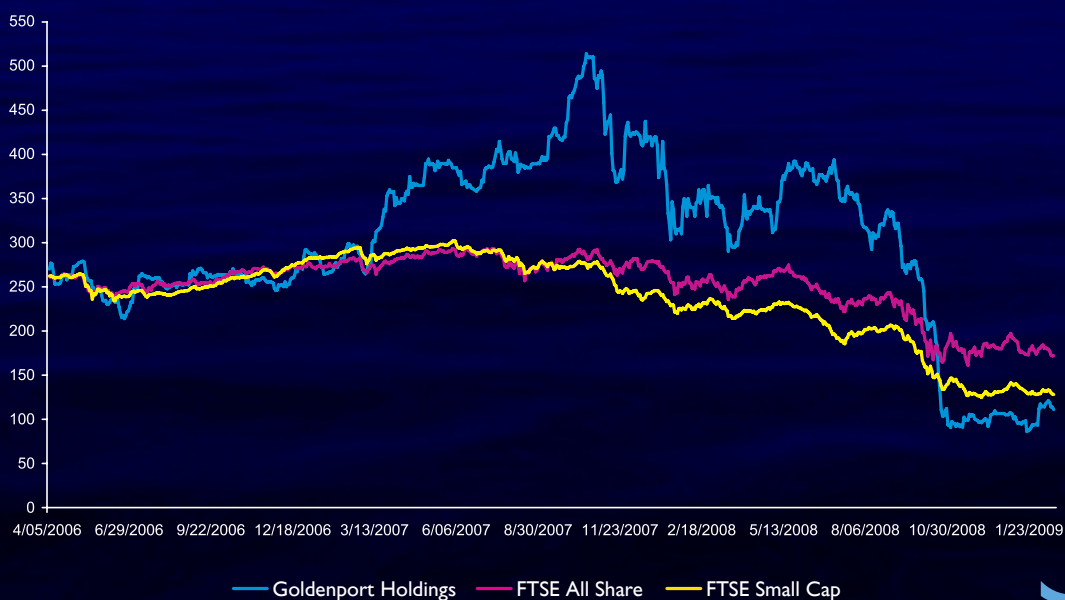
OFFICIAL LISTING

Goldenport Holdings Inc was admitted to the Official List and admitted to trading on the main market of the London Stock Exchange on 5 April 2006 with ticker GPRT. The offer was for £60 million excluding the Over-Allotment option. On 11th April 2006 the Over Allotment option was exercised providing the Company with a total of £ 66 million (or \$115.5 million at the time), which were raised in order to partially repay debt and for fleet expansion.

Upon admission the Company owned and operated 17 vessels consisting of nine dry bulk carriers that had cargo-carrying capacities ranging from 52,266 to 136,638 DWT and eight container vessels ranging from 485 to 2,258 TEU.

Effective 19th of June 2006 the stock was included in the FTSE Small Cap and FTSE All-Share Indices of the London Stock Exchange.

Goldenport share price vs. FTSE Small Cap / All Share



Our Philosophy

Our primary objective is to manage our fleet in a manner that allows us to maintain profitability across the shipping cycle and thus to maximise returns for our shareholders. To accomplish this objective, we have identified the following strategies, which build upon our existing strengths:

- ❖ employment of our vessels in a manner that provides us with stable cash flows;
- ❖ effective management of the size and nature of our fleet with a view to expansion of the Group;
- ❖ maintenance of exposure to both the dry bulk and container sectors;
- ❖ attraction and retention of blue-chip customers;
- ❖ execution of a specific and effective vessel acquisition strategy;
- ❖ maintenance of efficient operations and a high fleet utilisation;
- ❖ capitalisation on our established reputation; and
- ❖ maintenance of a strong balance sheet with low leverage, although future acquisitions may be financed partially through debt.



Our Strengths

We believe that we possess a number of strengths that provide us with a competitive advantage in the shipping industry:

- ❖ we have experienced management team with a proven track record;
- ❖ we have a high proportion of our charter coverage is medium - to - long - term;
- ❖ we have long-term, high-quality customer relationships;
- ❖ we are an efficient operator of vessels of all ages;
- ❖ we operate vessels in two major sectors of the shipping industry;
- ❖ we operate a number of sister ships; and
- ❖ we have a strong balance sheet



The shipping industry is a vital link in international trade with ocean-going vessels representing the most efficient and often the only means of transporting large volumes of basic commodities and finished products.

Seaborne cargo is categorized as either tanker or dry cargo. Dry cargo includes dry bulk cargo, container cargo, non-container cargo and other cargo, while tanker cargo includes oil, refined oil products, gases and chemicals.

The Dry market is the most diversified one dominating the world's sea-borne trade. This market is split into:

The Dry bulk Market and the Containers Market

**We operate
a well diversified fleet
of both containers
and dry-bulk carriers**

A. The Containers Market: Overview and developments

Containerization was introduced in the late 1960s as an efficient means of transporting general cargo, i.e., cargo other than dry bulk commodities and oil products. Container shipping is the fastest growing sector of the shipping market accounting for more than 70% of the international seaborne trade by value. Demand, as measured by port handling movements, has increased at a compound annual growth rate of 10% since 1999. In 2008 there was an estimated 207 Million TEU of full container port handling movements.

The container market is still developing. Growth in demand is driven not only by increasing world trade, but also by continuing penetration of the general cargo market by containers and an increasing incidence of transshipment to deliver containers to their ultimate destination.

Container shipping is dominated by approximately 25 liner companies, which together control about 85% of container capacity. The continuing concentration process of recent years is resulting in an increased carrying capacity being deployed by the top liner companies. The liner companies operate round-the-world arterial services using the biggest container vessels available, serving a limited number of hub ports and provide a door-to-door service for shippers and consignees, who pay a fee per box shipped. Broadly speaking the actual control of the world fleet is divided between the liner companies (dominating the +4,000 TEU sector) and the independent Owners (owning the majority of the sub 4,000 TEU vessels).

The liner companies charter-in feeder container vessels from owners to provide regional distribution of containers to and from the hub ports. Charter rates for feeder container vessels are affected by global economic factors to a lesser extent than dry bulk carriers because demand is also affected by changes in the demand of liner companies for feeder services. As a result the container market is less volatile than the dry.

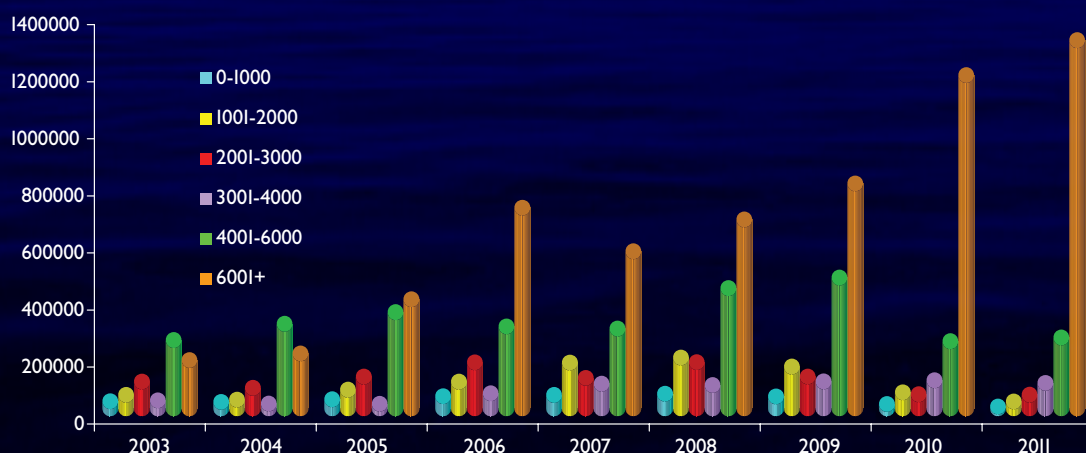
i) The Supply

As of December 2008 the containership fleet is comprised of around 5,254 ships of about 12.6 million TEU capacity. It must be stressed that subject figures refer not only to the fully cellular containerships but also any other vessel that are predominantly deployed as containerships. Year-on-year (2007-2008) the growth in capacity was equivalent to 8.2% in vessel terms and 12.7% on the basis of slot capacity deployed. The average age of the current worldwide container fleet as of December 31, 2008 was around 11 years.

The supply of container vessels is mainly affected by the net result of the new deliveries less the number of vessels removed due to demolition or loss. However port productivity (efficiency of the operating systems) and the fleet performance in terms of speed are the two key factors which determine the voyage duration and increase or decrease the available carrying offered by each vessel over time.

Over the course of 2008 another 144 containerships were ordered of a combined capacity of about 850,000 TEU, a significant decline compared to the 2007 orderbook level of 3.2 million TEU. It is worth to note though that out of the total only 28 vessels were ordered in the second half of

Containership Newbuildings



the year. As of early February 2009 the orderbook stands at 5.4 million TEU (around 45% of the existing fleet) for delivery within the next 3-4 years.

ii) The Demand

Containership demand is related to the world economy itself and its organic growth. An important parameter is the "conversion procedure" of minor break-bulk, general and reefer cargoes traditionally using other modes of transport, which irrespective of the World GDP growth increase the container cargo volume. Another important driver behind demand is the growth in demand in the direction with the largest volume (so called 'dominant leg' of each route). Sanctions, tariffs and/or other protection measures imposed by governments may change the trading pattern of the industry and impact demand as well. At the same time, growth of transshipment is another key factor since an increasing incidence of transshipment will generate an ever-greater rise in the number of slots required to move the same volume of cargo.

Over the last few years though the most important parameter positively affecting demand for containerships is the process of outsourcing of production capacity from traditional high cost production areas (Japan, Western Europe, North America) to countries with a lower cost base, mainly China. China has changed forever the "geography of manufactur-

ing" creating a marine increase in the ton-mile relationship for the finished products. Further to the above a significant proportion of the demand growth over the last year is attributed to the conversion of bulk cargoes (exports of scrap, soya and corn from US to Asia - pig iron ex South America - grain ex Australia).

Dramatic increases were boosted by the super charged performance in the dry cargo sector and the relevant extremely high rates in the sector. Trade patterns have been affected substantially.

iii) The Charter Market

One of the main characteristics of subject market as opposed to the Dry Bulk is the absence of a "Spot Market". The Containership market is less volatile if compared to other traditional shipping markets such as dry bulk or tanker. The average period of charter for a containership (regardless size) has been around 10 months for the last 10 years. Such extended period cover provides protection from short term imbalances and provides secured income for the relevant parties. This is customarily reduced in weak markets respectively increased in healthy markets. Nowadays the average pe-

Average Period



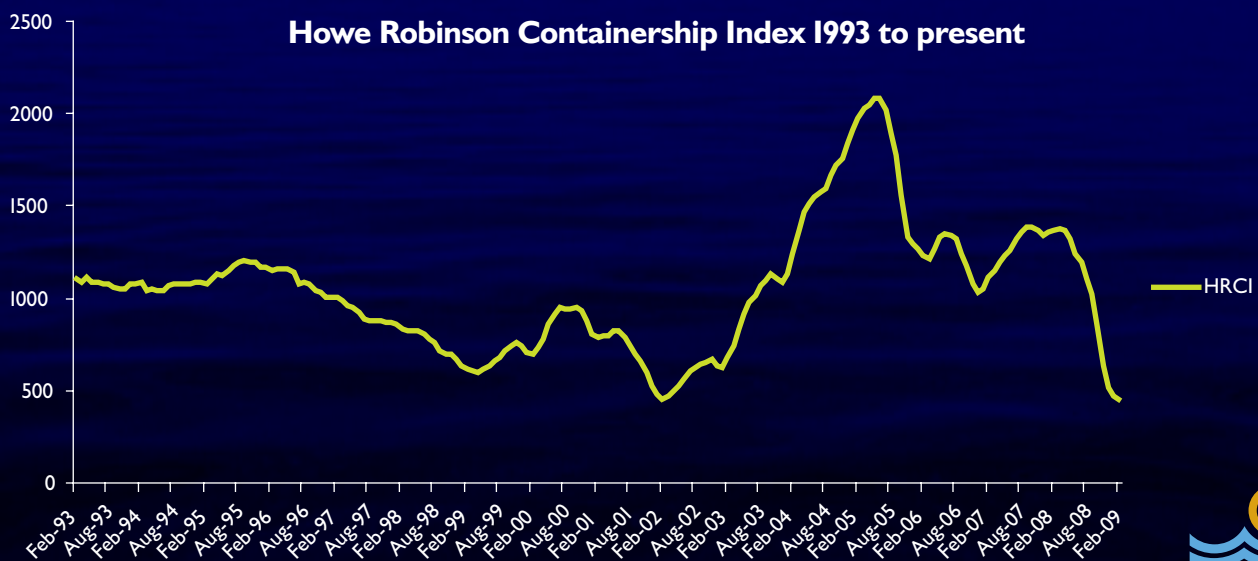
riod cover is 4 months (120 days) as opposed to 10 months this time last year. Over the course of 2008, the average fixing period slipped back from 400 down to 120 days with such reduction being mainly driven by the lack of interest for fixing +2,000 TEU vessels (traditionally fixed for long period of 2 to 5 years).

Since spring of year 2002, charter rates after recovering from the lowest levels experienced

in the second half of year 2001 have broken any previous record within June 2005. Between July 2005 and December 2006 market declined losing 50% of its strength. In 2007, market outperformed expectations by rising more than 33% throughout the year only to decline sharply in 2008 with charter rates dropping by 65% on average, asset values by 50% and new-building orders being brought into a standstill throughout the last quarter.

As a reflection of the actual underlying market in 2008,

Howe Robinson Containership Index 1993 to present



Howe Robinson's containership charter index "HRCI" (following the movement of the 12 Month Time Charter rates for vessels between 250-4,300 TEU) started at 1,342 and rose in the first quarter to reach 2008 high of 1,382 points. Thereafter the index slipped for 3 months to 1,218 points by the end of the second quarter. The Index thereafter declined heavily breaking the 500 points level by the end of the year. The average of the index for 2008 was 1,109.

For comparison purposes please note HRCI's average index for years 2000 onwards:

- 2000:	868	- 2003:	940	- 2006:	1,244
- 2001:	714	- 2004:	1,536	- 2007:	1,265
- 2002:	577	- 2005:	1,844	- 2008:	1,109

By early February 2009 the indicative rates (for 1 year charter - modern vessels) were as follows:

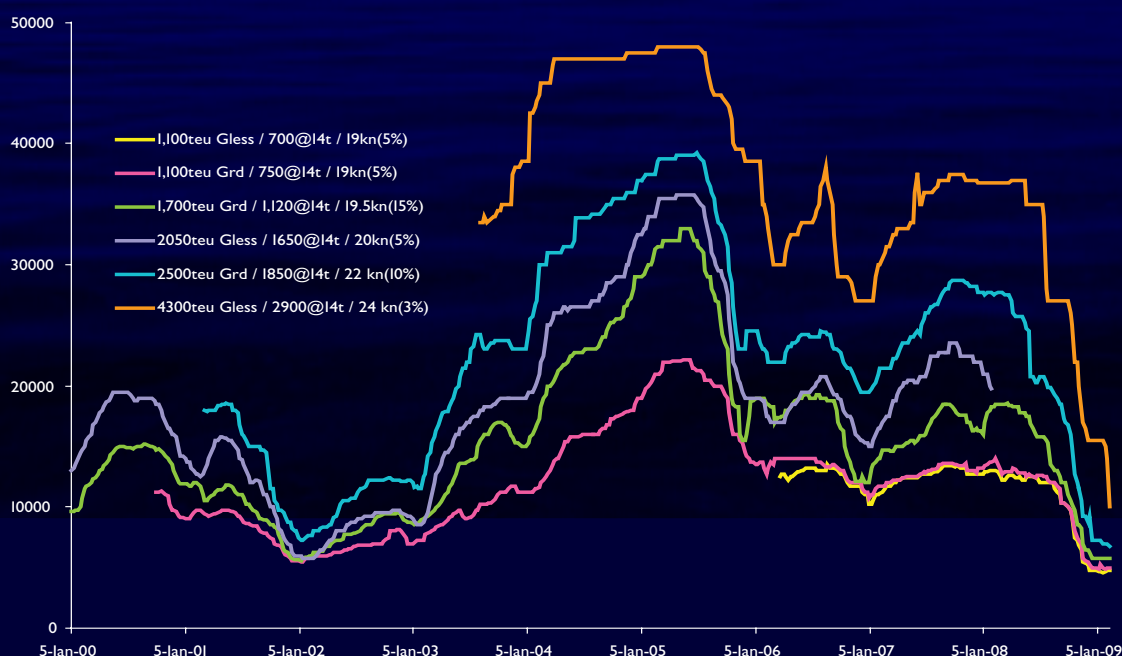
- 1,100 TEU geared:	\$4,800/day	- 1,700 TEU geared:	\$5,750/day
- 3,500 TEU gearless:	\$8,500/day	- 4,300 TEU gearless:	\$13,000/day

iv) Market Outlook

With more than 1.1 million TEU (representing 9% of the world's cellular fleet) already laid up (about 400 vessels), another 1,000 vessels looking for employment within the next six months (till the end of July 2009), international trade decelerating sharply (global export volumes expected to decline by 2% within 2009 for the first time since 1982), the liner companies with high exposure in such underlying market are downsizing their chartered-in fleets by redelivering chartered vessels back to head Owners at the earliest possible dates allowed by the contracts, renegotiating charter terms, temporising their overall requirements and consolidating their services.

As of early February HRCI stands at 444 points breaking all time low levels of early 2002. The differential between the small and the largest vessels is squeezed within a range of less than \$5,000 (from \$3,500/day to \$8,500/day for

CONTAINERSHIP CHARTER RATE FROM 2000 TO PRESENT



vessels between 500 and 3,500 TEU), whereas the average fixing period is down to 120 days. Owners are already struggling to cover their operating expenses and do not expect the rates to further drop significantly in the months to come.

In short, sentiment, a rather unquantifiable but nonetheless significant parameter influencing market trend, is dominated by negativity however in medium to long term view, situation becomes more optimistic.

Market's outlook depends on the actual supply/demand balance. Thus considering the magnitude of the existing orderbook (5.4 million TEU) and despite the fact that the last order for container was placed in September 2008, market will need a 'double digit' average annual growth for the next three years in the containerized trade to bring the supply/demand balance to equilibrium by 2012.

A closer look though reveals some positive news which should not be ignored. About 75% of the orderbook (in TEU terms) comes from the "non charter market" vessels (+4,000 Teu) whereas the feeders actually are expected to decline. Furthermore considering the size of the "mega carriers" of +10,000 Teu expected to enter into the market massively as of this year, market pundits expect the demand for feeder vessels to increase in order to keep utilization levels of such mega carriers at maximum possible levels. Separate to the above with more than 400,000 TEU of containership capacity already over 25 years of age and charter rates as mentioned already below operating costs, scrapping is bound to become (probably for the first time in the history) a rather significant feature which will affect positively the current imbalance between supply and demand. Overall vessels with more than 700,000 TEU in total are expected to be scrapped within the next three years.

Coming back to the existing orderbook, one should bear in mind that beyond any doubt

the actual number of Teu which will actually enter the market in the next three year will be significantly less. Independent Owners are already taking actions to convert containership orders to other vessel types, liner companies are already considering to downsize orders, whereas both are already arranging with yards to push back delivery positions by up to two years. That, coupled with unavoidable delays due to shipyards' inability to deliver on time (especially in China where most of the below 4,000 TEU has been ordered) will have an impact on the delivery schedule. Last but not least, with or without cost several companies have already taken (and/or were forced to) the decision to cancel a number of container orders placed the last year; and there is no doubt that a few more orders will be cancelled in the months to come.

In inference together with a gradual improvement of the world's economy in the next years, cargo volumes stabilising at first and improving at a later stage, the overall equilibrium can be reached earlier than expected. One thing should be taken for granted; for 2009 the key word is not 'profitability' but 'survivability'. Owners and Liner companies who had a conservative attitude in the previous years can only benefit from the current situation in the market. Liner companies with limited exposure in new building orders and owners with high percentage of forward coverage for 2009 and 2010 are well placed looking forward for better days to come. The rest..., they better brace themselves!

B. The Dry Bulk Market: Overview and developments

The dry bulk industry is fragmented with many owners and operators of ships, including proprietary owners, shippers of dry bulk commodities, state controlled shipping companies and independent shipping companies. Dry bulk cargoes consist of major bulk commodities (iron ore, coal and grain) and minor bulk cargoes such as steel products, forest products, agricultural products, bauxite, alumina, petcoke, cement, sugar, salt, minerals, scrap metal, pig iron etc. In 2008 more than 3.1Billion tons of bulk cargoes were transported via sea (excluding coastal trade).

Historically, charter rates for dry bulk carriers have been influenced by the supply of, and demand for vessel tonnage.

Demand for dry bulk carriers is dependent on a number of factors including:

- ❖ World and regional economic and political conditions
- ❖ Developments in international trade
- ❖ Changes in seaborne and other transportation patterns
- ❖ Weather patterns, crop yields
- ❖ Armed conflicts
- ❖ Port congestion, canal closures and other diversions of trade

On the other hand, supply is primarily driven by changes in the size of the global dry bulk carrier fleet due to new building vessel deliveries and vessel scrapping.

i) The Supply

As of December 2008, the worldwide dry bulk carrier fleet of vessels (exceeding 15,000 each) was comprised of 6,631 vessels representing approximately 420 million DWT. The average age of the current worldwide dry bulk carrier fleet as of December 31, 2008 was approximately 16 years (by DWT).

The world dry bulk fleet subdivides into 4 main vessel size categories that are based on cargo carrying capacity.

- ❖ **Capesize:** vessels over 100,000 DWT focusing on long haul iron ore and coal trade routes.

- ❖ **Panamax:** vessels between 60-83,000 DWT defined as those with maximum beam 32.2 m permitting them to cross the Panama canal.

- ❖ **Supramax/Handymax:** vessels between 40-60,000 DWT operating in a large number of geographically dispersed global trades mainly with built on board cranes enabling them to call in ports with limited infrastructure.

- ❖ **Handysize:** vessels 15-40,000 DWT carrying exclusively minor bulk cargoes.

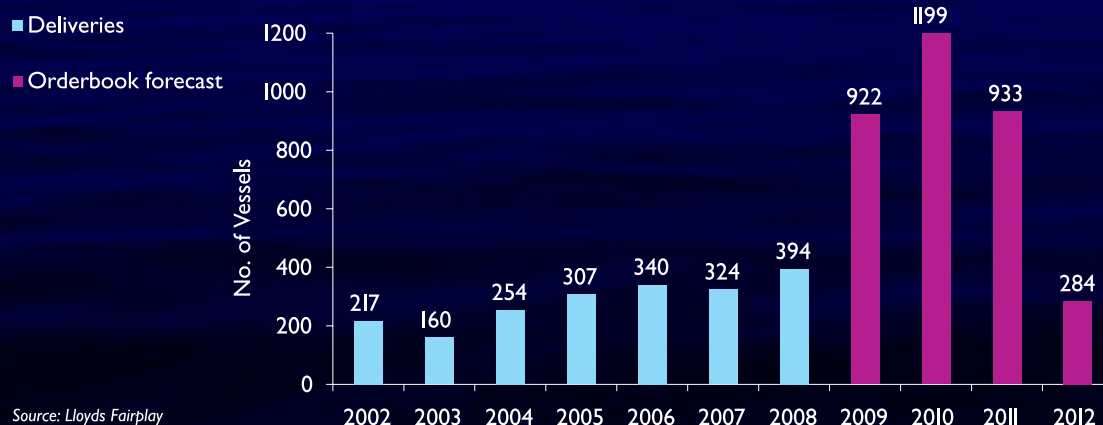
As on December 31st 2008 the world fleet comprised of approximately 832 capes, 1,627 panamaxs (including 193 Post Panamaxs, between 60-105k DWT with beams greater than 32.2m) 1,700 supra/handymaxes and 2,472 handies.

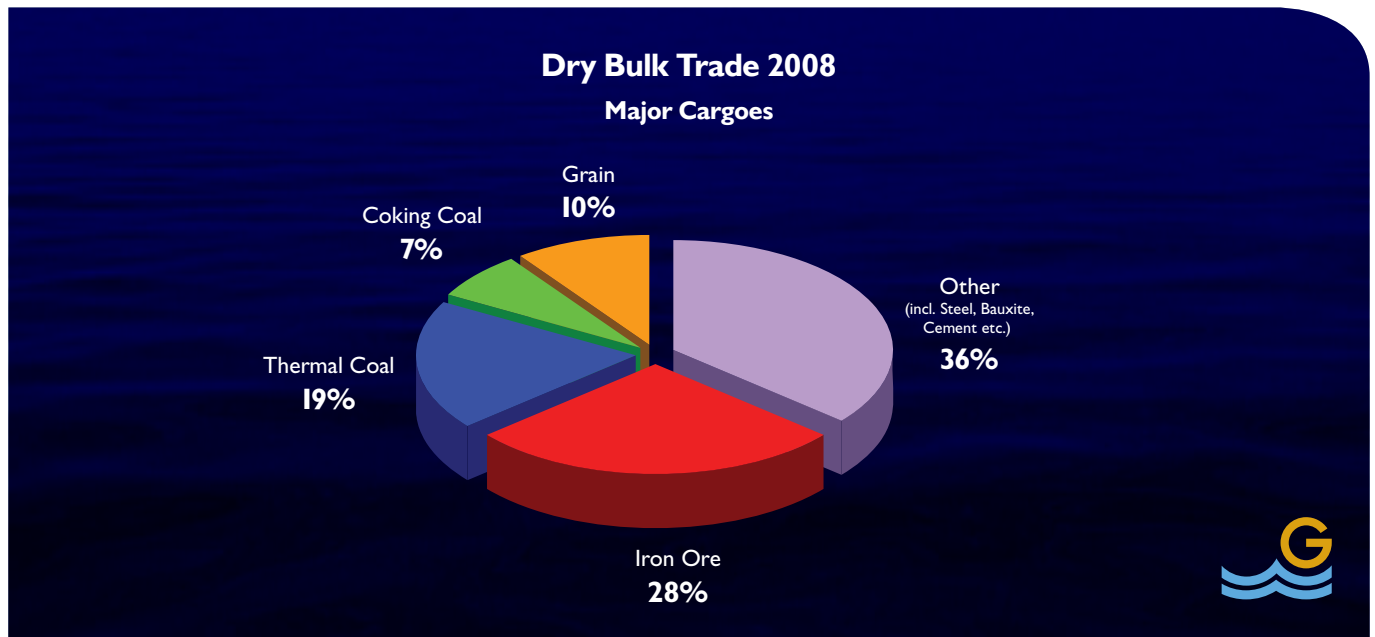
The supply of vessels is mainly affected by the net result of the new deliveries less the number of vessels removed either through demolition or loss.

The last few years have been characterized by:

- ❖ The extraordinary low level of demolition sales
- ❖ The unprecedented volume of new orders in all sizes

Dry Bulk Newbuildings





The dry bulk fleet recorded its largest ever expansion during 2008, more even compared to the previous record in 2006.

In total 394 new ships were delivered aggregating about 31.4 million DWT. On the other side, only 99 vessels (5.3 million DWT) were either lost or sold for demolition. The net result for the world bulk fleet within 2008 was an unprecedented increase amounting to about 6.71%.

Newbuilding tonnage on order as of December 31, 2008 was approximately 3,405 vessels of about 300 million DWT which constitutes approximately 71% of the world's existing fleet by DWT. More specifically there are 737 Capes, 324 Post-panamaxs, 467 panamaxs, 1,022 Supra/Handymaxes, 855 Handies ordered for delivery between 2009 and 2014.

(N.B The current Orderbook figures, taken at the end of 2008, are fluid, and can expand or contract between now and final delivery time).

ii) The Demand

Dry bulk shipping demand is a "derived" demand (measured in tons x miles) depending upon the distance over which cargo is trans-

ported and determined by the underlying demand for commodities transported (mainly raw materials). Overall in 2008 about 3.1 Billion tons of dry bulk cargoes have been shipped around the world an approximate increase of 14% versus 2007. It is worth to note that over the last couple of years it is the global steel industry that accounts for around half of all dry bulk demand (iron ore - coking coal - limestone - finished products).

Iron ore

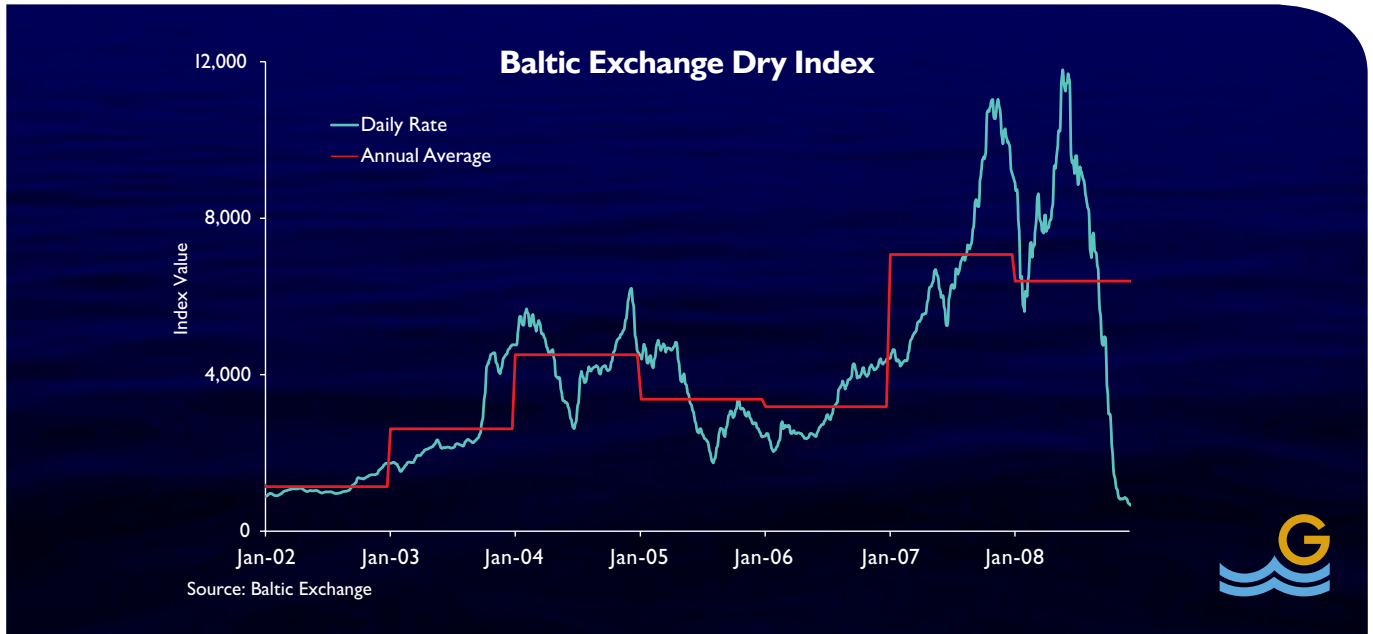
The iron ore seaborne trade reached a new high of about 856 million tons within 2008 (some +11% year-on-year basis). It goes without saying that the driving force behind this tremendous growth in subject trade remained China.

Coal

Coal is an abundant commodity divided into steam coal (used for power generation) and coking coal (to produce coke for feeding blast furnaces in the production of steel). In 2008 total coal seaborne trade (Steam + Coking) reached the level of approximately 806 million tons a 3.5% increase compared to 2007 (Steam: 596 million tons - Coking 210 million tons).

Steel trades (finished products)

Over the last few years China, despite their government's wishes, boosted by the huge growth of its steel production (average annual growth of about 25%) became a net exporter of steel products. Provisional estimates for Chi-



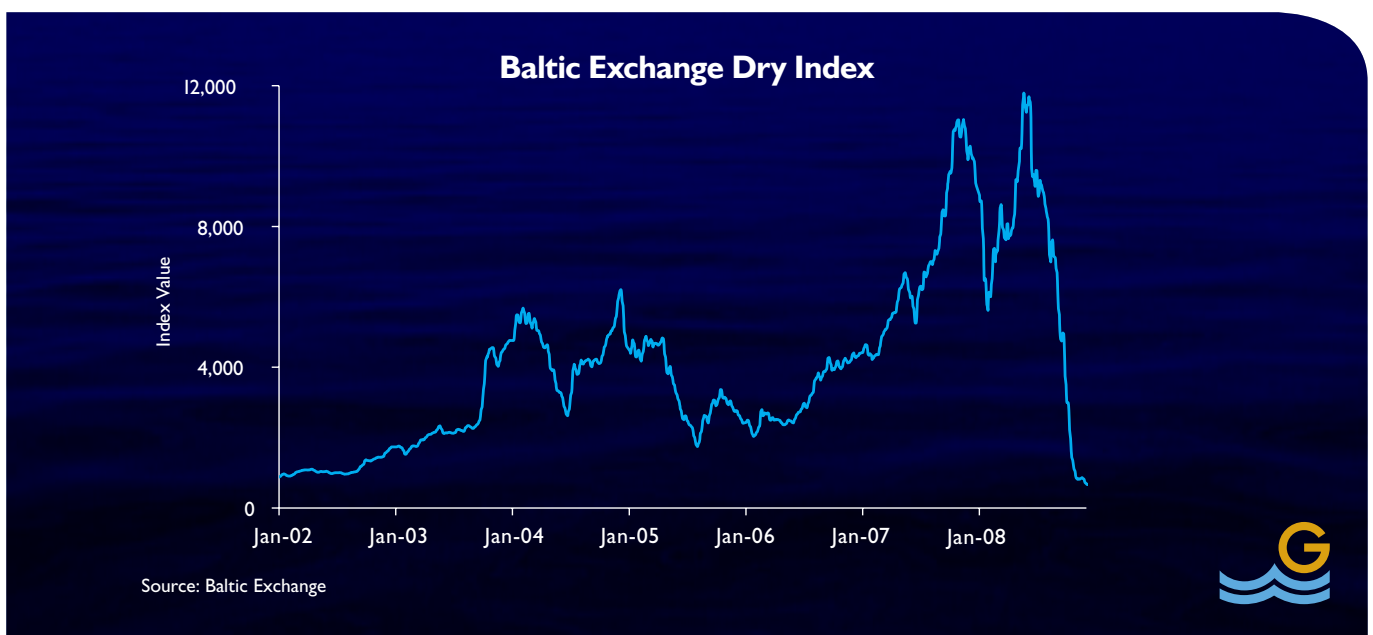
nese steel exports in 2008 suggest they have declined by approximately 17% (mainly due to market's weakness in the last quarter) reaching the level of about 48 million tons, whereas at the same time steel imports have fallen by some 2 million tons to about 14 million tons only.

Grain

Grains' trade including wheat, coarse grains and oil seeds, has contributed as well to the overall volume growth in 2008. The overall increase was about 10 million tons (+4%).

iii) The Charter Market

Shipping industry participants refer to the Baltic Dry Index, or "BDI", as a general measure of charter rates in the global dry bulk carrier markets. The Baltic Exchange Limited, an international, self-regulated shipbroking market, publishes the BDI daily. The BDI is a composite average of indexes of daily freight rates across various sectors of the dry bulk shipping market.



Our Markets

The BDI replaced the Baltic Freight Index, or BFI, which was introduced in 1985. From 1985 through 2002, the BDI/BFI has fluctuated between a low 554 (May 1986) to a high of 2,353 (January 1995).

Since mid-2003, the dry bulk carrier markets have soared, primarily driven by a surge in demand for iron ore and coal, which are commodities, used in the booming global steel production and electricity generation industries. The BDI reached a record level of 6,231 in early December 2004. From December 2004 till April 2007 it has mainly fluctuated over and above the previous high of 2,353 (January 1995). On April 30th 2007 BDI broke previous record (6,231) for the first time ever and continuing soaring reaching the unprecedented level of 11,039 on November the 13th! Year 2008 commenced at 9,392 points and then declined to 5,615 by the end of January and soared again throughout the first and second quarters reaching its all time high on 20th May (11,793 points). Thereafter market remained at such extremely high levels till the end of August when it declined below 7,000 points for the first time in 7 months. Market continued

softening at an accelerated pace breaking the 5,000 level in less than two weeks, then the 3,000 level by early October and the 1,000 level before the end of October. Market reached the 663 points on 5th December (a 95% drop in less than seven months). Since then market remained almost flat until the end of the year.

For comparison purposes BDI's averages for the last 9 years stand as follows:

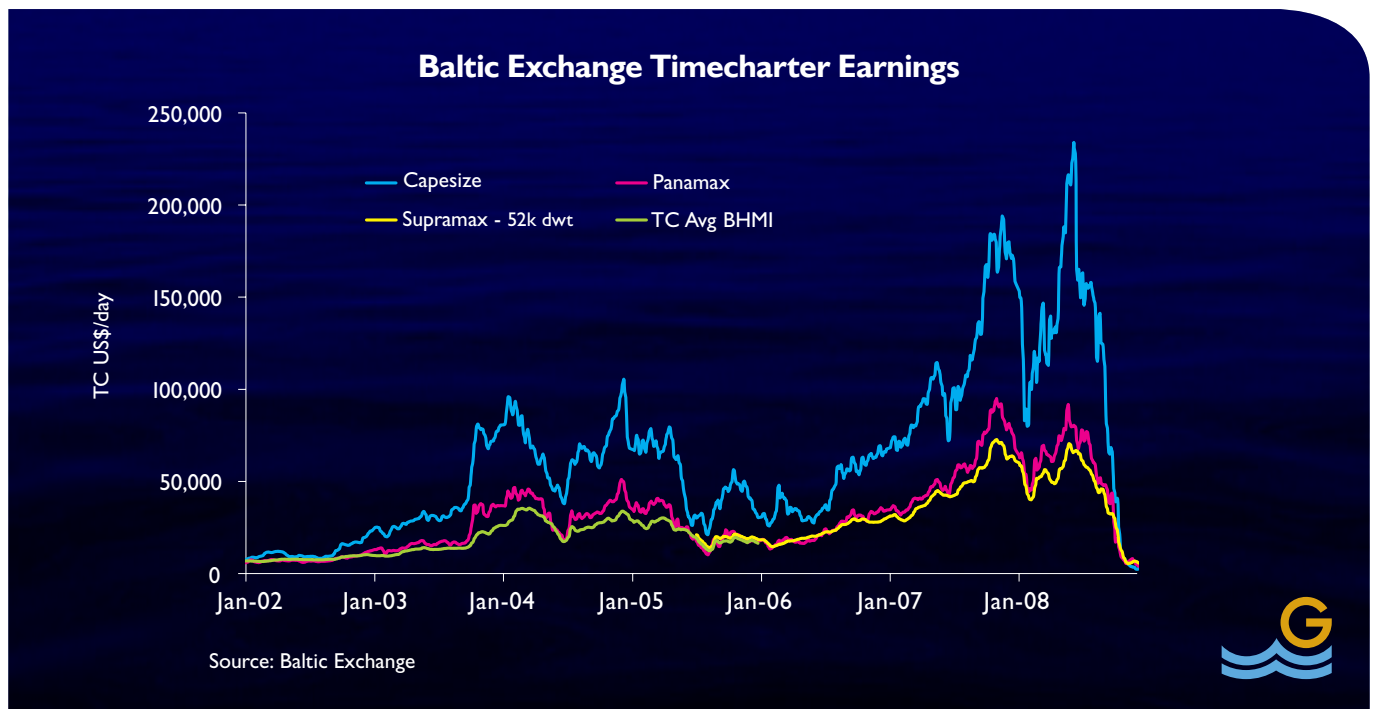
- 2000: 1,608	- 2003: 2,617	- 2006: 3,180
- 2001: 1,217	- 2004: 4,510	- 2007: 7,061
- 2002: 1,137	- 2005: 3,371	- 2008: 6,390

It is worth to note that BDI for 1985 - 1999 averaged only 1,282 points.

In 2008 the average daily earnings for modern capesize vessels were about \$106,000 for the panamax about \$49,000, for the supramaxes about \$41,500 and for the handies about \$29,300.

iv) Market Outlook

Throughout December 2008 and January 2009 BDI remained flat. It was not before early February 2009 that



the index corrected sharply fuelled mainly by the seasonal effect of the Chinese returning back from their New Year holidays as well as market's fundamentals. Once the de-stocking process was completed there has been a bounce back in trade volumes which became more apparent in the iron ore trade. That was enough to bring the index back to 2,000+ levels (2,099 as of 20 February 2009) i.e. an increase of over 210% compared to minimum level experienced on 5th December 2008.

Shipping industry must find its new equilibrium in this changing environment which started being established during last summer. The world economy is presently facing its most serious crisis since the Second World War. The dynamics which powered the super-cycle of dry bulk market earnings since 2003 have shredded. The main driver of the current super-cycle has been the fact that the iron ore trades have grown faster than the Capesize fleet has been able to expand. Hence with more than 700 Capes on order (out of which about 200 expected to enter into the market within 2009), with projections for modest negative growth for the first time in the last twenty five years in the world trade and for the last seven years in the world steel production, the outlook for the oncoming year is neither promising nor optimistic.

However this should not be misinterpreted. Unless one considers that we are about to experience the end of capitalism and the lack of need to transport raw materials and finished products between the countries (as was the case throughout human history), the dry bulk market will overcome current crisis caused by the combination effect of the overinvestment in the supply side and the fallout in trade volume attributed to the current banking and financial crisis sooner than expected.

Market will continue experiencing volatility, there will still be short term disruptions caused by weather conditions and seasonal effects and competition between market



players will get tougher. However, sooner or later, market will eventually self correct itself. It looks that after the highs in early 2008 and the lows in late 2008, BDI for 2009 is expected to settle around its long term average.

From another perspective, considering that the derivatives' market view (FFA's market) is linked to the prevailing market consensus about fleet and trade developments, market's outlook for the year to come is also considered as neutral.

As on February 19th the Forward market average rates for the balance of the year (February - December 2009) as opposed to the average spot market rates per day, per sector stand as follows:

	Spot Market (per day) (as on 19 February 2009)	FFA (February / December 2009) (as on 19 February 2009)
Capesize	\$38,700	\$29,000
Panamax	\$11,100	\$13,400
Supramax	\$13,300	\$11,500

Our Board

Mr. Chris Walton,

Age - 51, Non-Executive Chairman



Chris has served as our Non-executive Chairman since admission. Prior to joining Chris was Finance Director & CFO of EasyJet Plc from 1999 to 2005, where he successfully directed its IPO in 2000. Prior to that, he held senior posts at Qantas Airways, Air New Zealand, Australia Post and Australian Airlines. He has also worked for BP Australia, the Australian Senate, RTZ Hamersley Iron and the Western Australian Government. He was a member of the Bank of England's Regional Economic Advisory Panel (South East England & Anglia) from 2002 to 2005. Chris is currently a Non-executive director and Audit Committee Chairman of Rockhopper Exploration Plc and KZT, the Kazakhstan State Railway System. He is a Special Advisor to Otus & Co, a firm which offers strategic advice and corporate finance for the hospitality, travel and transport industries. Also, Chris undertakes consulting related to venture capital investments and has undertaken projects in central Europe, Middle East and India.

Captain Paris Dragnis,

Age - 64, Founder-Chief Executive Officer



Captain Paris Dragnis has served as our Chief Executive Officer since inception. Captain Dragnis has over 30 years experience in shipping. He started his career as an officer and a Master on ocean-going vessels and he holds a master mariner degree from the Greek Merchant Marine Academy and a degree from the Maritime College in London. Since 1978, he has been involved in shipowning activities through companies that he owned, and in 1992 he established Goldenport Shipmanagement Ltd, which has served as our fleet manager. Over the years, Captain Dragnis has been involved in the acquisition and management of more than 200 vessels. Captain Dragnis is the founder of the Company.

Mr. Christos Varsos,

Age - 37, Chief Financial Officer



Christos has served as our Chief Financial Officer and Company Secretary since 1 November 2005. On 1 November 2007 he stepped down from the Company Secretary role he was also holding. Prior to joining the Company Christos held finance positions on a regional and local level with Coca-Cola HBC, in Greece. He also worked as a Manager and Senior auditor at Arthur Andersen and Deloitte and Touche in Athens, where he gained four years shipping audit experience and Baker Tilly in London. He holds a degree in Banking and Financial Management from the University of Piraeus, Greece and is a member of the Association of Chartered Certified Accountants.

Mr. Konstantinos Kabanaros,

Age - 55, Chief Accounting Officer



Konstantinos has served as our Chief Accounting Officer since 1 November 2005. Prior to that, Mr Kabanaros served 22 years within the Dragnis Group, being employed most recently as the Chief Accounting Officer of Goldenport Shipmanagement Ltd. In total he has over 26 years of shipping expertise, focused on ship financing and accounting. Mr Kabanaros holds a degree in economics from the University of Piraeus, Greece.

Mr. Robert Crawley,

Age - 53, Non-Executive Director, Senior Independent Director



Bob has been appointed as a Non-executive Director on Admission. Since August 2002, Bob has been providing advisory services to banks and companies in the maritime sector through his company, IOW Marine Consultants Ltd. Prior to that he served as co-head of European shipping for JP Morgan Chase since 2000. In total he has over 30 years of banking experience, both commercial and investment banking, the last 20 years of which have been in the maritime sector.

**“Well balanced Board and Management
with over 170 years total shipping experience”**

Our Management Team

Captain Epameinondas Logothetis,

Age - 75, Non-Executive Director



Captain Logothetis has been appointed as a Non-executive Director on 1st November 2007. Captain Logothetis has over 50 years of shipping experience, with a focus in vessel management and ship-owning activities. Captain Logothetis started his career as an Officer and Master in ocean-going vessels. He first engaged in ship-owning activities in 1969 and in 1974 he founded Karlog Shipping Co., his family owned shipping company in which he remains the Chairman.

Mrs. Eleftheria Savvidaki,

Age - 29, Company Secretary



Eleftheria assumed the responsibilities of Company Secretary on 1st November 2007. Eleftheria holds a BSc (Honors) degree in Maritime Business with Maritime Law from the University of Plymouth, UK, and an LLM degree in Legal Aspects of Marine Affairs from Cardiff University, UK. Upon successfully completing her studies, she commenced her career in the Maritime Industry in 2002.

Our Management Team

Mr. John Dragnis,

Age - 31, Commercial Director



John was appointed as the Commercial Director of the Company on admission. Prior to that John has been the Commercial Manager of Goldenport Shipmanagement Ltd. for three years and has been employed by them for a total of five years. In the last five years he has also been involved in setting up and managing a yachting management and chartering business. He holds a degree in Business Administration and a Masters degree in Shipping Trade and Finance

from City Business School (City University), London.

Ms. Fay Catsiba,

Age - 38, General Counsel



Fay has served as the Legal Counsel of Goldenport Shipmanagement Ltd between 2002 and 2006. Between 2006 and 2008 she was independent legal advisor to other shipping companies, before returning to Goldenport Holdings Inc. Fay has a total of 16 years shipping experience. In addition she has been a lecturer of Maritime and Transport Law in Southampton Maritime Institute. She holds a LLM/Masters in Commercial and Corporate Law from University College London and has been a member of the Athens Bar Association since 1993.

Mr. Chris Leounakis,

Age - 32, S & P Manager



Chris was appointed as the Project Manager in March 2007. Prior to that Chris has worked with two Greek shipping companies in their London offices, in commercial disciplines. Mr. Leounakis has 10 years of total shipping experience including 3 years service at sea with a major Greek tanker company. He graduated from Warsash Maritime College, Southampton, as a Deck Officer and holds a Masters degree in Shipping, Trade and Finance from City University Business School.

Our Operational Fleet

	Vessel	Type	Built	Year Acquired	Capacity	Vessel Characteristics (1) (2) (3)
Containers					TEU	
1	MSC Fortunate ⁽⁴⁾	Post Panamax	1996	2006	5,551	
2	Procyon I ⁽⁵⁾	Post Panamax	1995	2009	4,953	
3	Bosporus Bridge	Sub Panamax	1993	2007	3,720	
4	MSC Finland	Sub Panamax	1986	2007	3,032	
5	MSC Scotland	Sub Panamax	1992	2006	3,007	
6	MSC Anafi	Sub Panamax	1994	2007	2,420	G
7	MSC Socotra	Sub Panamax	1980	2002	2,258	
8	Howrah Bridge	Sub Panamax	1985	2003	2,257	
9	MSC Himalaya	Sub Panamax	1978	1999	2,108	
10	MSC Accra	Sub Panamax	1985	2007	1,889	G
11	Gitte	Handy	1992	2007	976	C, G
12	Tiger Star ⁽⁶⁾	Handy	1992	2007	976	C, G
13	MSC Mekong	Handy	1978	2001	962	A
14	MSC Emirates	Handy	1979	2001	934	A
Dry Bulk					DWT	
15	Vasos	Capesize	1990	2006	152,065	
16	Gianni D	Panamax	1998	2002	69,100	IC
17	Marie-Paule ⁽⁷⁾	Supramax	2009	2007	53,800	F, G
18	Alex D	Supramax	1989	1999	52,315	B, IC, G
19	Limnos	Supramax	1992	2004	52,266	B, IC, G
20	Lindos	Supramax	1990	2003	52,266	B, IC, G
21	Tilos	Supramax	1991	2004	52,266	B, IC, G

Our Fleet under Construction

	Vessel or yard name	Type	Scheduled Delivery	Year Acquired	Capacity	Vessel Characteristics (1) (2) (3)
Containers					TEU	
22	Jiangsu Yangzijiang	Sub Panamax	2010	2007	2,500	D, G
23	Jiangsu Yangzijiang	Sub Panamax	2011	2007	2,500	D, G
Dry Bulk					DWT	
24	COSCO Zhoushan	Supramax	2010	2007	57,000	E, G
25	COSCO Zhoushan	Supramax	2010	2007	57,000	E, G
26	COSCO Zhoushan	Supramax	2011	2007	57,000	E, G
27	COSCO Zhoushan	Supramax	2011	2007	57,000	E, G
28	QINGSHAN	Supramax	2010	2008	57,000	H, G
29	QINGSHAN	Supramax	2010	2008	57,000	H, G
30	Alpine Trader ⁽⁷⁾	Supramax	2009	2007	53,800	F, G
⁽¹⁾ Each vessel with the same letter is a sister ship of each other vessel that has same letter (A, B, C, D, E, F, H) ⁽²⁾ Each vessel with the letters IC, is an Ice-Class vessel ⁽³⁾ Each vessel with the letter G, is a geared vessel ⁽⁴⁾ The previous name of the vessel was 'Fortune' ⁽⁵⁾ The vessel was acquired on 4 March 2009 and the previous name was 'NYK Procyon' ⁽⁶⁾ The previous name of the vessel was 'Brilliant' ⁽⁷⁾ 50% ownership through a Joint Venture with Glencore International AG						

Our Renewal Program: Vessels Sold

	Vessel	Type	Capacity	Built	Year Acquired	Year Sold	Net Sale Proceeds (US\$'000)	Profit (US\$'000)
Dry Bulk			DWT					
1	Vana	Supramax	53,522	1977	1999	2007	5,280	3,692
2	Ios	Panamax	69,737	1981	2002	2008	16,464	12,895
3	Samos	Capesize	136,638	1982	2002	2008	24,500	20,331
4	Athos	Panamax	67,515	1977	2002	2009	3,738	382 ⁽¹⁾
Containers					TEU			
5	Tuas Express	Feeder	485	1978	1998	2008	900	344
6	Achim	Handy	930	1978	2001	2008	1,290	268
7	Glory D	Handy	946	1978	1997	2008	4,004	2,652

⁽¹⁾ Estimated profit. The disposal took place in February 2009

Our Fleet expansion since IPO

Since the Initial Public Offering in April 2006, Goldenport expanded the fleet from 17 vessels to 30 vessels after selling in total 7 vessels between 2007 and February 2009.

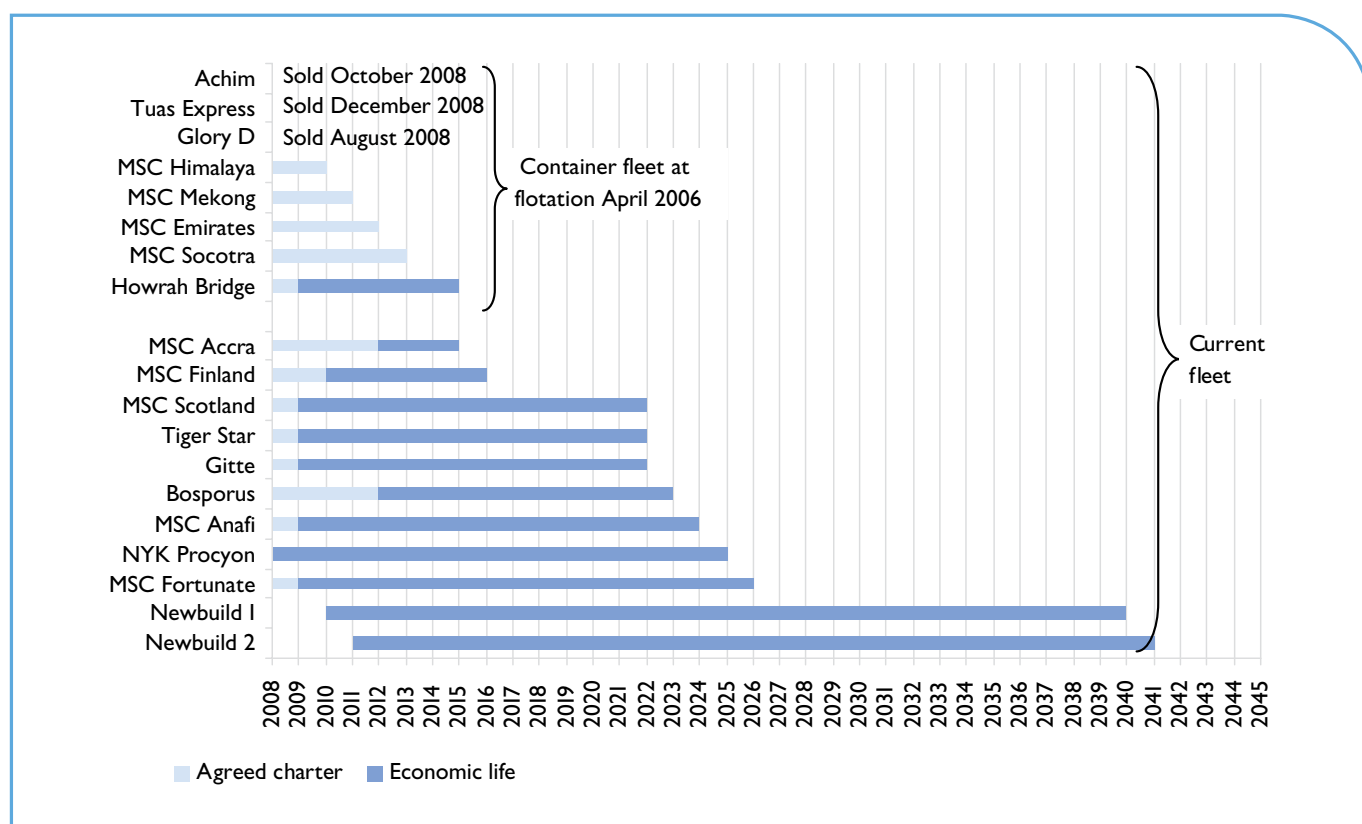
Out of the acquisitions, two containers and one bulk carrier were delivered in 2006 and six container vessels were delivered in 2007.

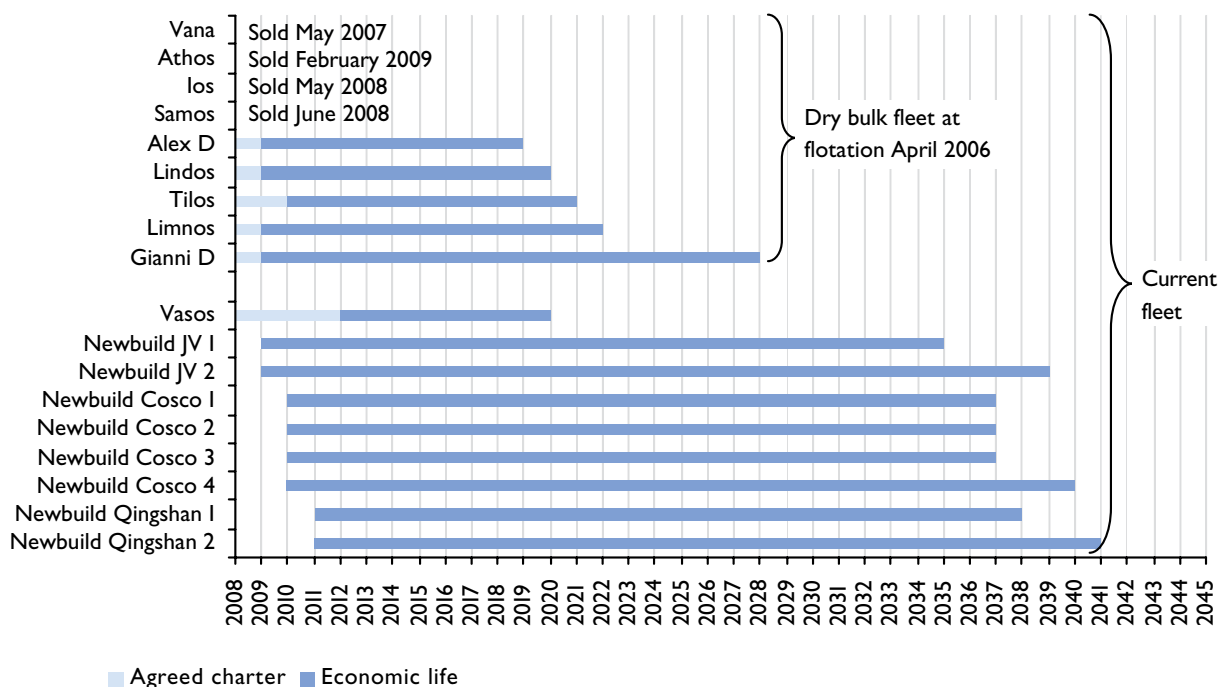
During 2007 and 2008 also, the Company entered into ten new-building contracts for the construction of eight supramax bulk carriers with attractive scheduled delivery dates in 2009, 2010 and 2011 and two geared container vessels with expected delivery dates in 2010 and 2011.

Including the new-building contracts and after the sales of vessels the fleet has evolved since the IPO as follows:

- ❖ **Container Vessels:** + 268% in terms of TEU reaching 40,000 TEU of capacity
- ❖ **Bulk carriers:** + 45% in terms of DWT reaching 880,000 DWT under control

In addition to the increase in capacity, the vessels and the new-building contracts acquired extend further the revenue capacity and the economic life of the fleet, as it can be seen in the graphical illustration below:





Our Charterers

Over the decades the Captain Paris Dragnis and his team have invested in long term relationships with worldwide clients always ensuring that any new addition in the fleet is accompanied by long-term employment opportunities.

Notably, Goldenport has performed transportation contracts over the past five years, among others, for the following first class Charterers:

Container Fleet	Dry-bulk Fleet
A.P. MOLLER	ALCAN
HAPAG LLOYD	BOCIMAR
K-LINE	CARGILL
M.S.C	DANZAS
MITSUI OSK	ESSAR
STX PANOCEAN	GLENCORE
ZIM LINES	KOREA LINE
	SK SHIPPING

Operational Fleet Forward Coverage:

The percentage of available days of the fleet already fixed under contracts as of 8 March 2009 (assuming the earliest charter expiration) is as follows:

	2009 ^{(1) (2)}	2010 ^{(1) (2)}	2011 ⁽²⁾
Total Fleet	77% (76%)	46% (45%)	29% (29%)
Containers	81% (82%)	52% (54%)	39% (39%)
Bulk Carriers	70% (63%)	33% (27%)	11% (5%)

⁽¹⁾ Percentage of available days of the fleet fixed under contract as reported on 5 February 2009 is given in brackets.

⁽²⁾ The percentages above include only the currently operational fleet of 20 vessels after the sale of the vessel 'Athos' and exclude the nine new-build vessels for which we expect delivery in the future and the vessel "Procyon I" which was delivered to us on 4 March 2009.

On the same basis, the estimated total revenue for the years 2009, 2010 and 2011 deriving from contracts already fixed for the operational part of the fleet is US\$ 174 million (US\$ 162 million as of 5 February 2009). This calculation excludes the vessel "Procyon I" that was recently delivered to us and the nine new-build vessels for which we expect delivery in the future.

Fleet Employment Profile:

Operational fleet					
	Vessel	Type	Capacity	Rate (US\$) per day	Earliest Expiration ⁽¹⁾
Containers			TEU		
1	MSC Fortunate ⁽²⁾	Post Panamax	5,551	28,500	Feb-13
2	Procyon I	Post Panamax	4,953	Note 3	
3	Bosporus Bridge	Sub Panamax	3,720	14,750	Feb-12
4	MSC Finland	Sub Panamax	3,032	16,500	Mar-10
5	MSC Scotland	Sub Panamax	3,007	20,770	Sep-09
6	MSC Anafi	Sub Panamax	2,420	20,500	Apr-09
7	MSC Socotra	Sub Panamax	2,258	14,350	Mar-13
8	Howrah Bridge	Sub Panamax	2,257	14,180	Jul-09
9	MSC Himalaya	Sub Panamax	2,108	14,500	Jul-10
10	MSC Accra	Sub Panamax	1,889	14,200	Jun-12
11	Gitte ⁽⁴⁾	Handy	976	Euro 5,250	Aug-09
				Euro 6,950	Apr-10
12	Tiger Star (ex-Brilliant)	Handy	976	8,000	Apr-09
13	MSC Mekong	Handy	962	6,150	Mar-09
				7,000	Jan-11
14	MSC Emirates	Handy	934	7,000	Dec-11



	Vessel	Type	Capacity	Rate (US\$) per day	Earliest Expiration ⁽¹⁾
Dry Bulk		DWT			
15	Vasos	Capesize	152,065	23,950	Feb-11
16	Gianni D	Panamax	69,100	15,500	May-09
17	Marie-Paule ^{(5) (8)}	Supramax	53,800	18,000	Jan-12 ⁽⁵⁾
18	Alex D	Supramax	52,315	Note 6	
19	Limnos	Supramax	52,266	10,300	May-09
20	Lindos	Supramax	52,266	14,500	Jul-09
21	Tilos	Supramax	52,266	20,500	Aug-10
Vessels under construction					
	Vessel / Yard name	Type	Capacity	Scheduled Delivery	
Containers		TEU			
22	Jiangsu Yangzijiang	Sub Panamax	2,500	2010	
23	Jiangsu Yangzijiang	Sub Panamax	2,500	2011	
	Vessel or Yard name	Type	Capacity	Scheduled Delivery	Rate (US\$) per day
Dry Bulk		DWT			
24	COSCO ⁽⁷⁾	Supramax	57,000	2010	17,650+50% profit share at BSI + 5%
25	COSCO	Supramax	57,000	2010	Note 6
26	COSCO ⁽⁷⁾	Supramax	57,000	2011	25,000
27	COSCO ⁽⁷⁾	Supramax	57,000	2011	17,700+50% profit share at BSI + 5% over 18,200
28	QINGSHAN ⁽⁷⁾	Supramax	57,000	2010	27,000
29	QINGSHAN	Supramax	57,000	2010	-
30	Alpine Trader ⁽⁸⁾	Supramax	53,800	2009	Commercially managed by Glencore International AG

⁽¹⁾ Represents earliest day on which the charterer may redeliver the vessel.

⁽²⁾ The vessel 'MSC Fortunate' commenced the charter in February 2009. The rate stated is the average rate over the 4 year period.

⁽³⁾ The vessel was delivered to the Company on 4th March charter-free.

⁽⁴⁾ The charters of the vessel Gitte are received in Euros.

⁽⁵⁾ Effectively the charter remains at US\$18,000 per day. For the first six months the rate will be at US\$14,000 and for the remaining period to the end of the charter the rate will be US\$ 18,000. The opportunity cost from the difference between the two rates for the first six months has been obtained from the yard as a discount from the final vessels' value.

⁽⁶⁾ The charterer of Alex D will declare by 15 March one out of the following three options:

(a) US\$26,000 per day until October 2009.

(b) US\$25,000 per day until November 2009.

(c) US\$20,000 per day until October 2009 and the COSCO New Build to be delivered in 2010 for US\$15,000 per day +50% profit share at BSI+5% for 2 years from delivery.

⁽⁷⁾ The charter term is for three years from delivery.

⁽⁸⁾ Both vessels owned under a 50:50 joint venture with Glencore International AG.

Our Fleet Manager

The technical and day-to-day commercial management of our fleet is currently the responsibility Goldenport Shipmanagement Ltd ('GSL'). GSL has BIMCO standard ship management agreements in place with each of the vessel-owning companies. Under the various ship management agreements GSL provides the following to our fleet:



- ❖ commercial management of day-to-day vessel operations;
- ❖ performance of general vessel maintenance;
- ❖ ensuring regulatory and classification society compliance;
- ❖ sourcing and training of our qualified officers and crew;
- ❖ arrangement and supervision of special surveys, dry-dockings, vessel reconditioning and repair work;
- ❖ arrangement of insurance for vessels;
- ❖ purchasing of stores, supplies, spares and new equipment for vessels;
- ❖ appointment of supervisors and technical consultants;
- ❖ providing chartering services in accordance with our instructions (including assistance with seeking and negotiating employment for our fleet and managing certain relationships with charterers);
- ❖ freight collection;
- ❖ providing voyaging estimates and calculation of hire, freights, demurrages;
- ❖ appointment of stevedores;

Goldenport Shipmanagement Ltd. has maintained high vessel deployment standards with an average of 97% fleet utilisation. Fleet utilisation has been a critical benchmark of both charterers and cargo owners on the Company's technical and operational performance.

With employment in excess of 1,300 qualified officers and ratings, a recruitment office in Odessa, Ukraine was established by GSL in 1997 for sourcing, training and handling of personal affairs of all sea-going personnel.

The contribution of this effort has been significant in raising the quality of our seafarers and maintaining a significant workforce pool readily available throughout the year.

In order to satisfy regulatory requirements of ISM/ISPS, GSL has established safety and quality management system that includes extensive instructions, guidelines and training programs in accordance with international requirements and standards. GSL's in house Quality Assurance Department, comprised of experienced personnel, and has developed a proactive role beginning with its affiliated crew recruitment centers in the Ukraine and Greece.

Each Goldenport vessel is attended periodically throughout the year by GSL's Safety Officer, who in coordination with Masters and Officers completes full audits to ensure compliance with planned arrangements and standards.

GSL has ISM accreditation, which ensures compliance with national and international regulations in order to provide safe practices to the marine industry and environment. All personnel ashore and onboard are committed to support this effort on a continuous basis.

Over the years GSL has built and strengthened long-standing business relationships based on first class transportation services. The company emphasises both flexibility and reliability in its service while being committed to environmentally sound corporate policies.

Goldenport Shipmanagement Ltd. is owned by Captain Paris Dragnis and under the agreements that it holds with the vessel owning companies, charges US\$ 12.5k per vessel per month for technical management services and 2% on the total daily hire for the provision of brokerage management services.

Under the agreements currently held between GSL and the vessel owning companies, Goldenport Holdings can terminate them without incurring further costs with respect to the termination.

The terms of these arrangements are comparable to terms which would be negotiated with other, similar third party providers of such ship management services.

On 1 January 2008 all the activities of accounting and legal department were transferred from GSL to the Goldenport Marine Services a company 100% owned by Goldenport Holdings, which during 2007 was dormant but has been registered in Greece under the provisions of Law 89/1967. A monthly rental of Euro 14.5k is also agreed to be paid from Goldenport Marine Services to the owner of the building (a related party under common control) for the rental of the head offices. On 1 July 2008 all the activities of the quality and safety, information technology (including software licences) and other administrative activities were transferred from GSL to Goldenport Marine Services. Therefore, the respective monthly management fee payable to GSL was reduced accordingly to U.S.\$12.5 (U.S.\$15.75 for 2007) per vessel per month in order to reflect this transfer of services. From 1 July 2008 also the Group rents a larger space in the same building due to the expansion of its operations. A monthly rental of EUR17.2k was agreed to be charged by the owner of the building from 1 July 2008 to 2 September 2008 and subsequently the rental was agreed to be EUR17.8k.

On 5 January 2009 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2009 will remain at U.S.\$12.50k.

It is our current intention that the rest of day-to-day commercial and technical management of our fleet will be brought under Goldenport Marine Services at no additional cost.

The Senior Independent Director, Mr. Robert Crawley is charged with monitoring the relationship between the Company and GSL and regularly report on the relationship to the Board.



Quality & Safety

Goldenport Shipmanagement ('GSL') has identified safety and the environment as two key areas in its sphere of operations that are of paramount importance and need to be effectively controlled to prevent unnecessary injuries, loss of life, damage to health, property and degradation of the environment.

To meet this requirement GSL has embraced the IMO's International Safety Management Code. The Safety Management System is designed to ensure the Company's activities are sufficiently controlled to protect personnel, property and the environment from all risks and hazards that can be reasonably expected. Compliance with all National and International rules is the corner stone of the success and the effectiveness of our system.

The management is committed to making all personnel ashore and onboard more safety conscious through continuous training and encourages all to become actively involved in identifying possible hazards, implementing corrective action and constantly monitoring all facets of their working environment to ensure Safety and Health conditions prevail.

An incident is indicative of a failure in the operating system and the company is committed to fully investigating all accidents or near miss incidents. The results of such investigations and any necessary corrective action will be brought to the attention of all concerned in order to avoid re-occurrence.

GSL is certified, by Bureau Veritas, according to the provisions of the International Safety Management System and has obtained a full term Document of Compliance (DOC) and Safety Management Certificate (SMC) for each of its Managed Ship.

GSL is committed to manage and mitigate the identifiable environmental impacts and to comply with all National and International rules and regulations associated with company's activities.

GOLDENPORT ENVIRONMENTAL POLICY OBJECTIVES

As managers of a world wide trading fleet, we consider that it is a matter of great importance to focus our attention to the preservation of the global environment.

We recognize that emissions and wastes created by consumption of power sources can result an increased damage to the environment and to minimize the amount of resources of both our earthly and marine environment. We also recognize the importance of prevention of marine pollution caused by marine accidents.

In order to contribute to society all Goldenport personnel, is committed that will take all necessary measures and observe all related environment National and International Regulations, in order to minimize or eliminate all relevant to Company's activities environmental impacts.

Objectives

We will focus on the safety of navigation and cargo operations procedures as indicated in the Company's Safety Management System, in order to prevent the spillage of fuel oil and/or any other hazardous substances from ships during operation or at the time of any marine accident.

- ❖ We will properly manage exhaust and wasted residuals from ship's operations by following proper maintenance schemes and will wherever is possible to the recycling of such items.
- ❖ Through an upgrade in ship operation and work performance, we will encourage maximum conservation of energy and resources.
- ❖ We will refrain from using ship hull paints containing substances
 - hazardous to marine life and also
 - from using any ozone-depleting substances.
- ❖ We will implement restructuring of our Company with grater
 - emphasis on studying/education/training about safe navigation and
 - environmental affairs.
- ❖ We will elevate awareness and understanding of all prevailing Environmental issues among each member of the entire Goldenport.

ENVIRONMENTAL POLICY

GSL is committed to manage and mitigate the identifiable environmental impacts and to comply with all National and International rules and regulations associated with Company's activities.

An Environmental Management System is being developed in order to identify all operational processes and ensure achievement of our objectives and targets set, through the monitor and constantly review of these procedures.

It is Company's commitment to operate its ships by safeguarding environment following these principles:

- ❖ To comply with all National and International rules and regulations, such as MARPOL, Flag State, Port State, in all operational activities related to the environmental protection.
- ❖ Continuously improve and commit to the objectives set.
- ❖ Minimizing the risk from all shipboard operations and activities such as: bunkering operations, garbage disposal, engine room liquid waste, by following all applicable regulations and procedures set for these activities.
- ❖ To minimize air pollution by following maintenance instructions and to provide all time adequate recourses and personnel to keep all equipment in good working order.
- ❖ Provide appropriate maintenance in order to minimize leakages and residues from wear and tear.
- ❖ To provide a system and instructions, and to assign responsibilities for the implementation and operation of a Garbage Management Plan aboard the ships, for the prevention of pollution.
- ❖ To provide continuous training both ashore and on board personnel, in order to keep familiar with all described procedures, as well as all National and International rule and regulations.
- ❖ To minimize paper consumption by using electronic methods of reporting and filing where applicable.
- ❖ Old electronics and office equipment/materials/paper to be given to recycling reception facilities or to be donated for further use in institutions.

In July 2007 the Company was certified under the ISO 14001/2004 with Bureau Veritas, which deals with environmental management systems.

QUALITY POLICY

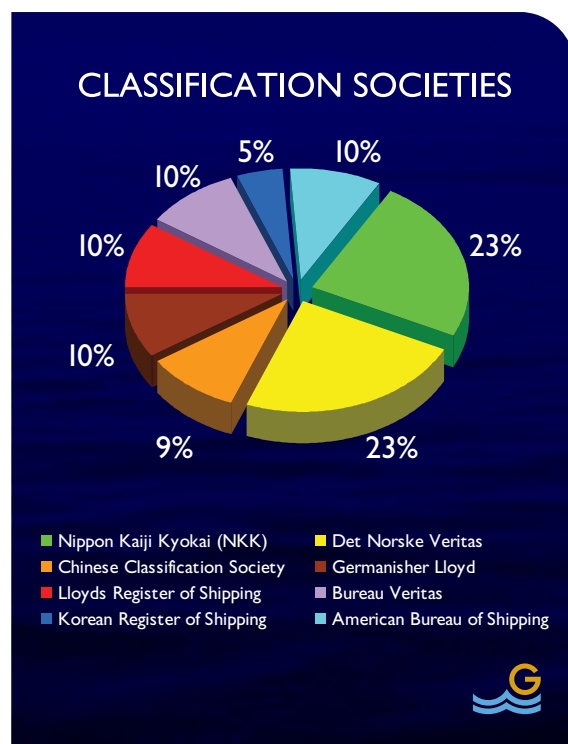
The policy of GSL is to supply its customers with services which consistently meet their needs and requirements.

GSL is totally committed to achieving the highest management standards and aims to remain a leading Ship Management Company by continuous improvement and innovation. This involves the active participation, endeavor and ideas of all shore and seagoing personnel.

These high standards of work and safety achieved by operating a Quality System which meet the requirements of the International Standard ISO 9001, 2000.

Compliance with this policy, the quality procedures and shipboard instructions is essential and binding upon all shore and sea personnel. Quality is the responsibility of everyone working for and on behalf of GSL.

GSL is certified as per ISO 9001/2000 by Bureau Veritas and has obtained Certification for its activities, since February of 2005.



CREWING

We understand that continuing crew supply is a major factor in ensuring long-term sustainability. As the group seeks to accelerate growth and profitability we are committed to growing our crewing output and developing capabilities to service expansion in the Goldenport managed fleet.

Goldenport Odessa Ltd was established as a wholly owned subsidiary of Goldenport Ship-management Ltd. in 1997 for the purposes of recruiting, evaluating and training new and existing crew for its vessels in the Ukraine.

Ukraine was identified by Goldenport as one of the major hubs for manning purposes for commercial vessels. Odessa is the main south port for all ex-Eastern Block (ex USSR) countries and hence provided many opportunities to source good quality crew for our vessels at competitive salaries. At the time of establishment, Goldenport Odessa was one of the very few major manning offices in the area. That allowed the company to get a strong

foothold in the currently very competitive manning market of the area.

In time, this opportunity was identified by the majority of all international shipping and manning companies that were quick to set up offices in the area. Currently, Odessa hosts more than 150 such major offices. This fact has established Odessa as one of the major centers for sourcing quality crew members for commercial vessels. Goldenport Odessa with its early and continuous presence in that market holds a competitive advantage against other competitors. In 2007 Goldenport Odessa Ltd, established also a branch in Mariapole, Ukraine in order to expand further the recruitment base for crew.

Specific developments are being made to target and improve retention (currently at 85%), such as a programme of crew seminars, career management initiatives, the refinement of terms and conditions of employment contracts, the introduction of minimum employment standards and family welfare programmes. Encouraging senior officers to take up shore-based management positions ensures that both Goldenport benefit from the vast experience gained during a shipboard career.

The Goldenport crew management network is well placed to meet the growth demands of the managed fleet. The





size and diversity of the Goldenport fleet allows us to provide training, development and career progression for crew. As the industry continues to face an ever increasing shortage of qualified crew, our ability to recruit, train and retain the best seafarers is one of our most important core competencies.

During 2008, Goldenport opened a new crewing agency in Philippines in order to provide lower ranks of crew to vessels operating in Asia, controlling the travelling costs.

TECHNICAL MANAGEMENT

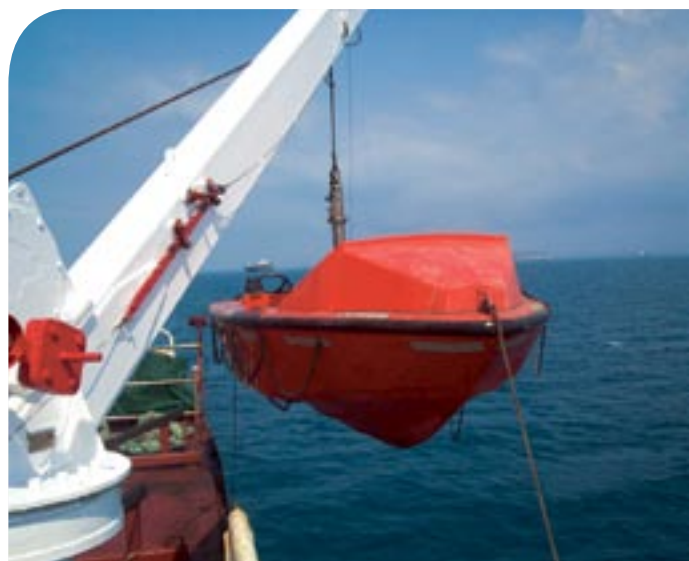
A major part of the Goldenport Shipmanagement technical team philosophy is the rigorous practise of preventive maintenance. It is our belief that this approach pays great dividend to the quality of our services through improved ship technical conditions. It is better to spend a little to improve minor engine or steel parts than to wait for a small problem to become a major one, which will inevitable lead to expensive repairs, missed details and loss of revenue. This falls under the continuous maintenance program that GSL applies to all the vessels in Goldenport Holdings' Fleet.

Technical expertise is provided through experienced multi-functional teams consisting of qualified key personnel and support staff. The main function categories that cover the needs of our fleet through the Technical Department are:

- ❖ Drydock - Conversions - Repairs
- ❖ Regulations - Flag - Class
- ❖ Budget planning & control
- ❖ Planned Maintenance System

Ships are inspected at regular intervals of three months by technical superintendents to ensure a very close follow-up of shipboard activities. The attending technical superintendents then file comprehensive reports regarding the technical condition of our fleet in order to facilitate improved decision making processes regarding our fleet development and constantly updated budgeting controls for the technical expenditure required to maintain our ships.

Moreover, Goldenport Shipmanagement has set up Goldenport Shanghai, which acts as a representative office for the technical department of the company. The continuous presence of a large part of the fleet in Far Eastern ports, coupled with the significant ship repairing and building capability of China, constitutes the two main reasons behind the decision of setting up an office in the area. During 2007 GSL also has set up a representative office within the Cosco Zhoushan shipyard due to the new-building orders but also the increased volume of vessels under dry-dockings in this yard.



Our Fleet Manager Key Personnel

Goldenport Shipmanagement Ltd.

Captain George Karavas,

Age - 50, Managing Director



Captain George Karavas is the Managing Director of Goldenport Shipmanagement since September 1999. He graduated from Greek Public Merchant Marine Academy on 1978 and started his career as Cadet and Of-

ficer on Oceangoing Passengers and RoRo vessels and latter as Officer and Master on Oceangoing Bulkcarriers with 10 years sea service. He holds a Master Mariner degree from Greek Public Merchant Marine Academy and has attended various seminars and courses on Shipping Law, Chartering, ISM and ISO. Captain Karavas since April 1991 has started his career ashore as Port Captain, Operator, Operations Manager and in Administration in various shipping companies. He joined Goldenport Shipmanagement on May 1996 as Manager in Operations Department and since Sept 1999 he became Managing Director of the company and holding the position of Head of Operations Department as well. He has a total experience of 30 years-on board and ashore-in Shipping Business.

George Andriopoulos,

Age - 61, Technical Manager



George is the Technical Manager of Goldenport Ship-management since October 2001. He graduated from Merchant Marine Academy on 1969. He served in various rank capacities onboard world wide trading tankers, chemical tankers and cargo vessels. He holds a Chief Engineer degree. George has held administrative tech

positions ashore as member of Technical Departments of various shipping companies in Greece and abroad since 1990. He joined Goldenport Shipmanagement on March, 2000, as Superintendent Engineer and since 2001 he is in charge of Technical Department as Technical Manager. He has over 35 years of total technical experience.

Captain Alexandros Dragnis,

Age - 58, Manager Supply Department



Captain Alexandros Dragnis is the Supply Department Manager since 1995. He graduated from the Greek Merchant Marine Academy in 1973 and started his career as Cadet and Officer on oceangoing vessels, with 8 years of sea service. Captain Alexandros Dragnis holds a Chief Officer Degree from Greek Marine Acad-

emy and he started successfully his career ashore in 1981, as Managing Director in "Renewal Shipping Agency" and continued as Technical Director in a company providing technical equipment for ships. He joined Goldenport Shipmanagement in 1995 and until now he holds the position of Manager Supply Department. He has a total experience of 35years-on board and ashore-in shipping business.

**“Key personnel with over
200 years total shipping experience”**

Our Fleet Manager Key Personnel

Goldenport Marine Services

Mr. Yannis Kioleoglou,

Age - 38, Chartering Manager



Yannis has joined Goldenport Shipmanagement in 1997. As Chartering Manager, Yannis is responsible for chartering as well as the post-fixture activities of the fleet. He is also responsible for maintaining existing relationships with Charterers and marketing to expand its clientele base. He holds 2 Master degrees; (1) in Naval Architecture & Marine Engineering from the National Technical University of Athens and (2) in Shipping Trade & Finance from City University Business School. Mr. Kioleoglou started his career as Assistant Shiprepair Manager in Elefsis Shipyard Greece and served for two years at sea as an NCO/Engineer in the Greek Navy.

Mr. Stathis Lerios,

Age - 54, Crew Manager



Stathis has served as Crew Manager since July 1995. He started his vocational training in 1968 in Cotzias Ship Agencies and Crewing, where he stayed until 1974. Since then he worked as Crew Manager in three major Greek shipping companies before joining Goldenport Shipmanagement Ltd. He has over 35 years of experience in crewing.

Mr. Alexander Papagiannopoulos,

Age - 39, Quality & Safety Manager



Alexander has served as Designated Person Ashore since July 1997 and as Quality and Safety Manager since January 2005. Prior to joining the company Alexander held Deck Officer's position in cargo ships for two years. He also worked as Port

Captain for two years at a ship managing company based in Greece, dealing with ship repairs and class surveys. He holds a Master C class diploma and he graduated from Merchant Marine Academy of Aspropyrgos, Greece.

Theoni Kousi (Ms)

Age - 37, Legal Manager



Theoni started her career in 1992 in one of the leading Piraeus shipping law firms, charter member of the Hellenic Society of Maritime Lawyers, where she became part of the litigation team, dealing with dispute resolution in a wide range

of shipping matters and shipping litigation. Thereafter she acted for four years as an in-house lawyer of a tanker management company in Athens, where she obtained an experience in non-contentious shipping matters. Since joining Goldenport in April 2006, Theoni has been working on a number of non-contentious shipping matters ranging from ship finance and ship sale and purchase, to newbuilding projects and related corporate transactions. She holds a degree in Law from the University of Athens, Greece and an LL.M from the University of Manchester.

Report of Directors

The Directors present their report and the Group financial statements of Goldenport Holdings Inc., for the financial year ended 31 December 2008.

Principal group activities

Goldenport is an international shipping company that owns and operates a fleet of container and dry bulk vessels that transport cargo worldwide. The fleet consists of sixteen container vessels (including two new-build vessels with deliveries scheduled for 2010 and 2011) and fourteen dry bulk carriers (including seven new-build vessels with deliveries scheduled for 2009, 2010 and 2011).

Summary of Selected Financial and Operating Data:

Income Statement Data (in US\$ thousand except share data):	31 December		
	2008	2007	
Revenue	154,968	124,861	
EBITDA	88,710	77,045	
Including gain from vessels disposals:			
EBIT	92,804	59,444	
Net Income	87,581	58,281	
Earnings per share (basic and diluted)	1.25	0.83	
Excluding gain from vessels disposals:			
EBIT	56,314	55,752	
Net Income	51,091	54,589	
Earnings per share (basic and diluted)	0.73	0.78	
Gain from vessels disposals	36,490	3,692	
Weighted average number of shares	69,924,071	69,885,106	
FLEET DATA:			
Number of vessels at end of period:	30	33	
-Operating	19	24	
-Under reconstruction	1	1	
-New Buildings under construction	10	8	
Ownership days ⁽²⁾	8,110	7,434	⁽¹⁾
Available days ⁽²⁾	7,514	6,945	⁽¹⁾
Operating days ⁽²⁾	7,328	6,666	⁽¹⁾
Fleet utilisation	97.5%	96.0%	
AVERAGE DAILY RESULTS (in US\$)			
Time Charter Equivalent (TCE) rate ⁽²⁾	19,028	16,578	
Average daily vessel operating expenses ⁽²⁾	5,786	4,225	⁽¹⁾
Average daily vessel operating expenses, excluding items arising in dry-dockings and one-off insurance premiums ⁽³⁾	5,084		

⁽¹⁾: Ownership days and average daily vessel operating expenses exclude the vessel MSC Fortunate and the 8 vessels that will be delivered in a future date

⁽²⁾: Ownership days and average daily vessel operating expenses exclude the vessel MSC Fortunate and the 10 new building vessels, but include the vessels sold in 2008 up to their respective sale dates

⁽³⁾: Items relating to dry-dockings aggregating a total amount of US\$3,793k and the additional insurance premiums totaling US\$1,896k are excluded from the total operating expenses in order to arrive to the calculation above.

Notes on Summary of Selected Financial and Operating Data:

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in the period.

(2) Ownership days are the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(3) Available days are the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(4) Operating days are the number of available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

(5) We calculate fleet utilisation by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilisation to measure a company's efficiency in finding suitable employment for its vessels and minimising the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

(6) Daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

(7) TCE rates are defined as our time and voyage charter revenues less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include

port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts.

Financial review (amounts in US\$ '000, except the per day Opex data):

Time and Voyage Charter Revenues: Revenues increased by US\$ 30,107 or 24.1% to US\$ 154,968 for the year ended 31 December 2008 (2007: US\$ 124,861). The main reasons for this increase were: (i) the difference in available days between the two periods (2008: 7,514 days; 2007: 6,945 days), due to the additions of the vessels 'Anafi', 'MSC Accra', 'Gitte', 'Tiger Star' and 'Bosporus Bridge' that were acquired after 30 June 2007 and were fully operational in 2008 and the addition of the vessel 'MSC Finland' that contributed partially in the period in 2007, but in full in 2008 (ii) a strengthening in the market rates in the second half of 2007 and the first half of 2008 which allowed existing vessels to be fixed at higher rates compared to the same period last year, which is also reflected in the TCE rate.

Voyage expenses total: The voyage expenses increased by US\$ 2,274 or 23.4% to US\$ 11,995 for the year ended 31 December 2008 (2007: US\$ 9,721) mainly due to increased revenue figure to which commission rates applied.

Vessel operating expenses: Vessel operating expenses increased by US\$ 15,510 or 49.4% to US\$ 46,921 for the year ended 31 December 2008 (2007: US\$ 31,411). The increase in absolute numbers is attributable to the increase of the fleet in terms of numbers of vessels but also to the change of mix as the vessels acquired

were of a larger size compared to the existing vessels. Excluding maintenance costs while on dry-dockings of US\$ 3,793 and one-off insurance premium increases of US\$ 1,896 the vessel operating expenses increased by US\$ 9,821 or 31.3% to US\$ 41,232.

On a per day basis operating expenses, (excluding the one-off expenses described above), increased by 20.3% to US\$ 5,084 (2007: US\$ 4,225 per day), the main reasons being: (i) stepped increases in crew wages of the Ukrainian crew, that became effective in mid and late 2007 and were in full effect in first half of 2008 and another increase in crew wages that became effective in March 2008 that affected partially the 2008 period; (ii) the increase in insurance premiums for the newly acquired vessels, due to higher vessel prices and the general increase of insurance premiums effected within the period; and (iii) repairs that had to be performed on specific vessels while in operation that affected the repairs and spares expenses.

Given that: (i) lubricants' prices are expected to decline as they are correlated to the oil prices; (ii) insured values will decrease to reflect current market conditions; (iii) only a small number of vessels will undergo scheduled dry-docking (compared to 2008 and 2007 that most of the operational fleet was dry-docked) so there will be fewer maintenance related expenses and (iv) crew expenses are expected to remain flat, the Company believes that the average daily cost of operating the vessels in 2009 will remain flat or decline compared to 2008.

General and administrative expenses: General and administrative expenses increased by US\$ 1,049 to US\$ 3,827 reflecting incremental listing related expenses and the absorption of specific departments of Goldenport Ship Management to the fully owned subsidiary Goldenport Marine Services from 1 January 2008 amounting to a total of US\$ 889 and the payment of rent for the head-offices in Athens of US\$263. These expenses in the past used to be included in the 'Management fees' line of our income state-

ment, which during the year has decreased by 20% on a per vessel per month basis.

Depreciation: The vessels' depreciation charge increased by 50.9% to US\$ 23,183 for the year ended 31 December 2008 (2007: US\$ 15,361) due to the incremental depreciation of the operational vessels acquired since the second half of 2007.

Depreciation of dry-docking costs: Depreciation of dry-docking costs increased by 55.3% to US\$ 9,213 for the year ended 31 December 2008 (2007: 5,932) mainly due to: (i) dry-docking of 8 vessels in the second half of 2007, the expense of which affected in full in 2008; (ii) the scheduled dry-docking of 11 vessels that was completed in 2008, out of which 8 vessels have commenced in 2008; and (iii) the dry-dockings of the vessels 'Vasos' and 'MSC Accra' were completed in Europe which affected significantly their overall cost and subsequently the amortisation expense.

Gain from vessel disposals: The Company realised profit of US\$ 36,490 from the sale during the year of two fully depreciated bulk carriers and three fully depreciated container vessels; in the same period last year the Company realised US\$ 3,692 from the sale of the fully depreciated vessel 'Vana'.

Financing costs: Finance expense increased by US\$ 888 or 15.6% to US\$ 6,583 for the year ended 31 December 2008 (2007: US\$ 5,695), mainly due to the increased principle amount from debt that financed the vessel acquisitions that took place in 2007 and the recognition of the loss on the fair value of the interest rate swap relating to the loan of the vessel 'Bosporus Bridge'. Interest income decreased by US\$ 2,709 to US\$ 1,322 due to lower cash balance available during the year and time deposits fixed at lower rates.

Cash and cash equivalents: The Company had US\$ 33,257 of cash and cash equivalents (2007: US\$ 19,947). The Company is expected to utilise these to strengthen the balance sheet, pay existing commitments especially in relation to the new-building program and acquire vessels selectively if and when the right opportunities arise.

Fleet Developments (amounts in US\$ '000):

Vessel Disposals

In 2008 the Company sold five fully depreciated vessels for total net proceeds of US\$ 47,158 realising an aggregate profit of US\$ 36,490. More specifically:

- ❖ On 5 May 2008, the fully depreciated dry-bulk vessel ‘Ios’ (built 1981) was sold realising a profit of US\$ 12,895;
- ❖ On 17 June 2008, the fully depreciated dry-bulk vessel ‘Samos’ (built 1982) was sold realising a profit of US\$ 20,331;
- ❖ On 20 August 2008, the fully depreciated container vessel ‘Glory D’ (built 1978) was sold realising a profit of US\$ 2,652;
- ❖ On 30 October 2008, the fully depreciated container vessel ‘Achim’ (built 1978) was sold realising a profit of US\$ 268;
- ❖ On 9 December 2008, the fully depreciated container vessel ‘Tuas-Express’ (built 1978) was sold realising a profit of US\$ 344;
- ❖ On 12 February 2009 the fully depreciated bulk carrier vessel ‘Athos’ (built 1977) was sold for a net consideration US\$3,738. The Company is expecting to realise a profit of US\$ 382 from the disposal, which will be included in the 2009 income statement.

Vessel Deliveries

- ❖ On 11 February 2009 the Company took delivery of the 53,800 DWT new bulk carrier ‘Marie-Paule’ which commenced its agreed three-year time charter;
- ❖ On 23 February 2009 the Company delivered the vessel ‘MSC Fortunate’ (previous name ‘Fortune’) to the charterer to commence a four-year time charter.

Vessel Acquisitions - Rescheduling of Deliveries

- ❖ On 20 August 2008, the Company entered into a contract with Qingshan Shipyard for the construction of two bulk carrier vessels of 57,000 DWT each, with estimated delivery in December 2010, for a total consideration of US\$ 91,660;
- ❖ On January 26, 2009, the Company announced that it had reached an agreement with COSCO (Zhoushan) Shipyard Co., Ltd, to reschedule the delivery dates of the four new-build 57,000 DWT bulk carriers on order with the yard, at no additional cost. Pursuant to the re-scheduling, the delivery dates for those four vessels will now take place between four and eighteen months after their originally agreed delivery dates in late 2009. Two vessels are now expected to be delivered in the first half 2010 and the other two in the first half of 2011. The exist-

ing charter contracts remain valid and will commence upon delivery of the respective vessels. The already secured bank financing remains in place. Taking delivery at a later date, when market conditions may have improved, enables Goldenport to optimise its cash flow utilisation during the current challenging market conditions;

- ❖ On 4 March 2009, the Company acquired the vessel NYK Procyon, a 1995-built container vessel with carrying capacity of 4,953 TEU, for a total consideration of US\$ 10,500.

The fleet as of today consists of 30 vessels, of which 16 are containers and 14 are dry-bulk carriers. Out of the total, 9 vessels (2 containers and 7 bulk-carriers) are new-building orders with expected deliveries between 2009 and 2011.

Final dividend:

In light of the current and likely market conditions for the foreseeable future, rather than adopting the usual dividend payment ratio in excess of 50% of operating earnings, the Board of Directors of Goldenport has today recommended a final dividend of 2 pence per share for the financial year ended 31 December 2008. This cash dividend will be accompanied by a scrip dividend alternative, arrangements for which will be mailed to shareholders on or about 2 April 2009 with elections required to be made by 1 May 2009. The Board of Directors and the Management team undertake to elect for the scrip dividend alternative in respect of at least 50% of their holdings. Including the interim dividend already paid in October 2008 the total dividend for year 2008 is 10 pence per share, which the Board believes is appropriate given the market circumstances.

The dividend proposal is expected to be approved by the shareholders in the AGM to be held on 7 May 2009 and subsequently will be payable on 20 May 2009, to shareholders of record as of 20 March 2009. Please look at section ‘Financial Calendar’ for the full dates.

Directors and interests in shares:

The current members of the Board are listed in section 'Our Board'. Marshall Islands legislation does not require the directors to retire and offer themselves at the Annual General Meeting. However, the Company has voluntarily undertaken to comply with the UK corporate governance standards and as a result all the directors will retire and offer themselves for re-election in the third Annual General Meeting to be held on 7 May 2009.

The Interests of the Directors, the Senior Management and their respective immediate families in the share capital of the Company (all of which are beneficial unless otherwise stated), were as at 31 December 2008 as follows:

Name	Number of shares at admission (after over-allotment)	Percentage of shares at admission	Number of shares as at 31 Dec 2007	Shares issued under AIP	Shares purchased in 2008	Number of shares as at 31 Dec 2008	Percentage of shares as at 31 Dec 2008
Captain Paris Dragnis ⁽¹⁾	41,800,000	59.812 %	41,800,000	30,444	-	41,830,444	59.811 %
Chris Walton ⁽²⁾	2,128	0.003%	2,128	-	-	2,128	0.003 %
John Dragnis ⁽³⁾	-	-	125,000	8,383	323,166	456,549	0.653%
Christos Varsos ⁽⁴⁾	-	-	-	13,412	-	13,412	0.019 %

⁽¹⁾ Through Starla

⁽²⁾ Chris Walton is the non-executive Chairman of the Board of Directors

⁽³⁾ John Dragnis is the Commercial Director of the Company

⁽⁴⁾ Christos Varsos is the Chief Financial Officer of the Company

On 31 October 2008 the Commercial Director, a related party of the CEO, purchased 323,166 shares on the open market at a price of 95 pence per share.

There have been no changes in directors' interests from 1 January 2009 to 9 March 2009, other than those reported above.

During the financial year the Group has maintained cover for its Directors under Directors' liability insurance policy.

Related party transactions (amounts in US\$ '000):

Transactions with related parties consisted of the following for the years ended 31 December:

	2008 U.S.\$'000	2007 U.S.\$'000
Voyage expenses - related party		
Goldenport Shipmanagement Ltd	3,099	2,497
Management fees - related party		
Goldenport Shipmanagement Ltd	3,515	3,906
	6,614	6,403

Balances due from related parties as at 31 December comprise the following:

	2008 U.S.\$'000	2007 U.S.\$'000
Due from related parties		
Goldenport Shipmanagement Ltd	3,342	3,289
Total	3,342	3,289

Goldenport Shipmanagement Ltd. ("GSL"): All vessel operating companies included in the consolidated financial statements have a management agreement with GSL, a Liberian corporation directly controlled by Captain Paris Dragnis, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee. On 1 January 2008 all the activities of accounting and legal department were transferred from GSL to the new subsidiary Goldenport Marine Services which is a company 100% owned by Goldenport Holdings. On 1 July 2008 all the activities of the quality and safety, information technology (including software licences) and other administrative activities were transferred from GSL to Goldenport Marine Services. Based on Management's estimation the total cost of these services represents a monthly cost of U.S.\$3.25 per vessel and therefore, the respective monthly management fee payable to GSL was reduced accordingly to U.S.\$12.5 (U.S.\$15.75 for 2007) per vessel per month in order to reflect this transfer of services.

In addition GSL charged the Group, U.S.\$ 430, for the services rendered for the reconstruction of MV MSC Fortunate. This amount is included in the capital expenditure for reconstruction.

For the year ended 31 December 2008 commission charged by GSL amounted to U.S.\$3,099 (2007: U.S.\$2,497) and is included in "Voyage expenses-related party". GSL has a branch office registered in Greece under the provisions of Law 89/1967.

The amounts receivable from GSL, shown in the table above, represent the vessel operating companies' cash surplus handled by GSL.

On 5 January 2009 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2009 will be remain at U.S.\$12.50.

On 1 January 2008 a monthly rental of EUR14.5k was agreed to be charged by the owner of the building (a related party under common control) to Goldenport Marine Services for the rental of the head offices. From 1 July 2008 the Company rents a larger space in the same building due to the expansion of its operations. A monthly rental of EUR17.2k was agreed to be charged by the owner of the building from 1 July 2008 to 2 September 2008 and subsequently the rental was agreed to be

EUR17.8k. Total rent expense for the year ended 31 December 2008 amounted to U.S.\$263 and is included in General and administration expenses in the accompanying financial statements.

The future minimum lease (rental) payments under the above agreement as at 31 December 2008 are as follows:

	U.S.\$'000
Within 1 year	297
After one year but not more than 5 years	1,177
More than 5 years	544
	2,018

The Joint Venture Company, Sentinel Holdings Inc. appointed Goldenport Shipmanagement Ltd. as a consultant for the new-buildings project at Jiangsu Eastern Shipyard of China. As part of the supervision agreement between the two companies, GSL undertakes the plan approval, the attendance and supervision of the construction and trials of vessels 'Marie Paule' and 'Alpine Trader', in exchange for a supervision fee for the first twelve months from steel cutting (unless delivery is earlier). For the year ended 31 December 2008 such fee charged by GSL amounted to U.S.\$622 (2007:U.S.\$276) half of which is included in 'vessels under construction' of the 2008 consolidated balance sheet.

For the annual incentive plan and other remuneration of Directors and Management team please refer to the Directors' Remuneration Report.

The Senior Independent Director, Mr. Robert Crawley is charged with monitoring the relationship between the Company and GSL and regularly report on the relationship to the Board.

By the order of the Board

Eleftheria Savvidaki
Company Secretary

9 March 2009

Corporate Governance Statement

Goldenport Holdings Inc. is a Marshall Islands shipping company which has voluntarily undertaken to comply with UK corporate governance standards, in order to assure the investment community that it operates in the same way as a UK company listed on the main market of the London Stock Exchange:

Amendments to Board structure with the appointment of Chris Walton as UK based Non-executive Chairman and Robert Crawley and Andreas Karaindros as Non-executive Directors. On 1st November 2007, Captain Epameinondas Logothetis was appointed as Non-executive Director. In December 2007 Mr. Andreas Karaindros stepped down from the Board;

- ❖ On 1st November 2007, upon appointment of Captain Logothetis the constitution of all board committees has been altered;
- ❖ On 1st November 2007, Christos Varsos our CFO who has been our Company Secretary since admission stepped down from the role and Mrs. Savvidaki assumed the role and responsibility of Company Secretary;
- ❖ Although outside of the Takeover Code, commensurate investor protection measures have been enshrined in the Company's Articles;
- ❖ Pre-emption rights were also included within the Company's Articles.

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance. This statement describes how the principles of corporate governance are applied to the Company.

Combined Code

The Directors consider that the Company has complied with the Code in 2008. In making this statement, the Directors note that the Code requires the Nominations Committee to have a majority of

independent non-executive directors and that whilst the Board has resolved that it considers the non-executive Chairman of the Board to be independent (as well as having been independent at the time of his appointment) they acknowledge that the committee would be non-compliant if Mr Walton is viewed as not being independent (by virtue of being Board Chairman).

The Combined Code provides that the board of directors of a United Kingdom public company should include a balance of executive and non-executive directors (and, in particular; independent non-executive directors), with smaller companies having at least two independent non-executive directors. The Combined Code states that the board should determine whether a director is independent in character and judgment and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

The Combined Code does not apply to Goldenport and the Marshall Islands do not have a formal corporate governance regime; however, the Directors support high standards of corporate governance and seek to comply with the Code and the Turnbull Report.

The Company's Board comprises of three Executive Directors (including the chief executive officer) and, three Non-executive Directors (including the chairman). The Company regards Chris Walton, Robert Crawley and Captain Epameinondas Logothetis as independent Non-executive Directors, within the meaning of "independent" as defined in the Combined Code. Mr Walton (non-executive Chairman) was independent at the time of his appointment.





Apart from the relationship between Captain Paris Dragnis and Goldenport Shipmanagement Ltd., none of the Directors have any potential conflict of interest between the duties they owe to the Company and their private interests or duties owed to third parties.

The Combined Code recommends that the Board should appoint one of its independent non-executive directors to be the senior independent director (SID). Robert Crawley is the SID.

The Board has established Audit, Remuneration, Nomination and Disclosure Committees. The Combined Code requires that all the members of the Audit Committee and Remuneration Committee and a majority of the members of the Nomination Committee should be independent non-executive directors.

The Company complies with the Combined Code (June 2006).

Board of Directors

The board is the principal decision making forum for the Company. It has overall responsibility for leading and controlling the Company and is accountable to shareholders for financial and operational performance. The board approves group strategy and monitors performance. The board has adopted a formal schedule of matters detailing key aspects of the Company's affairs reserved for it to decide including setting and monitoring group strategy, setting commercial policies, reviewing trading performance, ensuring adequate financing, examining potential acquisitions, formulating policy on key issues and reporting to shareholders. Developing key opportunities and negotiating them is delegated to the Chief

Executive Officer, but final approval for any group acquisitions or disposals needs to be given by the Board. Agreeing suitable financing for further fleet acquisitions is delegated to Chief Financial Officer, with the Board having the final approval on each loan agreement to be entered into. Other operational decisions are given to the executive members of the board.

The roles of Non-Executive Chairman and Chief Executive Officer are distinct and separate with clear division of responsibilities. All directors participate in discussing strategy, performance and financial and risk management of the Company and meetings of the board are structured to allow open discussion. The board expects to meet at least six times per calendar year. In order to ensure that the board is able to discharge its duties, all directors receive appropriate and timely information with papers being issued to the board in advance of the board meetings including financial and business reports covering the Company's principal activities. The non-executive directors meet at least once per year without the executive directors being present and the independent non-executives meet at least once year without the Chairman being present. At this meeting the directors discussed the Chairman's performance and feedback was provided by the S.I.D.

The performance evaluation of the Board, the Committees and the individual directors is to occur annually. The current Board undertook an evaluation process for the first time in March 2007. In December 2007 the Board undertook the evaluation process after the appointment of a new Non-executive Director and subsequently in February 2008 and December 2008. The methodology was as follows: using a common framework of questions, the Non-Executive Chairman met individually with the Directors and then reported his findings to the full Board for discussion. In addition, the audit committee considers its own effectiveness as part of the year-end audit process. All directors receive regular update on changes of regulation or legislation that affect their capacity as board members.

Board balance and independence

During the entire year, the Board has comprised the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and two other independent non-executive directors. In total the board comprises three executive and three independent non-executive directors with none having a casting vote. The board functions effectively and efficiently and is considered to be an appropriate size in view of the scale of the Company and the diversity of its business. The board considers that each director demonstrates a range of experience and is of high calibre, which is vital to the success of the Group.

The board considers that non-executive directors combine broad business and commercial experience to bring independent and objective judgement to bear on issues of strategy, performance, resource and standards of conduct. The balance between the executive and non-executive directors maintains the highest standards of integrity across the Company's business activities. The names and biographies of the Board members are set in the section 'Our Board'.

The board considers that all non-executive directors are independent for the purposes of the code.

At the time of his appointment, Mr Walton the non-executive Chairman, was independent for the purposes of the Code.

Mr. Robert Crawley is the Senior Independent Non-Executive Director.

Audit Committee

In accordance with the requirements of the Combined Code the Audit Committee is made up of at least two members who are all independent Non-executive Directors and includes one member with recent and relevant financial experience. The Audit Committee since 1st November 2007 is chaired by Robert Crawley and its other member is Captain Epameinondas Logothetis. Both members of the Audit Committee are independent and are considered qualified as they have recent and relevant experience (please refer also to 'Our Board' section for their full resumes). The Audit Committee normally meets at least three times a year. The Committee has responsibility for, amongst other things, the planning and review of the Group's annual report and accounts and half-yearly reports and the involvement of the Group's auditors in that process. It focuses, in particular, on compliance with legal requirements, accounting standards and the rules of the FSA.



and the UKLA and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The terms of reference of the Audit Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with the role of the secretary and the requirements of notice of and quorum for and the right to attend meetings. The terms of reference of the Audit Committee are: internal controls and risk management systems, internal audit, external auditors, financial statements and reporting responsibilities. The terms of reference also set out the authority of the Committee to carry out its duties.

The Smith Guidance on Audit Committee composition states that the Chairman should not be a member of the Audit Committee. Therefore our chairman, Chris Walton, is not a member of the Audit Committee but does attend as a non-voting observer when invited to do so by the Committee Chairman. The terms of reference of the Audit Committee are available for inspection on the website of the company and at the Athens Head-Office.

Remuneration Committee

The Remuneration Committee is chaired by Captain Epameinondas Logothetis and its other member is Mr. Robert Crawley. Both are independent non-executives.

The Remuneration Committee has responsibility for the determination of specific remuneration packages for each of the directors and senior management, including pension rights, any compensation payments, recommending and monitoring the level and structure of remuneration, the implementation of share option schemes and the Annual Incentive Plan.

The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, as mentioned above, together with the role of secretary and the requirements of notice of and quorum for and the right to attend meetings. The duties of the Remuneration Committee covered in the terms of reference relate to the following: determining and monitoring policy on and setting level of remuneration, contracts of employment, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the chief executive officer and chairman, reporting and disclosure, and remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the Committee to carry out its duties.

The Combined Code states that the Remuneration Committee should be comprised solely of Non-executive directors. Both members are independent non-executive directors. The terms of reference of the Remuneration Committee provide that no Director will take any part in any decision in relation to his own remuneration. This restriction has been complied with.

The terms of reference of the Remuneration Committee are available for inspection on the website of the company and at the Athens Head-Office.

Nomination Committee

The Combined Code, requires that the majority of members of the nomination Committee are independent Non-executive Directors. The nomination Committee is chaired by Captain Epameinondas Logothetis and its other members are Chris Walton and Captain Paris Dragnis. As the Board has resolved that it considers all three non-executive directors to be independent, it considers that the Committee is compliant with the Combined Code. However, the Directors acknowledge that the Committee would be non-compliant if Mr Walton is viewed as not being independent (by virtue of being Chairman). The Board chose this membership composition as it considers it appropriate for the size and the nature of the business.

The nomination Committee leads the process of board appointments and makes recommendations to the Board on, amongst other things, board composition and balance.

The terms of reference of the Nomination Committee are available for inspection on the website of the company and at the Athens Head-Office.

No appointments were made in the year and no external consultants have been employed.

Disclosure Committee

The disclosure Committee since admission is chaired by Captain Paris Dragnis and its other members are

Chris Walton and Christos Varsos. The disclosure Committee establishes and implements policies with a view to ensuring that information required to be disclosed under the Listing Rules and Disclosure and Transparency Rules is identified in a timely manner and is properly considered by the Board. The Committee also has responsibility for compiling and maintaining insider lists and operating the Company's code for dealing in securities.

The terms of reference of the Disclosure Committee are available for inspection on the website of the company and at the Athens Head-Office.

Model Code

The Company has since Admission, adopted a code of securities dealings in relation to the Shares and other securities which is based on, and is no less exacting than, the Model Code published in the Listing Rules. The code applies to all directors and employees of the Company.

Takeover regulation

Because it is incorporated in the Marshall Islands, the Company is not subject to the City Code. As a result, a takeover of the Company, stake-building and certain other shareholder activity, would not be regulated by the United Kingdom's Panel on Takeovers and Mergers.

The Company has therefore incorporated certain provisions in its articles of incorporation and by-laws which will be administered by the Board to regulate certain acquisitions of Shares in the Company. The relevant provisions of the articles of incorporation and by-laws are summarised below. Broadly, the provisions provide that a person must not without making an offer to all shareholders on matching terms:

(a) acting by himself or with persons determined by the Board to be acting in concert with him, seek to acquire Shares which, taken together with Shares held or acquired by persons determined by the Board to be acting in concert with him, carry 30% or more of the voting rights attribut-

able to the Shares; or (b) acting by himself or with persons determined by the Board to be acting in concert with him, and holding not less than 30% but not more than 50% of the voting rights attributable to the Shares, seek to acquire, by himself or with persons determined by the Board to be acting in concert with him, additional Shares which, taken together with the Shares held by the persons determined by the Board to be acting in concert with him, increase his voting rights, except as a result of a "permitted acquisition" (meaning an acquisition either consented to by the Board, or made in compliance with certain provisions which broadly replicate Rule 9 of the City Code, or arising from the repayment of a stock borrowing arrangement). Furthermore, where the Board has reason to believe that any of the circumstances described above has taken place, the Board may, amongst other things, determine that some or all of the Shares acquired in breach of the articles of incorporation and by-laws of the Company will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period.

In addition to the protections included in the articles of incorporation and by-laws of the Company, it is also the current intention of the Directors to use reasonable endeavours (in so far as they are able, and subject to applicable law and their fiduciary duties at the relevant time) to ensure that:











- (a) Shareholders are treated equally in respect of any takeover offer for Shares in the Company which is recommended by the Board to Shareholders (an offer);
- (b) during the course of an offer, or when an offer is in contemplation, the Company does not furnish information to some Shareholders which is not made available to all Shareholders other than information furnished by the Company in confidence to a bona fide potential offeror or vice versa;
- (c) Shareholders are given sufficient information and advice to enable them to reach a properly informed decision with respect to an offer and are given sufficient time to do so;
- (d) the Directors do not, without the prior approval of the Shareholders in general meeting, take any action actively to frustrate a bona fide takeover offer at any time after such offer has been communicated to the Directors or the Directors have reason to believe that such an offer may be imminent; and
- (e) the Directors, in advising the Shareholders on an offer, act only in their capacity as directors and do not have regard to their personal or family Shareholdings or to their personal relationships with the Company.

Composition of Committees

Below is a summary of our committee structure since 1st November 2007:

Chairperson 

Member 

	Audit Committee	Disclosure Committee	Nomination Committee	Remuneration Committee
Non Executive Directors				
Mr. Robert Crawley (Independent)				
Captain Epameinondas Logothetis (Independent)				
Mr. Chris Walton (Independent)				
Executive Directors				
Captain Paris Dragnis				
Mr. Christos Varsos				

Statement of compliance with the code

The directors consider that the Company has complied with the code in 2008.

In making this statement, the Directors note that the Code requires the Nomination Committee to have a majority of independent non-executive directors and that whilst the Board has resolved that it considers the non-executive Chairman to be independent (as well as having been independent at the time of his appointment), they acknowledge that committee would be non-compliant if Mr Walton is viewed as not being inde-

pendent (by virtue of being Board Chairman). The Board chose this membership composition as it considered that it was appropriate for the size and nature of business.

Meetings

The number of the meetings of the Board, the Audit, Remuneration and Nomination Committees and individual attendance by members is shown below:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total number of meetings	6	3	1	-
Non Executive Directors				
Mr. Chris Walton	6	3 ⁽¹⁾	1 ⁽¹⁾	-
Mr. Robert Crawley	6	3	1	-
Captain Epameinondas Logothetis	6	3	1	-
Executive Directors				
Captain Paris Dragnis	6	-	-	-
Mr. Christos Varsos	6	3 ⁽²⁾	-	-
Mr. Konstantinos Kabanaros	6	-	-	-

⁽¹⁾ Mr. Walton attended the remuneration and audit committee meetings by invitation from the Chairmen as an observer;

⁽²⁾ Mr. Varsos attended all the Audit Committee meetings by invitation from the Chairman of the Audit Committee as an observer.

Relations with shareholders

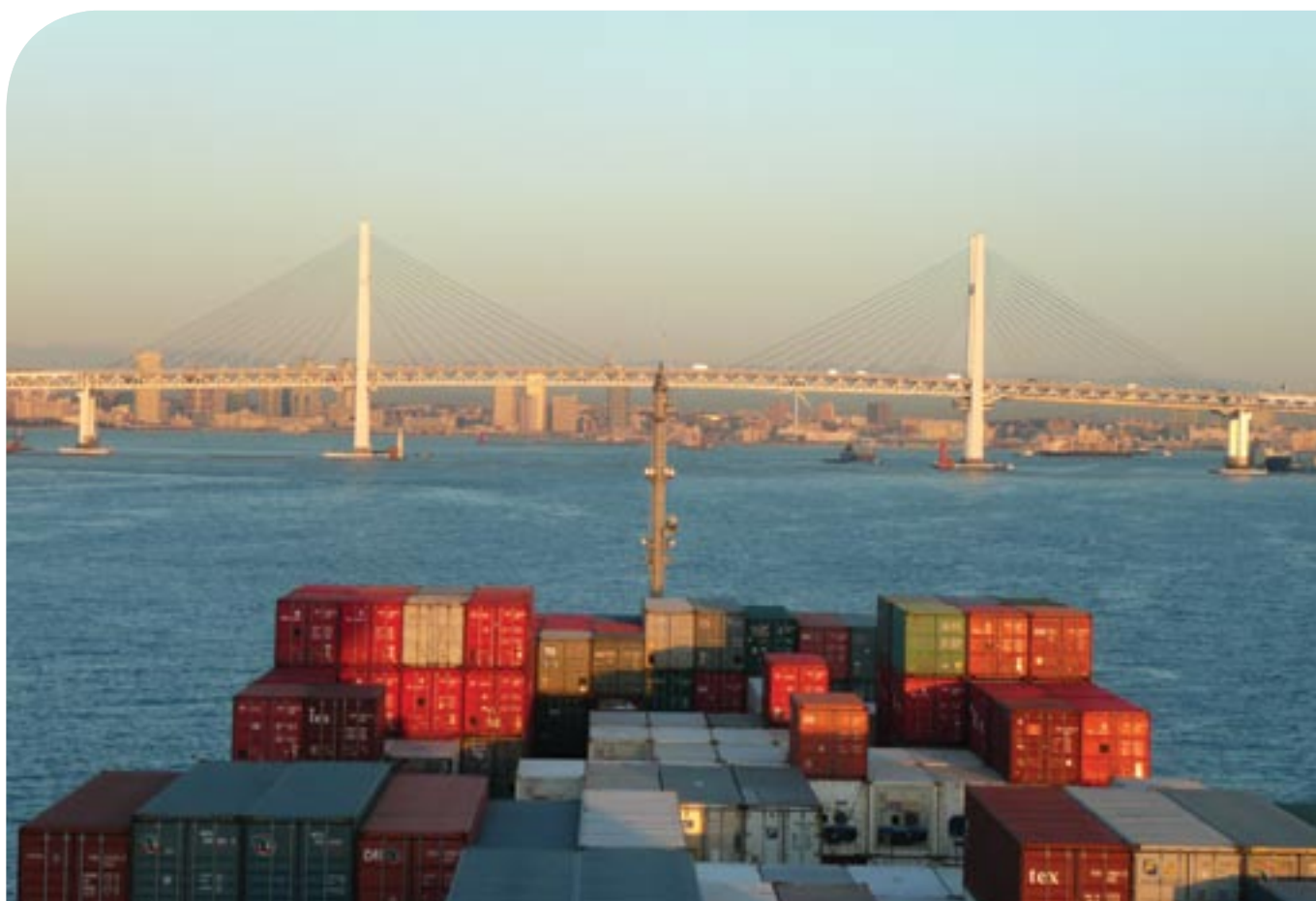
The Company communicates with shareholders through the annual report, interim report, quarterly trading updates, fleet expansion announcements, other major transactions announcements and the Company web site. The Board takes the opportunity at the Annual General Meeting to meet and communicate with private and institutional shareholders and welcomes their involvement. Furthermore, communication with the Company's largest institutional shareholders is undertaken as part of the Company's investment relations program. In order to ensure that the Non-Executive Directors, develop an understanding of the views of the major shareholders about the Company, the Chairman and the Senior Independent Director have also been present during results. The Chairman also has discussions with shareholders without execu-

tive management present. All the Non-executive Directors have expressed a willingness to be available if shareholders request a meeting. Directors receive copies of investment analyst research reports and of press clippings concerning the Company.

Internal control

The board of directors is responsible for the Group's system of internal control that is designed to provide them with reasonable assurance to facilitate effective and efficient operations and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable and not absolute assurance.

The board has established an on-going process for the identification, evaluation and management of significant risks facing the Group, which operated since admission.



Risk management is included as an agenda item in the board meetings where there is an opportunity to discuss risk management and internal control issues and to determine a control strategy for the significant risks. A full risk assessment is made to the board before any decision on major projects is made.

The board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains the full and effective control over appropriate strategic, investment, financial, organizational and compliance issues. Controls and procedures have been implemented which include defined procedures for seeking and obtaining approval for major transactions.

The board, at least annually, conducts a review of the effectiveness of the Group's system of internal controls. Upon admission, the board had a thorough review of the effectiveness of the internal controls. Reviews have been held at least annually since then. A review was conducted by the Audit Committee in November 2008 and the most recent review was in March 2009.

The Company created an Internal Audit function during 2008. The board will review the Internal Audit function annually and act accordingly.

External Audit

Ernst & Young (Hellas), the Company's external auditors, contribute a further independent perspective on certain aspects of our internal financial control systems arising from their work, and report to both the Board and the Audit Committee.

The engagement and independence of external auditors is considered annually by the Audit Committee before they recommend their selection to the Board. The Committee has satisfied itself that Ernst & Young are independent and there are adequate controls in place to safeguard their objectivity. Ernst & Young report in writing to the Committee on their independence and objectivity.

Ernst & Young also follow their own ethical guidelines and continually review their audit team to ensure their independence is not compromised.

Ernst & Young has not provided non-audit services during the year.



Whistle-blowing policy

The Board has approved and implemented a whistle-blowing policy whereby employees may express their concerns in confidence to a designated officer.

Re-election of directors

Marshall Islands legislation does not require the directors to retire and offer themselves at the Annual General Meeting. However, the Company has voluntarily undertaken to comply with the UK corporate governance standards and as a result all the directors have retired and offer themselves for re-election in the first Annual General Meeting held on 17 May 2007 and in the second Annual General Meeting held on 30 April 2008. They will again retire and offer themselves for re-election in the third Annual General Meeting to be held on 7 May 2009.

Directors' Remuneration Report

Directors' Remuneration

The directors' remuneration report covers all directors, both executive and non-executive.

The report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. A resolution to approve this report will be proposed to the Company's Annual General Meeting to be held on 7 May 2009.

Executive Directors' remuneration policy

We have a long-standing policy of rewarding achievement, experience and hard work. We also seek to provide incentives for delivering high growth and high returns for shareholders. The Remuneration Committee believes that a significant proportion of total remuneration should be performance-related. In addition, performance-related rewards should where possible be delivered largely in shares to more closely align the interests of shareholders and all Executive Directors. In determining the balance between the fixed and variable elements of the Executive Directors' remuneration packages, the Remuneration Committee has regard to policy and also market practice. Our policy is for performance related elements to form a major part of the total remuneration opportunity for all Executive Directors.

Elements of remuneration

The executive directors' total remuneration currently consists of base salary and the Annual Incentive Plan, which was proposed to the shareholders and approved in the first Annual General Meeting held on 17 May 2007. The two initial incentive plans adopted upon admission to London Stock Exchange were not activated in 2006, 2007 and 2008.

Base salary

Base salaries are a fixed annual sum payable monthly or quarterly (upon executive's discretion) in cash.

Annual Incentive Plan

The Remuneration Committee believes that a significant proportion of total remuneration should be performance-related. In addition, performance-related rewards should be deliverable largely in shares to more closely align the interests of shareholders and all Executive Directors and Management.

In order to achieve this, the Board has terminated the existing in 2006 Annual Cash Bonus arrangements and replaced them with a new plan called the Annual Incentive Plan ('AIP'), which will be administered by the Remuneration Committee. Under the terms of the AIP the eligible employees (i.e. Executive Directors and Management) can 'exchange' their annual cash bonus for shares in the Company.

The Remuneration Committee reviews and sets bonus targets and eligibility annually. The performance criteria for the AIP are:

- ❖ 50% of the bonus is based on financial targets derived from the strategic and annual plan; and
- ❖ 50% of the bonus is based on individual achievements and personal objectives.

The financial targets are measured with the growth of EBITDA. The Remuneration Committee believes that EBITDA is the proper indicator to measure the Company's performance as this drives predominantly the free cash flow of the business. Especially during the growth phase of the Company with the continuous expansion, EBITDA is considered to be the main driver of free cash flow generation, fuelling further vessel acquisitions.

It is intended that the maximum limit for each participant will be 40% of annual base salary. However, the Remuneration Committee may select, to adjust the maximum, in years with exceptional performance but it will not in any event exceed 75% of annual base salary. In each year the Remuneration Committee will propose to the Board the percentage of base salary applicable to each participant for the purposes of the AIP ("Base Award").

Under the AIP, a participant may apply his Base Award in one of three ways:

- ❖ Full Cash Award ('FCA'): If the participant selects the FCA, then the AIP will pay cash but only at 90% of the Base Award.
- ❖ Full Shares Award ('FSA'): If the participant selects the FSA, then the under the AIP 110% of Base Award will be given in the form of shares.
- ❖ Half Cash-Half Shares Award ('HCHS'): If the participant selects the HCHS, then on 50% of Base Award the 90% rule will apply and will be paid cash and on the other 50% the 110% rule will apply and will be paid in shares.

There are no other choices for the participants.

At the Board meeting where the financial statements of the respective year are approved, the Remuneration Committee will determine the Base Award for each participant and, after the Board ratification, will inform the relevant person. At that point, the participant will select the type of award (i.e. FCA, FSA or HCHS) and notify the Board of his choice in writing. In the case of the FCA, the payment in cash will

be made the next working day. In the case of the HCHS, 50% of the base award multiplied by 90% will be paid to the participant on the next working day. In the case of FSA and for the share part of the HCHS, the amount of shares to be granted (the "AIP Shares") will be calculated by reference to the closing market value of the Company's Shares on the date of the announcement to the market of the full year results for the respective year. The AIP Shares will be allotted and then registered in the participant's name on the ex-dividend date for the relevant financial year. The maximum number of shares which may be issued or allotted under the AIP in any ten year period may not exceed 5% of the Company's issued share capital from time to time.

The participant shall have the right to receive dividends and the right to vote in respect of AIP Shares but during a restricted period, a par-



Directors' Remuneration Report

participant may not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the AIP Shares. The restricted period is fixed and applies even in the case of termination of employment. It is proposed that the restricted period will be one calendar year from the date that the AIP Shares are registered in the eligible employee's name.

Under the AIP, awards will be made annually. However, the Board (after a proposal by the Remuneration Committee) reserves the right to Award shares in other circumstances which could include, without being limited to, subsequent offers of shares (primary or secondary).

In case of cessation of employment, the AIP Shares that have not been registered in the participant's name will lapse. The AIP Shares that have been registered in the participant's name will remain bound by the restrictions mentioned above.

If there is a capitalization issue, rights issue or open offer, subdivision or consolidation of shares or reduction of capital or any other variation, of share capital after the allotment of shares but before being registered to the participants' name, then the Board will adjust the number of shares to be allotted on a fair and reasonable basis.

If a participant leaves during the year as a "good leaver" (i.e. death, injury, sale of a subsidiary or business to a third party, retirement or any other reason that the Remuneration Committee decides) he will still be eligible (unless the Board determines otherwise) to receive an award in respect of that year. The award will, however, be pro-rated in accordance with the length of service, in complete months, during the performance period. If a participant leaves other than as a good leaver he will cease to be eligible to participate in the AIP unless the Committee determines otherwise.

Under the AIP no Award may be granted after 10 years from adoption of the AIP.

The Board has the authority to amend the rules of the AIP, provided that no amendment

to the advantage of participants may be made to provisions relating to:

- ❖ who can be a participant;
- ❖ the limits of the maximum base award and the number of Shares which can be issued under the AIP;
- ❖ the basis for determining a participant's maximum entitlement and the basis on which any entitlement to cash and Shares and the terms on which they can be acquired; and
- ❖ any adjustment of such entitlement in the event of a variation in the Company's share capital

without the prior approval of Shareholders in general meeting unless the amendment is minor and made to benefit the administration of the plan, to take account of a change in legislation or to obtain or maintain favorable tax, exchange control or regulatory treatment.

The benefits under the AIP are not pensionable.

Annual Incentive Plan in 2008

During 2008 the Company achieved the targets set in 2008 budget and managed to sell while the market was strong several vessels realizing strong profits and accumulating cash to be used for expansion and renewal of the fleet.

Operational profits were in line with the market expectation and profits realized from the sale of two bulk carriers and three container vessels were U.S.\$36,490, with net proceeds of U.S.\$ 47,158 strengthening the Company's balance sheet. However, in the last quarter of the year the markets in which the Company operates became challenging.

The Remuneration Committee based on the performance of the Company in the year but also taking into account the current challenging and likely market conditions for the foreseeable future decided to set the Base Award up to 25% of the base salary (up to 45% for 2007).

The Remuneration Committee on its meeting on 17 December 2008 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 18 December 2008 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2008, and announced the base award to each participant.

All four participants elected the Full Share Award in order:

- ❖ To align in full their interests with the shareholders
- ❖ To indicate their belief in the long terms prospects of the Company
- ❖ To support the preservation of cash in the business

The FSA amounted to U.S.\$252,000 approximately (U.S.\$ 350,000 in 2007).

The Board of Directors on 8 March 2009 approved the financial statements and authorised the issuance of the shares relating to

the Full Share Award under the provisions of AIP, as approved in the AGM of 17 May 2007. Under these provisions the AIP shares would have to be calculated by reference to the closing market value of the Company's shares on the date of announcement of full year results for 2008.

By reference to the closing market value of the Company's shares on 9th March 2009, the following number of shares has been granted to each participant:

	Position	Price per share	Number of shares	Total amount in £
Captain Paris Dragnis	CEO	98.5 pence	81,998	80,768
Mr. Christos Varsos	CFO	98.5 pence	36,899	36,346
Mr. Konstantinos Kabanaros	CAO	98.5 pence	30,493	30,036
Mr. John Dragnis	Commercial Director	98.5 pence	25,624	25,240
Total			175,014	172,390

The AIP shares will be allotted and then registered in the participants names after the record date of 20 March 2009. Therefore the shares will be registered to the participants' names on 23rd March 2009.

The participants have the right to receive dividends for 2009 and the right to vote in respect of AIP shares but during a restricted period of one calendar year from registration the participant is not allowed to sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the AIP shares.

The maximum level of bonus under the AIP that was earned by three Directors and one Senior Manager for 2008 was 25% of annual base salary.

Non-Executive Directors' remuneration policy

Non-Executive Directors receive only base salary and are not entitled to bonus or participation in any incentive plan. They are also entitled to reimbursement of expenses incurred in connection with their directorship of the Company.

Service Agreements

It is Company's policy that Executive Directors are employed on contracts (service agreements) subject to no more than

6 months notice. Executive Directors are also bound under a 6-month non-compete agreement with the Company. Therefore, upon termination each Executive Director would receive compensation for six months of service.

The service agreements have initial fixed term of 3 years for the Chief Executive Officer and 2 years for the other Executive Directors. Non-Executive Directors do not have a service agreement but instead have a letter setting out the terms of their appointment. Based on this letter, the Non-Executive Chairman has a 3-year term whereas the other Non-Executive Directors have a 2-year term. These terms for all Directors are "refreshed" when each Director is re-elected by shareholders. There is no termination compensation for Non-Executive Directors.

Marshall Islands legislation does not require the directors to retire and offer themselves at the Annual General Meeting. However, the Company has voluntarily undertaken to comply with the UK corporate governance standards and as a result all the directors have retired and offered themselves for re-election in the first and second Annual General Meetings after admission held on 17 May 2007 and 20 April 2008. Accordingly

Statement of Directors' Responsibilities

The Directors are responsible to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- ❖ select suitable accounting policies and then apply them consistently;
- ❖ make judgments and estimates that are reasonable and prudent;
- ❖ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- ❖ prepare financial statements on a going-concern basis, unless it is inappropriate to presume that the group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the IFRS regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report includes the information required by the Listing Rules of the Financial Services Authority.

The Directors confirm that to the best of their knowledge:

- a) the financial statements, prepared in accordance with IFRS regulation, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- b) the Annual Report includes a fair review of the development and performance of the business and the position of the Company (please refer to Chairman's Statement, CEO Statement, Our Markets, Our Fleet, Our Fleet Expansion since IPO, Our Fleet Employment and Report of Directors sections of the Annual Report), and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that our business faces.

*The Board of Directors
Goldenport Holdings Inc.*



Independent Auditors' Report

To the Shareholders of Goldenport Holdings Inc.

We have audited the accompanying financial statements of Goldenport Holdings Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information consists only the Chairman's Statement, the Chief Executive Officer Statement, the Report of Directors, the Corporate Governance Statement, the Directors' Remuneration, the Statement of Directors' Responsibilities and the Company, Board, Management Team, Fleet, Charterers and Fleet Manager information pages. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

 **ERNST & YOUNG**
Quality In Everything We Do

Ernst & Young (Hellas)
Certified Auditors - Accountants S.A.
8 March 2009.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Notes	2008 U.S.\$'000	2007 U.S.\$'000
Revenue		154,968	124,861
Expenses			
Voyage expenses	3	(8,896)	(7,224)
Voyage expenses - related party	3,19	(3,099)	(2,497)
Vessel operating expenses	3	(46,921)	(31,411)
Management fees - related party	19	(3,515)	(3,906)
Depreciation	7	(23,183)	(15,361)
Depreciation of dry-docking costs	7	(9,213)	(5,932)
General and administrative expenses	4	(3,827)	(2,778)
Operating profit before disposal of vessels		56,314	55,752
Gain from vessel disposal	7	36,490	3,692
Operating profit		92,804	59,444
Finance expense	5	(6,583)	(5,695)
Finance income		1,322	4,031
Foreign currency gain, net		38	501
Profit for the year attributable to Goldenport Holdings Inc. shareholders		87,581	58,281
Earnings per share (U.S.\$):			
- Basic EPS for the year	6	1.25	0.83
- Diluted EPS for the year	6	1.25	0.83
Weighted average number of shares for basic EPS		69,924,071	69,885,106
Weighted average number of shares adjusted for the effect of dilution		69,926,085	69,886,747

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

All amounts in the financial statements and the accompanying notes are expressed in thousands unless otherwise stated.

CONSOLIDATED BALANCE SHEET As at 31 December 2008

	Notes	2008 U.S.\$'000	2007 U.S.\$'000
ASSETS			
Non-current assets			
Vessels	7	221,587	244,694
Vessel under reconstruction	8	57,215	38,880
Advances for vessels construction	9	101,510	62,238
Other non-current assets	10	-	50
		380,312	345,862
Current assets			
Inventories		266	154
Trade receivables		1,098	596
Insurance claims	11	2,012	3,268
Due from related parties	19	3,342	3,289
Prepaid expenses and other assets		1,054	1,332
Cash and cash equivalents	12	33,257	19,947
		41,029	28,586
TOTAL ASSETS		421,341	374,448
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Goldenport Holdings Inc.			
Issued share capital	13	699	699
Share premium	13	107,354	106,991
Retained earnings		130,264	73,757
Total equity		238,317	181,447
Non-current liabilities			
Long-term debt	14	116,858	130,765
Deferred revenue	15	5,649	8,273
Other non-current liabilities	10	801	152
		123,308	139,190
Current liabilities			
Trade payables		12,993	8,512
Current portion of long-term debt	14	32,564	30,755
Accrued liabilities and other payables	16	8,990	8,966
Other current liabilities	10	257	42
Deferred revenue current portion	15	4,912	5,536
		59,716	53,811
Total Liabilities		183,024	193,001
TOTAL EQUITY AND LIABILITIES		421,341	374,448

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

	Number of shares	Par value U.S.\$	Issued share capital U.S.\$'000	Share premium U.S.\$'000	Retained earnings U.S.\$'000	Total equity U.S.\$'000
At 1 January 2007	69,885,106	0.01	699	106,991	41,838	149,528
Profit and total income for the year	-	-	-	-	58,281	58,281
Dividends declared, approved and paid to equity shareholders	-	-	-	-	(26,362)	(26,362)
At 31 December 2007	69,885,106	0.01	699	106,991	73,757	181,447
Profit and total income for the year	-	-	-	-	87,581	87,581
Share based payments- AIP (Annual Incentive Plan) shares	52,239	0.01	-	363	-	363
Dividends declared, approved and paid to equity shareholders	-	-	-	-	(31,074)	(31,074)
At 31 December 2008	69,937,345	0.01	699	107,354	130,264	238,317

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2008

	Notes	2008 U.S.\$'000	2007 U.S.\$'000
Operating activities			
Profit for the year		87,581	58,281
Adjustments to reconcile profit for the year to net cash inflow from operating activities:			
Depreciation	7	23,183	15,361
Depreciation of dry-docking costs	7	9,213	5,932
Gain from vessels disposal	7	(36,490)	(3,692)
Finance expense	5	6,583	5,695
Finance income		(1,322)	(4,031)
Annual Incentive Plan Shares	19	252	350
Foreign currency gain, net		(38)	(501)
		88,962	77,395
Increase in inventories		(112)	(154)
(Increase) / Decrease in trade receivables, prepaid expenses and other assets		(256)	176
Decrease / (Increase) in insurance claims	11	1,256	(1,963)
Increase in trade payables, accrued liabilities and other payables		2,342	5,506
(Decrease) / Increase in deferred revenue		(3,248)	11,170
Net cash flows from operating activities before movement in amounts due from related parties		88,944	92,130
Due from related parties	19	(53)	(2,477)
Net cash flows from operating activities		88,891	89,653
Investing activities			
Acquisition / improvement of vessels	7	(12)	(121,671)
Proceeds from disposal of vessels, net of commission	7	47,158	5,280
Payments for other costs relating to disposals of vessels	7	(410)	-
Proceeds relating to initial expenses	7	248	-
Dry-docking costs	7	(17,715)	(12,484)
Advances for vessel under reconstruction	8	(17,537)	(14,432)
Advances for vessels under construction	9	(38,249)	(62,238)
Interest received		1,362	4,089
Net cash flows used in investing activities		(25,155)	(201,456)



Financing activities

Proceeds from issue of long-term debt		32,519	103,499
Repayment of long-term debt		(44,729)	(22,780)
Restricted cash		-	1,166
Interest paid		(7,195)	(5,822)
Dividends paid	17	(31,074)	(26,362)
Net cash flows (used in) / provided by financing activities		(50,479)	49,701
Net increase / (decrease) in cash and cash equivalents		13,257	(62,102)
Net foreign exchange difference		53	677
Cash and cash equivalents at 1 January	12	19,947	81,372
Cash and cash equivalents at 31 December	12	33,257	19,947

The accompanying notes 1 to 22 are an integral part of these consolidated financial statements.

I. FORMATION, BASIS OF PRESENTATION & GENERAL INFORMATION

Goldenport Holdings Inc. ('Goldenport' or the 'Company') was incorporated under the laws of Marshall Islands, as a limited liability company, on 21 March 2005. On 5 April 2006 Goldenport Holdings Inc. was admitted in the Official List and started trading at the London Stock Exchange ("LSE") at a price of GBP 2.35 per share. On 11 April 2006 the over allotment option was exercised at a price of GBP 2.35 per share. In total, the Company received from its listing in the LSE an amount of GBP 66 million (equivalent to U.S.\$ 115.5 million) with the intention to partially repay debt and to fund further fleet expansion.

The address of the registered office of the Company is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960. The address of the Head Office of the Company is Status Center, 41 Athinas Avenue, 166-71 Vouliagmeni, Greece.

Goldenport as at 31 December 2008 is the holding Company for twenty intermediate holding companies, each in turn owning a vessel-owning company, as listed in the table below. Goldenport is also the holding Company of eight more intermediate holding companies, owning Abyss Maritime Ltd., Seaward Shipping Co., Jubilant Marine Company, Alacrity Maritime Inc., Chanelle Shipping Company, Clochard Maritime Limited., Dryades Maritime Limited. and Leste Shipholding Inc., which will be the vessel-owning companies of four new built bulk carriers ordered at Cosco Zhoushan Shipyard, two new built containers ordered at Jiangsu Yangzijiang Shipyard and two new built bulk carriers ordered at Qingshan Shipyard of China upon delivery of the vessels. Also, as at 31 December 2008 Goldenport is the holding Company of a fully owned subsidiary

named Goldenport Marine Services, which provides the Company and its affiliates a wide range of shipping services, such as insurance consulting, legal, financial and accounting services, quality and safety, information technology (including software licences) and other administrative activities in exchange for a daily fixed fee, per vessel (see note 19a). Goldenport Marine Services has been registered in Greece under the provisions of Law 89/1967. As at 31 December 2008 Samos Maritime Ltd, Guilford Marine S.A., Superb Maritime S.A., Opal Maritime Limited and Dancing Waves Co. Ltd., the vessel-owning companies of the disposed vessels "Samos", "Ios", "Glory D", "Achim" and "Tuas Express" (see note 7), have become dormant.

Goldenport and its subsidiaries will be hereinafter referred to as the 'Group'.

The annual consolidated financial statements comprising the financial statements of the Company and its wholly owned subsidiaries (see (a) below) and the proportionally consolidated financial statements of the jointly controlled entity (see (b) below) were authorised for issue in accordance with a resolution of the Board of Directors on 8 March 2009. The shareholders of the Company have the right to amend the financial statements at the Annual General Meeting to be held on 7 May 2009.

a)The wholly owned subsidiaries of the Company are:

Intermediate holding company	Vessel - owning company	Country of Incorporation of vessel-owning company	Name of Vessel owned by Subsidiary	Year of acquisition of vessel	Type of Vessel
Portia Navigation Co.	Borealis Shipping Co. Ltd.	Malta	MSC Himalaya	1999	Container
Aloe Navigation Inc.	Karana Ocean Shipping Co. Ltd.	Malta	Alex D	1999	Bulk Carrier
Dumont International Inc.	Black Rose Shipping Ltd.	Malta	MSC Mekong	2001	Container
Audrey Marine Corp.	Wild Orchid Shipping Ltd.	Malta	MSC Emirates	2001	Container
Sicuro Shipmanagement S.A.	Hampton Trading S.A.	Liberia	MSC Socotra	2002	Container
Platinum Shipholding S.A.	Coral Sky Marine Ltd.	Malta	Gianni D	2002	Bulk Carrier
Rawlins Trading Ltd.	Fairland Trading S.A.	Panama	Athos	2002	Bulk Carrier
Blaze Navigation Corp.	Nilwood Comp. Inc.	Panama	Howrah Bridge	2003	Container
Carrier Maritime Co.	Black Diamond Shipping Ltd.	Malta	Lindos	2003	Bulk Carrier
Medina Trading Co.	Carina Maritime Co. Ltd.	Malta	Tilos	2004	Bulk Carrier
S.A.vannah Marine Inc.	Serena Navigation Ltd.	Malta	Limnos	2004	Bulk Carrier
Sirene Maritime Co.	Alvey Marine Inc.	Liberia	MSC Scotland	2006	Container
Kariba Shipping S.A.	Kosmo Services Inc.	Marshall Islands	MSC Fortunate (ex. Fortune)	2006	Container
Muriel Maritime Co.	Ipanema Navigation Corp.	Marshall Islands	Vasos	2006	Bulk Carrier
Baydream Shipping Inc.	Cierzo Maritime Co.	Marshall Islands	MSC Finland	2007	Container
Knight Maritime S.A.	Mona Marine S.A.	Liberia	Anafi	2007	Container
Foyer Marine Inc.	Ginger Marine Company	Marshall Islands	MSC Accra	2007	Container
Genuine Marine Corp.	Breaport Maritime S.A.	Panama	Bosporus Bridge	2007	Container
Jaxon Navigation Ltd.	Hampson Shipping Ltd.	Liberia	Gitte	2007	Container
Tuscan Navigation Corp.	Longfield Navigation S.A.	Liberia	Tiger Star (ex. MOL Brilliant)	2007	Container
Abyss Maritime Ltd.	Moonglade Maritime S.A.	Liberia	ZS07036	2011 ⁽⁶⁾	Bulk Carrier





Seaward Shipping Co.	Valaam Incorporated	Liberia	ZS07037	2010 ⁽⁶⁾	Bulk Carrier
Jubilant Marine Company	Cheyenne Maritime Company	Marshall Islands	ZS07038	2011 ⁽⁶⁾	Bulk Carrier
Alacrity Maritime Inc.	Giga Shipping Ltd.	Marshall Islands	ZS07039	2010 ⁽⁶⁾	Bulk Carrier
Chanelle Shipping Company	Loden Maritime Co.	Marshall Islands	YZJ-815	2010 ⁽⁷⁾	Container
Clochard Maritime Limited	Shila Maritime Corp.	Marshall Islands	YZJ-816	2011 ⁽⁷⁾	Container
Dryades Maritime Limited	Ingle Trading Co.	Liberia	QS20060384	2010 ⁽⁸⁾	Bulk Carrier
Leste Shipholding Inc.	Sundown International Inc.	Liberia	QS20060385	2010 ⁽⁸⁾	Bulk Carrier
Oates Trading Corp.	RiS.A. Maritime Co. Ltd.	Malta	Dormant Company		
Nemesis Maritime Inc.	Samos Maritime Ltd.	Malta	Dormant Company ⁽¹⁾		
Meredith Trading Corporation	Guilford Marine S.A.	Panama	Dormant Company ⁽²⁾		
Marta Trading Co.	Superb Maritime S.A.	Panama	Dormant Company ⁽³⁾		
Royal Bay Marine Ltd.	Opal Maritime Limited	Malta	Dormant Company ⁽⁴⁾		
Daphne Marine Corp.	Dancing Waves Co. Ltd.	Malta	Dormant Company ⁽⁵⁾		
Goldenport Marine Services		Marshall Islands			

⁽¹⁾ Samos Maritime Ltd. was the ship owning company of MV "Samos", which was disposed of on 17 June 2008 (see note 7)

⁽²⁾ Guilford Marine S.A. was the ship owning company of MV "Ios", which was disposed of on 5 May 2008 (see note 7)

⁽³⁾ Superb Maritime S.A. was the ship owning company of MV "Glory D", which was disposed of on 20 August 2008 (see note 7)

⁽⁴⁾ Opal Maritime Limited. was the ship owning company of MV "Achim.", which was disposed of on 30 October 2008 (see note 7)

⁽⁵⁾ Dancing Waves Co. Ltd. was the ship owning company of MV "Tuas Express.", which was disposed of on 9 December 2008 (see note 7)

⁽⁶⁾ New building bulk carriers (see note 9a) with delivery dates between the second quarter of 2010 and the second quarter of 2011.

⁽⁷⁾ New building container vessels (see note 9a) with delivery dates in October 2010 and March 2011.

⁽⁸⁾ New building bulk carriers (see note 9a) with delivery dates in late 2010.

b) Proportionally consolidated the 50% Joint Venture (see note 9b)

Sentinel Holdings Inc.	Citrus Shipping Corp.	Marshall Islands	Marie Paule (ex.JES041)	2009	Bulk Carrier
Sentinel Holdings Inc.	Barcita Shipping S.A.	Marshall Islands	Alpine Trader (ex.JES042)	2009	Bulk Carrier

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation:

The Group's financial statements have been prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value. The consolidated financial statements are presented in US dollars and all financial values are presented and rounded to the nearest thousand (\$000), except for the per share information.

(b) Statement of compliance:

The consolidated financial statements as at 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

(c) Basis of Consolidation:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed in note I. The financial statements of the subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies. All material inter-company balances and transactions have been eliminated upon consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Accounting for joint ventures:

A joint venture is an entity whose economic activities are jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting. Jointly controlled entities have the same reporting date as the Group and apply common accounting policies. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

(e) Use of judgements, estimates & assumptions:

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future. The estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements, are the following:

Vessels:

Management makes estimates in relation to useful lives of vessels considering industry practices. (vessels have a carrying amount of U.S.\$221,587 and U.S.\$244,694 as at 31 December 2008 and 2007, respectively).

Provisions for doubtful trade receivables:

Provision for doubtful trade receivables are recorded based on management's expected future collectability of the receivables. (trade receivables have a carrying amount of U.S.\$1,098 and U.S.\$596 as at 31 December 2008 and 2007, respectively).

Insurance Claims:

Amounts for insurance claims are provided when amounts are virtually certain to be received based on the Company's judgement and estimates of independent adjusters as to the amount of the claims. (insurance claims have a carrying amount of U.S.\$2,012 and U.S.\$3,268 as at 31 December 2008 and 2007, respectively).

Estimates and assumptions relating to the impairment of vessels are discussed in paragraph (n).

(f) Revenues and Related Expenses:

The Group generates its revenues from charterers for the charter hire of its vessels. Vessels are chartered using either a) time charters, where a contract is entered into for the use of a vessel



for a specific period of time and a specified daily charter hire rate; or b) voyage charters, where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified charter rate. If a charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognised as it is earned, evenly over the duration of the period of each voyage or time charter. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo. Time charter revenue is recognised on a straight line basis.

Deferred revenue represents cash received prior to the balance sheet date which relates to revenue earned after such date. On time-charters, the charterer as per industry practice pays the revenue related to the specific agreement in advance. Therefore, as at the balance sheet date, the amount of revenue relating to the next financial year that was paid by the charterer is presented in deferred revenue.

Vessel voyage expenses primarily consisting of port, canal and bunker expenses that are unique to a particular charter are paid for by the charterer under time charter arrangements or by the Group under voyage charter arrangements. Furthermore, voyage expenses include commission on income including third party commissions, paid by the Group. The Group defers bunker expenses under voyage charter agreements and charges them to the income statement over the related voyage charter period to the extent revenue has been recognised. Port and canal costs are accounted for on an actual basis. Operating expenses are accounted on an accrual basis.

(g) Foreign Currency Translation:

The functional currency of the Company and of the subsidiaries is the U.S. dollar which is also the presentation currency of the Group because the Group's vessels operate in international shipping markets, where the U.S. dollar is the currency used for transactions. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. dollar, are translated into the functional currency using the year-end exchange rate. Gains or losses resulting from foreign currency transactions are included in foreign currency gain or loss in the consolidated income statement.

(h) Cash and Cash Equivalents:

The Group considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

(i) Restricted Cash:

Certain of the Group's loan agreements may require the Group to deposit funds into a loan retention account in the name of the borrower. The amount deposited is equivalent to the monthly portion of the next capital and interest payment. The amount is not freely available to the Group, and it is used for repaying interest and principal on the loan. As at 31 December 2008, no loan agreements required deposit of funds into a retention account.

(j) Inventories:

Inventories consist of bunkers and are stated at the lower of cost or net realisable value. Cost is determined by the first-in first-out method. Any bunkers remaining on vessels, which are undergoing scheduled dry-docking, are also recognised as inventory unless the vessel is to continue un-

der the same time charter. Inventories amount to U.S.\$266 as at 31 December 2008 (U.S.\$154 as at 31 December 2007) and relate to bunkers of vessel Limnos, which were directly purchased by the Company and agreed with the charterers to remain on board up to the date of redelivery.

(k) Trade Receivables:

The amount shown as trade receivables at each balance sheet date includes estimated recoveries from charterers for hire, freight and demurrage billings, net of an allowance for doubtful accounts. Subsequent to initial recognition, trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. The carrying amount of receivables is reduced through an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

(l) Insurance Claims:

The Group recognises insurance claim recoveries for insured losses incurred on damages to vessels. Insurance claim recoveries are recorded net of any deductible amounts, at the time the Group's vessels suffer insured damages. They include the recoveries from the insurance companies for the

claims, provided the amounts are virtually certain to be received. Claims are submitted to the insurance company, which may increase or decrease the claim amount. Such adjustments are recorded in the year they become known and have not been material to the Group's financial position or results of operation in 2008 and 2007.

(m) Vessels:

The vessels are stated at cost, net of accumulated depreciation and any accumulated impairment. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon acquisition of the vessel (initial repairs, improvements, delivery expenses and other expenditures) to prepare the vessel for its initial voyage. Subsequent expenditures for major improvements are also capitalised when it is probable that future economic benefits associated with the improvement will flow to the entity and the cost of the improvement can be measured reliably.

For vessels acquired in the second-hand market and where the Company identifies any intangible assets or liabilities associated with the acquisition of a vessel, the Company allocates the purchase price between the vessel and any identified tangible and intangible assets or liabilities based on their relative fair values. Fair value is determined by reference to market data. The Company determines the fair value of any intangible asset or liability related to time charters assumed, by reference to the market value of the time charters at the time the vessel is acquired. The amount recorded as an asset or liability at the date of vessel delivery is the lowest of: a) the difference between the market value of the vessel on a charter free basis and the vessel's acquisition cost and b) the present value of the difference between the future cash flows of the assumed charter and the future cash flows at the current market rate. If an intangible asset is identified it is recorded as prepaid charter revenue. If an intangible liability is identified it is recorded as deferred revenue. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed.

The Company records any identified assets or liabilities associated with the acquisition of a vessel at fair value, determined by reference to market data. The Company values any asset or liability arising from the market value of assumed time charters as a condition of the original purchase of a vessel at the date when such vessel is initially deployed on its charter. The value of the asset or liability is based on the difference between the current fair value of a charter with similar characteristics as the



time charter assumed and the net present value of contractual cash flows of the time charter assumed, to the extent the vessel capitalized cost does not exceed its fair value without a time charter contract. When the present value of contractual cash flows of the time charter assumed is greater than its current fair value, the difference is recorded as imputed prepaid revenue. When the opposite situation occurs, the difference is recorded as imputed deferred revenue. Such assets and liabilities are amortized as a reduction of, or an increase in, revenue, respectively, during the period of the time charter assumed.

The cost of each of the Group's vessels is depreciated beginning when the vessel is ready for its intended use, on a straight-line basis over the vessels' remaining economic useful life, after considering the estimated residual value. Management estimates the useful life of new vessels at 25 years, which is consistent with industry practice. Acquired second-hand vessels are depreciated from the date of their acquisition over their remaining estimated useful life. The remaining useful life of the Group's vessels, other than those fully depreciated, is between 1 and 15 years (excluding new building vessels not yet delivered). A vessel is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the vessel (calculated as the difference between the net disposal proceeds and the carrying amount of the vessel including any unamortised portion of dry-docking) is included in the income statement in the year the vessel is derecognised.

From time to time the Group's vessels are required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the vessels are in operation are generally performed. The Group capitalises the costs associated with dry-docking as they occur by adding them to the cost of the vessel and amortises these costs on a straight-line basis over 2.5 years, which is generally the period until the next scheduled dry-docking. In the cases where the dry-docking takes place earlier than 2.5 years since the previous one, the carrying amount of the previous dry-docking is derecognised. In the event of a vessel sale, the respective carrying value of dry-docking costs is derecognised together with the vessel's carrying amount at the time of sale.

At the date of acquisition of a second-hand vessel, management estimates the component of the cost that corresponds to the economic benefit to be derived until the next scheduled dry-docking of the vessel under the ownership of the Group, and this component is depreciated on a straight-line basis over the remaining period to the estimated dry-docking date.

(n) Impairment of vessels:

The Group's vessels are reviewed for impairment in accordance with IAS 36, "Impairment of Assets." Under IAS 36, the Group assesses at each reporting date whether there is an indication that a vessel may be impaired. If such an indication exists, the Group makes an estimate of the vessel's recoverable amount. Any impairment loss of the vessel is assessed by comparison of the carrying amount of the asset to its recoverable amount. Recoverable amount is the higher of the vessel's fair value as determined by independent marine appraisers less costs to sell and its value in use.

If the recoverable amount is less than the carrying amount of the vessel, the asset is considered impaired and an expense is recognised equal to the amount required to reduce the carrying amount of the vessel to its then recoverable amount.

The calculation of value in use is made at the individual vessel level since separately identifiable cash flow information is available for each vessel. In developing estimates of future cash flows, the Group makes assumptions about future charter rates, vessel operating expenses, and the estimated remaining useful lives of the vessels.

The projected net operating cash flows are determined by considering :

- a) the charter revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days based on average historical rates for 6-months time charter for each type of our bulk carrier vessels and 1-year time charter for each type of our container vessels over the remaining estimated useful life of each vessel,
- b) an average increase of 4% per annum on charter revenues,
- c) cash inflows were considered net of brokerage commissions, and
- d) expected outflows for scheduled vessels' maintenance and vessel operating expenses were determined assuming an average annual inflation rate of 3%.

The net operating cash flows are discounted using the Weighted Average Cost of Capital of the Group to their present value as at the date of the financial statements.

Historical average six-month and one-year time charter rates used in our impairment test exercise are in line with our overall chartering strategy, especially in periods/years of depressed charter rates. The historical averages reflect the full operating history of vessels of the same type and particulars with our operating fleet and they cover at least a full business cycle.

The average annual inflation rate applied for determining vessels' maintenance and operating costs approximates current projections for global inflation rate for the remaining useful life of our vessels.

Effective fleet utilization is assumed at 95%, after taking into consideration the periods each vessel is expected to undergo the scheduled maintenance (dry-docking and special surveys). These assumptions are in line with the Group's historical performance and the expectations for future fleet utilization under our current fleet deployment strategy.

No impairment loss was identified or recorded for the years ended 31 December 2008 and 2007 and the Group has not identified any other facts or circumstances that would require the write down of vessel values under the current market conditions.

The impairment test exercise is highly sensitive on variances in the time charter rates and fleet effective utilization. Consequently, a sensitivity analysis was performed by assigning possible alternative values to these two significant inputs, which indicated that there is no impairment of individual long lived assets.

However, there can be no assurance as to how long charter rates and vessel values will remain at their currently low levels or whether they will improve to any significant degree. Charter rates may remain at depressed levels for some time which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

(o) Long-term debt:

Long-term debt is initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. After initial recognition, long-term debt is subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(p) Borrowing costs:

Borrowing costs on loans specifically used to finance the construction, or reconstruction of vessels are capitalised to the cost of that asset during the construction period.

(q) Derivative financial instruments and hedging:

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined through valuation techniques.

None of the Group's derivatives have been designated as hedging instruments, therefore gains or losses arising from changes in the fair value of the derivatives are taken to the income statement.

(r) Segment Reporting:

The Group reports financial information and evaluates its operations by charter revenues and not by other factors such as (i) the length of ship employment for its customers, i.e. spot or time charters; or (ii) type of vessel. Management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus,

the Group has determined that it operates under one reportable segment. Furthermore, when the Group charters a vessel to a charterer, the charterer is free to trade the vessel world-wide and, as a result, the disclosure of geographic information is impracticable.

(s) Finance income:

Finance income is earned from the Group's short term deposits and is recognised on the accrual basis.

(t) Leases:

Leases of vessels where the Group does not transfer substantially all the risks and benefits of ownership of the vessel are accounted for as operating leases. Lease income on operating leases is recognized on a straight line basis over the lease term and classified under revenue.

(u) Share incentive plan:

All share based compensation provided to Directors and Senior Management for their service is included in 'General and administrative expenses' of the Consolidated Income Statement. The fair value of the employees' services received in exchange for the Company's restricted shares is accrued and recognized as

an expense in the year of grant. Upon issuance of the relevant shares the total number of shares and their value is separately reflected in the Consolidated Statement of Changes in Equity.

(v) Share Capital:

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares are recognized in equity as deductions from proceeds.

(w) Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

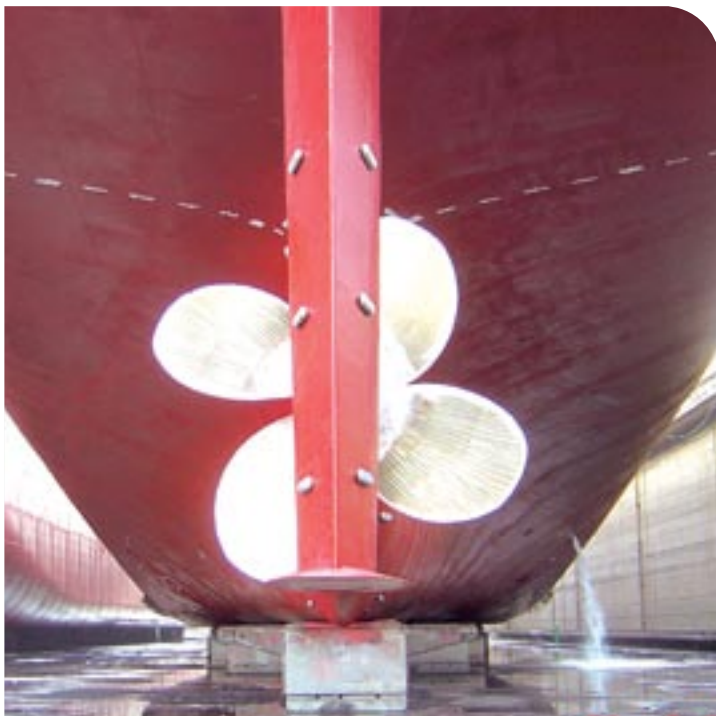
(x) Reclassification:

Certain prior year amounts have been reclassified for presentation purposes. The fair value of the derivatives was classified as current and non current based on maturity date for 2008 and amounts for 2007 were reclassified respectively.

(y) IFRS and IFRIC Interpretations not yet effective:

The Group has not early adopted the following IFRS and IFRIC Interpretations that have been issued but are not yet effective:

- ❖ **IFRIC13, Customer Loyalty Programmes**, effective for financial years beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a



separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. It is not relevant to the Group's operations.

❖ **IFRIC 15, Agreements for the Construction of Real Estate**, effective for financial years beginning on or after 1 January 2009 and is to be applied retrospectively. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognised. This Interpretation has not yet been endorsed by the EU. It is not relevant to the Group's operations.

❖ **IFRIC 16, Hedges of a Net Investment in a foreign operation**, effective for financial years beginning on or after 1 October 2008 and is to be applied prospectively. IFRIC 16 clarifies three main issues, namely:

- A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
- Hedging instrument(s) may be held by any entity or entities within the group.
- While IAS 39, 'Financial Instruments: Recognition and Measurement', must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 'The Effects of Changes in Foreign Exchange Rates' must be applied in respect of the hedged item. This Interpretation has been endorsed by the EU but it is not relevant to the Group's operations.

❖ **IFRIC 17, "Distributions of Non-cash Assets to Owners"**, effective for annual periods be-

ginning on or after 1 July, 2009. IFRIC 17 clarifies the following issues, namely:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity;
- an entity should measure the dividend payable at the fair value of the net assets to be distributed;
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss; and
- an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. This Interpretation has not yet been endorsed by the EU. It is to be applied prospectively and earlier application is permitted. The Group is in the process of assessing the impact of this interpretation but has not been applied to these financial statements.

❖ **IFRIC 18, "Transfers of Assets from Customers"**, effective for financial years beginning on or after 1 July 2009 and is to be applied prospectively. However, limited retrospective application is permitted. This Interpretation is of particular relevance for the utility sector as it clarifies the accounting for agreements where an entity receives an item of Property Plant & Equipment (or cash to construct such an item) from a customer and this equipment in turn is used to connect a customer to the network or to provide ongoing access to supply of goods/services. This Interpretation has not yet been endorsed by the EU. The Group is in the process of assessing the impact of this interpretation.

❖ **IFRS 2, "Share-based Payments" (Amended)**, effective for annual periods beginning on or after 1 January 2009. The amendment clarifies two issues. The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. The Group expects that this Interpretation will have no impact or no material impact on its financial statements.

❖ **IFRS 3, "Business Combinations" (Revised) and IAS 27, "Consolidated and Separate Financial Statements" (Amended)**, effective for annual periods beginning on or after 1 July

2009. A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued by IASB on January 10, 2008. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests. The revised IFRS 3 and amendments to IAS 27 have not yet been endorsed by the EU.

- ❖ **IFRS 8, “Operating Segments”**, effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 ‘Segment reporting’. IFRS 8 adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. The Group is in the process of assessing the impact of this standard on its financial statements. As the Group does not report any operating segment, this standard will have no impact on the Group.
- ❖ **IAS 1, “Presentation of Financial Statements” (Revised)**, effective for annual periods beginning on or after 1 January 2009. IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. Of the main revisions are the requirement that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with “other comprehensive income”; and the requirement to present restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period, i.e. a third

column on the balance sheet. The Group will make the necessary changes to the presentation of its financial statements in 2009.

- ❖ **IAS 32 and IAS 1, “Puttable Financial Instruments” (Amended)**, effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.
- ❖ **IAS 23, “Borrowing Costs” (Revised)**, effective for annual periods beginning on or after 1 January 2009. The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The changes to the standard will not affect the Group as it already applies the allowed alternative treatment under the existing IAS 23 and capitalises borrowing costs on qualifying assets.
- ❖ **IAS 39, “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures; Reclassification of Financial Assets”**, effective from 1 July 2008 and cannot be applied retrospectively to reporting periods before the effective date. The amendment to IAS 39 permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss (“FVT-PL”) category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not

been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments do not permit reclassification into FVTPL. The amendment to IFRS 7 relates to the disclosures required to financial assets that have been reclassified.

- ❖ **IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items.** These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company does not have any hedged financial items.
- ❖ **Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements** -The amendments to IFRS 1 allows an entity to determine the 'cost' of invest-

ments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These amendments are effective for periods beginning on or after 1 January 2009 and have not yet been endorsed by the EU. The changes will have no material affect on the financial statements.

- ❖ **IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" (Amended),** effective for annual periods beginning on or after 1 July 2009. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale, under IFRS 5, even when the entity will retain a non-controlling interest in the subsidiary after the sale. To be applied prospectively from the date at which the company first applied IFRS 5. Therefore, any investments in subsidiaries classified as held for sale since IFRS 5 was applied will need to be re-evaluated. Early application is permitted. If early adopted, IAS 27 (as amended in January 2008) must also be adopted from that date.
- ❖ **IFRS 7, "Financial Instruments: Disclosures" (Amended),** effective for annual periods beginning on or after 1 January 2009. This amendment removes the reference to 'total interest income' as a component of finance costs.
- ❖ **IAS 1, "Presentation of Financial Statements" (Amended),** effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. To be applied retrospectively. Early application is permitted.
- ❖ **IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" (Amended),** effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.



- ❖ **IAS 10, “Events after the Reporting Period” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that dividends declared after the end of the reporting period are not obligations.
- ❖ **IAS 16, “Property, Plant and Equipment” (Amended)**, effective for annual periods beginning on or after 1 January 2009.
 - Replaces the term ‘net selling price’ with ‘fair value less costs to sell’, regarding the recoverable amount, to be consistent with IFRS 5 and IAS 36 Impairment of Assets.
 - Items of property, plant & equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale. Proceeds on sale are subsequently shown as revenue. IAS 7 Statement of cash flows is also revised, to require cash payments to manufacture or acquire such items to be classified as cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also shown as cash flows from operating activities.
- ❖ **IAS 18, “Revenue” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment replaces the term ‘direct costs’ with ‘transaction costs’ as defined in IAS 39.
- ❖ **IAS 19, “Employee Benefits” (Amended)**, effective for annual periods beginning on or after 1 January 2009.
 - Revises the definition of ‘past service costs’ to include reductions in benefits related to past services (‘negative past service costs’) and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment. To be applied prospectively - to changes to benefits occurring on or after 1 January 2009. Early application is permitted.
 - Revises the definition of ‘return on plan assets’ to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation. To be applied retrospectively. Early application is permitted.
 - Revises the definition of ‘short-term’ and ‘other long term’ employee benefits to focus on the point in time at which the liability is due to be settled. To be applied retrospectively. Early application is permitted.
- Deletes the reference to the recognition of contingent liabilities to ensure consistency with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 does not allow for the recognition of contingent liabilities. To be applied retrospectively. Early application is permitted.
- ❖ **IAS 20, “Accounting for Government Grants and Disclosure of Government Assistance” (Amended)**, effective for annual periods beginning on or after 1 January 2009. Loans granted with no or low interest rates will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below-market interest rates, thereby being consistent with IAS 39. The difference between the amount received and the discounted amount is accounted for as a government grant. To be applied prospectively - to government loans received on or after 1 January 2009. Early application is permitted. However, IFRS 1 First-time Adoption of IFRS has not been revised for first-time adoptees; hence they will be required to impute interest on all such loans outstanding at the date of transition.
- ❖ **IAS 23, “Borrowing Costs” (Amended)**, effective for annual periods beginning on or after 1 January 2009. The amendment revises the definition of borrowing costs to consolidate the types of items that are considered components of ‘borrowing costs’ into one - the interest expense calculated using the effective interest rate method as described in IAS 39. To be applied retrospectively. Early application is permitted.
- ❖ **IAS 27 “Consolidated and Separate Financial Statements” (Amended)**, effective for annual periods beginning on or after 1 January 2009. When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale. To be applied prospectively from the date at which the company first applied IFRS 5. Therefore, any subsidiaries classified as held for sale since IFRS 5 was ad-

opted will need to be re-evaluated. Early application is permitted.

- ❖ **IAS 28, “Investment in Associates” (Amended)**, effective for annual periods beginning on or after 1 January 2009.

-If an associate is accounted for at fair value in accordance with IAS 39 (as it is exempt from the requirements of IAS 28), only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. To be applied retrospectively, although an entity is permitted to apply it prospectively. Early application is permitted. If early adopted, an entity must also adopt the amendment below, and the amendments to paragraph 3 of IFRS 7 Financial Instruments: Disclosures, paragraph 1 of IAS 31 Joint Ventures and paragraph 4 of IAS 32 Financial Instruments: Presentation at the same time.

-An investment in an associate is a single asset for the purpose of conducting the impairment test - including any reversal of impairment. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance. Any impairment is reversed if the recoverable amount of the associate increases. If early adopted, an entity must also adopt the amendment above, and the amendments to paragraph 3 of IFRS 7 Financial Instruments: Disclosures, paragraph 1 of IAS 31 Joint Ventures and paragraph 4 of IAS 32 Financial Instruments: Presentation at the same time.

- ❖ **IAS 29, “Financial Reporting in Hyperinflationary Economies” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment revises the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. No specific transition requirements have been stated as it is a clarification of the references rather than a change.

- ❖ **IAS 31, “Interest in Joint ventures” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that if a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply. Early application is permitted. If early adopted, an entity must also adopt the amendments to paragraph 3 of IFRS 7 Financial Instruments: Disclosures, IAS 28 Investments in Associates and paragraph 4 of IAS 32 Financial Instruments: Presentation at the same time.

- ❖ **IAS 34, “Interim Financial Reporting” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

- ❖ **IAS 36, “Impairment of assets” (Amended)**, effective for annual periods beginning on or after 1 January 2009. This amendment clarifies that when discounted cash flows are used to estimate ‘fair value less costs to sell’, the same disclosure is required as when discounted cash flows are used to estimate ‘value in use’. To be applied retrospectively. Early application is permitted.

- ❖ **IAS 38, “Intangible Assets” (Amended)**, effective for annual periods beginning on or after 1 January 2009.

-Expenditure on advertising and promotional activities is recognised as an expense when the entity either has the right to access the goods or has received the services. To be applied retrospectively. Early application is permitted.

-Deletes references to there being rarely, if ever, persuasive evidence to support an amortisation method for finite life intangible assets that results in a lower amount of accumulated amortisation than under the straight-line method, thereby effectively allowing the use of the unit of production method. To be applied retrospectively. Early application is permitted.

-A prepayment may only be recognised in the event that payment has been made in advance to obtaining right of access to goods or receipt of services.

- ❖ **IAS 39, “Financial instruments recognition and measurement” (Amended)**, effective for annual periods beginning on or after 1 January 2009.

- Clarifies that changes in circumstances relating to derivatives - specifically derivatives designated or de-designated as hedging instruments after initial recognition - are not reclassifications. Thus, a derivative may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Similarly, when financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of IFRS 4 Insurance Contracts, this is a change in circumstance, not a reclassification. To be applied retrospectively. Early application is permitted.

- Removes the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge. To be applied retrospectively. Early application is permitted.

- Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting. To be applied retrospectively. Early application is permitted.

❖ **IAS 40, "Investment property" (Amended)**, effective for annual periods beginning on or after 1 January 2009.

- Revises the scope (and the scope of IAS 16) such that property that is being constructed or developed for future use as an investment property is classified as investment property. If an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. To be applied prospectively. Early application is permitted. An entity is permitted to apply the amendments to investment properties under construction from any date before 1 January 2009 provided that the fair values of investment properties under construction were determined at those dates.

- Revises the conditions for a voluntary change in accounting policy to be consistent with IAS 8.

- Clarifies that the carrying amount of investment property held under lease is the valuation obtained increased by any recognised liability.

❖ **IAS 41, "Agriculture" (Amended)**, effective for annual periods beginning on or after 1 January 2009.

- Replaces the term 'point-of-sale costs' with 'costs to sell'. Revises the example of produce from trees in a plantation forest from 'logs' to 'felled trees'.

- Removes the reference to the use of a pre-tax discount rate to determine fair value, thereby allowing use of either a pre-tax or post-tax discount rate depending on the valuation methodology used.

- Removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Rather, cash flows that are expected to be generated in the 'most relevant market' are taken into account. To be applied prospectively. Early application is permitted.

(z) IFRS and IFRIC Interpretations that became effective in the year ended 31 December 2008:

The following Standards and Interpretations became effective within the year ended 31 December 2008. None of the Standards and Interpretations had an impact in the consolidated financial statements, which did not have any effect on the financial position of the Group but did give rise to additional disclosures.

(a) **IFRIC 11, IFRS 2, Group and Treasury Share Transactions**

(b) **IFRIC 12, Service Concession Arrangements**

(c) **IFRIC 14, IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**





3. VOYAGE & VESSEL OPERATING EXPENSES

The amounts in the accompanying consolidated income statement are analysed as follows:

Voyage expenses		
	2008 U.S.\$'000	2007 U.S.\$'000
Port charges	(822)	(541)
Bunkers (fuel costs)	(1,481)	(1,198)
Third party commissions	(6,593)	(5,485)
	(8,896)	(7,224)
Voyage expenses - related party		
Commissions- related party	(3,099)	(2,497)
Vessel operating expenses		
	2008 U.S.\$'000	2007 U.S.\$'000
Crew expenses	(17,625)	(13,179)
Store & Consumables	(2,153)	(1,578)
Spares	(5,441)	(2,565)
Repairs & maintenance	(5,152)	(1,314)
Lubricants	(5,111)	(5,082)
Insurance	(7,297)	(4,827)
Taxes (other than income tax)	(502)	(427)
Other operating expenses	(3,640)	(2,439)
	(46,921)	(31,411)

4. GENERAL & ADMINISTRATIVE EXPENSES

	2008 U.S.\$'000	2007 U.S.\$'000
Directors and Management team Remuneration (see note 19(c))	(1,263)	(1,111)
Directors and Management team Annual Incentive Plan (see note 19(c))	(252)	(380)
Payroll cost (Goldenport Marine Services)	(889)	-
Rents	(263)	-





Audit fees	(362)	(242)
Class I fees	-	(375)
Legal fees	(47)	(122)
Other	(751)	(548)
	(3,827)	(2,778)

The Directors and Management team Annual Incentive Plan ("AIP") consists in full of non cash bonus, which will be settled in the form of shares under the terms of AIP (see note 19(c)).

5. FINANCE EXPENSE

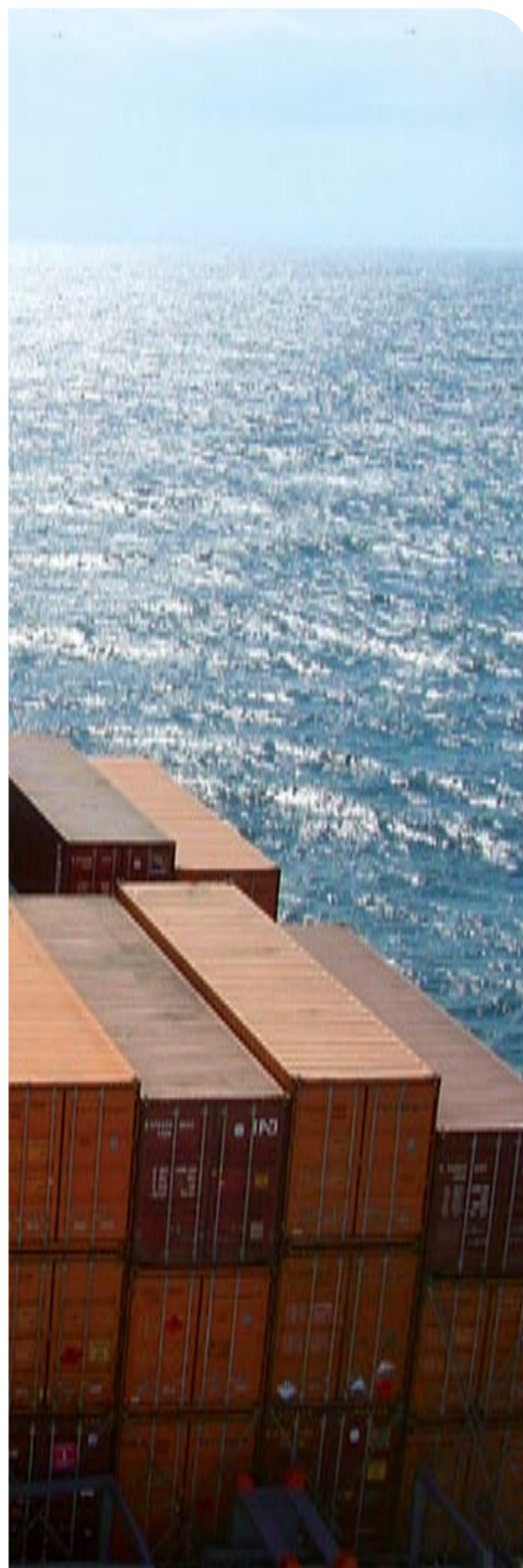
The amounts in the accompanying consolidated income statement are analysed as follows:

	2008 U.S.\$'000	2007 U.S.\$'000
Interest payable on long-term borrowings	(5,677)	(5,366)
Loss on fair value of derivatives	(906)	(329)
	(6,583)	(5,695)

6. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the profit for the year attributable to Goldenport Holdings Inc. shareholders (U.S.\$87,581 and U.S.\$58,281 for the years ended 31 December 2008 and 2007, respectively) by the weighted average number of shares outstanding (69,924,071 for the year ended 31 December 2008 and 69,885,106 for the year ended 31 December 2007).

Diluted EPS reflects the potential dilution that could occur if share options or other contracts to issue shares were exercised or converted into shares. Accordingly, in respect of the restricted stock granted to the Company's directors under the Annual Incentive Plan (see note 19 (c)), diluted EPS for the years ended 31 December 2008 and 2007 includes such shares granted but not issued. Diluted EPS was calculated based on the weighted average number of shares that would derive if these shares were issued on the grant date. Such number is calculated by dividing the fair value of the directors' services exchanged for Company's shares with the average market value of the Company's stock during the respective year.



7. VESSELS

Vessels consisted of the following at 31 December:

	2008 U.S.\$'000	2007 U.S.\$'000
Cost of vessels		
At 1 January	272,518	150,735
Additions	12	123,371
Initial expenses deduction	(248)	-
Disposals	(12,172)	(1,588)
At 31 December	260,110	272,518
Depreciation		
At 1 January	(40,900)	(25,539)
Depreciation charge for the year	(23,183)	(15,361)
Disposals	5,242	-
Accumulated depreciation	(58,841)	(40,900)
Net carrying amount of vessels	201,269	231,618
Cost of dry-dockings		
At 1 January	28,270	15,786
Additions	19,783	12,484
Disposals	(5,072)	-
At 31 December	42,981	28,270
Depreciation		
At 1 January	(15,194)	(9,262)
Depreciation charge for the year	(9,213)	(5,932)
Disposals	1,744	-
Accumulated depreciation	(22,663)	(15,194)
Net carrying amount of dry-docking costs	20,318	13,076
Net carrying amount at 31 December	221,587	244,694

The gross carrying amount of vessels, which have been fully depreciated to their residual value and were still in use as at 31 December 2008, was U.S.\$7,277 (2007: U.S.\$14,208).

All of the Company's operating vessels having a total carrying value of U.S. \$221,587 as at 31 December 2008 (U.S.\$244,694 as at 31 December 2007), have been provided as collateral to secure the loans discussed in note 14.

Disposals

On 11 March 2008, the company agreed the sale of the 69,737 DWT, 1981-built vessel "Ios", to an unaffiliated third party. The sale was concluded at a gross consideration of US \$16,800 in cash and the vessel was delivered to the new owners on 5 May 2008. As of delivery date, MV "Ios" had a net carrying value of U.S.\$3,569, which was equal to her scrap value plus the unamortized balance of the latest dry-docking. A commission of 2% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel was U.S.\$12,895 and is included in the consolidated income statement for the year ended 31 December 2008.

On 11 March 2008, the company agreed the sale of the 136,638 DWT, 1982-built vessel "Samos", to an unaffiliated third party. The sale was concluded at a gross consideration of US \$25,000 in cash and the vessel was delivered to the new owners on 17 June 2008. As of delivery date, MV Samos had a net carrying value of U.S.\$4,169, which was equal to her scrap value plus the unamortized balance of the latest dry-docking. A commission of 2% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel was U.S.\$20,331 and is included in the consolidated income statement for the year ended 31 December 2008.

On 8 August 2008 the company agreed the sale of the 946 TEU, 1978-built container vessel 'Glory D' to an unaffiliated third party. The sale was concluded at a gross consideration of U.S.\$4,128 in cash and the vessel was delivered to the new owners on 20 August 2008. As of delivery date, MV Glory D had a net carrying value of U.S.\$967, which was equal to her scrap value plus the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal and additional expenses mainly for bunkers of U.S.\$385 were incurred. The gain resulting from the sale of the vessel was U.S.\$2,652 and is included in the consolidated income statement for the year ended 31 December 2008.

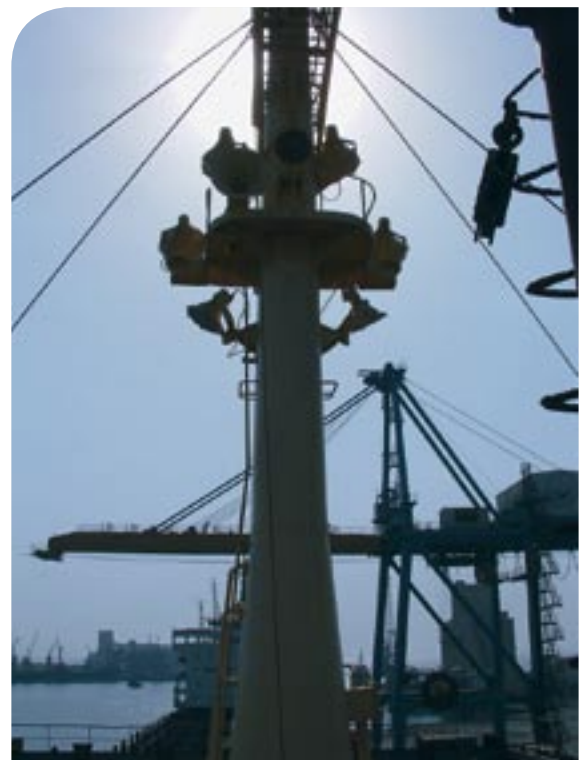
On 20 October 2008 the company agreed the sale of the 930 TEU, 1978-built container vessel 'Achim' to an unaffiliated third party. The sale was concluded at a gross consideration of US \$1,330 in cash and the vessel was delivered to the new owners on 30 October 2008. As of delivery date, MV Achim had a net carrying value of U.S.\$1,020, which was equal to her scrap value plus the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal and additional expenses of U.S.\$2 relating to the disposal were incurred. The gain resulting from the sale of the

vessel was U.S.\$268 and is included in the consolidated income statement for the year ended 31 December 2008.

On 26 November 2008 the company agreed the sale of the 485 TEU, 1978-built container vessel 'Tuas Express' to an unaffiliated third party. The sale was concluded at a gross consideration of US \$928 in cash and the vessel was delivered to the owners on 9 December 2008. As of delivery date, MV Tuas Express had a net carrying value of U.S.\$533, which was equal to her scrap value plus the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal and additional expenses of U.S.\$23 relating to the disposal were incurred. The gain resulting from the sale of the vessel was U.S.\$344 and is included in the consolidated income statement for the year ended 31 December 2008.

Dry-docking costs

During 2008 eight vessels of the Group commenced and completed scheduled dry-dockings at a total cost of U.S.\$19,783. (2007: U.S.\$12,484 for dry docking of ten vessels).



8. VESSEL UNDER RECONSTRUCTION

The balances as at 31 December were as follows:

	2008 U.S.\$'000	2007 U.S.\$'000
Purchase Price	13,000	13,000
Capital expenditure for reconstruction	41,944	24,407
Capitalised interest and other borrowing costs	2,271	1,473
	57,215	38,880

On 16 June 2006, the Group acquired the MSC Fortunate, a container vessel of 5,551 TEU and 68,537 DWT built in 1996, for U.S.\$13,000. The vessel was damaged in a fire on 21 March 2006 under other ownership. As at 31 December 2008, the estimated remaining cost for completing the reconstruction is expected to be approximately U.S.\$6,000 most of which is payable to Cosco Zhousan shipyard (see note 22). The vessel became operational within February 2009.

Depreciation on the vessel will commence upon the completion of the reconstruction and the vessel becoming operational.

Vessel's carrying value of U.S. \$57,215 as at 31 December 2008 (U.S.\$38,880 as at 31 December 2007), has been provided as collateral to secure the loan discussed in note 14.

9. ADVANCES FOR VESSELS CONSTRUCTION

The balances as at 31 December were as follows:

		2008 U.S.\$'000	2007 U.S.\$'000
4 Bulk Carriers (Cosco Zhousan Shipyard, China)	(a)	30,922	30,286
2 Containers (Jiangsu Yangzijiang Shipbuilding Co. Ltd, China)	(a)	19,276	18,981
2 Bulk Carriers (Qingshan Shipyard, China)	(a)	27,630	-
JV - 2 Bulk Carriers (Jiangsu Eastern Shipyard, China)	(b)	23,682	12,971
		101,510	62,238

a) New Buildings

4 Bulk Carriers (Cosco Zhousan Shipyard)

On 27 November 2007, the Group paid to the shipyard an aggregate amount of U.S.\$30,200 representing the 20% deposit in respect of the four contracts for the vessels to be delivered in 2010 (ZS07037 and ZS07039) and 2011 (ZS07036 and ZS07038) (note 22). Payments will be made to the yard based on the construction progress schedule in tranches of 20% of the total value. The last 20% will be paid upon delivery of the vessels.

The Group capitalises all the material expenses incurred during the construction period. Amount capitalised during 2008 consists of: a) borrowing

costs of U.S.\$440, b) broker's commission of U.S.\$ 76, c) plan approval fee of U.S.\$56, d) FDD insurance of U.S.\$50 and e) legal fees of U.S.\$14.

2 Containers (Jiangsu Yangzijiang Shipbuilding Co. Ltd)

On 7 August 2007, the Group separately agreed the specification terms with Jiangsu Yangzijiang Shipbuilding Co. Ltd and Anhui Technology Imp. & Exp. Co. Ltd for the construction of two new-build geared container vessels of 2,500 TEU nominal capacity each (the "YZJ Contracts"), the first of which is to be delivered in October 2010 and the second in March 2011. The total combined cost payable by the Group for these two vessels is estimated to be approximately U.S. \$94,000, which is payable in five equal instalments.

On 31 October 2007, the Group paid U.S.\$18,730, representing the 20% deposit for the two vessels, as per contract. Payments

will be made to the yard based on the construction progress schedule in tranches of 20% of the total value. The last 20% will be paid upon delivery of the vessels.

The Group capitalises all the material expenses incurred during the construction period. Amount capitalised during 2008 consists of: a) borrowing costs of U.S.\$190, b) legal fees of U.S.\$49 and c) plan approval fee of U.S.\$56.

2 Bulk Carriers (Qingshan Shipyard of China)

On 27 June 2008 the Group entered into contracts for the construction of two additional bulk carrier vessels of 57,000 DWT each, with Qingshan Shipyard of China (member of Changjiang National Shipping Group), for a total consideration of U.S.\$ 91,660, with estimated delivery in December 2010.

The initial deposit of U.S.\$ 27,360 was paid during 2008 with U.S.\$ 18,820 from cash reserves and U.S.\$ 8,540 through the draw-down of a new loan facility (note 14).

The remaining payments will be made to the yard based on the construction process schedule and will be financed by a mixture of cash reserves and the new loan facility, as follows: steel cutting stage with total cost U.S.\$13,680 will be financed by U.S.\$9,000 from cash reserves and the remaining from the loan facility and keel laying stage with total cost U.S.\$18,240, launching stage with total cost U.S.\$13,680 and delivery instalment of U.S.\$ 18,700 will be financed in total by the loan facility.

b) New Buildings-Joint Venture

On 13 March 2007, the Group entered into a 50% joint venture with the unaffiliated third party Topley Corporation with the objective to construct two 53,800 DWT bulk carrier vessels in Jiangsu Eastern Shipyard of China, which are expected to be delivered in 2009. The contract price for each vessel is U.S.\$32,000 (U.S.\$64,000 in total). The

construction of the vessels is financed by cash contributions of the joint venture parties and bank financing.

As part of the joint venture agreement between the Group and Topley Corporation, the Group formed the company Sentinel Holdings Inc., under the laws of the Marshall Islands and transferred 50% of the issued shares (500 shares of no par value) to Topley Corporation for one USD per share. Sentinel Holdings Inc. is the sole shareholder of the issued share capital of Citrus Shipping Corp. and Barcita Shipping S.A. (ship-owners of Marie Paule and Alpine Trader respectively).

On 22 January 2008, the Group paid U.S.\$3,200, representing the 50% (the remaining 50% was paid by the joint venture partners) of the third instalment to the yard for MV Marie Paule, as per contract.

On 7 July 2008, the Group paid U.S.\$3,200, representing the 50% (the remaining 50% was paid by the joint venture partners) of the fourth instalment to the yard for MV Marie Paule, as per contract.

On 11 August 2008, the Group paid U.S.\$3,200, representing the 50% (the remaining 50% was paid by the joint venture partners) of the third instalment to the yard for MV Alpine Trader, as per contract. Remaining instalments (one for MV Marie Paule and two for MV Alpine Trader) will be paid to the yard based on the construction progress schedule on tranches of 20% of the total construction value.

The Group's 50% portion in the stand alone Financial Statements of Sentinel Holdings Inc., as at 31 December was as follows:

SENTINEL HOLDINGS INC.	31 December 2008 U.S.\$'000	31 December 2007 U.S.\$'000
ASSETS		
Non-current assets		
Advances for vessel construction	23,682	12,971
Other assets	87	-
TOTAL ASSETS	23,769	12,971
LIABILITIES		
Long term debt	14,340	-
Liabilities	9,429	12,971
TOTAL LIABILITIES	23,769	12,971

Vessels are expected to become operational in 2009 and therefore, no significant transaction with effect on the results of the joint venture occurred within 2008.

10. OTHER NON-CURRENT ASSETS - LIABILITIES

The amounts in the accompanying balance sheets as at 31 December are analysed as follows:

	2008 U.S.\$'000	2007 U.S.\$'000
Fair value of derivative instrument non current ⁽¹⁾	-	50
Fair value of derivative instrument current ⁽¹⁾	8	-
	8	50
Fair value of derivative instrument non current ⁽²⁾	(801)	(152)
Fair value of derivative instrument current ⁽²⁾	(257)	(42)
	(1,058)	(194)

⁽¹⁾: interest rate swap for the loan of vessel Gianni D, which was fully repaid in 2005.

⁽²⁾: interest rate swap for the loan of vessel Bosphorus Bridge.

Variability can appear in floating rate assets, floating rate liabilities or from certain types of forecasted transactions, and can arise from changes in interest rates or currency exchange rates.

During 2003, the Group entered into an interest rate swap for the loan of vessel Gianni D. The notional amount of this contract amounted to U.S.\$10,400. Under the swap agreement, the Group exchanges variable to fixed interest rate at 3.60%. The swap agreement requires the Group to pay additional interest when LIBOR exceeds 6.00% in any twelve-month year until 2009. It is noted that the bank loan for which the interest rate swap agreement was entered into, was repaid in full in 2005. However, the Group chose to maintain the swap contract.

The Group did not designate the swap agreement as an accounting hedge and accordingly, losses resulting from changes in the fair value of this derivative instrument, which approximated U.S.\$42 and U.S.\$135 for the years ended 31 December 2008 and 2007 respectively, are recorded in finance expense or income, accordingly, in the consolidated income statement. The fair value of the derivative financial instrument as at 31 December 2008 and 2007 was an asset of U.S.\$8 and U.S.\$50 which is included in Prepaid expenses and other assets and

other non-current assets respectively in the accompanying consolidated balance sheet.

During 2007, the Group entered into an interest rate swap for the loan of vessel Bosphorus Bridge. The notional amount of this contract amounted to U.S.\$12,166. Under the swap agreement, the Group exchanged variable to fixed interest rate at 4.64%.

The fair value of the specific derivative financial instrument as at 31 December 2008 and 2007 was a liability of U.S.\$1,058 and U.S.\$194 respectively, which is included in other non-current and current liabilities in the accompanying consolidated balance sheet. As the Group did not designate the swap agreement as an accounting hedge, losses resulting from this derivative instrument, which approximated U.S.\$864 and U.S.\$194 for the years ended 31 December 2008 and 2007, were recorded in finance expense in the consolidated income statement.

II. INSURANCE CLAIMS

	2008 U.S.\$'000	2007 U.S.\$'000
Balance as of 1 January	3,268	1,305
Additions	1,594	3,144
Collections	(2,731)	(1,127)
Amounts written off	(119)	(54)
Balance as of 31 December	2,012	3,268

12. CASH & CASH EQUIVALENTS

	2008 U.S.\$'000	2007 U.S.\$'000
Cash at bank	1,751	873
Short term deposits at banks	31,506	19,074
	33,257	19,947

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group's loan agreements contain minimum liquidity clauses requiring available cash balances of U.S.\$7,500 throughout the year.

13. SHARE CAPITAL & SHARE PREMIUM

Share capital consisted of the following at 31 December:

	2008 U.S.\$'000	2007 U.S.\$'000
Authorised		
Shares of \$0.01 each	1,000	1,000
Issued and paid		
Shares of \$0.01 each	699	699
Total issued share capital	699	699

Formation: The Company was formed on 21 March 2005, and prior to the reorganization analyzed below, its share capital consisted of 500 shares authorized, issued and outstanding, without par value. On 30 March 2006, conditional on admission to the Official List of the London Stock Exchange, the Company amended its Articles of Incorporation. Under the Company's Amended and Restated Articles of Incorporation, the Company has an authorized share capital of 100,000,000 shares (all in registered form) consisting of 100,000,000 shares with a par value of U.S.\$0.01 per share. The Company cancelled the existing 500 shares with no par value. Prior to the reorganization, seventeen

holding companies (the "Contributed Companies"), each in turn owning a vessel-owning company, were wholly-owned by Captain Paris Dragnis. The reorganization described below was a transaction between companies under common control, and has been accounted for in a manner akin to a pooling of interests for the years prior to the reorganization. Accordingly, the financial statements of the Group have been presented using historical carrying costs of the Contributed Companies. The consolidated financial statements have also been prepared on the basis that Goldenport existed for all years prior to the reorganization and was the parent company of the Contributed Companies in all such years.

The reorganization that took place on 30 March 2006, involved the following steps:

- Captain Paris Dragnis contributed all of the shares held by him in the seventeen intermediate holding companies to Goldenport, in exchange for shares in Goldenport, fulfilling his obligation for the Company's share capital, in accordance with the share for share exchange agreement dated 30 March 2006; and
- Captain Paris Dragnis transferred all of the shares in Goldenport to Starla Shipholding Corporation (Starla), a company wholly owned by Captain Paris Dragnis; as a result Starla was, prior to admission to the Official List of the London Stock Exchange, the sole shareholder of the Company beginning of the earliest year presented. Starla is the ultimate holding company of the Group.
- Following completion of the reorganisation, the Contributed Companies were wholly-owned subsidiaries of Goldenport.
- On 5 April 2006 the Company was admitted to the Official List of the London Stock Exchange, issuing 25,531,915 shares of U.S.\$0.01 each. On 11 April 2006 the over allotment option was exercised for 2,553,191 shares at GBP 2.35 per share bringing the total offer to GBP 66,000 (or U.S.\$115,465).

The analysis of the share premium is as follows:

	U.S.\$'000
Proceeds from Initial Public Offering, gross	115,465
Issuance costs	(8,193)
Proceeds from Initial Public Offering, net	107,272
Nominal share capital cost	(281)
Balance 31 December 2007	106,991
AIP shares issued in 2008	363
Balance 31 December 2008	107,354

14. LONG-TERM DEBT

Debt refinancing:

On 16 December 2008, the Company committed to refinance existing debt of U.S.\$38,100, of which U.S.\$13,100 relating to the reconstruction of vessel 'MSC Fortunate' was maturing on 28 November 2009, U.S.\$20,000 from the Company's revolving

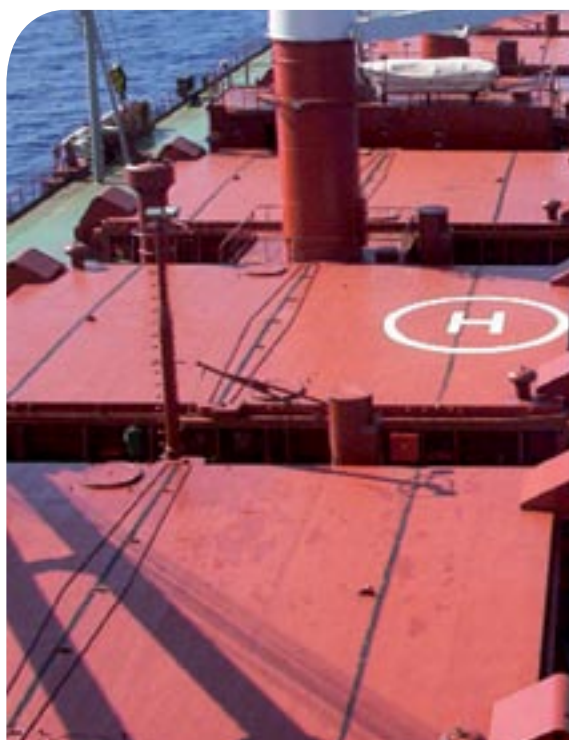
credit facility was maturing on 17 August 2009 and U.S.\$5,000 from the loan of vessel 'Anafi' was maturing on 19 July 2014. According to the new repayment schedule the loan will be repaid in 18 quarterly instalments with a final balloon payment of U.S.\$13,800 together with the last instalment. On 20 January 2009 the loan documentation was finalised.

Prepayment of debt:

Within 2008 the Company proceeded with the following prepayments of debt, in order to release the mortgage of the disposed vessels:

- ❖ On 3 September 2008 a prepayment of U.S.\$2,000 was applied towards the balloon instalment of the loan of vessel 'MSC Fortunate' (see loan f below) for the disposed vessel 'Glory D'.
- ❖ On 17 November 2008 a prepayment of U.S.\$1,289 was applied towards the outstanding amount of loan c (see table below) for the disposed vessel 'Achim' reducing the amortisation on a prorata basis.
- ❖ On 29 December 2008 a prepayment of U.S.\$900 was applied towards the balloon instalment of the loan of vessel 'MSC Fortunate' (see loan f below) for the disposed vessel 'Tuas Express'.

The amounts in the accompanying balance sheets are analysed as follows:



		31 December 2008 U.S.\$'000		31 December 2007 U.S.\$'000	
Bank Loan	Vessel(s)	Amount	Rate %	Amount	Rate %
a. Issued 13 February 2003, maturing 30 May 2009	Lindos	1,750	3.40%	2,450	6.19%
b. Issued 31 March 2004, maturing 30 September 2010	Tilos, Limnos	4,600	5.05%	6,000	6.28%
c. Issued 17 May 2005, maturing 17 August 2009	MSC Mekong, MSC Emirates, Alex D, Gianni D, MSC Socotra, Howrah Bridge	5,526	3.45%	11,800	5.91%
d. Issued 26 June 2006, maturing 26 September 2011	MSC Scotland	9,500	2.77%	12,700	6.20%
e. Issued 19 July 2006, maturing 16 July 2011.	Vasos	12,200	3.99%	15,100	6.29%
f. Issued 16 December 2008, maturing 29 July 2013	MSC Fortunate, Athos, MSC Himalayia,	38,100	1.77%	23,000	6.05%
g. Issued 14 March 2007, maturing 14 March 2012.	MSC Finland	6,800	5.89%	9,200	5.89%
h. Issued 19 July 2007, maturing 19 July 2014	Anafi	15,125	5.30%	22,825	6.00%
i. Issued 17 August 2007, maturing 17 August 2012	MSC Accra	6,075	3.30%	7,695	5.76%
j. Issued 18 October 2007, maturing 18 October 2014	Bosporus Bridge, YZJ-815, YZJ-816	11,165	5.60%	12,500	6.03%
k. Issued 11 November 2007, maturing 11 November 2014	Gitte, Tiger Star	16,450	3.24%	18,750	5.84%
l. Issued 27 November 2007, maturing 17 August 2009	Goldenport Holdings Inc.	-	-	20,000	5.91%
m. Issued 22 January 2008, maturing 10 years after delivery	Marie Paule	8,800	3.01%	-	-
n. Issued 22 January 2008, maturing 10 years after delivery	Alpine Trader	5,600	3.01%	-	-
o. Issued 18 August 2008, maturing 12 years after delivery	QS20060384	4,270	4.23%	-	-
p. Issued 18 August 2008, maturing 12 years after delivery	QS20060385	4,270	4.23%	-	-
Total		150,231		162,020	
Less: initial financing costs		(809)		(500)	
Less: current portion		(32,564)		(30,755)	
Long-term portion		116,858		130,765	

The upcoming repayment terms of loans with balances outstanding at 31 December 2008 are:

Loan a: This loan is repayable in one quarterly instalment of U.S.\$350, which is due on 30 May 2009, along with a balloon payment of U.S.\$1,400.

Loan b: This loan is repayable in four semi-annual instalments of U.S.\$700 each, the first one being due on 30 March 2009 and the final one being due on 30 September 2010, along with a balloon payment of U.S.\$1,800.

Loan c: This loan is repayable in three quarterly instalments of U.S.\$1,085 each, the first one being due on 17 February 2008 and the final one being due on 17 August 2009, along with a balloon payment of U.S.\$2,271.

Loan d: This loan is repayable in two quarterly instalments of U.S.\$800 each, the first one being due on 26 March 2009 and the second being due on 26 June 2009, eight quarterly instalment of U.S.\$600 each, the first one being due on 26 September 2009 and the final one being due on 26 June 2011, plus a balloon payment of U.S.\$3,100, being due on 26 September 2011.

Loan e: This loan is repayable in six semi-annual instalments of U.S.\$1,450 each, the first one being due on 16 January 2008 and the final one being due on 16 July 2011, along with a balloon payment of U.S.\$3,500.

Loan f: This loan is repayable in eighteen quarterly instalments of U.S.\$1,350 each, the first one being due on 29 April 2009 and the last one being due on 29 July 2013 along with a balloon payment of U.S.\$13,800.

Loan g: This loan is repayable in five quarterly instalments of U.S.\$600 each, the first one being due on 14 March 2009 and the fifth one on 15 March 2010 and eight quarterly instalment of U.S.\$475 each, the first one being due on 14 June 2010 and the final one being due on 14 March 2012.

Loan h: This loan is repayable in one instalment of U.S.\$675 being due on 19 January 2009 and twenty two quarterly instalments of U.S.\$500

each, the first one being due on 19 April 2009 and the final one on 19 July 2014 along with a balloon payment of U.S.\$3,450.

Loan i: This loan is repayable in fifteen quarterly instalments of U.S.\$405 each, the first one being due on 16 February 2009 and the final one on 16 August 2012.

Loan j: This loan is repayable in twenty four quarterly instalments of U.S.\$333.75 each, the first one being due on 18 January 2008 and the final one on 18 October 2014 along with a balloon payment of U.S.\$3,155.

Loan k: This loan is repayable in twenty four quarterly instalments of U.S.\$575 each, the first one being due on 11 February 2009 and the final one on 11 November 2014 along with a balloon payment of U.S.\$2,650.

Loan l: In addition to the loans mentioned above, a non-amortising, revolving credit line was obtained on 27 November 2007, to support the Group's operations. It was in Group's discretion to drawdown any amount up to U.S.\$20,000 in various tranches, in multiples of U.S.\$500 and for interest periods of multiples of one month and up to twelve months. The facility expires on 17 August 2009 but the Company selected to refinance it in full, forming part of loan (f).

Loan m: As part of the loan agreement concluded between the vessel owning company of the JV new-build bulk carrier 'Marie Paule' and a bank (see note 9b and 18b) the vessel owning company proceeded with the drawdown of U.S.\$11,200 on 22 January 2008, representing: a) the amount of U.S.\$4,800 being the refinancing of the second instalment for vessel that was paid in 2007 from cash reserves from the Joint Venture partners; and b) the third instalment for vessel amounting to U.S.\$6,400 that was paid directly to the shipyard as per the contract. On 7 July 2008 the vessel owning company proceeded with the drawdown of U.S.\$6,400 representing the fourth instalment for vessel paid directly to the shipyard as per the contract. The amount of U.S.\$8,800 included in the Consolidated Balance Sheet as at 31 December 2008, represents the Group's 50% portion of the total amount drawn (U.S.\$17,600) from the vessel owning companies. This amount is repayable in ten years after delivery of vessel.

Loan n: As part of the loan agreement concluded between the vessel owning company of the JV new-build bulk carrier 'Alpine Trader' and a bank (see note 9b and 18b) the vessel owning company proceeded with the drawdown of U.S.\$4,800 on 22 January 2008 being the refinancing of the second instalment for vessel that was paid in 2007 from cash reserves from the Joint Venture partners. On 11 August 2008 the vessel own-



ing company proceeded with the drawdown of U.S.\$6,400 representing the third instalment for vessel paid directly to the shipyard as per the contract. The amount of U.S.\$5,600 included in the Consolidated Balance Sheet as at 31 December 2008, represents the Group's 50% portion of the total amount drawn (U.S.\$11,200) from the vessel owning companies. This amount is repayable in ten years after delivery of vessel.

Loans (a-p) are denominated in U.S. dollars, and bear interest at LIBOR plus a margin. For loan g the first 10 out of 18 instalments bear fixed interest of 5.89% and for the last eight instalments the loan bears interest at LIBOR plus a margin. In addition, the Company has entered into an interest rate swap agreement for loan (j), to exchange variable to fixed interest rate at 4.64%, for a notional amount equal to the loan amount concluded.

The remaining loans have margins between 0.75% and 1.75% above LIBOR.

Total interest paid was U.S.\$7,195 and U.S.\$5,822 for the year ended 31 December 2008 and 31 December 2007, respectively.

Total borrowing costs capitalised were U.S.\$1,821 and U.S.\$1,329 for the year ended 31 December 2008 and 31 December 2007, respectively.

The loans are secured with first priority mortgages over the borrowers vessels. The loan agreements contain covenants including restrictions as to changes in management and ownership of the vessels, additional indebtedness and mortgaging of vessels without the bank's prior consent as well as minimum requirements regarding hull cover ratio and corporate guarantees of Goldenport Holdings.

New Loan

Loans o & p: On 18 August 2008 and as part of the loan agreement concluded between the vessel owning companies of the under construction bulk carriers (QS20060384 and QS20060385) and a bank (see note 9), the vessel owning companies proceeded with the drawdown of

U.S.\$8,540 (U.S.\$4,270 each) being the financing part of the first instalment paid to Qingshan Shipyard of China. This loan is repayable in twelve years after delivery of vessels.

A number of the Group's loan agreements contain minimum liquidity clauses for a total amount of \$7,500.

15. DEFERRED REVENUE

Deferred revenue includes an amount of U.S.\$8,257 (original amount U.S.\$ 11,300), which represents the unamortized difference between the market value of the vessel charter free and

the amount actually paid to acquire MV Bosphorus Bridge in the secondhand market in 2007. This amount will be recognized to income for the remaining of the charter period. The amount of U.S.\$2,628 was recognized to income in the current year (U.S.\$415 in 2007). The remaining balance in deferred revenue represents cash received from charterers prior to 31 December 2008, which relates to revenue earned after that date.

16. ACCRUED LIABILITIES & OTHER PAYABLES

The amounts in the accompanying balance sheets at 31 December are analysed as follows:

	2008 U.S.\$'000	2007 U.S.\$'000
Accrued interest	702	1,534
Accrual for supplementary calls	1,823	678
Accrued wages	619	253
Accrual for annual incentive plan	252	350
Accrued audit fee	146	160
Accrued dry-docking costs	868	2,936
Other accrued expenses	1,900	1,643
Other payables	2,680	1,412
	8,990	8,966

17. DIVIDENDS DECLARED

The Board of Directors of the Company will propose to the Annual General Meeting for approval, a final dividend for 2008 of 2 pence per share or total GBP 1,399 (15 pence per share or GBP 10,483 for 2007). The dividend proposed which, is expected to be approved by the AGM to be held in Athens on 7 May 2009 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 2 pence.

Dividend rights: Under the Company's by-laws, each ordinary share is entitled to dividends if and when dividends are declared by the Board of Directors. There are no restrictions on the Company's ability to transfer funds (other than funds denominated in Marshall Islands dollars) in and out of Marshall Islands. The payment of dividends is subject to the

approval of the Annual General Meeting of Shareholders. The payment of dividends was U.S.\$31,074 in 2008 (29.73 cents per share or 15 pence per share as final dividend for 2007 and 14.73 cents per share or 8.0 pence per share as interim dividend for 2008) and U.S.\$ 26,362 in 2007 (23.5 cents per share or 11.9 pence per share as final dividend for 2006 and 14.2 cents per share or 7.0 pence per share as interim dividend for 2007).

18. COMMITMENTS & CONTINGENCIES

- Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance providers and from other claims with suppliers relating to the operations of the Group's vessels. Currently, manage-

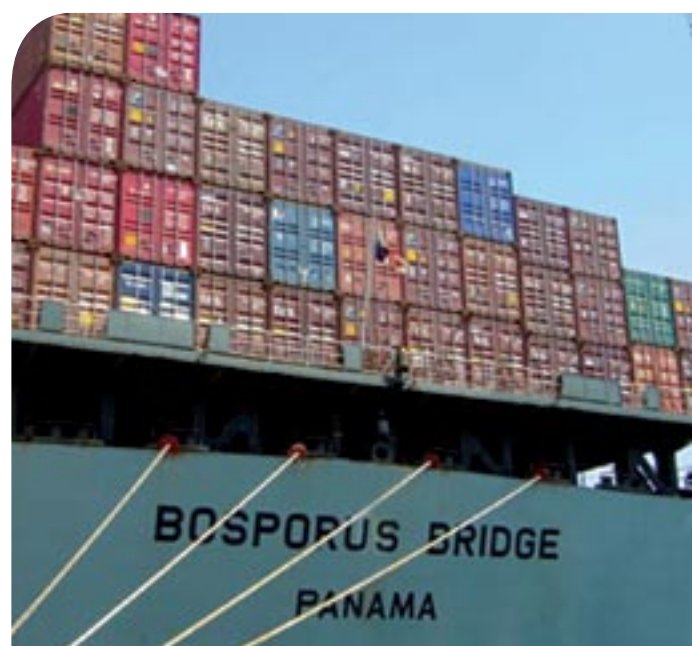
ment is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the consolidated financial statements.

- b. Sentinel Holdings Inc. (the joint venture company) entered into agreement with Jiangsu Eastern Shipyard for the construction of two new build bulk carriers of 53,800 DWT each. The total construction cost is estimated to be approximately U.S.\$64,000 (U.S.\$32,000 each), which is payable in five equal instalments. As of 31 December four instalments of U.S.\$6,400 have been paid for vessel 'Marie Paule' and three instalments of U.S.\$6,400 have been paid for vessel 'Alpine Trader'. The remaining instalments, one for the vessel 'Marie Paule' and two for the vessel 'Alpine Trader', are committed and will be paid in 2009 in accordance with the milestones as described in the contract.
- c. Goldenport Holdings Inc. entered into agreement with Cosco (Zhousan) Shipyard Co. for the construction of four new build bulk carriers of 57,000 DWT each. The total construction cost is estimated to be approximately U.S.\$151,000, which is payable in five equal instalments (see note 9a). Four of these payments are committed and will be paid in accordance with the milestones, as described in the contract (note 22). Three of these payments are secured through letter of guarantee from the financing bank.
- d. On 7 August 2007, the Company entered into agreement with Jiangsu Yangzijiang Shipbuilding Co. Ltd and Anhui Technology Imp. & Exp. Co. for the construction of two new build geared container vessels of 2,500 TEU nominal capacity each. The total combined cost is estimated to be approximately U.S.\$94,000, which is payable in five equal instalments (see note 9a). Four payments are committed and will be paid in accordance with the milestones, as described in the contract. Two of these payments are secured through a letter of guarantee from the financing bank.
- e. On 27 June 2008, the Company entered into agreement with Qingshan Shipyard of China for the construction of two new build bulk carriers of 57,000 DWT each. The total construction cost is estimated to be approximately U.S.\$91,660, which is payable in five instalments (see note 9a). Four of these payments are committed and will be paid in accordance with the milestones, as described in the contract. Three of these payments are secured through letter of guarantee from the financing bank.
- f. As at 31 December 2008, the Group had entered into time charter arrangements on all its operating vessels. These ar-

rangements have remaining terms between 2 and 65 months.

- g. Future minimum charters receivable upon time charter arrangements as at 31 December 2008, are as follows (it is noted that the vessel off-hires and dry-docking days that could occur but are not currently known are not taken into consideration; in order to reflect current market conditions the Company assumes delivery at the earliest date allowed by the contract of the vessels by the charterers; future default of the charterers where no indication has been given is not taken into account; for the MV Gitte which has a charter in euros the rate of 1.3920 was used to convert into U.S. dollars; with regard to the Cosco new buildings (see note 9a) the calculation is based on the floor rate without taking into account any profit share scheme; for the vessel into Joint Venture ("JV") (see note 9b) 50% of revenue is included:

	2008 U.S.\$'000	2007 U.S.\$'000
Within one year	87,797	157,318
1-5 years	199,941	202,591
> 5 years	3,775	3,808
	291,513	363,717



19. RELATED PARTY TRANSACTIONS

Transactions with related parties consisted of the following for the years ended 31 December:

	2008 U.S.\$'000	2007 U.S.\$'000
Voyage expenses - related party		
Goldenport Shipmanagement Ltd (a)	3,099	2,497
Management fees - related party		
Goldenport Shipmanagement Ltd (a)	3,515	3,906
	6,614	6,403

Balances due from related parties as at 31 December comprise the following:

	2008 U.S.\$'000	2007 U.S.\$'000
Due from related parties		
Goldenport Shipmanagement Ltd (a)	3,342	3,289
Total	3,342	3,289

(a) Goldenport Shipmanagement Ltd. ("GSL"): All vessel operating companies included in the consolidated financial statements have a management agreement with GSL, a Liberian corporation directly controlled by Captain Paris Dragnis, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee. On 1 January 2008 all the activities of accounting and legal department were transferred from GSL to the new subsidiary Goldenport Marine Services which is a company 100% owned by Goldenport Holdings. On 1 July 2008 all the activities of the quality and safety, information technology (including software licences) and other administrative activities were transferred from GSL to Goldenport Marine Services. Based on Management's estimation the total cost of these services represents a monthly cost of U.S.\$3.25 per vessel and therefore, the respective monthly management fee payable to GSL was reduced accordingly to U.S.\$12.5

(U.S.\$15.75 for 2007) per vessel per month in order to reflect this transfer of services.

In addition GSL charged the Group, U.S.\$ 430, for the services rendered for the reconstruction of MV MSC Fortunate. This amount is included in the capital expenditure for reconstruction (see note 8).

For the year ended 31 December 2008 commission charged by GSL amounted to U.S.\$3,099 (2007: U.S.\$2,497) and is included in "Voyage expenses-related party". GSL has a branch office registered in Greece under the provisions of Law 89/1967.

The amounts receivable from GSL, shown in the table above, represent the vessel operating companies' cash surplus handled by GSL.

(b) Sentinel Holdings Inc. appointed Goldenport Shipmanagement Ltd. as a consultant for the new-buildings project at Jiangsu Eastern Shipyard of China (note 9). As part of the supervision agreement between the two companies, GSL undertakes the plan approval, the attendance and supervision of the construction and trials of vessels 'Marie Paule' and 'Alpine Trader', in exchange for a supervision fee for the first twelve months from steel cutting (unless delivery is earlier). For the year ended 31 December 2008 such fee charged by GSL amounted to U.S.\$622 (2007:U.S.\$276) half of which is included in 'vessels under construction' of the accompanying consolidated balance sheet.

(c) Although two incentive plans: 'The Goldenport Discretionary Share Option Plan' and the 'Goldenport Share Award Plan' were approved prior to official admittance to the London Stock Exchange, none of them has been activated. A new plan ("Annual Incentive Plan") was approved in the AGM held on 17 May 2007.

Annual Incentive Plan and other remuneration of Directors and Management team

The Remuneration Committee believes that a significant proportion of total remuneration should be performance-related. In addition, performance-related rewards should be deliverable largely in shares to more closely align the interests of shareholders and all Executive Directors and Management. In order to achieve this, the Board decided to terminate the 2006 Annual Cash Bonus arrangements and to replace them with a new plan called the Annual Incentive Plan ('AIP'), which will be administered by the Remuneration Committee.

It was decided that under the terms of the AIP the eligible employees (i.e Executive Directors and Management) can elect to have their annual cash bonus delivered in the form of restricted shares in the Company. The performance criteria remained same as for the Annual Cash Bonus. Again, it is intended that the maximum limit for each participant will be 40% of annual base salary. The Remuneration Committee may select in future years, to adjust the maximum but it will not in any event exceed 75% of annual base salary. The Board (after a proposal by the Remuneration Committee) reserves the right to award shares in other circumstances which could include, without being limited to, subsequent offers of shares (primary or secondary). In each year the Remuneration Committee will propose to the Board the percentage of base salary applicable to each participant for the purposes of the AIP ("Base Award").

Under the AIP, a participant may apply his Base Award in one of three ways:

- ❖ Full Cash Award ('FCA'): If the participant selects the FCA, then the AIP will pay cash but only at 90% of the Base Award.
- ❖ Full Shares Award ('FSA'): If the participant selects the FSA, then under the AIP 110% of Base Award will be given in the form of shares.
- ❖ Half Cash-Half Shares Award ('HCHS'): If the participant selects the HCHS, then on 50% of Base Award the 90% rule will apply and will be paid cash and on the other 50% the 110% rule will apply and will be paid in shares.

The Remuneration Committee on its meeting on 17 December 2008 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 18 December 2008 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2008, and announced the base award to each participant. All four participants selected voluntary the full shares award.

As per the terms of AIP the FCA is 90% of the base award, whereas FSA is 110% of the base award. The FSA amounts to U.S.\$252 (In 2007 FSA amounted to U.S.\$ 363 and FCA to U.S.\$ 30), which are included in the accompanying financial statements.

The Board of Directors on 8 March 2009 approved the financial statements and authorised the issuance of the shares relating to the full share award under the provisions of AIP. Under these provisions the AIP shares will be calculated by reference to the closing market value of the Company's shares on the date of announcement of full year results for 2008. The AIP shares will be allotted and then registered in the participants name after the record date (record date is on 20 March 2009).

The participant shall have the right to receive dividends for 2008 and the right to vote in respect of AIP shares but during a restricted period of one calendar year from registration the participant is not allowed to sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the AIP shares.

There are no other choices for the participants. The amounts included in the financial statements under AIP and other remuneration of Directors and Management team as of 31 December are as follows:

	2008 U.S.\$'000	2007 U.S.\$'000
Directors and management team remuneration	1,263	1,111
Cash bonus	-	30
Share bonus - AIP	252	350
	1,515	1,491

(d) The Interests of the Directors, the Senior Management and their respective immediate families in the share capital of the Company (all of which are beneficial unless otherwise stated), were as at 31 December 2008 as follows:

Name	Number of shares at admission (after over-allotment)	Percentage of shares at admission	Number of shares as at 31 Dec 2007	Shares issued under AIP	Shares purchased in 2008	Number of shares as at 31 Dec 2008	Percentage of shares as at 31 Dec 2008
Captain Paris Dragnis ⁽¹⁾	41,800,000	59.812 %	41,800,000	30,444	-	41,830,444	59.811 %
Chris Walton ⁽²⁾	2,128	0.003%	2,128	-	-	2,128	0.003 %
John Dragnis ⁽³⁾	-	-	125,000	8,383	323,166	456,549	0.653%
Christos Varsos ⁽⁴⁾	-	-	-	13,412	-	13,412	0.019 %

⁽¹⁾ Through Starla (see note 13)

⁽²⁾ Chris Walton is the non-executive Chairman of the Board of Directors

⁽³⁾ John Dragnis is the Commercial Director of the Company

⁽⁴⁾ Christos Varsos is the Chief Financial Officer of the Company

On 31 October 2008 the Commercial Director purchased 323,166 shares on the open market at a price of 95 pence per share.

(e) Rental of office space: On 1 January 2008 a monthly rental of EUR14.5 was agreed to be charged by the owner of the building (a related party under common control) to Goldenport Marine Services for the rental of the head offices. From 1 July 2008 the Company rents a larger space in the same building due to the expansion of its operations. A monthly rental of EUR17.2 was agreed to be charged by the owner of the building from 1 July 2008 to 2 September 2008 and subsequently the rental was agreed to be EUR17.8. Total rent expense for the year ended 31 December 2008 amounted to U.S.\$263 and is included in General and administration expenses in the accompanying financial statements.

The future minimum lease (rental) payments under the above agreement as at 31 December 2008 are as follows:

	U.S.\$'000
Within one year	297
After one year but not more than five years	1,177
More than five years	544
	2,018

20. INCOME TAXES

Under the laws of the Republic of Marshall Islands and the respective jurisdictions of the Consolidated Companies the Group is not subject to tax on international shipping income. However, the Consolidated Companies are subject to registration and tonnage taxes, which have been included in vessel operating expenses in the accompanying consolidated statement of income.

Pursuant to the United States Internal Revenue Code of 1986, as amended (the "Code"), U.S. source income derived by a foreign corporation from the international operation of ships generally is exempt from U.S. tax if the company operating the ships meets both of the following requirements, (a) the company is organised in a foreign country that grants an equivalent

exception to corporations organised in the United States and (b) either (i) more than 50% of the value of the company's shares is owned, directly or indirectly, by individuals who are "residents" of the company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organised in the United States (50% Ownership Test) or (ii) the company's shares are "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly-Traded Test). Under the regulations, company's shares will be considered to be "regularly traded" on an established securities market if (i) one or more classes of its shares representing more than 50% of its outstanding shares, by voting power and value, is listed on the market and is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year; and (ii) the aggregate number of shares traded during the taxable year is at least 10% of the average number of shares outstanding during the taxable year. Notwithstanding the foregoing, the regulations provide, in pertinent part, that each class of the company's shares will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the tax-

able year by persons who each own 5% or more of the value of such class of the company's outstanding shares, ("5 Percent Override Rule"). In the event the 5 Percent Override Rule is triggered, the regulations provide that the 5 Percent Override Rule will nevertheless not apply if the Company can establish that among the closely-held group of 5% Stockholders, there are sufficient 5% Stockholders that are considered to be "qualified stockholders" for purposes of Section 883 to preclude non-qualified 5% Stockholders in the closely-held group from owning 50% or more of each class of the Company's stock for more than half the number of days during the taxable year.

Treasury regulations under the Code were promulgated in final form in August 2003. These regulations apply to taxable years beginning after September 24, 2004. As a result, such regulations are effective for calendar year taxpayers, like the



Company, beginning with the calendar year 2005. All the Company's ship-operating subsidiaries currently satisfy the 50% Ownership Test. In addition, the management of the Company believes that by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like the Company, the 50% Ownership Test can also be satisfied based on the trading volume and the widely-held ownership of the Company's shares. Regarding the 2003, 2004, 2005, 2006, 2007 and 2008 tax years, the Company believes that it satisfies the Publicly-Traded Test and all of its United States source shipping income will be exempt from U.S. federal income tax.

2I. FINANCIAL INSTRUMENTS

Risk management objectives and policies

The Group's principal financial instruments are bank loans. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments such as cash and cash equivalents, trade receivables and trade payables, which arise directly from its operations.

From time to time, the Group also uses derivative financial instruments, principally interest rate swaps.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The majority of the Group's transactions are denominated in U.S. dollars therefore its exposure to foreign currency risk is minimal.

Cash flow interest rate risk

Cash flow interest rate risk arises primarily from the possibility that changes in interest rates will affect the future cash outflows of the Group's long-term debt. The sensitivity analysis presented in the table below demonstrates the sensitivity to a reasonably possible change in interest rates (libor), with all other variables held constant, on the Group's profit for the year (fluctuations in in-

terest rates do not impact the Groups equity). The sensitivity analysis has been prepared using the following assumptions:

- ❖ A rise or fall in interest rates will impact interest expense on floating rate borrowings.
- ❖ Although the fair value of the derivatives, and therefore the income statement will be impacted by movements in interest rates, the fair value impact of the derivatives have been excluded from the sensitivity analysis as not significant.
- ❖ One interest rate swap entered into in 2007 economically hedges a loan and the interest payments/receipt almost fully offset, therefore the loan has not been included in the sensitivity analysis.

	Increase / Decrease (%)	U.S.\$'000 Effect on profit
2008	+0.5%	-575
	-0.5%	+575
2007	+0.5%	-410
	-0.5%	+410



Credit risk

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2008 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

Concentration of Credit Risk

Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of cash and cash equivalents, and trade accounts receivables. The Group places its cash and cash equivalents, consisting mostly of deposits, with financial institutions. The Group performs annual evaluations of the relative credit standing of those financial institutions. Credit risk with respect to trade accounts receivable is generally managed by the chartering of vessels to major trading houses (including commodities traders), established container-line operators, major producers and government-owned entities rather than to more speculative or undercapitalised entities. The vessels are normally chartered under time-charter agreements where as per the industry practice the charterer pays for the transportation



service in advance, supporting the management of trade receivables.

Fair Values

Derivatives are recorded at fair value while all other financial assets and financial liabilities are recorded at amortised cost which approximates fair value.

Foreign currency risk

The majority of the Group's transactions are denominated in U.S. dollars therefore its exposure to foreign currency risk from operations is minimal. However, following the admission of the Company's shares to the London Stock Exchange, part of the proceeds (in GBP) were placed in short term deposit accounts. As at 31 December 2008 and 2007 an amount of GBP 578 (U.S.\$844) and GBP 6,300 (U.S.\$12,621) respectively, was held in short term time deposits.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate (the exercise was made for the time deposits in GBP since there is no other significant balance or transaction in foreign currency), with all other variables held constant, of the Group's profit for the year and shareholders' equity.

	Increase / Decrease in GBP / USD rate	U.S.\$'000 Effect on profit
2008	+5%	+ 42
	-5%	- 42
2007	+5%	+ 631
	-5%	- 631

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout

the Group. The vessels are normally chartered under time-charter agreements where as per the industry practice the charterer pays for the transportation service in advance, supporting the management of cash generation. Investment is carefully controlled, with authorisation limits operating up to Group's board level and cash payback periods applied as part of the investment appraisal process. In this way the Group aims to maintain a good credit rating to facilitate fund raising.

In its funding strategy, the Group objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group's policy in new investments for second-hand vessels is that not more than 70% of the value of each investment will be funded through borrowings, whereas for the new buildings the respective limit is 80%. In all

the acquisitions within 2008 the bank financing was in line with the Group's policy.

The Group normally meets its working capital needs through cash flows from operating activities and available credit lines. Management prepares cash flow projections in order to forecast its short term working capital position. As of 31 December 2008, the revolving credit line (note 14) has been repaid in full.

Excess cash used in managing liquidity is only invested in financial instruments exposed to insignificant risk of changes in market value, being placed on interest-bearing deposit with maturities fixed at no more than 3 months. Short term flexibility is achieved if required by credit line facilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008 and 2007, based on contractual undiscounted payments (including interest to be paid, which is calculated using the last applicable rate for each loan, as of 31 December 2008 and 2007):



31 December 2008	<3 months	3 - 12 months	1 - 2 years	2 - 5 years	>5 years	Total
	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000
Interest bearing loans	9,020	24,633	28,379	86,837	20,540	169,409
Trade payables	12,993	-	-	-	-	12,993
Other payables	2,680	-	-	-	-	2,680
Derivative instrument liability	70	189	224	577	-	1,060
	24,763	24,822	28,603	87,414	20,540	186,142
31 December 2007	<3 months	3 - 12 months	1 - 2 years	2 - 5 years	>5 years	Total
	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000
Interest bearing loans	11,028	27,613	67,835	55,157	25,087	186,720
Trade payables	8,512	-	-	-	-	8,512
Other payables	1,412	-	-	-	-	1,412
Derivative instrument liability	11	31	69	51	32	194
	20,963	27,644	67,904	55,208	25,119	196,838

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 75% on average (see also Group's funding policy in Liquidity Risk section). Excess capital represented by a low gearing ratio, is used to fund further expansion plans. The Group includes within net debt, interest bearing loans, less cash and cash equivalents. Capital includes issued share capital, share premium and retained earnings.

	2008 U.S.\$'000	2007 U.S.\$'000
Interest bearing loans	150,231	162,020
Less: cash and short term deposits	(33,257)	(19,947)
Net debt	116,974	142,073
Issued share capital	699	699
Share premium	107,354	106,991
Retained earnings	130,264	73,757
Total capital	238,317	181,447
Capital & Net debt	355,291	323,520
Gearing ratio	33%	44%

22. EVENTS AFTER THE BALANCE SHEET DATE

Waiver of increase in management fee: On 5 January 2009 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2009 will be remain at U.S.\$12.50, as discussed in note 19.

COSCO new build bulk carriers - Reschedule of contracts: On 26 January 2009, the Company agreed with the COSCO shipyard to reschedule the four new building contracts previously due for delivery in late 2009, at no additional cost. According to the new schedule, the first pair of vessels is expected to be delivered in the first half of 2010 and the second pair in the first half of 2011.

Disposal of vessel: On 6 February 2009 the company agreed the sale of the 67,515 DWT, 1977-built bulk carrier 'Athos' to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,895 in cash and the vessel was delivered to the owners on 12 February 2009. A commission of 4% on the gross consideration was charged for this disposal. The gain resulting from the sale of the vessel was U.S.\$ 382 thousands.

Delivery of MV Marie Paule: On 11 February 2009 the Company took delivery of the 53,800 DWT new build bulk carrier "Marie Paule". Upon delivery the vessel commenced its agreed three-year time charter.

Reconstruction of MV MSC Fortunate: As explained in note 8, on 16 June 2006, the Group acquired the MV Fortunate, a container vessel of 5,551 TEU and 68,537 DWT built in 1996, for U.S.\$13,000. The vessel was damaged in a fire on 21 March 2006. The vessel became operational on 23 February 2009. On 8 January



2009 and on 30 January 2009 the Group paid additional instalments of U.S.\$1,000 and U.S.\$250 respectively, to the yard as part of the remaining reconstruction cost (see note 8). The remaining amount of approximately U.S.\$ 4,750, to reach the total estimated reconstruction cost, is to be paid periodically within 2009.

Vessel acquisition: On 4 March 2009 the Group acquired and took delivery of the 1995-built container vessel 'NYK Procyon' at an aggregate cost of U.S.\$10,500.

Debt refinancing:

On 4 March 2009 the Group refinanced the outstanding debt of the vessel 'MSC Finland' amounting U.S.\$6,800 and proceeded with the drawdown of additional U.S.\$6,400



to cover the acquisition cost of the vessel 'NYK Procyon'. Both vessels have been provided as collateral to the new loan amounting to U.S.\$13,200 in total.

Drawdown of loan:

On 15 January 2009 and as part of the loan agreement concluded between the vessel owning company of the JV new-build bulk carrier 'Marie Paule' and a bank (see note 9b) the vessel owning company proceeded with the draw-down of U.S.\$6,300, representing the delivery instalment payable to the shipyard as per the original contract.

On 15 January 2009 and as part of the loan agreement concluded between the vessel owning company of the JV new-build bulk carrier 'Alpine Trader' and a bank (see note 9b) the vessel owning company proceeded with the draw-

down of U.S.\$6,400, representing the fourth instalment paid directly to the shipyard as per the contract.

On 6 March 2009 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07039' and a bank (see note 9a) the vessel owning company proceeded with the drawdown of U.S.\$3,775, representing the bank's portion of the steel cutting instalment, which was paid along with the Group's equity portion of U.S.\$3,775, as per contract.

Prepayments of loans:

On 30 January 2009 a prepayment of U.S.\$1,300 was applied towards the outstanding amount of loan c (note 14) reducing the amortisation on a prorata basis.

On 17 February 2009 a prepayment of U.S.\$3,739 was applied towards the outstanding balance of loan f (note 14) reducing the amortisation on a prorata basis.

Loan repayments: On 16 January 2009 the Group paid U.S.\$1,450 in relation to the outstanding balance of loan (e), on 18 January 2009 U.S.\$334 in relation to loan (j), on 19 January 2009 U.S.\$675 in relation to loan (h), on 11 February 2009 U.S.\$575 in relation to loan (k) and on 17 February 2009 U.S.\$405 and U.S.\$830 in relation to loan (i) and loan (c) respectively.

Dividends: The Board of Directors of the Company will propose to the Annual General Meeting for approval, a final dividend for 2008 of 2 pence per share or total GBP 1,399 (15 pence per share or GBP 10,483 for 2007). The dividend proposed which, is expected to be approved by the AGM to be held in Athens on 7 May 2009 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 2 pence.



Financial Calendar

9 March 2009	Announcement of 2008 Full Year results
18 March 2009	Ex-dividend date
20 March 2009	Record date
1 May 2009	Last day of elections for scrip dividend
7 May 2009	Annual General Meeting
20 May 2009	Payment of 2008 final dividend
August 2009	Announcement of 2009 interim results

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Additional Information for Shareholders

Following the implementation of the EU Takeover Directive into UK law, the following description provides the required information for shareholders where not already provided elsewhere in the 2008 Annual Report. This summary is based on the Company's current Articles of Incorporation and the By-Laws (the "Articles"). At the end of this addendum you will also find a description of the principal risks and uncertainties which the Group faces.

Rights and obligations attaching to shares

Voting

Subject to any special rights or restrictions as to voting for the time being attached to any shares, on a poll every Shareholder who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a Shareholder has one vote for every share of which he is a holder.

A shareholder which does not notify the Company and the Financial Services Authority of the percentage of the Company's voting rights which they hold as a shareholder in accordance with the notification requirements set out in Chapter 5 of the Disclosure and Transparency Rules shall not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or to be reckoned in a quorum.

Deadlines for voting rights

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM to be held on 7 May 2009 are set out in the Notice of Meeting which accompanies the 2008 Annual Report.

Dividends and distributions

Dividends may be declared in conformity with Marshall Islands law by, and at the discretion of, the directors. Dividends may be declared and paid in cash, stock or other property of the Company.

Liquidation

Subject to the rights of creditors, the directors, as trustees of the Company or, if applicable, the liquidator may with the sanction of an extraordinary resolution and any other sanction required by statute: (i) divide among the shareholders in specie the whole or any part of the assets of the Company; or (ii) vest the whole or any part of the assets in trustees on such trusts for the benefit of shareholders as the directors, or, if applicable, the liquidator shall think fit, but no shareholders shall be compelled to accept any assets upon which there is any liability.

Transfer of shares

A shareholder may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is approved by the directors.

A shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in any other form as the directors may approve. The instruments of transfer shall be signed by or on behalf of the transferor. The directors may, in their absolute discretion, refuse to register any transfer of a certificated share unless:

- (i) it is lodged at the office, or such other place as the directors may decide, for registration; accompanied by the certificate for the shares to be transferred and such other evidence as the directors may reasonably require to prove title of the intending transferor;
- (ii) it is in respect of only one class of shares; and
- (iii) it is in favour of not more than four transferees.

The Board may refuse to register any instrument of transfer of a certificated share if the transfer was made in breach of the takeover provisions in the Articles. The Articles adopt certain provisions of the City Code including provisions deal-

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ing with compulsory takeover offers and shareholder treatment along the lines of the General Principles of the City Code.

If the directors refuse to register a transfer of a certificated share they shall, within two months after the date on which the instrument of transfer was lodged, give to the transferee notice of the refusal, specifying the reason for such refusal.

Repurchase of shares

The Company obtained shareholder authority at the last AGM (held on 30 April 2008) to buy back up to 6,988,510 shares, which remains outstanding until the 29 April 2009. The minimum price to be paid for such shares is US\$0.01 each

and the maximum price payable is equal to 105% of the average of the mid-market price of the shares of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately before the day on which the share is contracted to be purchased.

Substantial Shareholdings

Substantial shareholders are required to notify their interests in accordance with By-Law 99 of the Company's Articles, which obliges shareholders to comply with the notification obligations to the Company contained in DTR5 of the Disclosure and Transparency Rules. As at 31 December 2008, the Company has been notified of the following interests amounting to 3% or more of the Company's issued share capital or voting rights (the total voting rights at 31 December 2008 were 69,937,345)

Shareholder	Direct/Indirect Interest	Number of shares of US\$0.01 each	Percentage of issued share capital/voting rights
Captain Paris Dragnis	Indirect	41,830,444	59.81%
Credit Suisse Asset Management Limited	Direct	3,860,736	5.52%
Jupiter Asset Management Limited	Direct	3,714,131	5.31%

Save for the above, no person has notified any interest of 3% or more of the issued share capital or in the voting rights of the Company in 2008.

Amendment to the Articles

Any amendments to the Articles may be made by way of special resolution.

Appointment and replacement of directors

- (a) The maximum number of directors of the Company will be six. Directors may be appointed by the Company by ordinary resolution

or by the board of directors. However, the Articles provide that whilst the Dragnis family and its associates hold over 30% or 15% of the issued voting shares of the Company, they will be entitled to nominate up to two persons or one person, respectively, as a director or directors. The Company must procure that any such nominees are appointed as directors.

- (b) A director need not be a member of the Company.
- (c) There is no age limit for directors.
- (d) At each annual general meeting any director then in office who has been appointed since or at the previous annual general meeting shall retire from office but will be eligible for re-appointment.

The office of director shall be vacated if:

- (a) he is prohibited by law from being a director; or

- (b) he becomes bankrupt or he makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court for his detention or for the appointment of some person to exercise powers with respect to his property or affairs and, in either case, the Board resolves that his office be vacated; or
- (d) he is absent for more than six months, without special leave of absence from the Board, from Board meetings held during that period and the Board resolves that his office be vacated; or
- (e) he gives to the Company notice of his wish to resign, in which event he shall vacate that office on the receipt of that notice by the Corporation or at such later time as is specified in the notice.

Significant agreements

A change of control of the Company following a takeover bid may cause a number of agreements to which the Company or a member of its Group is a party to take effect, alter or terminate. The agreements that are considered significant are as follows:

Relationship Agreement

There is a relationship agreement between the Company, Captain Paris Dragnis (“**Captain Dragnis**”), John Dragnis and Starla Shipholding Corp. (“**Starla**”) dated 30 March 2006. The agreement will terminate where Captain Dragnis or Starla (whether individually or jointly) cease to control the exercise of 30% or more of the rights to vote at general meetings. Certain restrictions contained in that agreement on the activities of Captain Paris Dragnis and John Dragnis fall away on 30 March 2010.

Other Significant Agreements

The Company or members of its Group is a party to a number of loan and related agreements which may be terminated or altered on a change of control. Additionally, charter agreements to which Group companies are a party may contain similar provisions.

RISK FACTORS

The Group, in common with all businesses, could be affected by risks not completely within its control which could have a material effect on its short and longer term financial performance. These risks could cause actual results to differ materially from forecasts or historic results.

The following are the key risks that are relevant to the Group. Please also refer to the following sections of the Annual Report: the ‘Corporate Governance Statement’, ‘Our Markets’ and the ‘Chief Executive Officer’s Statement’.

The global economic downturn may affect the Group’s performance

2008 and the first quarter of 2009 have witnessed unprecedented volatility and challenge in the global financial and shipping markets. The global economic outlook remains uncertain and it is very hard to predict future levels of demand for vessel capacity.

The impact of the global economic downturn may affect the availability of debt and other facilities which have traditionally been important to the shipping industry

The appetite for and ability of many traditional lenders to the shipping industry to provide funding has reduced significantly in recent months. This has affected the shipping industry as well as many other sectors of the economy. We cannot predict with certainty whether we will be able to raise debt funding at economic rates, if at all, in the near to medium future to sustain fleet growth, the replacement of existing vessels in our fleet or the refinancing of existing facilities in each case should the Group wish to do so.

We have also seen the financial strength of many of the traditional lenders to the shipping industry severely affected by the global economic downturn. This could impact on the ability of lenders to honour existing funding obligations to shipowners.

International trade relies heavily on the provision of certain financial instruments by banks including letters of credit. If banks are increasingly reluctant to provide these instruments it is likely to have an adverse effect on the level of seaborne trade.

Charter hire rates for dry bulk carriers and container vessels may decrease in the future, which would be likely to adversely affect our earnings

The dry bulk and container shipping industry tends to be cyclical with attendant volatility in charter hire rates and vessel profitability. We may be exposed to future market changes in charter rates, which may affect our earnings. In addition, a decline in charter hire rates may cause the value of our vessels to decline.

The highly cyclical nature of the shipping industry may lead to volatility in our charter hire rates and vessel values, which may adversely affect our earnings

The factors affecting the supply and demand for vessels are unpredictable and outside of our control, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include:

- ❖ the demand for and production of dry bulk products and containerised cargoes;
- ❖ global and regional political and economic conditions;
- ❖ the distance cargo is to be moved by sea;
- ❖ the rate at which the shipping of certain dry bulk cargo is converted to transportation by container;
- ❖ with respect to container shipping, the growth in demand in the “dominant leg,” or the part of the shipping route with the higher demand for shipping capacity;
- ❖ transportation cost; and

- ❖ changes in seaborne and other transportation patterns.

The factors that influence the supply of vessel capacity include:

- ❖ the number of new building deliveries;
- ❖ the scrapping rate of older vessels;
- ❖ vessel casualties;
- ❖ the number of vessels that are out of service; and
- ❖ port productivity

We anticipate that the future demand for our dry bulk carriers and container vessels will be dependent upon continued economic growth in the world's economies, including China and India. Demand will also be affected by seasonal and regional changes in demand, changes in the capacity of the global dry bulk carrier and container vessel fleets and the sources and supply of dry bulk and containerised cargo to be transported by sea. The capacity of the global dry bulk carrier and container vessel fleets seems likely to increase and there can be no assurance that economic growth will continue. Adverse economic, political, social or other developments could have a material adverse effect on our business and operating results.

The growing supply of dry bulk carriers and container vessels may exceed the future growth of demand for vessel capacity, which may adversely affect our earnings and the values of our vessels

The growing supply of dry bulk carriers and container vessels may exceed future demand, particularly in the short-term. If the supply of vessel capacity increases but the demand for vessel capacity does not increase correspondingly, charter rates and vessel values could materially decline. In addition to the above, another factor that we expect to influence the future demand for container vessel capacity will be the continued conversion of traditional dry bulk cargoes into cargoes that are transported in containerised form. This trend is currently increasing the demand for container cargo volume, but there can be no assurances that this tendency will continue.

The market values of our vessels may decrease, impacting on our existing debt obligations

The market values of our vessels have generally experienced high volatility. The market values of our vessels may fluctuate depending on general economic and market conditions af-

fecting the shipping industry and prevailing charter hire rates, competition from other shipping companies and other modes of transportation, the types, sizes and ages of our vessels, applicable governmental regulations and the cost of newbuilding vessels. If the market values of our vessels decline, it may result in us breaching covenants of any existing debt, which could have a material adverse effect on our business and operating results

Rising oil prices could have an adverse impact on the world economy generally, negatively affecting the Group's profitability

Much of the specific risk of fluctuating oil prices is transferred away from the Group as vessels are usually on medium to long-term charters, with the certain operational costs, including fuel costs, being borne by the charterer. However, any oil price volatility may have an impact on the rates charterers are willing to pay. There is therefore the risk that the Group may not be able to obtain the same rates when negotiating new charter contracts, which could impact profitability

World events could affect our results of operations and financial condition

Terrorist attacks such as the attacks on the United States on 11 September 2001 and the continuing response of the United States and the United Kingdom to these attacks, as well as the threat of future terrorist attacks in the United States, the United Kingdom or elsewhere, continue to cause uncertainty in the world financial markets and may affect our business, operating results and financial condition. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Arabian Gulf region. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

The shipping industry has inherent operational risks that could negatively impact our results of operations

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad

weather, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. All these hazards can result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, delay or rerouting.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs to such damage are unpredictable and can be substantial. We may have to pay drydocking costs relating to such damage that our insurance does not cover in full. The loss of earnings while our vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings.

If one of our vessels were to be involved in an accident with the potential risk of environmental contamination, this could have a material adverse effect on our business, results of operations, cash flows and financial condition.

The operation of dry bulk carriers has certain unique operational risks

The operation of certain ship types, such as dry bulk carriers, has unique risks. With a dry bulk carrier, the cargo itself and its interaction with the ship can be a risk factor. By their nature, dry bulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold), and small bulldozers. This may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in dry bulk carriers may lead to the flooding of the vessels holds. If a dry bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessels bulkheads leading to the loss of a vessel. If we are unable to adequately maintain our vessels we may be unable to prevent these events. Any

of these circumstances or events could negatively impact our business, financial condition, results of operations and ability to pay dividends. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

The shipping industry has inherent operational risks that may not be adequately covered by our insurance

We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. Our current insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). Even though our fleet is insured, we may not be able to obtain a replacement vessel in good time in the event of a loss. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, by mutual protection and indemnity associations through which we receive indemnity insurance coverage for tort liability in amounts based not only on our own claims record but also the claims records of all other members of those protection and indemnity associations. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs or reduce our recovery in the event of a loss.

Our industry is subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels

operate or are registered, which can significantly affect the ownership and operation of our vessels.

Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, the management of ballast waters, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations

Our success depends to a significant extent upon the abilities and efforts of our management team, and in particular on the experience, abilities and efforts of our chief executive officer, Captain Paris Dragnis. We have entered into service agreements in relation to the services of our chief executive officer, Captain Paris Dragnis, and our chief financial officer, Christos Varsos. Our success will depend upon our ability to hire and retain key members of our management team and to hire new members as may be necessary. The loss of any of these individuals, in particular Captain Paris Dragnis, could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining replacement personnel

could have a similar effect. We do not intend to maintain "key man" life insurance on any of our officers.

Our earnings may be adversely affected if we do not successfully employ our vessels on medium to long-term time charters or take advantage of favourable opportunities involving shorter-term or spot market charter rates

Our strategy involves employing our vessels primarily on time charters with durations generally of between one and three years. Although time charters with durations of between one to three years provide relatively steady streams of revenue, our vessels committed to such charters may not be available for rechartering or, in the case of our dry bulk carriers, for spot market voyages when such employment would allow us to realise the benefits of comparably more favourable charter hire rates. In addition, in the future, we may not be able to enter into new time charters on favourable terms. If we are required to enter into a charter when charter hire rates are low, or unable to take advantage of short-term opportunities in the charter market, our earnings could be adversely affected. We cannot be certain that future charter hire rates will enable us to operate our vessels profitably.

We depend upon a few significant customers for a large part of our revenues and the loss of one or more of these customers could adversely affect our financial performance

We have historically derived a significant part of our revenues from a small number of charterers. If one or more of these charterers chooses not to charter our vessels or is unable to perform under one or more charters with us and we are not able to find a replacement charter, we could suffer a loss of revenues that could adversely affect our financial condition and results of operations

Our charterers may terminate or default on their charters, which could adversely affect our results of operations and cash flow

Each of our charters gives the charterer the right to terminate the charter on the occurrence of stated events or the existence of specified conditions, such as, amongst other

things, a total loss or constructive total loss of the related vessel or its requisition for hire, or the failure of the vessel to meet specified performance criteria. In addition, the ability of each of our charterers to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of a specific shipping market sector, the charter rates received for specific types of vessels and various operating expenses. The costs and delays associated with the default of a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows and financial condition.

We cannot predict whether our charterers will default on existing contracts and to what extent any default occurring would affect our results and cash flow.

Our ability to obtain additional debt financing may be dependent on the performance of our then existing charters and the creditworthiness of our charterers

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources required to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing at anticipated costs or at all may materially affect our results of operation and our ability to implement our business strategy.

In the highly competitive international shipping industry, we may not be able to compete for charters with new entrants or established companies with greater resources

We employ our vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from

other vessel owners, some of whom have substantially greater resources than we do. Competition for the transportation of cargo by sea is intense and depends on price, location, size, age, condition and the acceptability of the vessel and its operators to the charterers. Due in part to the highly fragmented market, competitors with greater resources could enter the shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than we are able to offer.

Our ship management capabilities and the provision of certain other operational services that are necessary to run our business currently rely on our relationship with Goldenport Shipmanagement Ltd (“GSL”)

We currently rely on GSL (which is owned and operated by the Dragnis family) for the commercial and technical management of our fleet. We have entered into various long term vessel management agreements with GSL covering our entire fleet and a master management agreement with GSL (the “GSL Management Agreement”) granting GSL a right of first refusal to manage any new vessels acquired by us within five years of our IPO (expires on 30 March 2011). However, if GSL ceases to provide these management services for any reason or if the management services do not continue to reach the standards we expect this may prevent or hinder us from carrying on our business in the manner we have done so to date until we find another appropriate ship manager to contract with.

We may be exposed to foreign jurisdiction taxation

Our operations and activities and those of our subsidiaries in jurisdictions outside the jurisdictions in which they are incorporated could expose us to income taxes outside their jurisdictions of incorporation which may substantially

adversely affect our business, financial condition and prospects. This will depend, in part, on the nature of our income and operations in these jurisdictions (carried on by employees or service providers on our behalf). There can be no guarantee that the activities of employees, officers, service providers and/or agents (including our operating subsidiaries) will not expose us to income taxes in foreign jurisdictions on part or all of its income which could have a substantial adverse effect on our business, financial condition, prospects and ability to pay dividends.

The effect of the global economic downturn on shipyards may adversely affect shipowners

Shipyards have seen a significant increase in requests by shipowners to cancel or renegotiate the terms of newbuilding contracts. This coupled with the increasing likelihood of defaults by shipowners may result in shipyards defaulting on existing newbuilding contracts. Whilst shipowners typically insist on the provision of refund guarantees from banks to cover the costs of any instalments already paid, refund guarantees will not typically cover all loss which a shipowner may suffer as a result of the default. In addition in the current global economic downturn there may be concerns about the ability of certain banks to honour refund guarantees.

In addition in the event that a shipyard delays delivery of vessels which are on order the shipowner may lose any time-charters which have been entered into pre-delivery. If this were to affect the Group then we would look to claim damages from the shipyard in question. However, we can be certain whether we would be successful in claiming damages or whether the value that we would ultimately recover would adequately compensate us.

The pressure on shipyards in the current climate may make it harder to renegotiate the terms of newbuilding contracts (for example deferring payment instalments or delivery dates) in the future should the Group want to do so.



