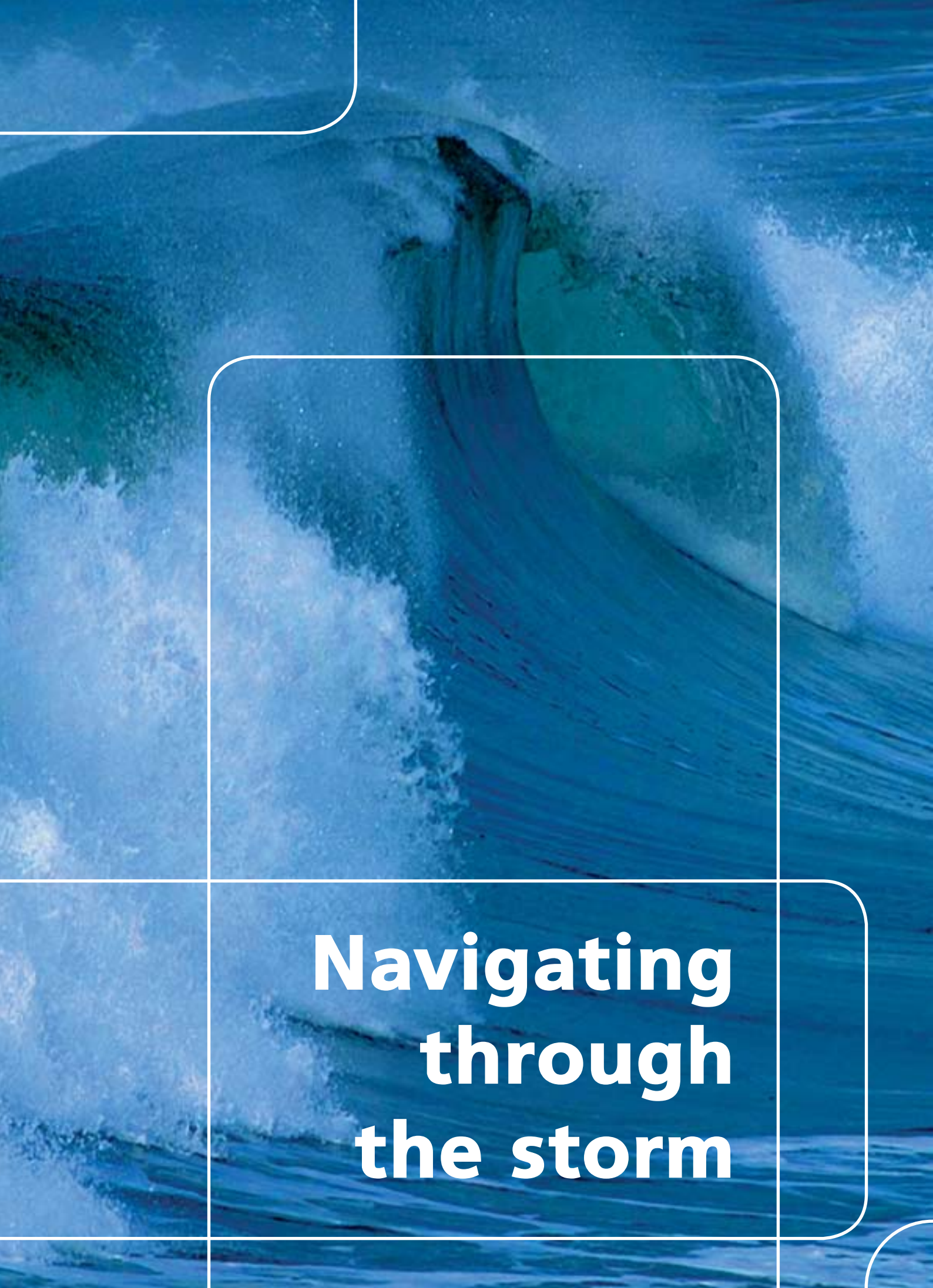


Annual Report 2009



Goldenport Holdings Inc.



Navigating through the storm

Contents

Table of

01. Our Vision	4
02. Chairman's Statement	5
03. Chief Executive Officer Statement	6
04. Our Company	8
◊ <i>Our Philosophy</i>	10
◊ <i>Our Strengths</i>	10
05. Our Board	12
06. Our Management team	13
07. Risk Factors	14
08. Business Review	22
◊ <i>Our Markets</i>	22
◊ <i>Our Operational Fleet</i>	33
◊ <i>Our Fleet under Construction</i>	34
◊ <i>Our Fleet Expansion Since IPO</i>	36
◊ <i>Our Charterers</i>	37
◊ <i>Fleet Employment Profile</i>	38
09. Quality & Safety	40
◊ <i>Our Fleet Manager</i>	40
◊ <i>Quality & Safety</i>	42
◊ <i>Our Fleet Manager Key Personnel</i>	46
10. Report of Directors	48
◊ <i>Principal Group Activities</i>	48
◊ <i>Summary of Selected Financial and Operating Data</i>	48
◊ <i>Financial Review</i>	50
◊ <i>Fleet Developments</i>	52
◊ <i>Debt Refinancing</i>	55
◊ <i>Compliance with Debt Covenants</i>	55
◊ <i>Impairment Test</i>	55
◊ <i>Final Dividend</i>	55
◊ <i>Directors and Interests in Shares</i>	55
◊ <i>Related Party Transactions</i>	56
11. Corporate Governance Statement	58
12. Directors' Remuneration Report	66
13. Statement of Directors' Responsibilities	71
14. Independent Auditors' Report	72
15. Financial Statements	73
16. Financial Calendar & Analyst Coverage	121
17. Additional Information for Shareholders	122
18. Registered Office & Advisers	125



2009 Highlights

(US\$000)

Income statement

Revenue:	94,011
EBITDA:	46,481
Net Profit (excluding vessel disposals):	3,894
Gain from vessels disposals:	13,540
Loss from cancellation of new building contracts:	(18,796)

Balance sheet

Vessels:	271,242
Advances for vessels under construction:	97,010
Cash:	24,618
Long-term debt (incl. current portion):	172,249

Facilities available for fleet expansion

Committed:	20,000
Drawn-down (restricted cash):	15,100

Vessels

New-building vessels delivered:	2
Fully depreciated vessels sold:	5
Other vessels sold:	1
Reconstructed vessel delivered:	1

All the US\$ amounts in this Annual Report are presented and rounded to the nearest thousand (US\$ '000) except per share, per day data and unless otherwise stated

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 ended the year in a robust state, having reacted quickly and decisively to the shipping crisis. As expected, the trauma in the global shipping industry has severely affected profits. Notwithstanding this, we were able to keep all of our larger vessels working and to ensure that our cash position remained strong.

Despite the fall in profitability, we believe that our business model is robust: it has allowed us to survive while others are struggling. More importantly, it has allowed us to continue our fleet renewal program and to prepare for industry recovery.

Our business model will continue to be the operation of both dry bulk and container vessels that are placed on medium-term and long-term contracts with charterers.

We have high quality charterers as counter-parties and we continue to ensure that we provide reliable services that fulfil their needs. As a consequence, we have developed strong relationships with them and this has made our business more resilient.

We are dealing with the crisis in three phases.

First was a period of "reaction" in which we took decisive steps to conserve cash: we scrapped older vessels, deferred construction contracts and re-structured loans. During this period, we used our strong relationships with charterers to ensure that our vessels stayed in work. In some instances, we made concessions on the charter rates in return for certainty of employment.

We have now moved to a "preparation" phase, in which we are preparing to take advantage of the future industry recovery. The key is the completion of our fleet renewal, with deliveries continuing during 2010 and 2011. The introduction of these new income generating assets will have their first material effect in 2011. In addition, we continue to

look for vessels that can be purchased for a sensible price and which can be matched with profitable charter contracts.

The final phase is "industry recovery". Our aim is to prepare ourselves to take advantage of this. No

one knows when this will be, but we have slowed our new-build program and arranged our charter renewal timetable in the expectation that demand and rates in 2011 may be better than in previous years.

In respect of the financial year 2009, our Board recommends a final dividend of 3.0 pence per share, resulting in a total dividend of 3.7 pence per share including the interim dividend for 2009. This final payment will be offered in cash with a share alternative. The Board and Management Team have undertaken to elect for the scrip alternative for their entire holdings.

Goldenport's strength stems from the efforts and skill of our staff. The wise counsel of Captain Paris Dragnis, our Founder and Chief Executive, was invaluable as the management team reacted to the crisis. On behalf of the Board, I thank him and his team for their dedication and efforts.

Goldenport is resilient and I am confident that it is well positioned to take advantage of the industry recovery as it develops.



Chris Walton
Chairman



Despite the highly volatile environment that has prevailed in the global financial and shipping markets since the last quarter of 2008, Goldenport continues to reward its shareholders with a regular dividend, a significant accomplishment in the cur-

rent market conditions. As a result of the proactive strategy we have implemented, Goldenport is currently in a strong position to weather the current storm and come out of this turmoil stronger and larger.

Since the end of 2008, we swiftly adapted our strategy to the rapidly declining market conditions. Our objective was and remains to safeguard the shareholder value and at the same time to position our Company to take advantage of accretive fleet expansion opportunities that usually arise in periods of weak markets.

In this context, we took several proactive measures to optimize our fleet utilization and cash flow and to enhance our operational flexibility while we continued with our fleet renewal and expansion program.

Regarding our fleet deployment, we enhanced the forward coverage of our container fleet beyond 2010 by shifting contracts fixed during 2008 on three older and fully depreciated vessels to younger vessels that were opening for re-chartering. This enabled us to maintain profitable employment for our younger tonnage and dispose the three older fully depreciated vessels for scrap during 2009 realizing book gains and enhancing our cash position.

In December 2009 we also shifted the employment contract from the fully depreciated vessel 'MSC Mekong' to the 1994-built laid up vessel 'MSC Anafi'

extending at the same time the duration of the contract from one to two years at higher rate compared to the currently prevailing market conditions. The 'MSC Mekong' was subsequently sold for demolition in February 2010, giving rise to a profit on disposal.

For our bulk carrier fleet, we took advantage of the rebound in the dry-bulk rates to fix our bulk carrier vessels that opened for re-chartering at higher rates and to fix for two years our new build bulk carrier 'Alpine Trader', which was delivered to us in October 2009. We also utilised the strengthening in the bulk carrier market to profitably sell the bulk carrier vessel 'Gianni D'.

In total, during 2009 we profitably sold four container vessels and two bulk carriers realising total net proceeds of US\$ 34,757 which further strengthened our balance sheet.

In addition, we optimized our capital expenditures and cash flow utilization by reaching an agreement with the Qingshan Shipyard of China to cancel the two new building contracts originally placed with the yard in 2008 for the construction of two Supramax bulk carriers with a capacity of 57,000 DWT each one. At the same time we acquired a contract for the construction of a 59,000 DWT new building Supramax vessel at SPP Shipyard of Korea with estimated delivery in the last quarter of 2010. Even after taking into account the cancellation costs, this reshuffling enabled us to generate savings on a project basis and optimize our debt exposure, further enhancing our asset base and financial strength.

Since August 2009 we have arranged two different debt facilities by refinancing debt free vessels that we shall use in order to acquire further operating bulk carriers. The first facility relates to a committed credit line for a total amount of US\$20,000 that can be used for the acquisition of bulk carriers. The second facility relates to a US\$15,100 loan that was

drawn on 16 December 2009 and remains restricted in use from the financing bank until the target vessel is identified.

Our Company is in a strong financial condition given that as of 31 December 2009 our net debt was only US\$ 132,531 and our net debt to book capitalisation was 36%, a moderate figure for our industry. Our cash balance on 31 December 2009 was US\$24,618.

Following the delivery of the two new building bulk carriers 'Marie-Paule' and 'Alpine Trader', the acquisition of the 1995-built container vessel 'MSC Socotra' and the sale of the vessels that took place during 2009, our fleet has a much younger age profile and significant increase in the capacity compared to the fleet as at the time of the IPO, which supports a long term quality earnings stream.

As of today, our fleet consists of 23 vessels, of which 11 are containers and 12 are dry-bulk carriers. Out of the total, 7 vessels (2 container and 5 bulk-carriers) are new-building orders with expected deliveries between 2010 and 2011. For our combined operational fleet of containers and dry bulk carriers we have secured strong forward coverage with 79% of the fleet available days for 2010 and 59% for 2011 fixed under time charter employment, assuming earliest charter expiration and excluding the new building vessels (even if several are already chartered). This translates into strong and visible cash flows.

In the current environment we have to remain particularly vigilant and alert. However, we also need to reward our shareholders who have been supportive throughout the years even while we were facing significant challenges. In this respect the Board has proposed a final dividend for the financial year 2009 of 3.0 pence per share, which is significantly higher compared to the prior guidance. Following this proposal the total dividend for 2009 will be 3.7 pence per share including the interim

dividend for 2009. This cash dividend will be accompanied by a scrip dividend alternative. This is a testimony of Goldenport's financial strength and commitment to its shareholders. Furthermore, each of the Directors and members of the Management team will elect for the scrip dividend alternative in respect of our entire holdings which is indicative of our belief in the long term prospects of the business and our Company.

Our strong forward time charter coverage, our new-building program which progresses on track, our committed debt for fleet acquisitions, our strong balance sheet together with improved market prospects in both markets in which we operate, enable us to feel confident about the future growth prospects of our Company and puts us in a strategic position to take advantage of accretive fleet expansion opportunities as these may occur."

Captain Paris Dragnis
Chief Executive Officer



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 emphasises both flexibility and reliability in its service while being committed to environmentally sound corporate policies.

After being in business for more than 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 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 Dagnis in a fleet of seventeen container vessels and dry-bulk carriers.



*From left: Konstantinos Kabanaros,
John Dagnis and Christos Varsos
at the London Stock Exchange
on 5th April 2006*

Our Company

Goldenport's genesis is in the group of shipping companies founded by Captain Paris Dragnis. These were reorganised to form Goldenport Holdings Inc.

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;

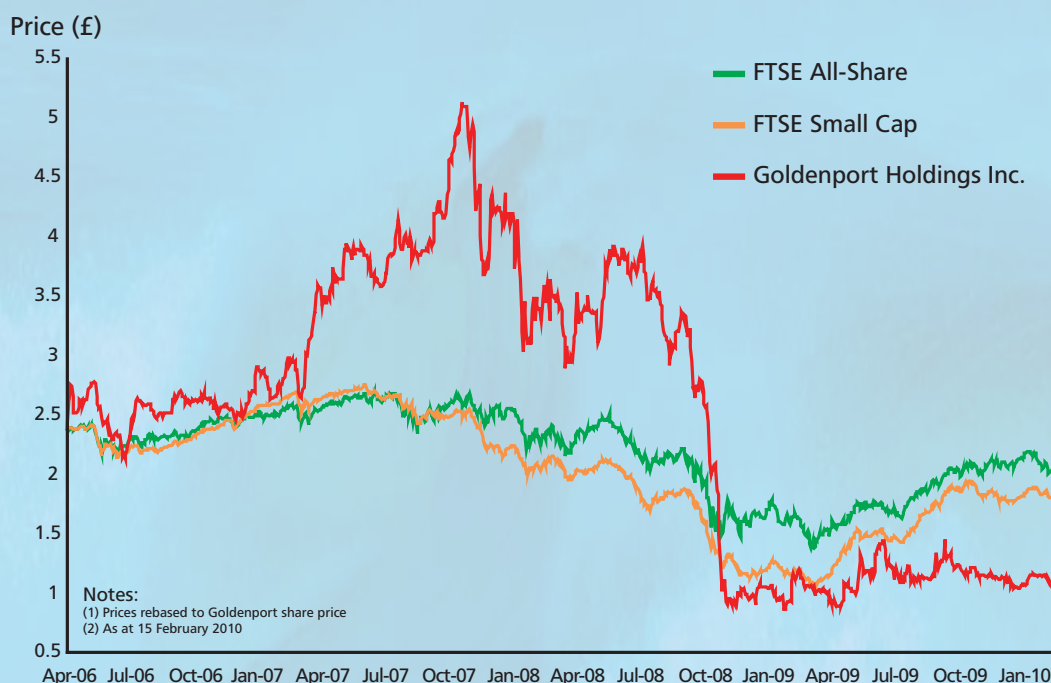
- attraction and retention of blue-chip customers;
- execution of a specific and effective vessel acquisition strategy;
- maintenance of efficient operations and a high fleet utilisation;
- capitalisation on our established reputation; and
- maintenance of a strong balance sheet with low leverage, although 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 an experienced management team with a proven track record;

GPRT share price performance since IPO



Source: FactSet Research Systems



- ⊙ 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.

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 11 April 2006 the Over Allotment option was exercised resulting in the Company raising an aggregate £ 66 million (or US \$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.

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

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 ex-

change for shares of common stock in Goldenport, thereby fulfilling his obligation for the Company's share capital, in accordance with the share for share 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 of the Company's shares 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.



Mr. Chris Walton,
Age - 52, 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 a non-executive director of 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 - 65, 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 - 38, 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 and is a Fellow member of the Association of Chartered Certified Accountants.

Mr. Konstantinos Kabanaros,
Age - 56, 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 27 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 - 54, 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.

Captain Epameinondas Logothetis,
Age - 76, 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,
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 - 32, Commercial Director



John was appointed as the Commercial Director of the Company on admission. Prior to that John was the Commercial Manager of Goldenport Shipmanagement Ltd. for three years and was employed by them for a total of five years. In the last five years

prior to the IPO 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,
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

17 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. Yannis Kioleoglou,
Age - 39, Commercial Manager



Yannis has joined the Company in 1997. As commercial Manager, Yannis is responsible for chartering and post-fixture activities of the fleet. Vital for the Chartering part of his role is the maintenance of 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.

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.

In late 2008 and during 2009 we 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 debt funding has reduced significantly in 2009. 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 demand for our dry bulk carriers and container vessels in the future, 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, 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 de-

mand 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 affecting 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 exclu-

sions 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, Chris-



tos 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 be-

tween one and three years. Although time charters with durations of between one and 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.

Whilst a charterer may not default, we may have to negotiate the terms of the original agreement.

We cannot predict whether our charterers will default on existing contracts or will renegotiate the terms of the existing agreements 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 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 activi-

ties 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.



Our Markets

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

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 8.9% since 2000. In 2009 there was an estimated 190 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 the feeder services. As a result the container market is less volatile than the dry.

i) The Supply

As of January 2010 the containership fleet is comprised of around 5,337 ships of about 13.4 million TEU capacity. It must be stressed that these figures refer not only to the fully cellular container-ships but also any other vessel that are predominantly deployed as containerships. Year-on-year (2008-2009) the growth in capacity was equivalent to 5% in vessel terms and 5.8% on the basis of slot capacity deployed. The average age of the current worldwide container fleet as at 31 December 2009 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.

Very few new orders were placed in 2009 due to market's situation. By comparison in 2008, 144 containerships (of combined capacity of about 850,000 TEU) were ordered. Furthermore, quite a few orders have been cancelled or postponed throughout the year; true cancellation amounted to 25 vessels (50,000 TEU) but there have been conversions of another 23 vessels (75,000 TEU) as well. As of early February 2010 the orderbook stands at 4.15 million TEU (around 31% of the existing fleet) for delivery within the next 3-4 years. (a significant decline compared to last year when the equivalent figure was around 45%).

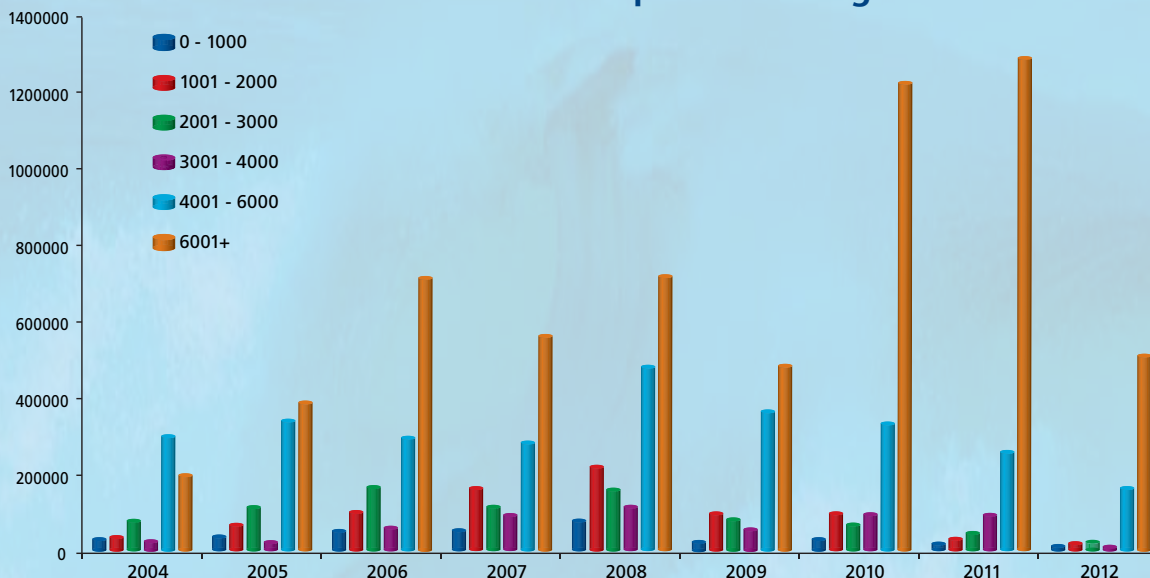
ii) The Demand

Containership demand is related to the world economy itself and its organic growth. An important factor 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

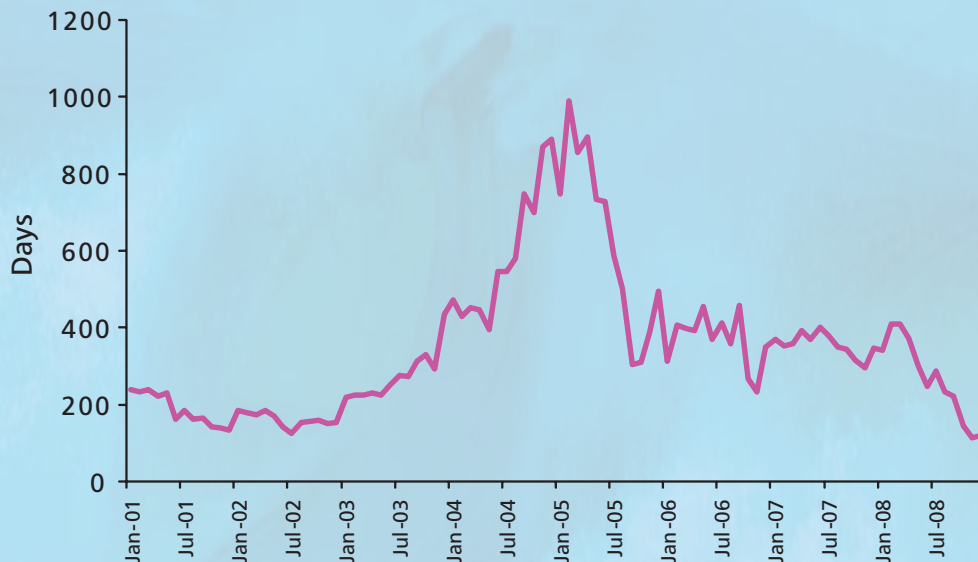
the growth in demand in the direction with the largest volume (so called 'dominant leg' of each route). Sanctions, tariffs and / or other protection measures imposed by governments may change the trading pattern of the industry and impact demand as well. At the same time, growth of transshipment is another 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.

However, over the last few years the most important factor affecting demand for containerships has been the process of outsourcing 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 manufacturing" 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 the US to Asia - pig iron ex South America - grain ex Australia).

Containership Newbuildings



Average period



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. During the last 10 years the average period of charter for a containership (regardless of size) has been around 9.5 months. Such extended period cover provides protection from short term imbalances and provides secured income for the

Howe Robinson Containership Index 1993 to present



relevant parties. This is customarily reduced in weak markets and increased in healthy markets. Nowadays the average period cover is 5 months (150 days). Over the course of 2009, the average fixing period slightly increased from 120 days up to 150 days with such hike being mainly driven by interest for fixing 1,000 to 2,000 TEU vessels.

Since spring of 2002, charter rates after recovering from the lowest levels experienced in the second half of 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. Such decline continued throughout 2009.

As a reflection of the actual underlying market in 2008, 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 487 and declined throughout the year reaching 361 by the end of April. The Index thereafter declined further breaking the 350 points level by middle September and bottomed in October (330 points). The average of the index for 2009 was 365.

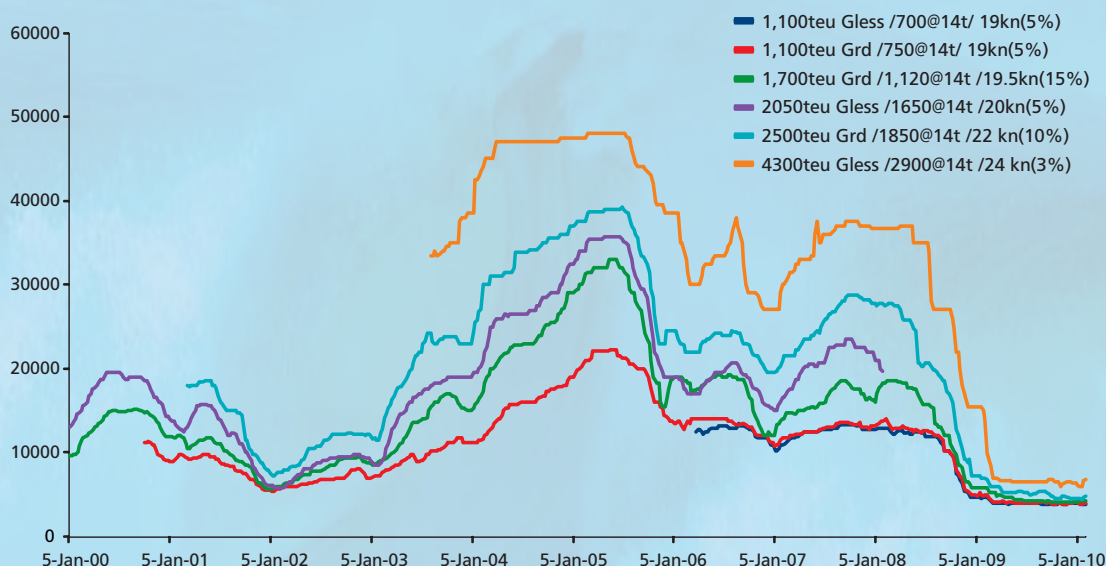
For comparison purposes please note HRCI's average index for years 2000 onwards:

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

By early February 2010 the indicative rates (for 1 year charter - modern vessels) were as follows:

- 1,100 TEU geared:	\$ 4,050/day (-15% y-o-y)
- 1,700 TEU geared:	\$ 4,300/day (-25% y-o-y)
- 3,500 TEU (L):	\$ 5,250/day (-38% y-o-y)
- 4,300 TEU (L):	\$ 6,900/day (-47% y-o-y)

Containership Charter Rate from 2000 to present





iv) Market Outlook

At the beginning of 2009, 400 vessels worldwide of 1.1 million TEU capacity were laid up. Throughout the year this figure increased to 1.6 million TEU, and at the same time, charter rates dropped to the lowest levels ever recorded. As a consequence, the majority of the liner companies reported record losses and second hand values declined significantly.

The whole industry was facing its biggest challenge to date and in order to survive implemented a number of measures including:

- ⦿ cost reduction initiatives;
- ⦿ rescheduling and consolidating of services;
- ⦿ applying slow steaming tactics;
- ⦿ increasing freight rates, where possible;
- ⦿ maximizing utilization;
- ⦿ forming of alliances between liner companies and pools between independent owners;
- ⦿ cancelling of new building orders or deferring delivery of new vessels where possible; and
- ⦿ scrapping of older vessels (more than 370,000 TEU capacity, representing approximately 2.7% of the world fleet was sent for demolition during 2009).

In addition, a number of the major liner companies also looked to recapitalise their balance sheets, either through the Capital Markets or by way of governmental support.

Notwithstanding the challenging trading conditions, except for a few reported corporate failures (mainly local operators and a few small KG companies in Germany), all key participants in this industry have managed to survive.

The market's outlook depends on the supply/demand balance. During 2009, for the first time ever, negative growth in real demand for containership capacity was experienced with global container movements falling by about 8%. Adjusting for ton/miles and aver-

age cargo weights, the cumulative estimated surplus at the beginning of 2010 was about 3 million TEU (approximately 20% of the world's capacity). However, after almost 18 months of negative sentiment, there are some signs of recovery, with the medium to long term view currently more optimistic.

As a general rule the demand growth for containerized cargo is about three times greater than the world's GDP growth. Based on the latest estimations for 2010, this would suggest that container demand should be expected to increase by around 9% during the year.

On the supply side, there are also some indications that the supply/demand balance may return earlier than predicted. However, this remains dependent on a number of factors, including: the actual number of vessels being delivered needs to remain substantially below what is scheduled; the liner companies need to continue to decrease fleet productivity (slow steaming); and an equivalent, if not higher number of container ships is sent for demolition during 2010, as were during 2009.

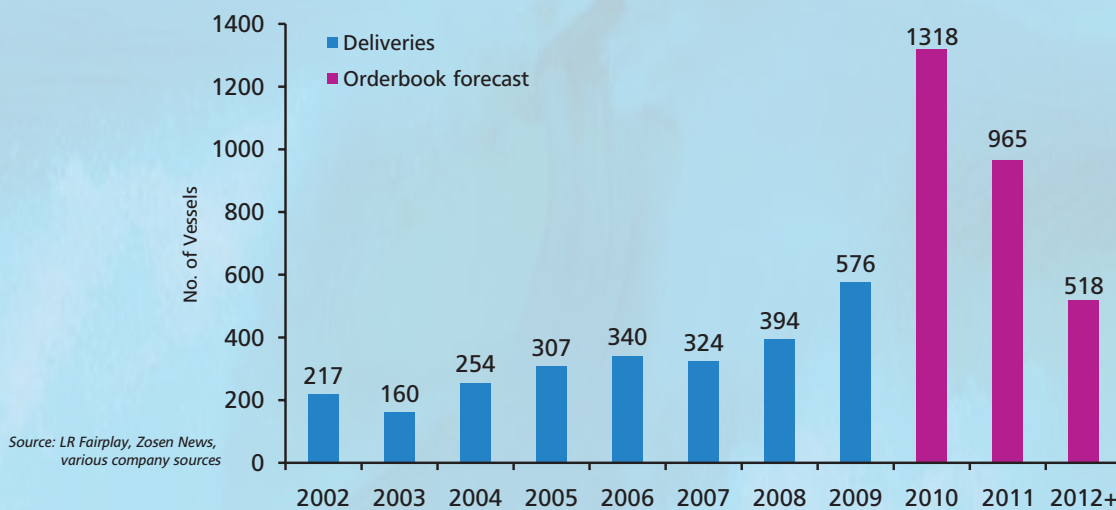
Despite the improving market conditions, it is likely that 2010 will remain a year of recovery and caution for both the liner companies and independent owners. It will take some time before charter rates return to historic 'average' levels and much more time for liner companies to return to profitability.

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 2009 approximately 2.95 billion tons



Dry Bulk Newbuildings



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.

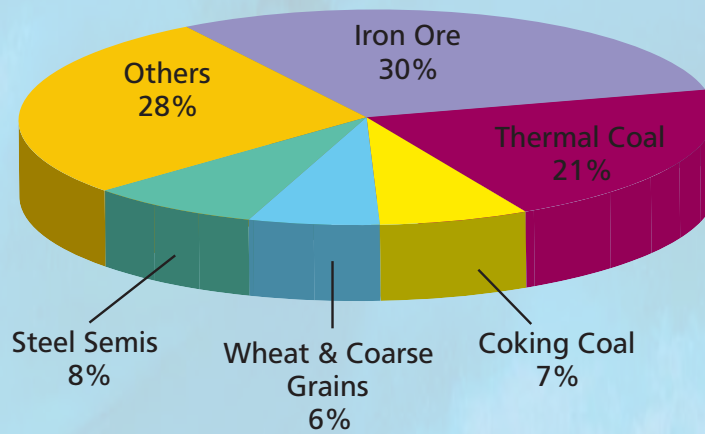
i) The Supply

As of December 2009, the worldwide dry bulk carrier fleet of vessels (exceeding 15,000 each) was comprised of 7,000 vessels representing approximately 460 million DWT. The average age of the current worldwide dry bulk carrier fleet at 31 December 2009 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

Dry Bulk Trade 2009 Major Cargoes



Source: MSI



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

As at January 2010 the world fleet comprised of approximately 950 capes, 1,700 panamaxs (including 227 Post Panamaxs, between 60,000-105,000 DWT with beams greater than 32.2m) 1,850 supra/handymaxs and 2,500 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 (between 2003 and 2008) have witnessed:

- ⦿ An extraordinary low level of demolition sales
- ⦿ An unprecedented volume of new orders, and in all sizes

In 2009 this was reversed. A remarkable number of 272 bulkers have been sent for demolition (12 million DWT equaling to 2.8% of world fleet) whereas at the same time the volume of new orders has dropped substantially (about 180 vessels).

The dry bulk fleet recorded its largest ever expansion during 2009, more even compared to the previous record in 2008.

In total 576 new ships were delivered aggregating about 49.6 million DWT. The net result for the world bulk fleet within 2009 was an unprecedented increase amounting to about 8.9% (in DWT terms).

Newbuilding tonnage on order as at 31 December 2009 was approximately 2,800 vessels of about 257 million DWT which constitutes approximately 56% of the world's existing fleet by DWT. More specifically there are 620 Capes, 324 Post-panamaxs, 400 panamaxs, 818 Supra/Handymaxs, 638 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 dis-

tance over which cargo is transported and determined by the underlying demand for commodities transported (mainly raw materials). Overall in 2009 about 2.95 Billion tons of dry bulk cargoes have been shipped around the world an approximate decrease of 1% versus 2008. It is worth noting that over the last couple of years the global steel industry has accounted 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 883 million tons within 2009 (some +9% year-on-year basis). It goes without saying that the driving force behind this tremendous growth in subject trade remained China. Iron ore imports in China rocketed to 628 million MT (compared to 444 million MT in 2008) a tremendous +41% growth!

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 2009 total coal seaborne trade (Steam + Coking) reached the level of approximately

820 million tons (at par with 2008 level) (Steam: 604 million tons - Coking 216 million tons).

Steel trades (finished products)

Over the last few years China, despite its 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. Notwithstanding the above, provisional estimates for Chinese steel exports in 2009 suggest they have declined by approximately 66% reaching the level of about 17 million tons, whereas at the same time steel imports have increased by some 7 million tons to about 21 million tons.

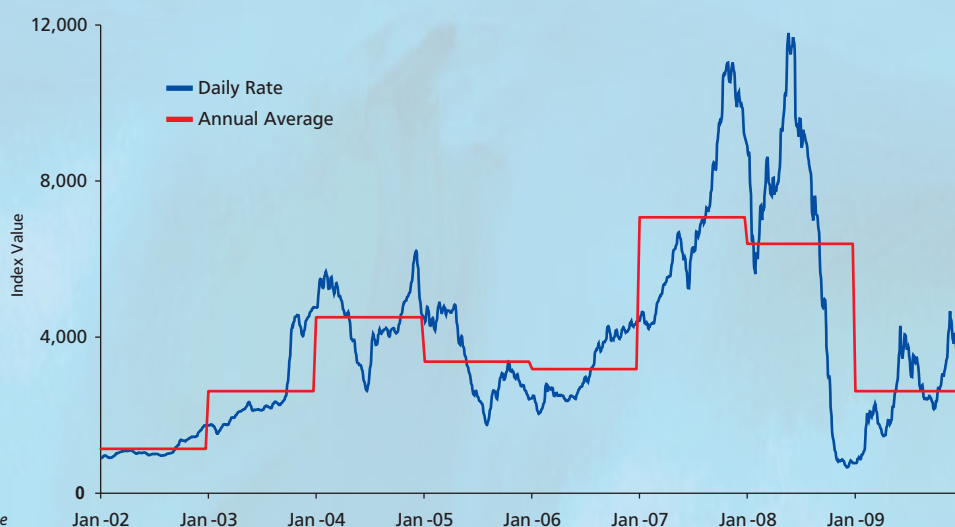
Grain

Grains' trade including wheat, coarse grains and oil seeds, has contributed as well to the overall volume drop in 2009. The overall decrease was about 14 million tons (-7%).

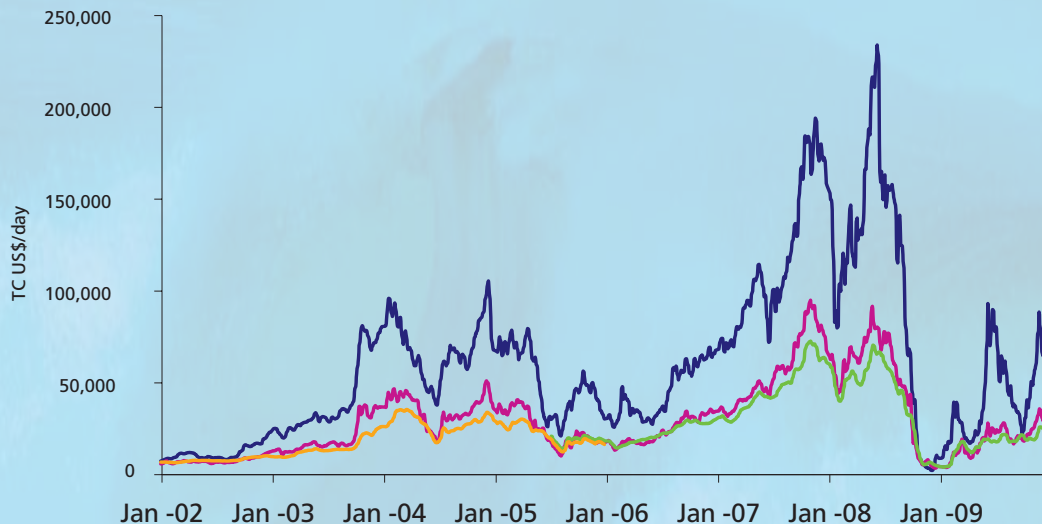
iii) The Dry Bulk Charter Market

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 Ex-

Baltic Exchange Dry Index



Baltic Exchange Timecharter Earnings



Source: Baltic Exchange

— Capesize

— Panamax

— Supramax - 52k dwt

— TC Avg BHMI



change Limited, an international, self-regulated ship-broking 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. The BDI replaced the Baltic Freight Index, or BFI, which was introduced in 1985. From 1985 to 2002, the BDI/BFI has fluctuated between a low 554 (May 1986) to a high of 2,353 (January 1995).

From mid-2003, the dry bulk carrier markets 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 until April 2007 it has mainly fluctuated over and above the previous high of 2,353 (January 1995). On April 2007 BDI broke previous record (6,231 units) for the first time ever and continued soaring reaching the unprecedented level of 11,039 on 13 November! 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 reaching the 663 points on December (a 95% drop in less than seven months). In 2009 the market environment has been reversed. From January until mid March market soared by more than +200% (2,300 points). For the next month (mid March - mid April) index corrected (-33% 1,460 points) just before starting a new rally. By beginning of June index broke for the first time since 2008 the 4,000 levels and remained at rather healthy levels of above 3,000 points until mid of August. Index volatility continued with market levelling out for the next month (mid August - September) reaching 2,163 points by the end of September. From that date the market soared again reaching its highest level for the year on 19 November (4,661 points) and remained above 3,000 points for the rest of the year.

The average BDI for 2009 was 2,612 points.

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

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

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 approximately \$42,600 for the panamaxes about \$19,300 for the supramaxes about \$17,300 and for the handies about \$11,350.

iv) The Dry Bulk Market Outlook

The dry bulk market actually outperformed expectations and predictions during 2009. The collapse of the world financial system in the last quarter of 2008 which resulted in a decline in demand for bulk carriers, coupled with the significant new-building order-book did not leave much opportunity for market optimism. However, in real terms as from early February 2009, trade volumes have shown signs of recovery which has boosted both the spot and period dry bulk markets. The dry bulk market found its new equilibrium in this changing environment which started being established during last summer around 2,500 to 3,000 units of Baltic Dry Index ('BDI'). Whilst not reaching the highs experienced during 2007 and 2008, all types of vessels, irrespective of age are currently operating at EBITDA accretive levels.

As with containers the balance between supply and demand is critical. Despite the negative global GDP negative growth, demand for dry bulk cargoes during 2009 actually remained almost at the same level as for

2008, due primarily to demand from China and India. Chinese iron ore imports increased by 41% which went some way towards compensating for reductions experienced in other countries, principally in Europe and USA. On the supply side, after allowing for the cargo capacity being sent for demolition, the dry bulk fleet grew by only 7% as compared to expectations of double digit growth.

For 2010 the demand for dry cargo transportation is expected to grow by approximately 8% boosted by the steel industry where the world steel consumption is expected to grow by over 10%. However, at the same time lack of new investments in port infrastructure may increase port congestion thereby decreasing productivity of the world fleet. Vessels scheduled for delivery during 2010 does still remain high, however it will be important to see what the actual deliveries will be as well as the number of vessels to be scrapped when considering the net growth of the world fleet and overall supply.

Charter rate volatility was certainly a key feature during 2009 and this is expected to continue into 2010. Rates will continue to be difficult to predict however even if average freight rates for 2010 are found to be slightly lower than for 2009 this should not cause undue concern.

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 rather positive.

As on February 11th the Forward market average rates for the balance of the year (February - December 2010) as opposed to the average spot market rates per day, per sector stand as follows:

	Spot Market (per day) (as on 11February 2010)	FFA (February/December2010) (as on 11 February 2010)
Capesize	US\$29,250	US\$30,500
Panamax	US\$24,500	US\$21,750
Supramax	US\$21,700	US\$18,250

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	MSC Socotra ⁽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 Accra	Sub Panamax	1985	2007	1,889	G
8	Gitte	Handy	1992	2007	976	A, G
9	Brilliant ⁽⁶⁾	Handy	1992	2007	976	A, G
	Dry Bulk				DWT	
10	Vasos	Capesize	1990	2006	152,065	
11	Marie-Paule ⁽⁷⁾	Supramax	2009	2007	53,800	B, G
12	Alpine Trader ⁽⁷⁾	Supramax	2009	2007	53,800	B, G
13	Alex D	Supramax	1989	1999	52,315	C, IC, G
14	Limnos	Supramax	1992	2004	52,266	C, IC, G
15	Lindos	Supramax	1990	2003	52,266	C, IC, G
16	Tilos	Supramax	1991	2004	52,266	C, IC, 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) ⁽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 previous name of the vessel was 'NYK Procyon' ⁽⁶⁾ The previous name of the vessel was 'Tiger Star' ⁽⁷⁾ 50% ownership through a Joint Venture with Glencore International AG						

"Diversified & Self-sustained Fleet"

Our Fleet under Construction

	Vessel or yard name	Type	Scheduled Delivery	Year Acquired	Capacity	Vessel Characteristics (1) (2) (3)
	Containers				TEU	
17	Jiangsu Yangzijiang	Sub Panamax	2011	2007	2,500	E, G
18	Jiangsu Yangzijiang	Sub Panamax	2011	2007	2,500	E, G
	Dry Bulk				DWT	
19	SPP Shipbuilding	Supramax	2010	2009	59,000	G
20	COSCO Zhoushan	Supramax	2010	2007	57,000	D, G
21	COSCO Zhoushan	Supramax	2010	2007	57,000	D, G
22	COSCO Zhoushan	Supramax	2011	2007	57,000	D, G
23	COSCO Zhoushan	Supramax	2011	2007	57,000	D, 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) ⁽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 previous name of the vessel was 'NYK Procyon' ⁽⁶⁾ The previous name of the vessel was 'Tiger Star' ⁽⁷⁾ 50% ownership through a Joint Venture with Glencore International AG						

New-building contracts cancelled

Vessel or yard name	Type	Scheduled Delivery	Year Acquired	Capacity
Dry Bulk				DWT
QINGSHAN	Supramax	2010	2008	57,000
QINGSHAN	Supramax	2010	2008	57,000

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	3,708	357
5	Gianni D	Panamax	69,100	1998	2002	2009	19,798	11,244
	Containers		TEU					
6	Tuas Express	Feeder	485	1978	1998	2008	900	344
7	Achim	Handy	930	1978	2001	2008	1,290	268
8	Glory D	Handy	946	1978	1997	2008	4,004	2,652
9	MSC Socotra	Sub Panamax	2,258	1980	2002	2009	3,381	252
10	Howrah Bridge	Sub Panamax	2,257	1985	2003	2009	3,673	440
11	MSC Himalaya	Sub Panamax	2,108	1978	1999	2009	2,959	825
12	MSC Emirates	Handy	934	1979	2001	2009	1,238	422
13	MSC Mekong	Handy	962	1978	2001	2010	1,928	870 ^(*)

^(*) Estimated profit. The disposal took place in February 2010



Our Fleet expansion since IPO

Since our Initial Public Offering in April 2006, Goldenport expanded the fleet from 17 vessels to 24 vessels after selling in total 12 vessels between 2007 and December 2009.

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

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

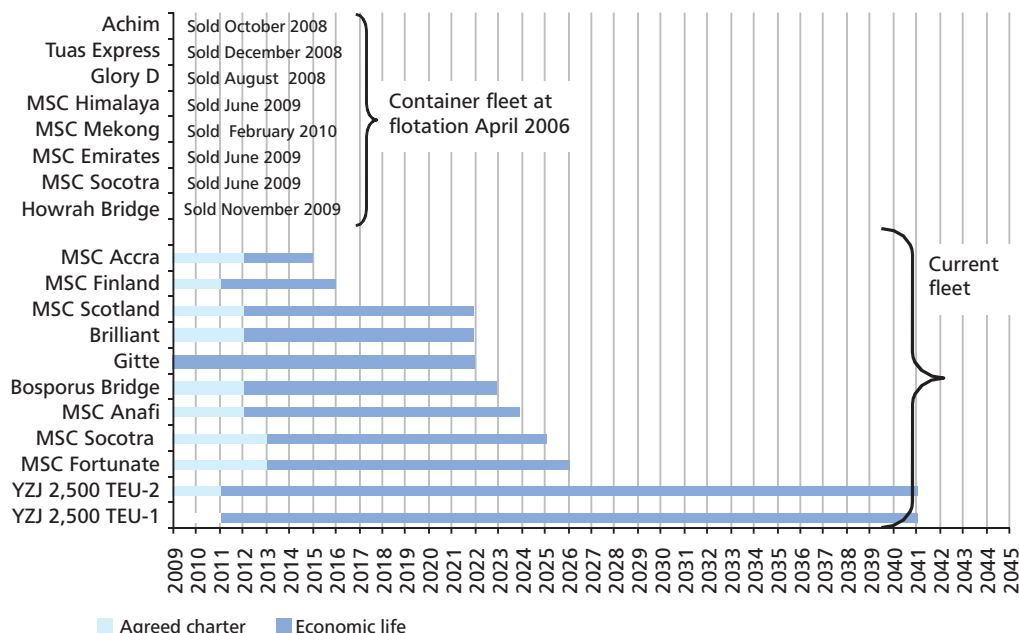
In 2009 the Company had delivered two new building bulk carriers and one container vessel that was under reconstruction. All the vessels commenced operation under time charters previously arranged.

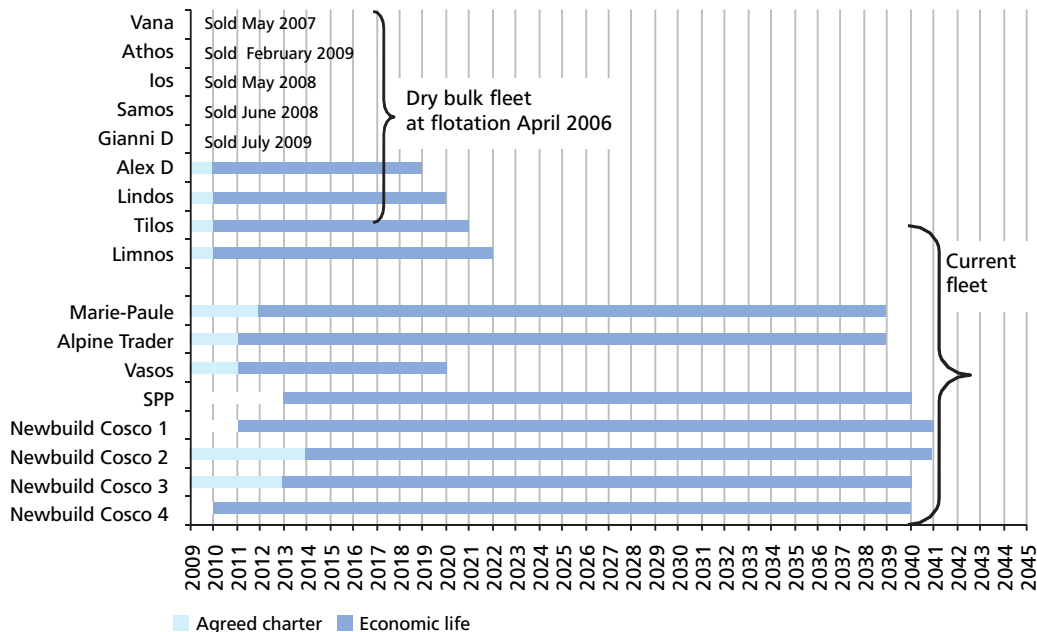
Also the Company has acquired a second-hand container vessel, which commenced operation in March 2009.

In October 2009 the Company has agreed to cancel two new-building contracts originally arranged in 2008 for the construction of two Supramax vessels with capacity of 57,000 DWT with estimated delivery in 2010 from Qingshan Shipyard in China. Following the cancellation the Company entered into a contract with SPP Shipbuilding of Korea for the construction of one Supramax bulk carrier vessel with capacity of 59,000 DWT with delivery in late 2010.

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

- **Container vessels:** + 199% in terms of TEU reaching 32,486 TEU of total capacity
- **Bulk carriers:** + 25% in terms of DWT reaching 755,778 DWT under control





Our Charterers

Over decades Captain Paris Dragnis and his team have invested in long term relationships with world-wide 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
	SK SHIPPING

Operational Fleet Forward Coverage:

The percentage of available days of the fleet already fixed under contracts as of 1 March 2010 assuming the earliest charter expiration is as follows:

	2010 ^{(1) (2)}	2011 ^{(1) (2)}	2012 ^{(1) (2)}
Total Fleet	79% (78%)	59% (59%)	26% (26%)
Containers	89% (89%)	88% (88%)	45% (45%)
Bulk Carriers	64% (60%)	18% (18%)	1% (1%)

⁽¹⁾ Percentage of available days of the fleet fixed under contract as reported on 2 February 2010, being the date of the last trading update, is given in brackets

⁽²⁾ The percentages above include the current operational fleet and exclude the seven new-build vessels for which we expect delivery in 2010 and 2011.

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	MSC Socotra (ex. Procyon)	Post Panamax	4,953	12,350	Apr-13
3	Bosporus Bridge	Sub Panamax	3,720	14,750	Feb-12
4	MSC Finland ⁽³⁾	Sub Panamax	3,032	16,500	Apr-10
				6,800	Apr-11
5	MSC Scotland ⁽³⁾	Sub Panamax	3,007	14,500	Mar-11
				6,800	Mar-12
6	MSC Anafi	Sub Panamax	2,420	9,000	Jan-12
7	MSC Accra	Sub Panamax	1,889	14,200	Jun-12
8	Gitte	Handy	976	Note 4	
9	Brilliant	Handy	976	6,000	Jun-12
	Dry Bulk		DWT		
10	Vasos	Capesize	152,065	23,950	Feb-11
11	Marie-Paule ⁽⁶⁾	Supramax	53,800	18,000	Jan-12
12	Alpine-Trader ⁽⁶⁾	Supramax	53,800	15,300	Oct-11
13	Alex D	Supramax	52,315	14,000	Mar-10



Operational fleet					
	Vessel	Type	Capacity	Rate (US\$) per day	Earliest Expiration ⁽¹⁾
	Dry Bulk		DWT		
14	Limnos	Supramax	52,266	17,250	May-10
15	Lindos	Supramax	52,266	17,500	Jul-10
16	Tilos	Supramax	52,266	20,500	Aug-10
Vessels under construction					
	Vessel / Yard name	Type	Capacity	Scheduled Delivery	
	Containers		TEU		
17	Jiangsu Yangzijiang	Sub Panamax	2,500	2011	
18	Jiangsu Yangzijiang	Sub Panamax	2,500	2011	
	Vessel or Yard name	Type	Capacity	Scheduled Delivery	Rate (US\$) per day
	Dry Bulk		DWT		
19	SPP Shipbuilding ⁽⁹⁾	Supramax	59,000	2010	
20	COSCO Zhoushan ⁽⁷⁾	Supramax	57,000	2010	17,650+50% profit share at BSI(8) + 5%
21	COSCO Zhoushan	Supramax	57,000	2010	-
22	COSCO Zhoushan ⁽⁷⁾	Supramax	57,000	2011	25,000
23	COSCO Zhoushan ⁽⁷⁾	Supramax	57,000	2011	17,700+50% profit share at BSI(8) + 5% over 18,200

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

⁽²⁾ The rate stated is the average rate per day over the duration of the time charter

⁽³⁾ The vessels will continue with the same charterer with the rates as stated in direct continuation

⁽⁴⁾ The vessel is currently laid-up thus minimising the operating expenses

⁽⁵⁾ The vessel 'MSC Mekong' was sold for demolition in February 2010

⁽⁶⁾ Both vessels owned under a 50:50 joint venture with Glencore International AG

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

⁽⁸⁾ BSI: Baltic Supramax Index

⁽⁹⁾ The charter rate is expected to be announced in the next trading update

"Forward Coverage is a key element of our acquisitions strategy"

Our Fleet Manager



The technical and day-to-day commercial management of our fleet is currently the responsibility of 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 seek-

ing 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.

GSL 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.

GSL 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 between GSL and the vessel owning companies, Goldenport may terminate them without incurring further costs with respect to the termination.

The terms of these arrangements are comparable to the terms which would be negotiated with 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 Goldenport Marine Services a wholly owned subsidiary of Goldenport, 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 US\$12.5 (US\$15.75 for 2007) per vessel per month in order to reflect this transfer of services. Since 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 2010 GSL agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the monthly management fee for 2010 will remain at US\$12.50k per vessel.

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 Ltd. ('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 on the preservation of the global environment.

We recognize that emissions and wastes created by consumption of power sources can result in 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, are committed to take all necessary measures and observe all related environment National and International Rules and 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 greater emphasis on
 - studying/education/training about safe navigation and
 - environmental affairs.
- ⊙ We will elevate awareness and understanding of all prevailing Environmental issues among each company in the entire Goldenport Group.

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, by monitoring and constantly reviewing 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 resources and personnel to keep all equipment in good working order.
- ⊙ Provide appropriate maintenance in order to mini-

mize leakages and residues from wear and tear.

- ⊙ To provide a system, set of 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 to 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.

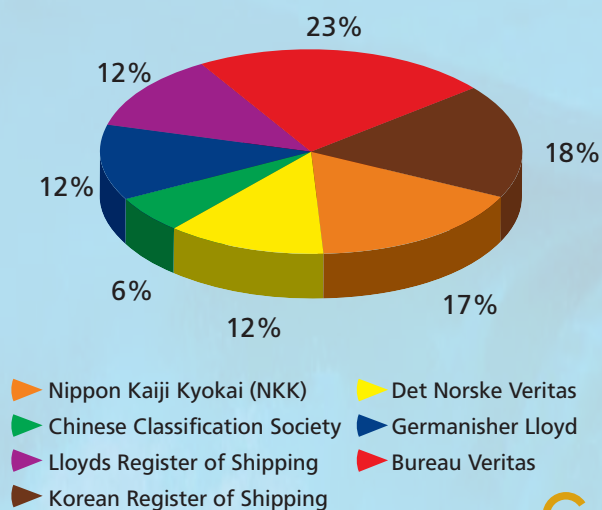
GSL is totally committed to achieving the highest management standards and aims to remain a leading Ship Management Company by continuous improvement and innovation. This involves the active participation, endeavor and ideas of all shore and seagoing personnel.

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

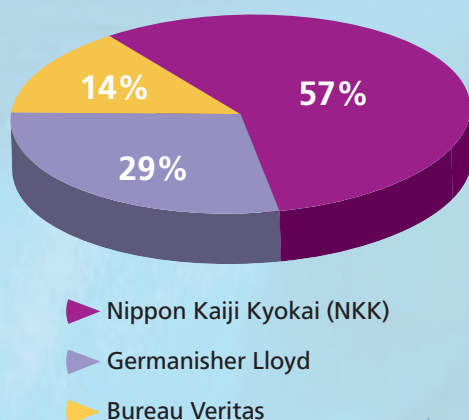
Compliance with this policy, the quality procedures and shipboard instructions is essential and binding upon all shore and sea personnel. Quality is the responsibility of everyone working for and on behalf of GSL.

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

OPERATING FLEET CLASSIFICATION SOCIETIES



NEW BUILDING PROGRAM CLASSIFICATION SOCIETIES



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 Shipmanagement 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 Mariupole, 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, thereby controlling the travelling costs.

TECHNICAL MANAGEMENT

A major part of the GSL technical team philosophy is the rigorous practice 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, GSL 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 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 - 51, 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 Officer 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 September 1999 he became Managing Director of the company. He has a total experience of 30 years-on board and ashore-in Shipping Business.

Dimitris Kyriakakos *Age 59 - Technical Director*



Dimitris is the Technical Director of Goldenport Shipmanagement since December 2009. He graduated from the National Technical University of Athens with a M.Sc in Mechanical Engineering in 1975 and in 1976 he completed an MBA in the National technical University of Athens. He started his career in 1976 as an Assistant Superintendent Engineer in a mixed fleet operator, moving to the roles of Superintendent Engineer of the tanker side of the fleet and becoming an Assistant Manager of the technical department a role that held until 1990. Between 1990 and 2006 he was Techni-

cal Manager to three different companies with tankers or bulk carriers' fleets and from 2006 he assumed the role of Technical Director of a tanker fleet consisting of 22 vessels, before becoming Technical Director of Goldenport Shipmanagement.

Captain Alexandros Dragnis, *Age - 59, 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 Academy 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.

Constantinos Constantinidis *Age 39 - Operations Manager*



Konstantinos became Operations Manager of Goldenport Shipmanagement in 2009 after working for eight years with the Company between 1999 and 2007. Before assuming the role of Operations Manager he spent two years working in a Containers operator. Overall he has more 16 years of total shipping experience including two years of service as an officer in oceangoing vessels. He holds a Master C class diploma and he graduated from Merchant Marine Academy of Aspropyrgos, Greece. He has attended numerous seminars in ISO, SOLAS and other shipping related subjects.

Anastasios Proakis**Age 42 - New Building Department Manager**

Anastasios joined Goldenport Shipmanagement as a Superintendent Engineer in 2005. In 2008 he became the Manager of the New Buildings department supervising the new building projects of Goldenport in four yards. Between 1987 and 1996 he served as an engineer

on ocean going vessels and between 1996 and 2004 in a premium cruises company as Staff Chief Engineer. Before joining Goldenport he also spent one year in Piraeus based Ferry Company on high speed vessels with the rank of Chief Engineer. Anastasios holds a Merchant Marine Engineer Class A diploma and he is a student a distance learning M.Sc. in marine and Offshore Engineering in Liverpool John Moores University.

Mr. Stathis Lerios,**Age - 55, 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.

Goldenport Marine Services**Mr. Alexander Papagiannopoulos,****Age - 40, 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.

Mr. Chris Leounakis,**Age - 33, Sales & Purchases Manager**

Chris was appointed as the Sales & Purchases 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.

Theoni Kousi (Ms)**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 2009.

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 as of today consists of 23 vessels, of which 11 are containers and 12 are dry-bulk carriers. Out of the total, 7 vessels (2 container and 5 bulk-carriers) are new-building orders with expected deliveries between 2010 and 2011.

Summary of Selected Financial and Operating Data

Income Statement Data (in US\$ '000):	Year ended		
	31 December 2009	31 December 2008	
Revenue	94,011	154,968	
EBITDA	46,481	88,710	
Excluding gain from vessels disposals & loss from cancellation of new building contracts:			
EBIT	7,899	56,314	
Net Income	3,894	51,091	
Weighted average number of shares	70,404,878	69,924,071	
Basic EPS	0.06	0.73	
As reported: Including gain from vessels disposals & loss from cancellation of new building contracts:			
EBIT	2,643	92,804	
Net (Loss)/Income	(1,362)	87,581	
Weighted average number of shares	70,404,878	69,924,071	
Basic EPS	(0.02)	1.25	
Gain from vessels' disposals	13,540	36,490	
Cancellation of new building contracts	(18,796)	-	
FLEET DATA:			
Average number of vessels	19	22	
Number of vessels at end of period	24	30	
-Operating	15	19	
-Laid-up	(5) 2	-	
-Under reconstruction	-	1	
-New Buildings under construction	7	10	
Number of vessels in operation at end of period	15	19	
Ownership days	(2) 6,803	8,110	(1)



FLEET DATA:				
Available days	(2)	6,503	7,514	(1)
Operating days	(2)	5,982	7,328	(1)
Fleet utilisation	(6)	92.0%	97.5%	
AVERAGE DAILY RESULTS (in US\$)				
Time Charter Equivalent (TCE) rate		13,424	19,028	
Average daily vessel operating expenses	(2)	5,082	5,786	(1)
Average daily vessel operating expenses excluding items arising in dry-dockings and one-off insurance premiums	(2) (4)	4,957	5,084	(1) (3)

(1): Ownership days and average daily vessel operating expenses exclude the vessel *Fortunate* and the new building orders not delivered that will be delivered at a future date, but include the vessels sold in 2008 up to their respective sale dates.

(2): Ownership days and average daily vessel operating expenses exclude the new building orders not delivered, but include the vessels *Marie-Paule* and *Alpine Trader* from their respective delivery dates and also include the vessels sold in 2009 up to their respective sale dates.

(3): For 2008 items relating to dry-dockings aggregating a total amount of US\$3,793 and the additional insurance premiums totalling US\$1,896 are excluded from the total operating expenses in order to arrive to the calculation above.

(4): For 2009 items relating to dry-dockings aggregating a total amount of US\$772 (2008 US\$3,793) and the additional insurance premiums totaling US\$76 (2008 US\$1,896) are excluded from the total operating expenses in order to arrive to the calculation above.

(5): From late January 2010 only one vessel remains laid-up.

(6): Fleet utilization includes the two laid-up vessels as of 31 December 2009.

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 other than scheduled repairs or repairs under guarantee, vessel upgrades or special surveys, including unforeseen circumstances. The ship-

ping 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.
- (8) Net debt to book capitalisation is defined as total debt minus cash (both net of any restricted cash) over the carrying amount of vessels and vessels under construction.

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

Time and Voyage Charter Revenues: Revenues decreased by US\$ 60,957 or 39.3% to US\$ 94,011 for 2009 (2008: US\$ 154,968). The main reasons for this decrease were: (i) a decline in freight rates during 2009, in both sectors in which we operate, compared with record high rates in the same period of 2008 especially in the bulk carriers segment and (ii) the difference in operating days between the two periods (2009: 5,982 days; 2008: 7,328 days). The difference between the operating days is attributable to three main reasons: a) the disposal of vessels in 2008 b) the disposal of vessels during 2009 exceeded the deliveries of operational vessels and c) laying-up two container vessels in the second half of 2009.

The vessels 'Samos', 'Ios', 'Achim', 'Glory D' and 'Tuas Express' were sold during 2008 so did not contribute at all in the revenue of 2009.

The vessels 'Athos', 'MSC Emirates', the old 'MSC Socotra', 'MSC Himalaya', 'Gianni D' and 'Howrah Bridge' were sold in different times throughout 2009 so they did not contribute in full in 2009 revenue. The vessels 'MSC Anafi' and 'Gitte' were laid-up most of the second half of 2009 so they did not contribute to the revenue (although they minimised expenses as well).

The vessels 'Marie-Paule' and 'MSC Fortunate' became operational in the first quarter of 2009 and the vessel 'MSC Socotra (ex. Procyon)' was acquired and became operational in the second quarter of 2009. The vessel 'Alpine Trader' was delivered from the shipyard and became operational in October 2009.

Voyage expenses total: The voyage expenses decreased by US\$ 5,288 or 44.1% to US\$ 6,707 for 2009 (2008: US\$ 11,995) mainly due to the decreased revenue figure to which commission rates applied.

Vessel operating expenses: Vessel operating expenses decreased by US\$ 12,351 or 26.3% to US\$ 34,570 for the 2009 (2008: US\$ 46,921). The decrease in absolute numbers is attributable to the decrease of the fleet in terms of number of vessels, but also to the change of mix as the vessels sold were older compared to the existing vessels.

On a per day basis operating expenses decreased by US\$ 704 per day or 12.2% to US\$ 5,082 per day (2008: US\$ 5,786 per day) reflecting the change in mix after the sale of specific vessels and the reduction in the prices of lubricants and insurance cost due to the change of the insured values.

Depreciation: The vessels' depreciation charge increased by 20.8% to US\$ 28,000 for 2009 (2008: US\$ 23,183) due to the incremental depreciation of the vessels 'MSC Fortunate', 'Marie-Paule', 'MSC Socotra (ex. Procyon)' and 'Alpine Trader' that became operational during the period compared to

the disposed vessels that most of them were fully depreciated.

Depreciation of dry-docking costs: Depreciation of dry-docking costs increased by 14.9% to US\$ 10,582 for 2009 (2008: US\$ 9,213) mainly due to: (i) dry-docking of eleven vessels in 2008 the expense of which affected in full the period in 2009; and (ii) dry-docking of five vessels that took place within the 2009.

Gain from vessel disposals: The Company realised profit of US\$ 13,540 from the sale of one fully depreciated bulk carrier, one other bulk carrier and four fully depreciated container vessels; during 2008 the Company realised US\$ 36,490 from the sale of two fully depreciated bulk carrier vessels and three fully depreciated container vessels.

Loss from cancellation of new building contracts: During 2009 the Company agreed with Qing-





shan Shipyard of China to cancel the two new-build bulk carrier contracts initially contracted in 2008 subject to receiving back the amount of US\$9,360 (US\$4,680 per vessel) out of total US\$27,360 of the original instalment paid in August 2008. The amount of US\$9,360 represents the portion of loan facility drawn of US\$8,540 along with the equity amount of US\$820 paid up to the cancellation date. Loss from the cancellation is equal to the total amount capitalised as of 31 December 2009 consisting of a) net initial deposit to shipyard of US\$18,000 not refunded to the Company, b) borrowing costs of US\$669, c) FDD insurance of US\$71, d) plan approval fee of US\$56.

Financing costs: Interest expense decreased by US\$ 2,135 or 32.4% to US\$ 4,448 for 2009 (2008: US\$ 6,583), reflecting the significant drop of the interest rates. Interest income decreased by US\$ 814 to US\$ 508 due to lower cash balance available during the period and time deposits fixed at lower rates.

Cash and cash equivalents: The Company as of 31 December 2009 had US\$ 24,618 of cash and cash equivalents (2008: US\$ 33,257). The Company is expected to utilise these to strengthen the balance sheet, to cover remaining equity instalments for the new building program and to acquire vessels selectively if and when the right opportunities arise.

Restricted Cash: The Company as of 31 December 2009 had US\$15,100 of restricted cash concerning the amount drawn on 16 December 2009 from a bank as part of a new loan facility for the future acquisition of a bulk carrier built after 1995.

Fleet Developments: 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;
- ⊙ On 12 October 2009 the Company took delivery of the 53,800 DWT new build bulk carrier 'Alpine Trader' which upon delivery commenced its agreed two-year time charter.

Optimization of new building program (amounts in US\$ '000):

- ⊙ During 2009 the Company arranged for discounts to contract prices with two of the shipyards where orders have been placed totalling US\$6,650;
- ⊙ The Company agreed with the shipyard where the two container vessels are ordered to re-schedule the milestone payments from 2010 to the first quarter of 2011;

- ⊙ The Company agreed with the shipyard where two of the Supramax bulk carriers are being built to reschedule equity payments of US\$ 7,550 from the first quarter of 2010 to the last quarter of 2010;
- ⊙ In October 2009 the Company agreed with Qingshan Shipyard of China to cancel the two new-build bulk carrier contracts initially arranged in August 2008. The cancelled contracts were for the construction of two new-build Supramax bulk carriers in China with carrying capacity of 57,000 DWT each and were initially contracted for at a total consideration of US\$ 91,660, with estimated delivery in December 2010.

As part of this agreement, in January 2010 the Company received back from the Shipyard US\$ 9,360 representing a portion of its initial deposit and subsequently the refund and performance guarantees have been cancelled. The Company used these proceeds to repay in full the US\$ 8,540 of the project specific loan.

The cancellations of the two Qingshan vessels and the acquisition of the SPP vessel enable the Company to optimize its capital expenditure and debt exposure taking advantage of the prevailing market environment. Following both transactions, the Company's debt commitments in 2010 will be reduced by an estimated US\$ 42,100. Furthermore, on a ship-by-ship project basis, the replacement of one Qingshan contract with the single Supramax contract provides to the Company cash savings of US\$ 4,700.

Vessel Acquisition (amounts in US\$ '000):

- ⊙ 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 vessel

was renamed to 'MSC Socotra' and entered a four-year time charter in April.

- ⊙ On 20 November 2009, the Company acquired a contract for the construction of a new build geared Supramax bulk carrier with 59,000 DWT capacity for US\$31,800. The vessel will be constructed in SPP Shipbuilding Co. Ltd in Korea and is expected to be delivered in the last quarter of 2010. The bank that was financing the cancelled Qingshan contracts agreed to transfer the loan commitment to the SPP contract for an amount up to US\$21,700.

Profitable Vessel disposals (amounts in US\$ '000):

2009

- ⊙ On 6 February 2009, the Company agreed the sale of the 67,515 DWT, 1977-built vessel '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 new owners on 12 February 2009. The gain resulting from the sale of the vessel was US\$357 after accounting for commissions and other expenses.
- ⊙ On 22 May 2009, the Company agreed the sale of the 2,258 TEU, 1980-built vessel 'MSC Socotra', to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,513 in cash and the vessel was delivered to the new owners on 4 June 2009. The gain resulting from the sale of the vessel was US\$252 after accounting for commissions and other expenses.
- ⊙ On 22 May 2009, the Company agreed the sale of the 2,108 TEU, 1978-built vessel 'MSC Himalaya', to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,093 in cash and the vessel was delivered to the new owners on 9 June 2009. The

gain resulting from the sale of the vessel was US\$825 after accounting for commissions and other expenses.

- On 3 June 2009, the Company agreed the sale of the 934 TEU, 1979-built vessel 'MSC Emirates', to an unaffiliated third party. The sale was concluded at a gross consideration of US \$1,276 in cash and the vessel was delivered to the new owners on 16 June 2009. The gain resulting from the sale of the vessel was US\$422 after accounting for commissions and other expenses.
- On 29 May 2009, the Company agreed the sale of the 69,100 DWT, 1998-built vessel 'Gianni D', to an unaffiliated third party. The sale was concluded at a gross consideration of US \$20,000 in cash and the vessel was delivered to the new owners on 27 July 2009. The gain resulting from the sale of the vessel was

US\$11,244 after accounting for commissions and other expenses.

- On 26 October 2009, the company agreed the sale of the 2,257 TEU, 1985-built vessel 'Howrah Bridge', to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,814 in cash and the vessel was delivered to the new owners on 6 November 2009. The gain resulting from the sale of the vessel was US\$440 after accounting for commissions and other expenses.

2010

- On 12 February 2010, the Company agreed the sale of the 962 TEU, 1978-built vessel 'MSC Mekong', to an unaffiliated third party for demolition. The sale was concluded at a gross consideration of US\$1,989 in cash. The Company is expected to have a gain of US\$ 870 which will be included in the 2010 financial statements.



Debt Refinancing (amounts in US\$ '000)

- On 21 August 2009, the Company arranged a new loan facility of US\$ 20,000 for the acquisition of bulk carriers. Two of the existing debt free bulk carriers will be used as collateral for the new loan.
- On 16 December 2009, the Company drew-down a new loan facility of US\$25,100. US\$10,000 will be used for working capital purposes and the remaining US\$15,100 will be used to finance the acquisition of bulk carriers. As at 31 December 2009 the US\$15,100 were in a restricted account until the asset is identified. Two of the existing debt free bulk carriers were used as collateral for the new loan.

Compliance with Debt Covenants

- The Company is in compliance with the covenants of the existing bank debt.
- For a number of our containers vessels we obtained from the financing bank a waiver until 2011 of the security requirement under which the charter-free market value of the mortgaged vessels should be at least 120% or 125% of the outstanding balance of each loan.

Impairment test

- No impairment loss has incurred in any vessels of the fleet.

Final dividend

The Board of Directors of Goldenport believes it is prudent to maintain a conservative dividend payout ratio but understands that it also needs to reward the shareholders who have been supporting the Company during this year of market weakness, in which the Company operates. Therefore the Board

proposed a final dividend of 3.0 pence per share in respect of the financial year ending 31 December 2009. Including the interim dividend of 0.7 pence per share already paid, the total dividend for 2009 will be 3.7 pence per share representing a dividend payout of c. 104% the earnings for the year before exceptional items (i.e. excluding gains from vessels disposals and the loss from the cancellation of new building contracts).

This final dividend will be accompanied by a scrip dividend alternative, arrangements for which will be mailed to shareholders on or about 29 March 2010 with elections required to be made by 21 April 2010. The Board of Directors and the Management team undertake to elect for the scrip dividend alternative in respect of their entire holdings.

Assuming that the dividend proposal will be approved on the fourth Annual General Meeting of the Company to be held on 12 May 2010, the dividend will be payable on 14 May 2010 to the shareholders on the register as at close of business on 12 March 2010. Please look at section 'Financial Calendar' for the complete list of dates.

Directors and interests in shares:

The current members of the Board are listed in the section 'Our Board'. Marshall Islands legislation does not require the directors to retire and offer themselves for re-election at the Annual General Meeting. However the Company has voluntary 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 fourth Annual General Meeting to be held on 12 May 2010.

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 2009 as follows:

Name	Number of shares as at 31 Dec 2008	Shares issued under AIP 2008	Share Dividend 2008	Share Dividend 2009	Number of shares as at 31 Dec 2009	Percentage of shares as at 31 Dec 2009
Chris Walton	2,128	-	41	11	2,180	0.003 %
Captain Paris Dragnis	41,830,444	81,998	408,508	219,929	42,540,879	60.068 %
John Dragnis	456,549	25,624	4,500	2,528	489,201	0.691%
Christos Varsos	13,412	36,899	261	262	50,834	0.072 %
Konstantinos Kabanaros	-	30,493	-	158	30,651	0.043 %

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

Transactions with related parties consisted of the following for the years ended 31 December 2009 and 31 December 2008:

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 for a monthly management fee of US\$12.5 per vessel (US\$13.75 for the first half of 2008 and US\$12.5 from 1 July 2008 to year end). In addition to the monthly fee GSL charges a commission equal to 2% of time and voyage revenues relating to charters it organises.

	2009 U.S.\$ '000	2008 U.S.\$ '000
Voyage expenses - related party		
Commissions	1,810	3,099
Management fees - related party		
Goldenport Shipmanagement Ltd	2,679	3,515
	4,489	6,614

	2009 U.S.\$ '000	2008 U.S.\$ '000
Due from related parties		
Goldenport Shipmanagement Ltd	2,079	3,342
Total	2,079	3,342

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

Sentinel Holdings Inc. appointed GSL 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 2009 such fee charged by GSL amounted to US\$909 (as of 2008:US\$622) half of which is included in 'vessels under construction' of the consolidated statement of financial position.

Rental of office space: A monthly rental of EUR17.8 was agreed to be charged by the owner of the building (a related party under common control) to Gold-

enport Marine Services for the rental of the head offices. Total rent expense for the year ended 31 December 2009 amounted to US\$237 (US\$263 in 2008) and is included in General and administration expenses in the financial statements.

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

	2009 U.S.\$ '000	2008 U.S.\$ '000
Within one year	306	297
After one year but not more than five years	1,058	1,177
More than five years	333	544
	1,697	2,018

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.

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

By the order of the Board

Eleftheria Savvidaki
Company Secretary

1 March 2010



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:

- ⦿ 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 section of the Annual Report describes how the main principles set out in Section 1 of the Combined Code on Corporate Governance are applied by the Company.

Combined Code

The Directors consider that the Company has complied with the Combined Code in 2009. In making this statement, the Directors note that the Combined 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 relation-

ships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

Notwithstanding that the Code does not currently apply to Goldenport as a Marshall Islands company 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 has been appointed as 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 2008 version).

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 share-

holders 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 the 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 occurs annually. The methodology in 2009 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. Each director reaches his determination after considering the Company's performance during the year (both financial and operational), any special circumstances that have arisen (eg. the challenges posed by the external environment) and progress toward medium to longer term objectives. The Board Chairman's performance is evaluated by the independent non-executive directors led by the Senior Independent Director. 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.

During 2009 the major focus of the Committee was the documentation of the Company's policies and the procedures manual. This process progressed well but it is still in an embryonic stage.

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-executive directors.



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 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.

No external remuneration consultants were employed during the year.

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 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 Nomination Committee is compliant with the Code. However, the Directors acknowledge that the Nomination 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 Disclosure 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

Since the Company's admission to the Official List of the London Stock Exchange, the Company has

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

As the Company is incorporated in the Marshall Islands, it 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 attributable 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). Fur-

thermore, 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 Combined Code

The directors consider that the Company has complied with the Code in 2009.

In making this statement, the Directors note that the Combined 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 independent (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 all 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 executive 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 December 2009 and the most recent review was in February 2010.

The Company created an Internal Audit function during 2008. The Audit Committee reviews the effectiveness of the Internal Audit function annually and reports any findings to the Board. In 2009 the function was still

in infancy but the Audit Committee was satisfied with the initial progress.

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. The Board has adopted a policy that,

in general, the External Auditor should not be used for non-audit services, but on an exceptional basis, the Board may approve a specific piece of work if it is to the best interests of the Company for this to occur.

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 at each Annual General Meeting since admission. They will again retire and offer themselves for re-election in the fourth Annual General Meeting to be held on 12 May 2010.



Directors' Remuneration Report

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 shareholders at the Company's Annual General Meeting to be held on 12 May 2010.

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 the Main Market of the London Stock Exchange were not activated in 2007, 2008 and 2009.

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.

The Remuneration Committee administers the Annual Incentive Plan ('AIP'). 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.

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 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 2009

During 2009 the challenging conditions in the markets in which the Company operated were reflected in the decline in operating profitability.

However, the Board of Directors reacted quickly and adapted to the new market conditions with a series of incentives in order to improve the cash flow and maintain employment for the majority of the assets.

In this respect refinancing of debt was arranged, employment contracts were shifted from older container vessels to younger ones, older vessels were sold thus minimising the operating expenses and new debt was arranged to fund vessels' acquisitions at lower prices. Also two vessels were delivered to the Company at lower prices compared to the initial contract prices agreed.

The Remuneration Committee taking into account the above decided not to give awards based on the profitability of the business but only based on the personal target of each Executive. The Base Award was 15%

of the annual salary for the Chief Executive Officer, 12.5% for the Chief Financial Officer and 29.1% for the Chief Accounting Officer.

The Remuneration Committee on its meeting on on 10 December 2009 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on on 10 December 2009 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2009, 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 US\$168,000 approximately as provided in the accounting records using the exchange rate as at 10 December 2009 (US\$252,000 in 2008).

The Board of Directors on 1 March 2010 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 2009.

By reference to the closing market value of the Company's shares on 2 March 2010, and the exchange rate between Euro and GBP which was 1.09959 on that date, 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	102 pence	47,076	48,018
Mr. Christos Varsos	CFO	102 pence	18,389	18,757
Mr. Konstantinos Kabanaros	CAO	102 pence	36,020	36,740
Mr. John Dragnis	Commercial Director	102 pence	14,711	15,005
Total			116,196	118,520

The AIP shares will be allotted and then registered in the participants names after the record date of 12 March 2010. Therefore the shares will be registered to the participants' names on or around 15 March 2010.

The participants have the right to receive dividends for 2010 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 2009 was 29.1% 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 Direc-

tors 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, second and third Annual General Meetings after admission held on 17 May 2007, 20 April 2008, 7 May 2009 and 12 May 2010.

Details of the service agreements for the Executive Board and unexpired terms for Non-Executive Board are set below as of December 31, 2009:

	Date of the Letter of Appointment or Service Agreement	Date of Re-election	Unexpired term ⁽¹⁾
Executive Directors			
Captain Paris Dragnis	5 April 2006	7 May 2009	29 months
Mr. Christos Varsos	5 April 2006	7 May 2009	17 months
Mr. Konstantinos Kabanaros	5 April 2006	7 May 2009	17 months
Non-Executive Directors			
Mr. Chris Walton	5 April 2006	7 May 2009	29 months
Mr. Robert Crawley	5 April 2006	7 May 2009	17 months
Captain Epameinondas Logothetis	1 November 2007	7 May 2009	17 months

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 ac-

curacy 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 published by the Financial Services Authority.

In adopting the going concern basis for preparing the accounts, the Directors have considered the business activities as set out in the Business review section of this Annual Report as well as the principal risks and uncertainties as set out in the Risk Factors section.

Based on Goldenport's cash flow forecasts and projections, the Board is satisfied that Goldenport will be able to operate within the level of its facilities and available cash for the foreseeable future. For this reason, Goldenport continues to adopt the going concern basis in preparing its accounts.

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 sections entitled the Chairman's Statement, the CEO Statement, the Business Review and the Report of Directors in 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 statement of financial position as at 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 of the Chairman's Statement, the Chief Executive Officer Statement, the Report of Directors, the Directors' Remuneration Report, the Statement of Directors' Responsibilities and the Board, the Management Team, the Operational Fleet, the Fleet under construction, the Fleet expansion since IPO, the Charterers and the 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 2009, 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.
1 March 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2009			
	Notes	2009 U.S.\$'000	2008 U.S.\$'000
Revenue		94,011	154,968
Expenses			
Voyage expenses	3	(4,897)	(8,896)
Voyage expenses - related party	3,20	(1,810)	(3,099)
Vessel operating expenses	3	(34,570)	(46,921)
Management fees - related party	20	(2,679)	(3,515)
Depreciation	7	(28,000)	(23,183)
Depreciation of dry-docking costs	7	(10,582)	(9,213)
General and administrative expenses	4	(3,574)	(3,827)
Operating profit before disposal of vessels and cancellation of new building contracts		7,899	56,314
Gain from vessels disposal	7	13,540	36,490
Cancellation of new building contracts	9	(18,796)	-
Operating profit		2,643	92,804
Finance expense	5	(4,448)	(6,583)
Finance income		508	1,322
Foreign currency (loss)/gain, net		(65)	38
(Loss)/Profit for the year attributable to Goldenport Holdings Inc. shareholders		(1,362)	87,581
Total comprehensive income for the year attributable to Goldenport Holdings Inc. shareholders		(1,362)	87,581
Earnings per share (U.S.\$):			
- Basic EPS for the year	6	(0.02)	1.25
- Diluted EPS for the year	6	(0.02)	1.25
Weighted average number of shares for basic EPS		70,404,878	69,924,071
Weighted average number of shares adjusted for the effect of dilution		70,410,356	69,926,085

The accompanying notes 1 to 23 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at 31 December 2009			
	Notes	2009 U.S.\$'000	2008 U.S.\$'000
ASSETS			
Non-current assets			
Vessels	7	271,242	221,587
Vessel under reconstruction	8	-	57,215
Advances for vessels under construction	9	97,010	101,510
Other non-current assets	10	6,549	-
		374,801	380,312
Current assets			
Inventories		267	266
Trade receivables		1,382	1,098
Insurance claims	11	2,153	2,012
Due from related parties	20	2,079	3,342
Receivable from cancellation of new building contracts	9,23	9,360	-
Prepaid expenses and other assets		1,451	1,054
Restricted cash	13	15,100	-
Cash and cash equivalents	12	24,618	33,257
		56,410	41,029
TOTAL ASSETS		431,211	421,341
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Goldenport Holdings Inc.			
Issued share capital	14	708	699
Share premium	14	108,865	107,354
Retained earnings		125,909	130,264
Total equity		235,482	238,317
Non-current liabilities			
Long-term debt	15	140,690	116,858
Deferred revenue	16	3,041	5,649
Other non-current liabilities	10	663	801
		144,394	123,308
Current liabilities			
Trade payables		10,476	12,993
Current portion of long-term debt	15	31,559	32,564
Accrued liabilities and other payables	17	4,885	8,990
Other current liabilities	10	414	257
Deferred revenue current portion	16	4,001	4,912
		51,335	59,716
Total Liabilities		195,729	183,024
TOTAL EQUITY AND LIABILITIES		431,211	421,341

The accompanying notes 1 to 23 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

	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 2008	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	0	363	-	363
Dividends declared, ap- proved 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
Loss for the year	-	-	-	-	(1,362)	(1,362)
Share based payments- AIP (Annual Incentive Plan) shares	175,014	0.01	2	235	-	237
Dividends declared, approved and paid to equity shareholders	708,252	0.01	7	1,276	(2,993)	(1,710)
At 31 December 2009	70,820,611	0.01	708	108,865	125,909	235,482

The accompanying notes 1 to 23 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Notes	2009 U.S.\$'000	2008 U.S.\$'000
Operating activities			
(Loss) / Profit for the year		(1,362)	87,581
<i>Adjustments to reconcile (loss) / profit for the year to net cash inflow from operating activities:</i>			
Depreciation	7	28,000	23,183
Depreciation of dry-docking costs	7	10,582	9,213
Gain from vessel disposal	7	(13,540)	(36,490)
Loss from cancellation of new building contracts	9	18,796	-
Finance expense	5	4,448	6,583
Finance income		(508)	(1,322)
Annual Incentive Plan Shares	20	168	252
Foreign currency gain, net		65	(38)
		46,649	88,962
Increase in inventories		(1)	(112)
(Increase) in trade receivables, prepaid expenses and other assets		(7,254)	(256)
(Increase)/Decrease in insurance claims	11	(141)	1,256
(Decrease) in trade payables, accrued liabilities and other payables		(7,124)	2,342
(Decrease) in deferred revenue		(3,519)	(3,248)
Net cash flows from operating activities before movement in amounts due from related parties		28,610	88,944
Due from related parties	20	1,263	(53)
Net cash flows from operating activities		29,873	88,891
Investing activities			
Acquisition/improvement of vessels	7	(10,665)	(12)
Proceeds from disposal of vessels, net of commission	7	35,515	47,158
Payments for other costs relating to disposals of vessels	7	(758)	(410)
Proceeds relating to initial expenses	7	84	248
Dry-docking costs	7,17	(5,455)	(17,715)
Advances for vessel under reconstruction	8	(4,031)	(17,537)
Advances for vessel under construction	9	(54,569)	(38,249)
Interest received		151	1,362
Net cash flows used in investing activities		(39,728)	(25,155)
Financing activities			
Proceeds from issue of long-term debt		108,290	32,519

Repayment of long-term debt		(85,510)	(44,729)
Restricted cash	13	(15,100)	-
Interest paid		(4,896)	(7,195)
Dividends paid	18	(1,710)	(31,074)
Net cash flows provided by/ (used in) financing activities		1,074	(50,479)
Net (decrease)/ increase in cash and cash equivalents		(8,781)	13,257
Net foreign exchange difference		142	53
Cash and cash equivalents at 1 January	12	33,257	19,947
Cash and cash equivalents at 31 December	12	24,618	33,257

The accompanying notes 1 to 23 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. FORMATION, BASIS OF PRESENTATION AND 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 US\$ 115.5 million) which was used 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 2009 is the holding Company for fifteen intermediate holding companies, each in turn owning a vessel-owning company, as listed in the table below. Goldenport is also the holding Company of nine more intermediate holding companies, owning Moonglade Maritime S.A., Va-

laam Incorporated, Cheyenne Maritime Company, Giga Shipping Ltd., Loden Maritime Co., Shila Maritime Corp., Ingle Trading Co., Sundown International Inc. and Dionysos Ship. Carrier Co., which will be the vessel-owning companies of four new built bulk carriers ordered at Cosco Zhoushan Shipyard, two new built container vessels ordered at Jiangsu Yangzijiang Shipyard, two new built bulk carriers ordered at Qingshan Shipyard of China and one new built bulk carrier ordered at SPP Shipbuilding Co. shipyard upon delivery of the vessels. Following the cancellation of the two new built bulk carriers (note 9) Ingle Trading Co. and Sundown International Inc. will become dormant. Also, as at 31 December 2009 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. Goldenport Marine Services has been registered in Greece under the provisions of Law 89/1967. In addition to the fully owned management Company, there is Gold-

enport Ship Management, a related party (Note 20a) that provides to the Group technical, operational and commercial management. As at 31 December 2009 Borealis Shipping Co. Ltd., Wild Orchid Shipping Ltd., Hampton Trading S.A., Fairland Trading S.A., Coral Sky Marine Ltd. and Nilwood Comp. Inc. the vessel-owning companies of the disposed vessels, "MSC Himalaya", "MSC Emirates", "MSC Socotra", "Athos", "Gianni D", and "Howrah Bridge" (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 1 March 2010. The shareholders of the Company have the right to amend the financial statements at the Annual General Meeting to be held on 12 May 2010.

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
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
Carrier Maritime Co.	Black Diamond Shipping Ltd.	Malta	Lindos	2003	Bulk Carrier
Medina Trading Co.	Carina Maritime Co. Ltd.	Malta	Tilos	2004	Bulk Carrier
Savannah Marine Inc.	Serena Navigation Ltd.	Malta	Limnos	2004	Bulk Carrier
Sirene Maritime Co.	Alvey Marine Inc.	Liberia	MSC Scotland	2006	Container
Kariba Shipping SA	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.	Hinter Marine S.A.	Marshall Islands	MSC Finland	2007	Container
Knight Maritime S.A.	Mona Marine S.A.	Liberia	MSC 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	Brilliant (ex. Tiger Star)	2007	Container

→ Oceanrace Maritime Limited	Seasight Marine Company	Marshall Islands	MSC Socotra (ex. Procyon)	2009 ⁽¹¹⁾	Container
Abyss Maritime Ltd.	Moonglade Maritime S.A.	Liberia	ZS07036	2011 ⁽⁷⁾	Bulk Carrier
Seaward Shipping Co.	Valaam Incorporated	Liberia	ZS07037	2010 ⁽⁷⁾	Bulk Carrier
Jubilant Marine Company	Cheyenne Maritime Company	Marshall Islands	ZS07038	2011 ⁽⁷⁾	Bulk Carrier
Alacrity Maritime Inc.	Giga Shipping Ltd.	Marshall Islands	ZS07039	2010 ⁽⁷⁾	Bulk Carrier
Chanelle Shipping Company	Loden Maritime Co.	Marshall Islands	YZJ-815	2011 ⁽⁸⁾	Container
Clochard Maritime Limited	Shila Maritime Corp.	Marshall Islands	YZJ-816	2011 ⁽⁹⁾	Container
Dryades Maritime Limited	Ingle Trading Co.	Liberia	QS20060384	2010 ⁽¹⁰⁾	Bulk Carrier
Leste Shipholding Inc.	Sundown International Inc.	Liberia	QS20060385	2010 ⁽¹⁰⁾	Bulk Carrier
Lativa Marine Co.	Dionysos Ship. Carrier Co.	Liberia	S5087	2010 ⁽¹²⁾	Bulk Carrier
Daysailer Navigation Co.	Platax Shipholding Carrier S.A.	Liberia	Dormant Company ⁽¹³⁾		
Oates Trading Corp.	Risa Maritime Co. Ltd.	Malta	Dormant Company		
Nemesis Maritime Inc.	Samos Maritime Ltd.	Malta	Dormant Company		
Meredith Trading Corporation	Guilford Marine S.A.	Panama	Dormant Company		
Marta Trading Co.	Superb Maritime S.A.	Panama	Dormant Company		
Royal Bay Marine Ltd	Opal Maritime Limited	Malta	Dormant Company		
Daphne Marine Corp.	Dancing Waves Co. Ltd.	Malta	Dormant Company		
Portia Navigation Co.	Borealis Shipping Co. Ltd.	Malta	Dormant Company ⁽²⁾		
Audrey Marine Corp.	Wild Orchid Shipping Ltd.	Malta	Dormant Company ⁽⁴⁾		
Sicuro Shipmanagement SA	Hampton Trading S.A.	Liberia	Dormant Company ⁽³⁾		
Rawlins Trading Ltd	Fairland Trading S.A.	Panama	Dormant Company ⁽¹⁾		
Platinum Shipholding SA	Coral Sky Marine Ltd.	Malta	Dormant Company ⁽⁵⁾		



Blaze Navigation Corp.	Nilwood Comp. Inc.	Panama	Dormant Company ⁽⁶⁾		
Goldenport Marine Services		Marshall Islands			

⁽¹⁾ Fairland Trading S.A. was the ship owning company of MV "Athos", which was disposed of on 12 February 2009 (note 7)

⁽²⁾ Borealis Shipping Co. Ltd. Was the ship owning company of MV "MSC Himalaya", which was disposed of on 9 June 2009 (note 7)

⁽³⁾ Hampton Trading S.A. was the ship owning company of MV "MSC Socotra", which was disposed of on 4 June 2009 (note 7)

⁽⁴⁾ Wild Orchid Shipping Ltd. Was the ship owning company of MV "MSC Emirates.", which was disposed of on 16 June 2009 (note 7)

⁽⁵⁾ Coral Sky Marine Ltd. Was the ship owning company of MV "Gianni D", which was disposed of on 27 July 2009 (note 7)

⁽⁶⁾ Nilwood Comp. Inc. was the ship owning company of MV "Howrah Bridge", which was disposed of on 6 November 2009 (note 7)

⁽⁷⁾ New building bulk carriers (note 9a) with delivery dates between the fourth quarter of 2010 and the third quarter of 2011.

⁽⁸⁾ New building container vessel (note 9a) with delivery date in second quarter 2011 (according to amended contract).

⁽⁹⁾ New building container vessel (note 9a) with delivery date in third quarter 2011 (according to amended contract).

⁽¹⁰⁾ Contracts for the construction of two new building bulk carriers, initially arranged in August 2008, were cancelled on 8 January 2010.

⁽¹¹⁾ Vessel MSC Socotra was delivered on 4 March 2009

⁽¹²⁾ New building bulk carrier (note 9a) with delivery date in fourth quarter of 2010.

⁽¹³⁾ Platax Shipholding Carrier S.A. will be the vessel owning company of a bulk carrier, which is planned to be acquired in the future (note 13 and 15).

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

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
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 2009 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 1. 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

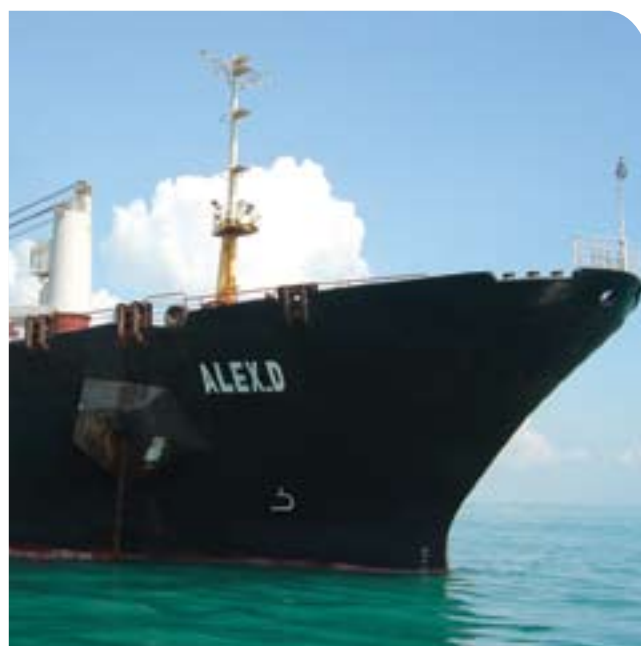
and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

(e) Use of judgements, estimates and assumptions:

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 US\$271,242 and US\$



221,587 as at 31 December 2009 and 2008, respectively). Estimates and assumptions relating to the impairment of vessels are discussed in paragraph (n).

Provisions for doubtful trade receivables:

Provision for doubtful trade receivables are recorded based on management's expected future collectability of the receivables. (Receivables as included in the statement of financial position in trade receivables and non current assets, have a carrying amount of US\$6,707 and US\$1,098 as at 31 December 2009 and 2008, 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 US\$2,153 and US\$ 2,012 as at 31 December 2009 and 2008, respectively).

(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 per ton. 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 revenues arising from chartering the vessels is accounted for on a

straight line basis over the term of the charter. Certain time-charter (non-level charters) agreements specify scheduled rate increases/decreases over the charter term. As revenues from time chartering of vessels are accounted for on a straight line basis at the average revenue over the charter periods of such charter agreements, as service is performed, an asset or liability is created.

Deferred revenue represents cash received prior to the reporting 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 reporting 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 statement of comprehensive income 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 reporting 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 statement of comprehensive income.

(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 2009, no loan agreements required deposit of funds into a retention account. Restricted cash amounts to US\$15,100 and relates to part of the new loan drawn from a bank on 16 December 2009, which will be utilised to support further bulk carrier fleet expansion (note 13).

(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 as at 31 December 2009, are also recognised as inventory unless the vessel is to continue under the same time charter. Any bunkers remaining on vessels which are laid up, are also recognised as inventory. Inventories amount to US\$267 as at 31 December 2009 (US\$266 as at 31 December 2008) and relate to bunkers of vessels 'MSC Anafi' and 'Gitte', which were laid up within 2009.

(k) Trade Receivables:

The amount shown as trade receivables at each reporting date includes estimated recoveries from charterers for hire, freight and demurrage billings, net of the 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 2009 and 2008.

(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 24 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 statement of comprehensive income 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 or upon completion of construction of a new built 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 oper-

ating expenses, and the estimated remaining useful lives of the vessels.

The projected net operating cash flows are determined by considering:

- i) the time charter equivalent 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 10 year 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,
- ii) an average increase of 4% per annum on charter revenues,
- iii) cash inflows were considered net of brokerage, and
- iv) 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 each vessel owning company 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 2009 and 2008 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 derecognized 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 statement of comprehensive income.

(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 worldwide and, as a result, the disclosure of geographic information is impracticable. Revenue from the Group's largest client amounted to U.S. \$39,922 (2008: U.S. \$34,188).

(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 Statement of Comprehensive Income. 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 statement of comprehensive income net of any reimbursement.

(x) IFRS and IFRIC Interpretations that became effective in the year ended 31 December 2009:

The following Standards and Interpretations became effective within the year ended 31 December 2009. 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.

- ⊙ IFRIC 13 Customer Loyalty Programmes effective 1 July 2008
- ⊙ IFRIC 15 Agreements for the Construction of Real Estate effective 1 January 2009
- ⊙ IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- ⊙ IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after 30 June 2009
- ⊙ IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 January 2009
- ⊙ IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective 1 January 2009
- ⊙ IFRS 8 Operating Segments effective 1 January 2009
- ⊙ IFRS 7 Financial Instruments: Disclosures (Amended) effective 1 January 2009

- ◉ IAS 1 Presentation of Financial Statements (Revised) effective 1 January 2009
- ◉ IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective 1 January 2009
- ◉ IAS 23 Borrowing Costs (Revised) effective 1 January 2009
- ◉ Improvements to IFRSs (May 2008)
- ◉ IFRIC 18 Transfers of Assets from Customers effective 1 July 2009

When the adoption of the standard or interpretation is deemed to have an impact on the f/s and performance of the Group, the impact is described below.

◉ IFRS 2 Share-based Payments (Amended)

The amendment clarifies two issues. The definition of 'vesting condition', introduces 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. This amendment did not have any impact on the financial statements.

◉ IFRS 7 Financial Instruments: Disclosures (Amended)

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used

for liquidity management. The fair value and liquidity risk disclosures are not impacted by the amendments as all financial instruments are level 1.

◉ IAS 1 Presentation of Financial Statements (Revised)

The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the statement of financial position to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Group made the necessary changes to the presentation of its financial statements in 2009 and has elected to present a single statement for the statement of comprehensive income.

In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 January 2009.

◉ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

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.

◉ IFRS 7 Financial Instruments: Disclosures

This amendment removes the reference to 'total interest income' as a component of finance costs.

◉ IAS 1 Presentation of Financial Statements

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 statement of financial position.

◉ **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

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**

This amendment clarifies that dividends declared after the end of the reporting period are not obligations.

◉ **IAS 16 Property, Plant and Equipment**

This amendment clarifies that 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**

This amendment replaces the term 'direct costs' with 'transaction costs' as defined in IAS 39.

◉ **IAS 19 Employee Benefits**

This amendment revises the definitions of 'past service costs', 'return on plan assets' and 'short-term' and 'other long term' employee benefits to focus on the point in time at which the liability is due to be settled.

◉ **IAS 20 Accounting for Government Grants and Disclosure of Government Assistance**

Loans granted with no or low interest rates are not 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.

◉ IAS 23 Borrowing Costs

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.

◉ IAS 27 Consolidated and Separate Financial Statements

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.

◉ IAS 28 Investment in Associates

This interpretation clarifies that (i) if an associate is accounted for at fair value in accordance with IAS 39 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 and (ii) 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 and any impairment is reversed if the recoverable amount of the associate increases.

◉ IAS 29 Financial Reporting in Hyperinflationary Economies

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.

◉ IAS 31 Interest in Joint ventures

This amendment clarifies that if a joint venture

is accounted for at fair value, in accordance with IAS 39 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.

◉ IAS 34 Interim Financial Reporting

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

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'.

◉ IAS 38 Intangible Assets

- 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.
- 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.
- 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

- 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.

- 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.

◉ IAS 40 Investment property

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

◉ IAS 41 Agriculture

- Replaces the term 'point-of-sale costs' with 'costs to sell'.
- 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.

(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:

◉ IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect IFRIC 17 to have an impact on the financial statements as the Group has not made any non-cash distributions to shareholders in the past.

◉ IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been endorsed by the EU. The Group does not expect that the amendment will have impact on the financial position or performance of the Group.

◉ IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)

The amendment is effective for annual periods beginning on or after 1 January 2011. The pur-

pose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. This Earlier application permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU. The Group does not expect that the amendment will have impact on the financial position or performance of the Group.

◉ **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)**

The revision and amendment is effective for annual periods beginning on or after 1 July 2009. 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.

◉ **IAS 39 Financial Instruments: Recognition and Measurement (Amended) - eligible hedged items**

The amendment is effective for annual periods beginning on or after 1 July 2009. The amendment 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.

This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group does not expect that the amendment will have any impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

◉ **IFRS 9 Financial Instruments - Phase 1 financial assets, classification and measurement**

The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

◉ **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)**

The amendment is effective for annual periods beginning on or after 1 January 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions



and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

◉ **IAS 32 Classification on Rights Issues (Amended)**

The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

◉ **IAS 24 Related Party Disclosures (Revised)**

The revision is effective for annual periods beginning on or after 1 January 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

◉ **IFRS 1 Additional Exemptions for First-time Adopters (Amended)**

The amendment is effective for annual periods beginning on or after 1 January 2010. This inter-

pretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

◉ **IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for first time adopters" (Amended).**

The amendment is effective for annual periods beginning on or after 1 January 2010. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2009. This annual improvements project has not yet been endorsed by the EU.

◉ **IFRS 2 Share-based Payment**, effective for annual periods beginning on or after 1 July 2009.

Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are out of scope of IFRS 3 (revised). If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.

◉ **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**, effective for annual periods beginning on or after 1 January 2010.

Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.

- **IFRS 8 Operating Segment Information**, effective for annual periods beginning on or after 1 January 2010.

Clarifies that segment assets and liabilities need only to be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after 1 January 2010.

The terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- **IAS 7 Statement of Cash Flows**, effective for annual periods beginning on or after 1 January 2010.

Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2009 upon cash settlement.

- **IAS 17 Leases**, effective for annual periods beginning on or after 1 January 2009.

The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.



- ◉ **IAS 18 Revenue**, The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

 - Has primary responsibility for providing the goods or service
 - Has inventory risk
 - Has discretion in establishing prices
 - Bears the credit risk
- ◉ **IAS 36 Impairment of Assets**, effective for annual periods beginning on or after 1 January 2010. The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- ◉ **IAS 38 Intangible Assets**, effective for annual periods beginning on or after 1 July 2009. Clarifies that if an intangible asset acquired in business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also, clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.
- ◉ **IAS 39 Financial Instruments: Recognition and Measurement**, effective for annual periods beginning on or after 1 January 2010. The amendment clarifies that:

 - A prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
- The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken (Applicable to all unexpired contracts for annual periods beginning on or after 1 January 2010)
 - Gains and losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss (Applicable to all unexpired contracts for annual periods beginning on or after 1 January 2010)
- ◉ **IFRIC 9 Reassessment of Embedded Derivatives**, effective for annual periods beginning on or after 1 July 2009. The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or business under common control or the formation of a joint venture. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.
- ◉ **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**, effective for annual periods beginning on or after 1 July 2009. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

3. VOYAGE AND VESSEL OPERATING EXPENSES

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

Voyage expenses		
	2009 U.S.\$'000	2008 U.S.\$'000
Port charges	(552)	(822)
Bunkers (fuel costs)	(881)	(1,481)
Third party commissions	(3,464)	(6,593)
	(4,897)	(8,896)
Voyage expenses - related party		
Commissions	(1,810)	(3,099)
Vessel operating expenses		
	2009 U.S.\$'000	2008 U.S.\$'000
Crew expenses	(14,057)	(17,625)
Store & Consumables	(1,102)	(2,153)
Spares	(3,355)	(5,441)
Repairs & maintenance	(3,033)	(5,152)
Lubricants	(5,448)	(5,111)
Insurance	(4,554)	(7,297)
Taxes (other than income tax)	(575)	(502)
Other	(2,446)	(3,640)
	(34,570)	(46,921)

4. GENERAL AND ADMINISTRATIVE EXPENSES

	2009 U.S.\$'000	2008 U.S.\$'000
Directors & Management team Remuneration & Annual Incentive Plan (note 20(c))	(1,343)	(1,515)
Payroll cost (Goldenport Marine Services)	(946)	(889)
Rents	(237)	(263)
Audit fees	(316)	(362)



	2009 U.S.\$'000	2008 U.S.\$'000
Legal fees	(100)	(47)
Other	(632)	(751)
	(3,574)	(3,827)

The Executive Directors' and Management team's Annual Incentive Plan ("AIP") consists of a non cash bonus, which will be settled in the form of shares under the terms of AIP (note 20(c)).

5. FINANCE EXPENSE

	2009 U.S.\$'000	2008 U.S.\$'000
Interest expense	(4,048)	(5,677)
Loss on fair value of derivatives	(400)	(906)
Rents	(4,448)	(6,583)

6. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the (loss)/profit for the year attributable to Goldenport Holdings Inc. shareholders (US\$1,362 loss and US\$87,581 profit for the years ended 31 December 2009 and 2008, respectively) by the weighted average number of shares outstanding (70,404,878 for the year ended 31 December 2009 and 69,924,071 for the year ended 31 December 2008).

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 (note 20 (c)), diluted EPS for the years ended 31 December 2009 and 2008 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:

	2009 U.S.\$'000	2008 U.S.\$'000
Cost of vessels		
At 1 January	260,110	272,518
Additions	10,665	12
Transfer from vessels under construction / reconstruction	94,171	-
Initial expenses deduction	(84)	(248)
Disposals	(26,286)	(12,172)
At 31 December	338,576	260,110
Depreciation		
At 1 January	(58,841)	(40,900)
Depreciation charge for the year	(28,000)	(23,183)
Disposals	8,819	5,242
Accumulated depreciation	(78,022)	(58,841)
Net carrying amount of vessels' cost	260,554	201,269
Cost of dry-dockings		
At 1 January	42,981	28,270
Additions	4,702	19,783
Disposals	(7,977)	(5,072)
At 31 December	39,706	42,981
Depreciation		
At 1 January	(22,663)	(15,194)
Depreciation charge for the year	(10,582)	(9,213)
Disposals	4,227	1,744
Accumulated depreciation	(29,018)	(22,663)
Net carrying amount of dry-docking costs	10,688	20,318
Total, net carrying amount at 31 December	271,242	221,587

The gross carrying amount of vessels, which have been fully depreciated to their residual value and were still in use as at 31 December 2009, was US\$810 (2008: US\$7,277).

All of the Company's operating vessels having a total carrying value of U.S. \$271,242 as at 31 December 2009 (US\$221,587 as at 31 December 2008), have been provided as collateral to secure the loans discussed in note 15.

As at 31 December 2009, two vessels with carrying amount of U.S. \$40,270 were idle (note 23).

Operational vessel acquisition

On 4 March 2009, the Company took delivery of the M/V Procyon (renamed to MSC Socotra), a container vessel of 4,953 TEU built in 1995 for US\$10,500 (including US\$86 of unamortized dry-docking component).

Delivery of new build bulk carriers

On 11 February 2009 the Company took delivery of the 53,800 DWT new build bulk carrier 'Marie-Paule'. The Group's 50% portion of the total construction cost of vessel amounted to US\$16,461 (the remaining 50% was paid by its joint venture partners). Upon delivery the vessel commenced its agreed three-year time charter.

On 12 October 2009 the Company took delivery of the 53,800 DWT new build bulk carrier 'Alpine Trader'. The Group's 50% portion of the total construction cost of vessel amounted to US\$15,444 (the remaining 50% was paid by its joint venture partners). Upon delivery the vessel commenced its agreed two-year time charter.

Delivery of vessel under reconstruction

On 23 February 2009 the Company took delivery of the 68,537 DWT and 5,551 TEU container 'MSC Fortunate' which was reconstructed in Cosco Zhou-san shipyard of China. The total reconstruction cost amounted to US\$62,266 (note 8).

Disposals

On 6 February 2009, the company agreed the sale of the 67,515 DWT, 1977-built vessel "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 new owners on 12 February 2009. As of delivery date, M/V "Athos" had a net carrying value of US\$3,351, which was equal to her scrap value along with the unamortized balance of the latest dry-docking. A commis-

sion of 4% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$357 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.

On 22 May 2009, the company agreed the sale of the 2,258 TEU, 1980-built vessel "MSC Socotra", to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,513 in cash and the vessel was delivered to the new owners on 4 June 2009. As of delivery date, M/V MSC Socotra had a net carrying value of US\$3,129, which was equal to her scrap value along with the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$252 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.



On 22 May 2009, the company agreed the sale of the 2,108 TEU, 1978-built vessel “MSC Himalaya”, to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,093 in cash and the vessel was delivered to the new owners on 9 June 2009. As of delivery date, MSC Himalaya had a net carrying value of US\$2,134, which was equal to her scrap value along with the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$825 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.

On 29 May 2009, the company agreed the sale of the 69,100 DWT, 1998-built vessel “Gianni D”, to an unaffiliated third party. The sale was concluded at a gross consideration of US \$20,000 in cash and the vessel was delivered to the new owners on 27 July 2009. As of delivery date, M/V “Gianni D” had a net carrying value of US\$8,554, which was equal to her net book



value along with the unamortized balance of the latest dry-docking. A commission of 1% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$11,244 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.

On 3 June 2009, the company agreed the sale of the 934 TEU, 1979-built vessel “MSC Emirates”, to an unaffiliated third party. The sale was concluded at a gross consideration of US \$1,276 in cash and the vessel was delivered to the new owners on 16 June 2009. As of delivery date, MSC Emirates had a net carrying value of US\$816, which was equal to her scrap value. A commission of 3% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$422 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.

On 26 October 2009, the company agreed the sale of the 2,257 TEU, 1985-built vessel “Howrah Bridge”, to an unaffiliated third party. The sale was concluded at a gross consideration of US \$3,814 in cash and the vessel was delivered to the new owners on 6 November 2009. As of delivery date, Howrah Bridge had a net carrying value of US\$3,233, which was equal to her net book value along with the unamortized balance of the latest dry-docking. A commission of 3% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel (after accounting for other expenses) was US\$440 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2009.

Dry-docking costs

During 2009 five vessels of the Group commenced and completed scheduled dry-dockings at a cost of US\$4,702 (2008: US\$ 19,783 for dry docking of eight vessels). The total cost of US\$4,702 includes also the cost of the dry docking components of the new vessels.

8. VESSEL UNDER RECONSTRUCTION

The balances as at 31 December were as follows:

	2009 U.S.\$'000	2008 U.S.\$'000
Purchase Price	13,000	13,000
Capital expenditure for reconstruction	46,975	41,944
Capitalised interest and other borrowing costs	2,291	2,271
Total cost and expenditure for vessel under reconstruction	62,266	57,215
Transfer to cost of vessels (note 7)	(62,266)	-
	-	57,215

On 16 June 2006, the Group acquired the M/V Fortune, a container vessel of 5,551 TEU and 68,537 DWT, built in 1996, for US\$13,000. The vessel was damaged in a fire on 21 March 2006. During the year the Group paid instalments to the yard as follows: a) on 8 January 2009 the amount of US\$1,000, b) on 30 January 2009 the amount of US\$ 250, c) on 23 April 2009 the amount of US\$1,250 and d) on 17 September 2009 the amount of US\$1,000. The remaining US\$1,000 of the total reconstruction was paid in January 2010 (note 23). The vessel concluded its reconstruction process and became operational on 23 February 2009, under the name 'MSC Fortunate'.

9. ADVANCES FOR VESSELS UNDER CONSTRUCTION

The balances as at 31 December were as follows:

		2009 U.S.\$'000	2008 U.S.\$'000
4 Bulk Carriers (Cosco Zhousan Shipyard, China)	(a)	53,540	30,922
2 Containers (Jiangsu Yangzijiang Shipbuilding Co. Ltd, China)	(a)	38,531	19,276
1 Bulk Carrier (SPP Shipbuilding Co.)	(a)	4,939	-
		97,010	50,198
2 Bulk Carriers (Qingshan Shipyard, China)	(a)	28,156	27,630
Write off due to cancellation of new building contracts	(a)	(18,796)	-
Transfer to current assets (note 23)	(a)	(9,360)	-
JV - 2 Bulk Carriers (Jiangsu Eastern Shipyard, China)	(b)	31,905	23,682
Transfer to cost of vessels (note 7)		(31,905)	-
		97,010	101,510

a) New Buildings

4 Bulk Carriers (Cosco Zhousan Shipyard)

On 27 November 2007, the Group paid to the shipyard an aggregate amount of US\$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). During 2009 the Group paid to the shipyard an aggregate amount of US\$15,100 representing the 20% deposit in respect of the second installment for ZS07037 and ZS07039. On 21 July 2009 the ship owning companies of vessels ZS07037 and ZS07039 and Cosco Zhousan Shipyard agreed an aggregate discount of

US\$2,250 for both vessels (US\$1,125 each). On 17 December 2009 the Group paid to the shipyard an amount of US\$6,425 representing the third instalment for ZS07039. 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 as of 31 December 2009 consists of: a) borrowing costs of US\$957 (US\$440 in 2008), b) extra items for vessels ZS07037 and ZS07039 of US\$271, c) broker's commission of US\$113 (US\$76 in 2008), d) plan approval fee of US\$56 (paid in full in 2008), e) Freight Demurrage Defence insurance ('FDD') of US\$172 (US\$96 as of 2008), f) site supervision fees of US\$174 and g) legal fees of US\$72 (US\$53 as of 2008).

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 was 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 25 June 2009, the Group signed an amendment to the initial contracts providing for new delivery dates in June 2011 and in August 2011 for vessels YZJ-815 and YZJ-816, respectively.

On 31 October 2007, the Group paid US\$18,730, representing the 20% deposit for the two vessels, as per contract. On 14 August 2009 the Group paid to the shipyard an amount of US\$9,433 representing the 20% deposit in respect of second instalment

for YZJ-815. A portion amounted to US\$4,400 was financed through a new loan facility (note 15). On 18 December 2009 the Group paid to the shipyard an amount of US\$9,541 representing the 20% deposit in respect of second instalment for YZJ-816. A portion amounted to US\$4,400 was financed through a new loan facility (note 15). 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 as of 31 December 2009 consists of: a) borrowing costs of US\$440 (US\$228 in 2008), b) broker's commission of US\$200 paid in full in 2008, c) plan approval fee of US\$56 paid in full in 2008, d) FDD insurance of US\$55 (nil in 2008), and e) legal fees of US\$76 (US\$62 in 2008).

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 US\$ 91,660, with estimated delivery in December 2010.

The initial deposit of US\$ 27,360 was paid during 2008 with US\$ 18,820 from cash reserves and US\$ 8,540 through the drawdown of a new loan facility (note 15).

On 16 October 2009 the Group agreed with Qingshan Shipyard of China to cancel the two new-build bulk carrier contracts subject to receiving back the amount of US\$9,360 (US\$4,680 per vessel) out of total US\$27,360 of the original instalment paid in August 2008 (note 23). The amount of US\$9,360 represents the portion of loan facility drawn of US\$8,540 along with the equity amount of US\$820 paid up to the cancellation date. Loss from the cancellation is equal to the total amount capitalised as of 31 December 2009 consisting of i) deposits to shipyards



of US\$18,000 (initial deposit of U.S. \$27,360, net of US\$ 9,360 refunded by the shipyard (note 23)), ii) borrowing costs of US\$669, iii) FDD insurance of US\$71, iv) plan approval fee of US\$56.

1 Bulk Carrier (SPP Shipbuilding Co.)

On 20 November 2009, the Group entered into agreement with an unaffiliated third party to acquire a contract for a new building geared Supramax bulk carrier vessel. The vessel which is being built at SPP Shipbuilding Co. Ltd. of Korea will have a carrying capacity of 59,000 DWT and is expected to be delivered in the last quarter of 2010. The aggregate cost for the contract is US\$31,800 and the Company has the option to elect for additional items of equipment with a total value of US\$2,000 to be added until the delivery date.

The initial deposit of US\$4,763 is funded by cash reserves. The remaining payments will be made to the yard based on the construction process schedule and will be financed by cash reserves and the drawdown of a loan facility. The bank that was fi-

nancing the two Qingshan contracts that have been cancelled, agreed to transfer the loan commitment to the SPP contract for an amount of US\$21,700.

b) New Buildings-Joint Venture

On 15 January 2009 the Group paid US\$2,700, representing the 50% portion of the delivery instalment for vessel 'Marie Paule', payable to the shipyard as per the contract. Vessel became operational on 11 February 2009.

On 15 January 2009 the Group paid US\$3,200, representing the 50% portion of the fourth instalment for vessel 'Alpine Trader', payable to the shipyard as per the contract. On 8 October 2009 the Group paid US\$1,500, representing the 50% portion of the delivery instalment for vessel 'Alpine Trader', payable to the shipyard as per the addendum made to the initial contract. Vessel became operational on 12 October 2009

The Group's 50% portion in the stand alone financial statements of Sentinel Holdings Inc., as at 31 December and for the year then ended were as follows:

Consolidated Statement of Financial Position	2009 U.S.\$'000	2008 U.S.\$'000
ASSETS		
Non-current assets		
Vessels	31,429	-
Advances for vessel construction	-	23,682
Other assets	353	87
Cash and cash equivalents	2,426	-
TOTAL ASSETS	34,208	23,769
EQUITY AND LIABILITIES		
Equity attributable to shareholders of Sentinel Holdings Inc.		
Retained earnings	984	-
Total equity	984	-
Non Current Liabilities		
Long term debt	21,949	14,340
Current Liabilities		
Current portion of long term debt	1,412	553
Liabilities	9,863	8,876
	11,275	9,429
Total Liabilities	33,224	23,769
TOTAL EQUITY AND LIABILITIES	34,208	23,769
Consolidated Statement of Comprehensive Income	2009 U.S.\$'000	2008 U.S.\$'000
Revenue	3,389	-
Expenses		
Voyage expenses	(170)	-
Vessel operating expenses	(1,043)	-
Management fees - related party	(141)	-
Depreciation	(670)	-
Depreciation of dry-docking costs	(58)	-
Operating profit	1,307	-
Finance expense	(318)	-
Foreign currency loss, net	(5)	-
Profit for the year attributable to Sentinel Holdings Inc. shareholders	984	-

10. OTHER NON-CURRENT ASSETS - LIABILITIES

The amounts in the accompanying statement of financial position are analysed as follows:

ASSETS

	2009 U.S.\$'000	2008 U.S.\$'000
Trade receivables	5,325	-
Non-level charters	1,224	-
	6,549	-

The amount of US\$5,325 relates to trade receivables from services rendered during 2009, which under a separate agreement with the charterers will be settled after January 2011.

The amount of US\$1,224 relates to the asset created upon accounting for charter agreements with specified rate increases over the charter term.

LIABILITIES

The amounts in the accompanying statement of financial position are analysed as follows:

	2009 U.S.\$'000	2008 U.S.\$'000
Fair value of derivative instrument non current ⁽¹⁾	(663)	(801)
Fair value of derivative instrument current ⁽¹⁾	(414)	(257)

⁽¹⁾: interest rate swap for the loan of vessel Bosphorus Bridge and the loan of vessels MSC Socotra & MSC Finland.

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 2007, the Group entered into an interest rate swap for the loan of vessel Bosphorus Bridge. The initial notional amount of this contract amounted to

US\$12,166 amortising in accordance with the loan repayment schedule. 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 2009 and 2008 was a liability of US\$685 and US\$1,058 respectively, which is included in other non-current and current liabilities in the accompanying consolidated statement of financial position.

During 2009, the Group entered into an interest rate swap for the loan of vessels MSC Finland and MSC Socotra (ex Procyon). The initial notional amount of this contract amounted to US\$11,900 amortising in accordance with the loan repayment schedule. Under the swap agreement, the Group exchanged variable to fixed interest rate at 3.23%. The fair value of the specific derivative financial instrument as at 31 December 2009, was a liability of US\$392 which is included in other non-current and current liabilities in the accompanying consolidated statement of financial position.

As the Group did not designate the swap agreements as accounting hedge, net losses resulting from this derivative instruments, which approximated US\$19 and US\$864 for the years ended 31 December 2009 and 2008, were recorded in finance expense or finance income in the consolidated statement of comprehensive income.



11. INSURANCE CLAIMS

	2009 U.S.\$'000	2008 U.S.\$'000
Balance as of 1 January	2,012	3,268
Additions	2,072	1,594
Collections	(1,916)	(2,731)
Amounts written off	(15)	(119)
Balance as of 31 December	2,153	2,012

12. CASH AND CASH EQUIVALENTS

	2009 U.S.\$'000	2008 U.S.\$'000
Cash at bank	3,493	1,751
Short term deposits at banks	21,125	31,506
	24,618	33,257

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 US\$8,600 throughout the year.

13. RESTRICTED CASH

The restricted cash of U.S. \$15,100 as at 31 December 2009 concerns part of the amount drawn on 16 December 2009 under a new loan facility for the future acquisition of a bulk carrier built after 1995. Amount is held in bank account of Platax Shipholding Carrier S.A. ('Platax') a Liberian company wholly owned by Daysailer Navigation Co. whose sole shareholder is Goldenport. Platax will

be the ship owning company of the new vessel upon acquisition.

14. SHARE CAPITAL AND SHARE PREMIUM

Share capital consisted of the following at 31 December:

	2009 U.S.\$'000	2008 U.S.\$'000
Authorised		
Shares of \$0.01 each	1,000	1,000
Issued and paid		
Shares of \$0.01 each	708	699
Total issued and paid share capital	708	699

Annual Incentive Plan (AIP):

The Remuneration Committee on its meeting on 10 December 2009 proposed and the Board of Directors approved the base award for each participant under the terms of the AIP. All four participants selected the full shares award (FSA).

On 23 March 2009, 175,014 shares (52,239 shares were issued in 2008 for 2007 FSA) were issued to the participants that selected the FSA for the performance of the year 2008. On the same date an amount of US\$237 (US\$363 for 2007 FSA), representing the fair value of the award as of the grant date, was transferred from Current Liabilities into the Share Premium.

The analysis of the share premium is as follows:

	U.S.\$'000
Balance 31 December 2007	106,991
AIP shares issued in 2008	363
Balance 31 December 2008	107,354
AIP shares issued in 2009	235
Scrip dividend shares	1,276
Balance 31 December 2009	108,865

15. LONG-TERM DEBT

Debt refinancing:

On 4 March 2009 the Group refinanced the outstanding debt of the vessel 'MSC Finland' amounting US\$6,800 and proceeded with the drawdown of additional US\$6,400 to cover the acquisition cost of the vessel 'MSC Socotra'. Both vessels have been provided as collateral to the new loan amounting US\$13,200 in total. On 16 December 2009 the outstanding balance of this loan, amounted to US\$11,900, was refinanced through the new loan facility mentioned below.

New Loan Facility:

On 16 December 2009 the Group arranged a new loan facility with a bank for a total amount of US\$37,000, which was fully drawn. Out of the total amount, US\$15,100 will be used to finance up to 80% of the acquisition cost of a dry bulk carrier, built after 1995, US\$11,900 will be used to refinance the existing credit facility of vessels MSC Finland and MSC Socotra and the remaining US\$10,000 will be used for working capital purposes. Two existing vessels, Tilos and Limnos that became debt free were used as collateral for the new facility. The amount of US\$15,100 is restricted in use from the respective bank and will be released upon acquisition of a dry bulk carrier.

Drawdown of loans:

- ⊙ 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 (note 9b) the vessel owning company proceeded with the drawdown of US\$6,300, representing the delivery instalment of US\$5,400 paid directly to the shipyard as per the contract and US\$900 for working capital purposes.
- ⊙ 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 (note 9b) the vessel owning company proceeded with the drawdown of US\$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 (note 9a) the vessel owning company proceeded with the drawdown of US\$3,775, representing the bank's portion of the steel cutting instalment, which was paid along with the Group's equity portion of US\$3,775, as per contract.
- ⊙ On 22 April 2009 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07037' and a bank (note 9a) the vessel owning company proceeded with the drawdown of US\$3,775, representing the bank's portion of the steel cutting instalment, which was paid along with the Group's equity portion of US\$3,775, as per contract.
- ⊙ On 14 August 2009 and as part of the loan agreement concluded between the vessel owning company of the new-built container vessel 'YZJ-815' and a bank (note 9a) the vessel owning company proceeded with the drawdown of US\$4,400, representing the bank's portion of the second instalment, which was paid along with the Group's equity portion of US\$5,033, as per contract.
- ⊙ On 6 October 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 (note 9b) the vessel owning company proceeded with the drawdown of US\$6,400, representing the delivery instalment of US\$3,000 paid directly to the shipyard as per the contract and US\$3,400 for working capital purposes.
- ⊙ On 17 December 2009 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier



'ZS07039' and a bank (note 9a) the vessel owning company proceeded with the drawdown of US\$6,425, representing the third instalment, which was paid along directly to the shipyard as per contract.

- ⊙ On 18 December 2009 and as part of the loan agreement concluded between the vessel owning company of the new-built container vessel 'YZJ-816' and a bank (note 9a) the vessel owning company proceeded with the drawdown of US\$4,400, representing the bank's portion of the second instalment, which was paid along with the Group's equity portion of US\$5,141, as per contract.

Prepayment of loans:

- ⊙ On 30 January 2009 a prepayment of US\$1,300 was applied towards the outstanding amount of loan c reducing the amortisation on a prorata basis.
- ⊙ On 17 February 2009 a prepayment of US\$3,739 was applied towards the outstanding balance of loan f reducing the amortisation on a prorata basis.

- ⊙ On 10 June 2009 a prepayment of US\$2,566 was applied towards the outstanding amount of loan c.
- ⊙ On 10 June 2009 a prepayment of US\$3,000 was applied towards the outstanding amount of loan f reducing the amortisation on a prorata basis.
- ⊙ On 12 November 2009 a prepayment of US\$3,650 was applied towards the outstanding amount of loan f reducing the amortisation on a prorata basis.

Credit facility:

On 21 August 2009 the Company agreed with a bank a credit facility for a total amount of US\$ 20,000 to be used for the acquisition of a bulk carrier. The vessels 'Lindos' and 'Alex D' were provided as collateral. The credit facility is available for draw-down until 30 June 2010. As at 31 December 2009 no amounts were drawn under this facility.

The amounts in the accompanying statement of financial position are analysed as follows:

		2009 U.S.\$'000		2008 U.S.\$'000	
Bank Loan	Vessel(s)	Amount	Rate %	Amount	Rate %
a. Issued 13 February 2003, maturing 30 May 2009	Lindos ⁽¹⁾	-	-	1,750	3.40%
b. Issued 31 March 2004, maturing 30 September 2010	Tilos, Limnos ⁽²⁾	-	-	4,600	5.05%
c. Issued 17 May 2005, maturing 17 August 2009	MSC Mekong, Alex D ⁽¹⁾	-	-	5,526	3.45%
d. Issued 26 June 2006, maturing 26 September 2011	MSC Scotland	6,700	2.75%	9,500	2.77%
e. Issued 19 July 2006, maturing 16 July 2011.	Vasos	9,300	1.24%	12,200	3.99%
f. Issued 16 December 2008, maturing 29 July 2013	MSC Fortunate	24,325	2.78%	38,100	1.77%
g. Issued 14 March 2007, maturing 14 March 2012.	MSC Finland, MSC Socotra (ex. NYK Procyon) ⁽³⁾	-	-	6,800	5.89%
h. Issued 19 July 2007, maturing 19 July 2014	Anafi	12,950	2.78%	15,125	5.30%
i. Issued 17 August 2007, maturing 17 August 2012	MSC Accra,	4,455	2.77%	6,075	3.30%
j. Issued 18 October 2007	Bosporus Bridge YZJ-815, YZJ-816	18,630	2.53%	11,165	5.60%
k. Issued 11 November 2007, maturing 11 November 2014	Gitte, Brillinat	14,150	2.78%	16,450	3.24%
l. Issued 16 January 2009, maturing 16 January 2019	Marie-Paule	11,421	2.03%	8,800	3.01%
m. Issued 26 October 2009, maturing 26 October 2019	Alpine Trader	12,000	2.28%	5,600	3.01%
n. Issued 18 August 2008, maturing 12 years after delivery	QS20060384	4,270	1.88%	4,270	4.23%
o. Issued 18 August 2008, maturing 12 years after delivery	QS20060385	4,270	1.88%	4,270	4.23%
p. Issued 6 March 2009, maturing 10 years after delivery	ZS07039	10,200	1.98%	-	-
q. Issued 22 April 2009, maturing 10 years after delivery	ZS07037	3,775	2.03%	-	-
r. Issued 16 December 2009, maturing 16 December 2014	MSC Finland, MSC Socotra (ex. NYK Procyon), Tilos, Limnos ^{(2) (3)}	37,000	3.25%	-	-
Total		173,446		150,231	
Less: initial financing costs		(1,197)		(809)	
Less: current portion		(31,559)		(32,564)	
Long-term portion		140,690		116,858	

- ⁽¹⁾: Following the full repayment of the respective loans, vessels 'Lindos' and 'Alex D' were provided as collateral for the credit line of US\$20,000
- ⁽²⁾: Following the full repayment of the respective loans, vessels 'Tilos' and 'Limnos' were provided as collateral for the new loan facility of US\$37,000
- ⁽³⁾: Following the refinancing of loan g vessels 'MSC Finland', 'MSC Socotra' were provided as collateral for the new loan facility of US\$37,000

The upcoming repayment terms of loans with balances outstanding at 31 December 2009 are:

Loan d: This loan is repayable in six quarterly instalments of US\$600 each, the first one being due on 26 March 2010 and the final one being due on 26 June 2011, plus a balloon payment of US\$3,100, being due on 26 September 2011.

Loan e: This loan is repayable in four semi-annual instalments of US\$1,450 each, the first one being due on 16 January 2010 and the final one being due on 16 July 2011, along with a balloon payment of US\$3,500.

Loan f: This loan is repayable in fifteen quarterly instalments of US\$960 each, the first one being due on 29 January 2010 and the last one being due on 29 July 2013 along with a balloon payment of US\$9,925.

Loan g&r: This loan is repayable as follows: i) the amount of US\$25,100 (equal to the amount of US\$15,100 drawn for the acquisition of a bulk carrier along with the amount of US\$10,000 drawn for working capital purposes) is repayable in twenty quarterly instalments of US\$950 each, the first one being due on 16 March 2010 and the final one on 16 December 2014 along with a balloon payment of US\$6,100 and ii) the amount of US\$11,900 used to refinance the existing loan facility of vessels MSC Finland and MSC Socotra is repayable in six quarterly instalments of US\$650 the first one being due on 16 March 2010 and the final one on 16 June 2011 and fourteen quarterly

instalments of US\$350 each the first one being due on 16 September 2011 and the last one on 16 December 2014 along with a balloon payment of US\$3,100.

Loan h: This loan is repayable in nineteen quarterly instalments of US\$500 each, the first one being due on 19 January 2010 and the final one on 19 July 2014 along with a balloon payment of US\$3,450.

Loan i: This loan is repayable in eleven quarterly instalments of US\$405 each, the first one being due on 16 February 2010 and the final one on 17 August 2012.

Loan j: The portion of the loan relating to the vessel 'Bosporus Bridge' of US\$9,830 is repayable in twenty quarterly instalments of US\$333.75 each, the first one being due on 18 January 2010 and the final one on 18 October 2014 along with a balloon payment of US\$3,155. The portion of the loan relating to the two new building vessels YZJ-815 and YZJ-816 of US\$8,800 will be repayable in ten years after the delivery of the vessels in 2011 and the final draw-down of the respective loan.

Loan k: This loan is repayable in twenty quarterly instalments of US\$575 each, the first one being due on 11 February 2010 and the final one on 11 November 2014 along with a balloon payment of US\$2,650.

Loan l: This loan is repayable in thirty seven quarterly instalments of US\$176.5 each, the first one being due on 16 January 2010 and the final one on 16 January 2019 along with a balloon payment of US\$4,890.

Loan m: This loan is repayable in forty quarterly instalments of US\$176.5 each, the first one being due on 16 January 2010 and the final one on 26 October 2020 along with a balloon payment of US\$4,940.

Loan n&o: These loans were fully repaid in January 2010 through the proceeds from the cancellation of the Qingshan new built bulk carriers and subsequently all the refund and performance guarantees were cancelled (note 23).

All loans discussed above are denominated in U.S. dollars, and bear interest at LIBOR plus a margin. In addition, the Company has entered into an interest rate swap agreement for loan (j) and loan (r), to exchange variable to fixed interest rate at 4.64% and 3.23%, respectively.

The remaining loans have margins between 0.90% and 3.00% above LIBOR.

Total interest paid was US\$4,896 and US\$7,195 for the year ended 31 December 2009 and 31 December 2008, 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. The hull cover ratio requirement for loans d, f, h, i & k was waived by the lender until 28 February 2011.

A number of the Group's loan agreements contain minimum liquidity clauses for a total amount of \$8,600 (U.S. \$7,500 as at December 2008).



16. DEFERRED REVENUE

Deferred revenue as of 31 December 2009 includes an amount of US\$5,649 (US\$8,257 as of 31 December 2008), 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 US\$2,608 was recognized to income in the current year (US\$2,628 in 2008). The remaining balance in deferred revenue represents cash received from charterers prior to 31 December 2009, which relates to revenue earned after that date.

17. ACCRUED LIABILITIES AND OTHER PAYABLES

The amounts in the accompanying statement of financial position at 31 December are analysed as follows:

	2009 U.S.\$'000	2008 U.S.\$'000
Interest	532	702
Insurance supplementary calls	299	1,823
Wages	135	619
Annual incentive plan	168	252
Audit fees	-	146
Dry-docking costs	115	868
Other accrued expenses	1,382	1,900
Other payables	2,254	2,680
	4,885	8,990

18. DIVIDENDS DECLARED

The Board of Directors of the Company will propose to the Annual General Meeting for approval, a final dividend for 2009 of 3 pence per share or total GBP 2,125 (2 pence per share or GBP 1,399 for 2008). The dividend that will be proposed which, is expected to be approved by the AGM to be held in Athens

on 12 May 2010 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 3 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 in and out of Marshall Islands. The payment of final dividends is subject to the approval of the Annual General Meeting ("AGM") of Shareholders. The final dividend proposed by the Board of Directors for 2008, was approved by the AGM held on 7 May 2009. The final dividend was 2 pence per share and included a share alternative resulting in a total dividend amount of GBP1,399 or US\$2,191. On 15 May 2009 the cash payment was made for the shares that elected cash totalling GBP 907 or US\$1,420 and on 20 May 2009 479,294 shares with reference price of 102.7 pence were issued and admitted to the official list representing the share element of the dividend. On 26 August 2009 the Board of Directors approved an interim dividend of 0.7 pence per share amounting in total to GBP 494 or US\$802. On 29 October 2009 the cash payment was made for the shares that elected cash totalling GBP 186 and on 3 November 2009 228,958 shares with reference price of 134.7 pence were issued and admitted to the official list representing the share element of the dividend. The payment of dividends was US\$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).

19. COMMITMENTS AND CONTINGENCIES

- a. 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, management 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. 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 US\$149,000, which is payable in five equal instalments (note 9a). Four of these payments for vessels ZS07036 and ZS07038, three for vessel ZS07037 and two for vessel ZS07039 are committed and will be paid in accordance with the milestones, as described in the contract (note 23). Three of these payments for vessels ZS07036 and ZS07038, two for vessel ZS07037 and one for vessel ZS07039 are secured through letter of guarantee from the financing bank.
- c. 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 US\$94,000, which is payable in five equal instalments (note 9a). Three payments are committed and will be paid in accordance with the milestones, as described in the contract. One of these payments is secured through a letter of guarantee from the financing bank.
- d. On 16 December 2009, the Company entered into agreement with SPP Shipbuilding Co. Ltd in Korea for the construction of one new build bulk carrier vessel of 59,000 DWT capacity for a total construction cost of US\$31,800. The total construction cost is payable in five instalments (note 9a). Four of these payments are committed and will be paid in accordance with the milestones as described in the contract.
- e. As at 31 December 2009, the Group had entered into time charter arrangements for all but one of its operating vessels. These arrangements have remaining terms between 2 and 54 months.

- f. Future minimum charters receivable from time charter arrangements as at 31 December 2009, are as follows

	2009 U.S.\$'000	2008 U.S.\$'000
Within one year	64,318	87,797
1-5 years	151,923	199,941
> 5 years	-	3,775
	216,241	291,513

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. 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. With regard to the Cosco new buildings (note 9a) the calculation is based on the floor rate without taking into account any profit share scheme and for the vessels into Joint Venture ("JV") (note 9b) 50% of revenue is included.

20. RELATED PARTY TRANSACTIONS

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

- (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 for a monthly management fee of US\$12.5 per vessel (US\$13.75 for the first half of 2008 and US\$12.5 from 1 July 2008 to year end). In addition to the monthly fee GSL charges a commission equal to 2% of time and voyage revenues relating to charters it organises.

	2009 U.S. \$'000	2008 U.S. \$'000
Voyage expenses - related party		
Commissions	1,810	3,099
Management fees - related party		
Goldenport Shipmanagement Ltd	2,679	3,515
	4,489	6,614

	2009 U.S. \$'000	2008 U.S. \$'000
Due from related parties		
Goldenport Shipmanagement Ltd	2,079	3,342
Total	2,079	3,342

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 2009 such fee charged by GSL amounted to US\$909 (as of 2008:US\$622) half of which is included in 'vessels under construction' of the accompanying consolidated statement of financial position.
- (c) 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 administrated 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 at its meeting on 10 December 2009 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 10 December

2009 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2009, and announced the base award to each participant. All four participants voluntarily selected 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 US\$168 (2008: US\$252), which is included in General and administrative expenses in the accompanying consolidated statement of comprehensive income.

On 1 March 2010, the Board of Directors approved the financial statements and authorised the issuance of the shares relating to the full share award under the provisions of the 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 2009. The AIP shares will be allotted and then registered in the participants name after the record date (12 March 2010).

The participant shall have the right to receive dividends for 2010 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:

	2009 U.S.\$'000	2008 U.S.\$'000
Directors and management team remuneration	1,175	1,263
Share bonus - AIP	168	252
	1,343	1,515

(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 2009 as follows:

Name	Number of shares as at 31 Dec 2008	Shares issued under AIP 2008	Share Dividend 2008	Share Dividend 2009	Number of shares as at 31 Dec 2009	Percentage of shares as at 31 Dec 2009
Captain Paris Dragnis ⁽¹⁾	41,830,444	81,998	408,508	219,929	42,540,879	60.068 %
Chris Walton ⁽²⁾	2,128	-	41	11	2,180	0.003 %
John Dragnis ⁽³⁾	456,549	25,624	4,500	2,528	489,201	0.691%
Christos Varsos ⁽⁴⁾	13,412	36,899	261	262	50,834	0.072 %
Konstantinos Kabanaros ⁽⁵⁾	-	30,493	-	158	30,651	0.043 %

⁽¹⁾ Captain Paris Dragnis is the Chief Executive Officer of the Company

⁽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

⁽⁵⁾ Konstantinos Kabanaros is the Chief Accounting Officer of the Company

(e) Rental of office space: A monthly rental of EUR17.8 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. Total rent expense for the year ended 31 December 2009 amounted to US\$237 (US\$263 in 2008) 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 are as follows:

	2009 U.S.\$'000	2008 U.S.\$'000
Within one year	306	297
After one year but not more than five years	1,058	1,177
More than five years	333	544
	1,697	2,018

21. 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 organized in a foreign country that grants an equivalent exception to corporations organized 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 organized 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 the 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 taxable 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 Sec-

tion 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 2007, 2008 and 2009 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.



22. 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 and further fleet expansion. 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 from 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 interest rates do not impact the Groups equity). The sensitivity analysis has been prepared using the following assumptions:

- ⊙ Arise or fall in interest rates will impact interest expense on floating rate borrowings.
- ⊙ Although the fair value of the derivatives, and therefore the statement of comprehensive income 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 and one in 2009 economically hedge the respective loans and the interest payments/receipt almost fully offset, therefore these two loans have not been included in the sensitivity analysis.

	Increase/ Decrease (%)	U.S.\$'000 Effect on profit
2009	+0.5%	-654
	-0.5%	+654
2008	+0.5%	-575
	-0.5%	+575

Credit risk

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2009 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

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.

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 2009 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.

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. As of December 31 2009 the Company has drawn US\$10,000 for working capital purposes (note 15).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2009 and 2008, 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 2009 and 2008):

31 December 2009	<3 months	3-12 months	1-2 years	2-5 years	>5years	Total
	U.S.\$000	U.S.\$000	U.S.\$000	U.S.\$000	U.S.\$000	U.S.\$000
Interest bearing loans	16,371	20,338	37,991	86,887	27,834	189,421
Trade payables	10,476	-	-	-	-	10,476
Other payables	2,254	-	-	-	-	2,254
Derivative instrument liability	111	303	334	329	-	1,077
	29,212	20,641	38,325	87,216	27,834	203,228
31 December 2008	<3 months	3-12 months	1-2 years	2-5 years	>5years	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

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 (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.

	2009 U.S.\$'000	2008 U.S.\$'000
Interest bearing loans	173,446	150,231
Less: cash and short term deposits(including restricted cash)	(39,718)	(33,257)
Net debt	133,728	116,974
Issued share capital	708	699
Share premium	108,865	107,354
Retained earnings	125,909	130,264
Total capital	235,482	238,317
Capital & Net debt	369,210	355,291
Gearing ratio	36%	33%

23. EVENTS AFTER THE REPORTING DATE

Waiver of increase in management fee: On 5 January 2010 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2010 will be remain at US\$12.50, as discussed in note 20.

Drawdown of loan: On 4 January 2010 and as part of the loan agreement concluded between the vessel owning company of the new building bulk carrier 'ZS07037' and a bank (note 9a) the vessel owning company proceeded with the drawdown of US\$6,425, representing the keel laying instalment to the yard.

Loan repayments: On 8 January 2010 the Group paid US\$176.5 in relation to the outstanding balance of loan (m), on 19 January 2010 the Group paid

US\$176.5 in relation to the outstanding balance of loan (l) on 14 January 2010 the Group paid US\$1,450 in relation to the outstanding balance of loan (e), on 19 January 2010 US\$334 in relation to loan (j), on 19 January 2010 US\$500 in relation to loan (h), on 9 February 2010 US\$575 in relation to loan (k), on 17 February 2010 US\$405 in relation to loan (i) and on 29 January 2010 US\$960 in relation to loan (f).

Refund of deposit from Qingshan Shipyard: On 8 January 2010 the Company received US\$9,360 from the Qingshan Shipyard representing the refund of the initial deposit following the cancellation agreement. US\$8,540 were used to repay in full the existing loan facility.

Payment of last instalment for vessel reconstruction: On 13 January 2010 the Company paid the final instalment for the reconstruction of the vessel 'MSC Fortunate' to the yard amounting to US\$1,000.



Payment to SPP Shipbuilding Co: On 21 January the Company paid an amount of US\$4,763 from cash reserves representing the steel cutting instalment as per the new building contract.

Idle Vessels: On 30 January 2010 vessel MSC Anafi which was idle as at 31 December 2009 became operational.

Disposal of vessel: On 12 February 2010 the company agreed the sale of the 962 TEU, 1978-built container 'MSC Mekong' to an unaffiliated third party. The sale was concluded at gross consideration of U.S. \$1,989 in cash. A commission of 3% on the gross consideration is payable for this

disposal. The gain resulting from the sale of the vessel is estimated to be U.S. \$870.

Dividends: On 1 March 2010 the Board of Directors of the Company decided to propose to the Annual General Meeting for approval, a final dividend for 2009 of 3 pence per share or total GBP 2,125 (2 pence per share or GBP 1,399 for 2008). The dividend proposed which, is expected to be approved by the AGM to be held in Athens on 12 May 2010 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 3 pence.



Financial Calendar

2 March 2010	Announcement of 2009 Full Year results
10 March 2010	Ex-dividend date
10-16 March 2010	Calculation period
12 March 2010	Record date
21 April 2010	Last day of elections for scrip dividend alternative
12 May 2010	Annual General Meeting
14 May 2010	Payment of 2009 final dividend

Analyst Coverage

Firm	Analyst	e-mail address
Charles Stanley Securities	Peter Ashworth	peter.ashworth@csysecurities.com
Clarkson Investment Services Limited	Amrit Singh	amrit.singh@clarksons.com
Credit Agricole Cheuvreux	Costas Theodorou	ctheodorou@cheuvreux.com
HSBC Bank plc	Robin Byde	robin.byde@hsbcib.com
Jefferies International	Douglas Mavrinac	dmavrinac@Jefferies.com
Panmure Gordon (UK) Limited	Gert Zonneveld	gert.zonneveld@panmure.com

Goldenport Holdings Inc is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Goldenport Holdings Inc's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Goldenport Holdings Inc or its management. Goldenport Holdings Inc does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

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 2009 Annual Report. This summary is based on the Company's current Articles of Incorporation and the By-Laws (the "Articles").

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 12 May 2010 are set out in the Notice of Meeting which accompanies the 2009 Annual Report.

Dividends and distributions

Dividends may be declared in conformity with Marshall Islands law by, and at the discretion of, the di-

rectors. 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 it is:

- (i) 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) in respect of only one class of shares; and
- (iii) 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 Arti-

cles. The Articles adopt certain provisions of the City Code including provisions dealing 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 Annual General Meeting (held on 7 May 2009) to buy back up to 7,011,235 shares, which remains outstanding until the 6 May 2010. 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 aver-

age 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 2009, 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 2009 were 70,820,611):

Shareholder	Direct/Indirect Interest	Number of shares of US\$0.01 each	Percentage of issued share capital/voting rights
Captain Paris Dragnis	Indirect	42,540,879	60.07%
Premier Fund Management Limited	Direct	4,016,034	5.67%
Jupiter Asset Management Limited	Direct	3,522,549	4.99%

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 2009.

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 Relationship Agreement provides 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 Company 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.



Registered office:

Trust Company Complex
Ajeltake Road
Ajeltake Island
Majuro
Marshall Islands MH 96960

Head Office:

STATUS CENTER
41 Athinas Ave.
Vouliagmeni 166-71
Athens, Greece
+30 210 89 10 500

Web-site:

www.goldenport.biz
www.goldenportholdings.com

Senior Independent Director:

bob.crawley@goldenport.biz

Registrars:

Computershare Investor
Services (Jersey) Limited
PO Box 83, Ordinance House
31 Pier Road
St Helier
Jersey
JE4 8PW

Depository:

Computershare Investor
Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Auditors:

Ernst & Young (Hellas) Certified
Auditors - Accountants S.A.
11km Athens - Lamia
National Road
14451, Metamorphosi
Greece

Sponsor:

HSBC Bank plc
8 Canada Square
London E14 5HQ

Corporate Brokers:

HSBC Bank plc
8 Canada Square
London E14 5HQ

Panmure Gordon (UK) Limited
Moorgate Hall
155 Moorgate
London EC2M 6XB

Credit Agricole
Cheuvreux International
12th Floor
Moor House
120 London Wall
London EC2Y 5ET

UK Legal Advisers:

Stephenson Harwood
One St Paul's Churchyard
London EC4M 8SH

US Legal Advisers:

Seward & Kissel LLP
One Battery Park Plaza
New York, N.Y. 10004
United States

IR Coordinators:

Capital Link, Inc.
230 Park Avenue - Suite 1536
New York, N.Y. 10169
United States

Capital Link, UK
2 Throgmorton Avenue, 1st Floor
London EC2N 2DG





Navigating thro



ough the storm

