

annual report
2010



Goldenport Holdings Inc.

Fleet expansion Full Steam Ahead



Goldenport Holdings Inc.



Table of Contents

Our Vision.....	4
Chairman's Statement	5
Chief Executive Officer Statement	6
Our Company	7
Our Board	10
Our Management Team	11
Risk Factors	12
Business Review	22
Quality & Safety.....	36
Report of Directors	46
Corporate Governance Statement.....	56
Directors' Remuneration Report	64
Statement of Directors' Responsibilities.....	73
Independent Auditors' Report.....	75
Financial Statements	79
Financial Calendar.....	115
Additional Information for Shareholders	116
Registered Office & Advisers	125



2010 Highlights

(US\$'000)

Income statement

Revenue:	88,180
EBITDA:	42,199
Net Profit (excluding non-recurring items):	3,298
Gain from vessels disposals:	868

Balance sheet

Vessels:	368,164
Advances for vessels under construction:	71,021
Cash:	52,683
Long-term debt (incl. current portion):	228,601

Facilities available for fleet expansion

Drawn-down (restricted cash):	10,100
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Vessels

New-building vessels delivered:	3
Fully depreciated vessels sold:	1
Second hand vessels acquired:	2
Total vessels in the fleet:	25

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”

Chairman's Statement

Goldenport enters 2011 with all its operational vessels employed on term charters, the fleet renewal program almost complete and funds available for expansion.

When the global shipping recession commenced in late 2008, Goldenport acted quickly and decisively with a three-phase strategy. First was a period of “reaction” in which we took decisive steps to conserve cash. During this period, we used our strong relationships with charterers to ensure that our operational vessels stayed fully employed.

Thereafter, we moved to a “preparatory” phase, in which we readied the Company for a recovery in the industry. This included renewing the fleet by acquiring younger tonnage in both the dry bulk and container sectors, strengthening our existing client relationships and creating a “war chest” for fleet expansion opportunities. These actions have prepared us for the final phase of “industry recovery”.

During the year we raised approximately \$35 million (approximately £23.5 million) through our successful capital fundraising which allowed us to build up our “war chest” and at the same time we negotiated new sources of debt in order to grow the fleet. We began the process of fleet expansion with the purchase in November of the Sub-Panamax container vessel “Clifton Bridge” which was delivered to Goldenport in February 2011. We have held back from buying more tonnage however as the price/value equation of purchases has not been as attractive as we wanted. We want to grow, but we will only buy ships when we see value in the transaction.

As in the past, our focus for the future will continue to be in the container and dry bulk sectors, acquiring vessels on a back-to-back basis with medium to long-term charter contracts.

During the year we also strengthened our Board with two appointments in preparation for building a larger business. First, Mr Barry Martin was appointed as an independent Non-Executive Director. He has over 43 years of banking experience, of which more than 40 years were with the RBS Group, including time as General Manager of their Piraeus office and Head of Greek Shipping based in London.

The second appointment was the elevation of Mr John Dragnis, Goldenport’s Commercial Director since its admission to the Official List in April 2006, on to the Board as an Executive Director. This appointment reflects the importance of his current role and his potential as a future leader of the Company.

In respect of the financial year 2010, our Board recommends a final dividend of 3.6 pence per share, which, including the interim dividend for 2010, results in a total dividend of 5.4 pence per share. This final dividend will be offered in cash with a scrip dividend alternative.

I would also like to take this opportunity to thank our own personnel and the staff of our ship manager (Goldenport Shipmanagement Ltd) for their efforts during the year. It is their dedication and expertise that gives Goldenport its strength. In particular, I thank our founder and CEO, Captain Paris Dragnis, for his continued leadership and judgement. Our preparedness for the future stems from the quality of our people. It is they who will enable us to capitalise on future vessel acquisition opportunities and the recovery of the shipping markets.

Finally, I would like to thank the shareholders for their support and continuing confidence in the Company.

Goldenport begins 2011 in a position of strength and we look forward to the opportunities that await us.

Chris Walton
Chairman



Chief Executive Officer Statement

We are pleased to report healthy operational results for 2010 despite the continued market volatility over the last twelve months. In 2010, we continued with the implementation of our strategy of prudent growth, while seeking stable cash flows with upside potential through the employment of our fleet under period time charters.

In the present environment of weak market conditions in the bulk carrier segment, we are pleased to report strong forward coverage for our operational bulk carrier fleet where, 67% of the available days for 2011 are already fixed under period employment, assuming earliest charter expiration. We have also secured strong forward coverage for the majority of our operational fleet of containers with 99% of the fleet available days for 2011 already fixed under period employment. This translates into strong and visible cash flows.

As testimony of Goldenport's financial strength, confidence in the future and commitment to our shareholders, the Board proposed a final dividend of 3.6 pence per share which when added to the interim dividend of 1.8 pence per share provides a full year dividend for 2010 of 5.4 pence which compares favourably to the 2009 full year dividend of 3.7 pence per share.

Our Company is in a strong financial condition as of 31 December 2010 with net debt of US\$ 165.8 million and a net debt to book capitalisation of only 38%, a moderate figure for our industry. Our unrestricted cash balance on 31 December 2010 was US\$52.7 million.

Looking into 2011 and beyond, we expect significant contribution to our earnings from the completion of our new building program. Within the next few months the current phase of our organic growth will be completed with the deliveries of the four remaining vessels from their respective shipyards.

Including the delivery of these new buildings, our fleet consists of 26 vessels, of which 12 are containers and 14 are dry-bulk carriers. Out of these, 9 vessels were built after 2009, lowering the average age profile of the fleet and thus expanding the future revenue generation capacity.

Our strong cash flow visibility based on the forward time charter coverage in both segments in which we operate, our new-building program which progresses on schedule and our healthy balance sheet enable us to be confident about the future growth prospects of our Company and put us in a strategic position to benefit from accretive fleet expansion opportunities as they occur.

We continue to monitor both segments in which we operate in order to identify assets that fit to our next growth phase. The improvement in freight rates in the container segment allows us to be optimistic about sourcing acquisitions which can be matched with accretive employment.

On the other hand the market weakness in the bulk carriers may lead to opportunities to acquire good specification vessels at attractive prices, thus replicating the successful acquisition strategy we applied in the 2009 and 2010 containers' segment downturn.



Captain Paris Dragnis
Chief Executive Officer

Our Company

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 and 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 with primary goal 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 consid-

eration but in any case not jeopardizing aspects such as crew, environmental, and vessel safety.

FORMATION

Goldenport Holdings Inc. was formed on 21 March 2005 as a holding company in order to consolidate the ownership interests of Captain Paris Dragnis in a fleet of seventeen container vessels and dry-bulk carriers.

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;
- ⦿ 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.

PLACING AND OPEN OFFER

On 25 June 2010, the Board of Directors of the Company announced details of a capital raising to raise gross proceeds of approximately £23.5 million (approximately US\$35 million) through a placing and open offer of 18,496,010 new shares at an issue price of 127 pence per new share. An Extraordinary General Meeting of the Company was convened for 19 July 2010 (the "EGM") for the purpose of asking shareholders to approve, amongst other things, the transaction.

At the EGM, shareholders approved the placing and open offer and on 21 July 2010 the Company received £22.77 million net proceeds from the capital raising after deduction of underwriters' commissions.

Following the EGM, the new authorised share capital is U.S.\$2,000 (200 million shares of U.S.\$0.01 each).

GPRT share price performance since IPO



Mr. Chris Walton,
Age - 53, 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 the Chairman of Lothian Buses Plc, the Senior Independent Director and Audit Committee Chairman of Rockhopper Exploration Plc and a non-executive director of KZT, the Kazakhstan State Railway System. He is a non-executive Audit Committee member for the UK Department for Culture, Media and Sport, the UK government department responsible for the 2012 Olympic Games, broadcasting, digital media, sport and tourism. Also, Chris undertakes consulting related to corporate turn-arounds and venture capital investments. He has undertaken projects in Europe, the Middle East and India.

Captain Paris Dragnis,
Age - 66, Founder-Chief Executive Officer



Captain Paris Dragnis has served as our Chief Executive Officer since inception. Captain Dragnis has over 35 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 - 39, Chief Financial Officer



Christos has served as our Chief Financial Officer and Company Secretary since 1 November 2005. On 1 November 2007 he stepped down from the Company Secretary role he was also holding. Prior to joining the Company, Christos held finance positions on a regional and local level with Coca-Cola HBC, in Greece. He

also worked as a Manager and Senior auditor at Arthur Andersen and Deloitte and Touche in Athens, where he gained four years shipping audit experience and Baker Tilly in London. He holds a degree in Banking and Financial Management from the University of Piraeus, Greece and is a Fellow member of the Association of Chartered Certified Accountants.

Mr. Konstantinos Kabanaros,
Age - 57, Chief Accounting Officer



Konstantinos has served as our Chief Accounting Officer since 1 November 2005. Prior to that, Mr Kabanaros served 22 years with-in the Dragnis Group, being employed most recently as the Chief Accounting Officer of Goldenport Shipmanagement Ltd. In total he has over 28 years of shipping expertise, focused on ship financ-

ing and accounting. Mr Kabanaros holds a degree in economics from the University of Piraeus, Greece.

Mr. Robert Crawley,
Age - 55, 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 - 77, 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.

Mr. Barry Martin,
Age – 63, Non-Executive Director



Barry Martin was appointed as a Non-executive Director on 4 October 2010. He is a banker with over 43 years' experience, of which more than 40 years have been with the RBS Group where he has worked in, managed and led a variety of businesses. Barry started his banking career in 1965 and joined RBS in 1968. He trained in many aspects of banking including credit functions and corporate finance in his early career. Between 1974 and 1994 he held senior managerial appointments in the RBS Group in London financing major corporate clients. During the period between 1986 and 1994 he was also appointed General Manager of RBS AG in Zurich. In 1994 Barry was appointed General Manager of the Piraeus office in Greece providing finance and banking services to the Greek shipping community. In 1998 he moved to the position of Head of Greek Shipping based in London. Barry retired from RBS in April 2009 and is now working as a consultant.



Mr. John Dragnis,
Age - 33,
Commercial Director

John Dragnis was appointed as an Executive Director of the Board on 4 October 2010. During the last five years since the Company's admission to the

Official List, John has spent much of his time as the Commercial Director developing the business and identifying opportunities for fleet expansion through the acquisition of new building or second hand vessels. During the last eight years John has maintained existing relationships and established new ones with charterers and shipyards, particularly in the Far East. Prior to the Company's admission to the Official List, John was also involved in setting up and managing a yacht management and chartering business. He holds a degree in Business Administration and a Masters degree in Shipping, Trade and Finance from CASS Business School, London.

"Well balanced Board and Management with over 250 years total shipping experience"



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



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 18 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 - 40,
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 Company, in common with that of other businesses, may be affected by risks not completely within its control which could have a material effect on its short and long term financial performance. These risks may cause actual results to differ materially from forecasts or historic results.

The following are the key risks that are relevant to the Company. 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 risks are described under the following general categories:

- ⦿ Risks relating to the industry in which the Company operates
- ⦿ Risk relating to the Company's business

RISKS RELATING TO THE INDUSTRY IN WHICH THE COMPANY OPERATES

Global economic downturn

In late 2008 through 2009 and the first quarter of 2010 the Company witnessed unprecedented volatility and challenges 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. In particular, if there is a negative change in the economic conditions in any country where the Company's vessels make a significant number of port calls, particularly in China, this may have an adverse effect on the Company's business, financial position and results of operations, as well as the Company's future prospects.

In recent years, China has been one of the world's fastest growing economies in terms of gross domestic product and as a result it has required large volumes of raw materials. The Company cannot be sure that such growth will be sustained or that the Chinese economy will not experience reduced levels of growth in the future.

Any further slowdown in the economies of the United States, the European Union or certain Asian countries may adversely affect the Company's business, financial position and operational results, as well as the Company's future prospects.

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

The dry bulk and container sectors of the shipping industry tend to be cyclical with attendant volatility in charter hire rates and vessel profitability. The factors affecting the supply and demand for vessels are unpredictable and outside of the Company's 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;
- ⦿ steaming speed;
- ⦿ 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 newbuilding deliveries;
- ⦿ the scrapping rate of older vessels;
- ⦿ vessel casualties;
- ⦿ the number of vessels that are out of service; and
- ⦿ port productivity.

The Company anticipates that the future demand for the Company's dry bulk carriers and container vessels will be dependent upon continued economic growth in the world's major economies with increasing emphasis upon fast expanding economies such as China and India.

Demand will also be affected by seasonal and regional changes in demand, changes in the capacity of the global dry bulk carrier and container vessel fleets and the sources and supply of dry bulk and containerized 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 be able to match this increase in capacity. Adverse economic, political, social or other developments could have a material adverse effect on the Company's 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 the Company's earnings and the values of the Company's 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 the Company expects 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. The demand for container and dry bulk cargo volume is currently increasing, but there can be no assurances that this tendency will continue.

The market values of the Company's vessels may decrease, impacting the Company's existing debt obligations

The market values of the Company's vessels have generally been volatile linked to the inherent cyclicity of the shipping industry. The market values of the Company's 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 the Company's vessels, applicable

governmental regulations and the cost of scrap-
page or newbuilding vessels. If the market values of the Company's vessels decline, it may result in the Company breaching covenants of existing debt facilities. In the event that the Company breaches the covenants of any existing debt facilities, the Company will request from such lender a waiver for the whole or part of the debt covenant. If the lender does not agree to provide the Company with such a waiver, if requested by the lender, the Company may be required to provide the lender with additional security or collateral. The provision of such security or collateral would reduce the Company's ability to raise subsequent debt finance which in turn could have a material adverse effect on the Company's ability to expand its business.

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

Much of the specific risk of fluctuating oil prices is transferred away from the Company to the charterers of its vessels as they are usually on medium-to long-term charters, with certain voyage costs, including fuel, 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 Company may not be able to obtain the same rates when negotiating new charter contracts, which could impact profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside the Company's control, including geopolitical developments, supply and de-



mand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Rising oil prices are also likely to have a significant impact on the wider economy and an economic downturn in the Asia Pacific region, the United States or the European Union is likely to have a detrimental impact on the Company's profitability.

Acts of piracy on ocean-going vessels could adversely affect the Company's business

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden off the coast of Somalia. Over the last three years the frequency of piracy incidents has increased significantly, particularly in the Gulf of Aden and the Indian Ocean. If these piracy attacks result in regions in which the Company's vessels are deployed being characterized by insurers as "war risk" zones, or Joint War Committee (JWC) "war strikes" listed areas, insurance premiums payable for voyages in these areas could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent the Company employs onboard security guards, could increase in such circumstances. The availability of appropriate levels of insurance, the possibility of increased costs to counter the risks of piracy, the risk of having a vessel detained by pirates for an uncertain period and the overall disruption to sea-going trade in the affected areas could have a material adverse impact on the Company's business, results of operations, cash flows and financial condition.

Whilst the Company has not yet had an act of piracy committed against any of its vessels, in response to the increase in piracy incidents over the last three years particularly in the Gulf of Aden and the Indian Ocean, following consultation with regulatory authorities, the Company could station guards on some of the Company's vessels if considered required in some instances. While the Company's use of guards could be intended to deter the risk of hijacking of the Company's vessels, it could also potentially increase the Company's risk of liability for death or injury to persons or damage to personal property. The Company will always seek to have the appropriate level of insurance in place to cover such risks.

The shipping industry has inherent operational risks that could nega-

tively impact the Company's results of operations

The Company's 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 cargo, revenues and property, environmental damage, and damage to the reputation of the Company. If the Company's vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs are unpredictable and can be substantial. Whilst the Company procures insurance for our fleet for hull and machinery, war risks, protection and indemnity (which includes environmental damage, pollution and other liabilities) it will have to pay the part of any claim represented by the deductible or "excess". The Company's current insurance deductibles are in line with market standards. The loss of earnings while the Company's vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease the Company's earnings. In addition, space at dry-docking facilities is sometimes limited and not all dry-docking facilities are conveniently located. The loss of earnings while these vessels are forced to wait for space or to travel to more distant dry-docking facilities may adversely affect the Company's business and financial condition. If one of the Company's vessels were to be involved in an accident with the potential risk of environmental contamination, this could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition. Further, the total loss of any of the Company's vessels could harm the Company's reputation as a safe and reliable vessel owner and operator. If the Company is unable to adequately maintain or safeguard the Company's vessels, it may be unable to prevent any such damage, costs, or loss.

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 and ability of many traditional lenders to the shipping industry to provide debt funding in line with normal historical levels reduced significantly during 2009. The Company cannot predict with certainty or guarantee that it will be able to raise subsequent debt funding at economic rates, if at all, in the near to medium future to fund future fleet expansion, which may require additional equity being used to fund vessel acquisitions and could impact on the Company's ability to successfully implement

its vessel acquisition strategy. There could also be an impact on the ability of banks that have provided committed debt facilities in relation to newbuilding contracts already entered into by the Company to be able to provide the financing when it becomes due.

The shipping industry has inherent operational risks that may not be adequately covered by the Company's insurance

The Company procures insurance for the Company's fleet against risks commonly insured against by vessel owners and operators. The Company's current insurance includes hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). Even though the Company's fleet is insured, the Company may not be able to obtain a replacement vessel in good time in the event of a loss. Furthermore, the Company may not be able to obtain adequate insurance coverage at reasonable rates for the Company's fleet.

The Company may also be subject to calls, or premiums, by mutual protection and indemnity associations through which the Company receives indemnity insurance coverage for tort liability in amounts based not only on the Company's own claims record but also the claims records of all other members of those protection and indemnity associations. The Company's insurance policies also contain deductibles, limitations and exclusions which, although the Company believes are standard in the shipping industry, may nevertheless increase the Company's costs or reduce the Company's recovery in the event of a loss.

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

The Company's 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 the Company's vessels operate or are registered, which can significantly affect the ownership and operation of the Company's vessels. These requirements include but are not limited to the following laws and regulations (as may be amended from time to time): International US Oil Pollution Act 1990 (OPA), International Convention for the Safety of Life at Sea (SOLAS), 1974, International Convention on Load Lines, 1966, International Convention for the Prevention of Pollution from Ships, 1973, Protocol 1978, International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS), 1996, International Convention on Civil Liability for Oil Pollution Damage (CLC), 1969, International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Fund) 1971 and Marine Transportation Security Act 2002. 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 the Company's vessels. The Company 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 water, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Company's ability to address pollution incidents. These costs could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition and the Company's 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 the Company's operations. Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the Company to liability without regard to whether the Company was negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-mile exclusive economic zone around the United States. An oil spill could result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other federal, state and local laws, as well as third-party damages. The Company is required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although the Company has arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to entirely cover all such risks, or that any claims will not adversely impact on the Company's

business, results of operations, cash flows and financial condition and the Company's ability to pay dividends. All the Company's vessels are presently insured against standard marine insurance covers upon standard terms and conditions covering in full standard marine insurance risks.

The Company is subject to international safety and environmental regulations and the failure to comply with these regulations may subject the Company to increased liability, may adversely affect the Company's insurance coverage and may result in a denial of access to, or detention in, certain ports

The hull and machinery of every commercial vessel must be classed by a classification society authorised by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention. Consistent with these regulations a vessel must undergo annual surveys, intermediate surveys and special surveys. Vessels are required to be dry-docked every two to three years for inspection of the underwater parts of such vessel. If any of the Company's vessels do not maintain class or fails any survey the vessel will be unable to trade and will be unemployable therefore having an adverse effect on that vessel's profitability. The operation of the Company's vessels is affected by the requirements set forth in the ISM Code. The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. As of the date of this document, each of the Company's vessels is ISM Code-certified.

Capital expenditures and other costs necessary to operate and maintain the Company's vessels may increase due to changes in governmental regulations, safety or other equipment standards and customer requirements

Changes in governmental regulations, safety or other equipment standards, as well as compliance with

standards imposed by maritime self-regulatory organisations and customer requirements or competition, may require the Company to incur additional expenditure. In order to satisfy these requirements, the Company may, from time to time, be required to take the Company's vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable the Company to operate some or all of the Company's vessels profitably during the remainder of their economic lives.

Increased inspection procedures, tighter import and export controls and new security regulations could increase costs and disrupt the Company's container shipping business

International container shipping is subject to security and customs inspection and related procedures in countries of origin, destination and transshipment points. These security procedures can result in cargo seizures, delays in the loading, offloading, transshipment or delivery of containers and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, carriers. It is unclear what changes, if any, to existing security procedures will ultimately be proposed or implemented, or how any such changes will affect the container shipping industry. These changes may potentially impose additional financial and legal obligations on carriers and, in certain cases, to render the shipment of certain types of goods by container uneconomical or impractical. These additional costs could reduce the volume of goods shipped in containers and result in a decreased demand for container vessels. In addition, it is unclear what financial costs any new security procedures might create for container vessel owners, or whether carrier companies may seek to pass on certain of the costs associated with any new security procedures to vessel owners. Any additional costs or a decrease in container volumes could have an adverse impact on the Company's business and results of operations.

Governments could requisition the Company's vessels during a period of war or emergency, resulting in a loss of earnings

A government could requisition one or more of the Company's vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, whilst requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although gov-

ernments may elect to requisition vessels in other circumstances. Although the Company would be entitled to compensation in the event of a requisition of one or more of the Company's vessels, the amount and timing of payment would be uncertain with the exception of a direct claim for total loss under the Company's insurance cover, to the extent that such cover allows the Company to request immediate payment for compensation by the Company's insurers. Government requisition of one or more of the Company's vessels may negatively impact the Company's revenues.

Changes in the economic and political environment in China and policies adopted by the government to regulate its economy may have a material adverse effect on the Company's business, financial condition and results of operations

The Chinese economy differs from the economies of most other countries belonging to the Organization for Economic Cooperation and Development ("OECD"), in matters such as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, rate of inflation and balance of payments position. Prior to 1978, the Chinese economy was a planned economy. Since 1978, increasing emphasis has been placed on the utilisation of market forces in the development of the Chinese economy. Annual



and five year State Plans are adopted by the Chinese government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy through State Plans and other measures. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform. Limited price reforms were undertaken; with the result that prices for certain commodities are principally determined by market forces. Many of the reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such measures. The Company cannot be certain that the Chinese government will continue to pursue a policy of economic reform. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, all of which could, adversely affect the Company's business, operating results and financial condition.

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 executed at the recent peak of the market cycle. 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 installments 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 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 Company then the Company would look to claim damages from the shipyard in question. However, the Company cannot be certain whether it would be successful in claiming damages or whether the value that it would ultimately recover would adequately compensate the Company. 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 Company want to do so.

The operation of container and dry bulk carriers has certain unique operational risks

The operation of certain types of vessels, such as container and 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.

Container vessels have similar risks linked to their loading. If the weight of the containers is not distributed evenly this may cause damage and/or unnecessary movement to the vessel which may result in the vessel breaching to the sea. The loss overboard of containers and their cargo due to incorrect stacking or extreme sea conditions poses considerable risks to the vessel also. In addition, outside of container manifests, there is no way of knowing the contents of each container. If the goods in the containers are dangerous and/or flammable and these have not been declared properly or correctly to the charterer, in extreme situations this can result in the loss of a vessel from the reaction of chemicals that may not have been stowed or packed appropriately.

If the Company is unable to adequately maintain the Company's vessels it may be unable to prevent these events. Any of these circumstances or events could negatively impact the Company's business, financial condition, results of operations and ability to pay dividends. In addition, the loss of any of the Company's vessels could harm the Company's reputation as a safe and reliable vessel owner and operator.

RISKS RELATING TO THE COMPANY'S BUSINESS

The relationship between the Company, Starla and Captain Paris Dragnis

On 30 March 2006, Captain Paris Dragnis, John Dragnis, Starla and the Company entered into an agreement to regulate the relationship between Captain Paris Dragnis, Starla and the Company with effect from Goldenport's admission to the Official List in April 2006. The agreement was entered into as a result of Starla controlling approximately 59.8 per cent. of the issued share capital of the Company at the time of Goldenport's Initial Admission. The Relationship Agreement provided that all transactions between the Company on the one hand, and Captain Paris Dragnis and Starla and their respective associates on the other, be conducted at arm's length and be on a normal commercial basis. Additionally, the agreement stipulated that Captain Paris Dragnis and John Dragnis would not become concerned in the ownership of container vessels and dry bulk carrier vessels, other than through Goldenport, for a period of four years from the date of the agreement. This period expired on 30 March 2010 and, in the absence of an agreement to regulate their ownership of vessels outside of the Company, going forward each of Captain Paris Dragnis, John Dragnis and Starla will be able to own container vessels and dry bulk vessels other than through Goldenport and accordingly compete with the Company. If they did compete with the Company, the Directors do not believe the impact would be material in the near term due to the committed charters the Company currently has in place.

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

The Company's success depends to a significant extent upon the abilities and efforts of the Company's management team, and in particular on the experience, abilities and efforts of the Company's chief executive officer, Captain Paris Dragnis. The Company has entered into service agreements in relation to the services of the Company's Chief Executive Officer, Captain Paris Dragnis, the Company's Commercial Director, John Dragnis and the Company's Chief Financial Officer, Christos Varsos. The Company's success will also depend upon the Company's ability to hire and retain key members of the Company's 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 the Company's business prospects and financial condition. Difficulty in hiring and retaining replacement personnel could have a similar effect. The Company does not maintain "key man" life insurance on any of the Company's officers.

The Company's earnings may be adversely affected if it does not successfully employ the Company's vessels on medium to long-term time charters or take advantage of favorable opportunities involving shorter-term or spot market charter rates

The Company's strategy involves employing the Company's vessels primarily on time charters with durations of between one and three years. Although time charters with durations of between one to three years typically provide relatively steady streams of revenue, the Company's vessels committed to such charters may not be available for rechartering or, in the case of the Company's dry bulk carriers, for spot market voyages when such employment would allow the Company to realise the benefits of comparably more favorable charter hire rates. In addition, in the future the Company may not be able to enter into new time charters on favorable terms. If the Company is 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, the Company's earnings could be adversely affected. The Company cannot be certain that future charter hire rates will enable the Company to operate its vessels profitably.

The Company's charterers may terminate or default on their charters, which could adversely affect the Company's results of operations

Each of the Company's 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. However, none of the Company's existing charterers has terminated a charter with the Company for such reasons. In addition, the ability of each of the Company's charterers to honour its obligations under a charter will depend on a number of factors that are beyond the Company's control. These factors may include gen-

eral 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 the Company's business and results of operations.

The Company depends upon a few significant customers for a large part of the Company's revenues and the loss or financial distress of one or more of these customers could adversely affect the Company's financial performance

The Company has historically derived a significant part of the Company's revenues from a small number of charterers. If any one or more of these charterers chooses not to charter the Company's vessels or is unable to perform under one or more charters with the Company and the Company is not able to find a replacement charterer, the Company could suffer a loss of revenues that could adversely affect its financial condition and results of operations.

In the highly competitive international shipping industry, the Company may not be able to compete for charters with new entrants or established companies with greater resources

The Company employs its vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have greater resources than the Company does. 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 the Company is able to offer.

Maritime claimants could arrest one or more of the Company's vessels

Crew members, suppliers of goods and services to a vessel, owners of cargo, charterers and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel. The arrest or attachment of one or more of the Company's

vessels could reduce the Company's revenues and profitability and, in the event such risk is not insured, require the Company to pay material sums of money to have the arrest or attachment lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner.

Labour interruptions could disrupt the Company's business

The Company's vessels are manned by masters, officers and crews that it employs. If not resolved in a timely and cost-effective manner, industrial action or other labour unrest could prevent or hinder the Company's operations from being carried out normally and could have a material adverse effect on the Company's business and results of operations.

The Company's ship management capabilities and the provision of certain other operational services that are necessary to run the Company's business currently rely on the Company's relationship with Goldenport Shipmanagement Ltd. ('GSL')

The Company currently relies on GSL (which is owned and operated by the Dragnis family) for the commercial and technical management of the Company's fleet. The Company has entered into various long-term vessel management agreements with GSL covering the Company's entire fleet and a master management agreement with GSL granting GSL a right of first refusal to manage any new vessels acquired by the Company. The agreement is terminable by either party on one month's prior written notice. If GSL ceases to provide these management services for any reason or if the management services do not continue to reach the standards the Company expects this may prevent or hinder the Company from carrying on its business in the manner it has done so to date until it finds another appropriate ship manager to contract with.

The Company may not have adequate insurance to compensate the Company if the Company loses the Company's vessels or to compensate third parties

There are a number of risks associated with the operation of ocean-going vessels, including mechanical failure, collision, human error, war, terrorism, piracy, property loss, cargo loss or damage and business interruption due to political circumstances

in foreign countries, hostilities and labour strikes. Any of these events may result in loss of revenues, increased costs and decreased cash flows. In addition, the operation of any vessel is subject to the inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international markets. The Company is insured against the majority of tort claims and some contractual claims (including claims related to pollution) through memberships in protection and indemnity associates or clubs, or P&I Associations. As a result of such membership, the P&I Associations will provide the Company's coverage for such tort and contractual claims. The Company also carries hull and machinery insurance and war risk insurance for the Company's fleet. The Company insures the Company's vessels for third-party liability claims subject to and in accordance with the rules of the P&I Associations in which the vessels are entered.

The Company also maintains insurance against loss of hire, which covers business interruptions that result in the loss of use of a vessel in war risk areas. The Company can give no assurance that it will be entirely insured against all risks. The Company may not be able to obtain adequate insurance coverage for the Company's fleet in the future. The Company's insurance policies contain deductibles for which the Company will be responsible and limitations and exclusions which may increase the Company's costs or lower the Company's revenue. The Company can give no assurance that it will be able to renew the Company's insurance policies on the same or commercially reasonable terms, or at all, in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, protection and indemnity insurance against risks of environmental damage or pollution. Any uninsured or underinsured loss could harm the Company's business, results of operations, cash flows, financial condition and ability to pay dividends. In addition, the Company's insurance may be voidable by the insurers as a result of certain of the Company's actions, such as the Company's ships failing to maintain certification with applicable maritime self-regulatory organisations. Further, the Company can give no assurance that disputes over insurance claims will not arise with the Company's insurance carriers.

Declines in charter rates and other market deterioration could cause the Company to incur impairment charges

The Company evaluates the book value of the Company's vessels to determine if events have occurred that would require an impairment of their carrying amounts. The recoverable amount of vessels is

reviewed based on events and changes in circumstances that indicate that the carrying amount of the assets might not be recovered. The review for potential impairment includes a projection of future cash flows related to the particular vessels discounted at an appropriate rate. Statistics used for the purposes of projecting future cash flows have been historically volatile. The Company evaluates the recoverable amount as the higher of fair value less costs to sell and value in use. If the recoverable amount is less than the carrying amount of the vessel, the vessel is deemed impaired. The carrying values of the Company's vessels may not represent their fair market value at any point in time because the prices of second-hand vessels fluctuate with changes in charter rates and the cost of newbuildings. Any impairment charges incurred as a result of declines in charter rates could negatively affect the Company's business and operating results.



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 sector dominating the world's sea-borne trade. This market is split into:

- ⦿ **The Containers Market and**
- ⦿ **The Dry bulk 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 (and about 15% by volume). Demand, as measured by port handling movements, has increased at a compound annual growth rate of 9.2% since 2000. In 2010 there was an estimated 295 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 89% of container capacity. The continuing consolidation 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 influenced 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 bulk market.

i) The Supply

As of January 2011 the containership fleet comprised around 5,700 ships of about 14.6 million TEU capacity. It must be stressed that these figures refer not only to the fully cellular containerships but also any other vessel that are predominantly deployed as containerships. Year-on-year (2009-2010) the growth in capacity was equivalent to 4.9% in vessel terms and 8.3% on the basis of slot capacity deployed. As at 31 December 2010 the average age of the current worldwide container fleet was around 11 years.

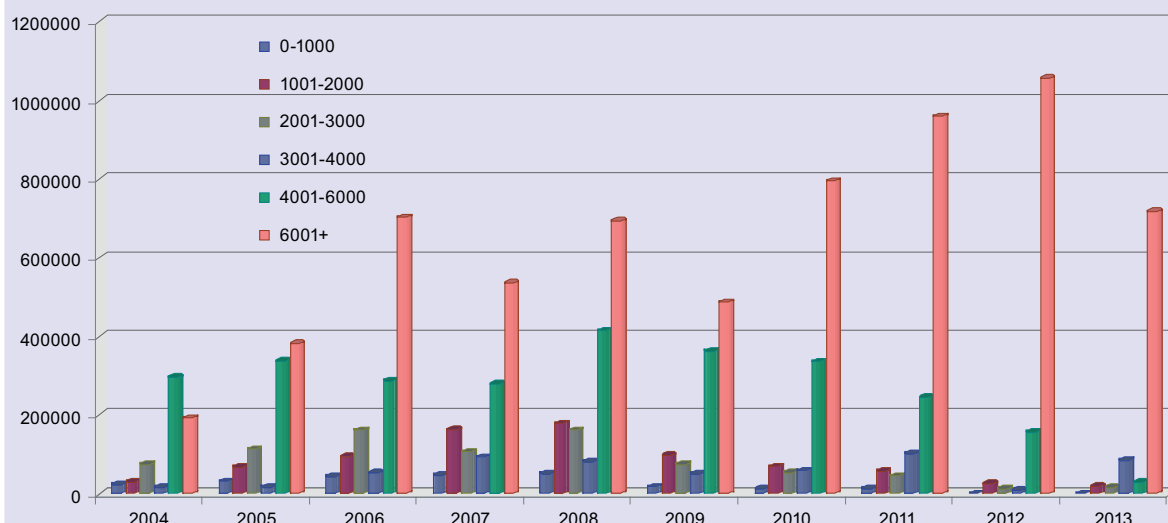
The supply of container vessels is mainly affected by the net result of new deliveries less the number of vessels removed due to demolition or loss. However port productivity (efficiency of the operating systems) and the fleet performance in terms of speed are the two key factors which determine the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

The new-building market revived in 2010 with 104 new orders placed (604,000 TEU capacity) as opposed to the limited number of new orders placed in 2009. As of early February 2011 the order-book stood at 3.5 million TEU / 524 vessels (around 24% of the existing fleet capacity) for delivery within the next 3-4 years. This represents a significant decline compared to previous years when the equivalent figure was around 45% and 31% for 2009, 2010, respectively.

ii) The Demand

Containership demand is related to the world economy 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 global GDP growth increases container cargo volume. Another important driver behind demand is the growth in demand of the liner route with the largest volume (the 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.

Containership Newbuildings



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, e.g. China and India. China has changed the "geography of manufacturing" creating an increase in the marine ton-mile relationship for finished products. A significant proportion of the demand growth over the last year was 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) to containers. Last, but not least, it is worth noting that Western consumers are estimated to be responsible for approximately 70% of all containerized demand.

iii) The Containers Charter Market

One of the main characteristics of this market as opposed to the dry bulk market is the absence of a "spot market". The containership freight market is less volatile than other traditional shipping markets such as dry bulk or tanker. During the last 10 years the average charter period 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 shipowners. This average charter period is customarily reduced in weak markets and increased in healthy markets. The current average charter period is approximately 7 months. Over the course of 2010, the average charter period grew from 163 days in January to 246 days in July before dropping down to 194 days by the end of the year.

The story of the container freight rate environment over the last ten years has been one of a market

Average period



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

Howe Robinson Containership Index 1993 to present



recovering from the very low point in second half of 2001, hitting an all time high in mid-2005 before correcting in late 2005 and 2006 charter. In 2007, the charter market outperformed expectations by rising more than 33% but declined sharply in 2008 as a result of the global financial and economic downturn. Charter rates dropped by an average of 65%, asset values by 50% and new-building orders were brought to a standstill. This market decline continued throughout 2009 with the charter market bottoming out in early 2010. As global trade backed up by inventory restocking recovered the market experienced a strong recovery with charter rates moving up by almost 90% between January and July albeit from a low base. After this encouraging start, the second half of the year was less impressive and upward momentum stalled so that by the end of the last quarter charter rates showed a modest drop of about 10% from the year's highs. As a reflection of

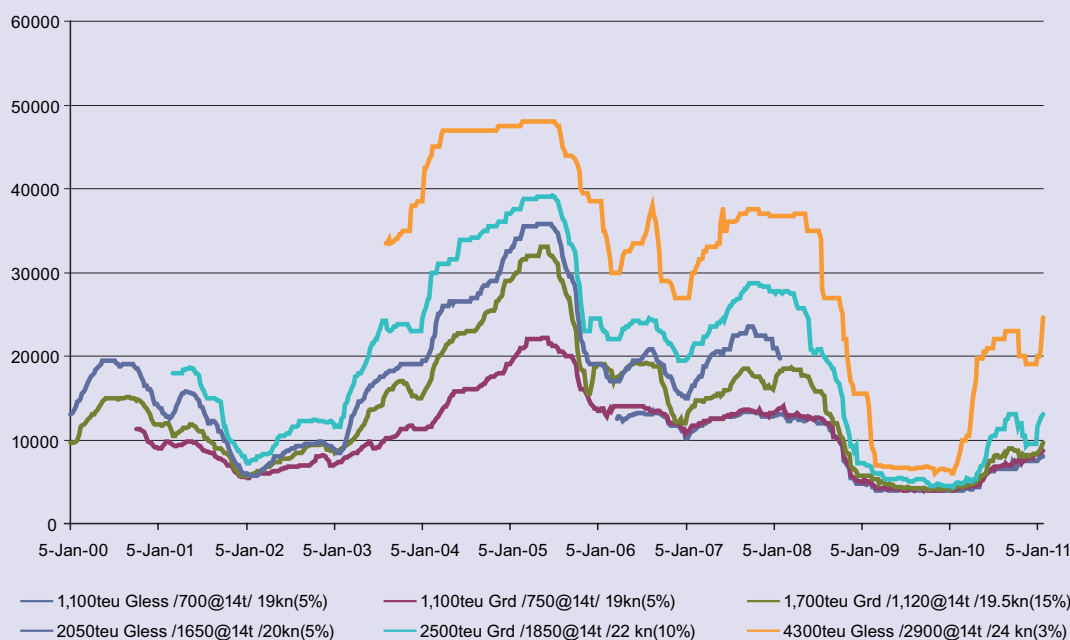
the actual underlying market in 2010, Howe Robinson's containership charter index "HRCI" (which follows the movement of the 12 Month Time Charter rates for vessels between 510-4,300 TEU) started at 334 and moved up reaching the level of 716 by the end of September. The Index closed the year at 668 points showing an annual average of 556 for 2010 (around 52% higher than the average of the index for 2009).

For comparison purposes see below the HRCI's average index for the 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	- 2009:	365



Containership Charter Rate from 2000 to present



By early February 2011 the indicative rates (for 1year charter - modern vessels) were as follows:

- 1,100 TEU geared: \$ 8,750/day (+115% y-o-y)
- 1,700 TEU geared: \$ 9,750/day (+125% y-o-y)
- 3,500 TEU (gearless): \$ 16,500/day (+215% y-o-y)
- 4,300 TEU (gearless): \$ 24,600/day (+255% y-o-y)

iv) The Containers Market Outlook

At the beginning of 2010, the industry was at a low point with all major liner companies announcing heavy losses for 2009. At the same time a record number of vessels (close to 580) were laid up. Whilst market conditions were difficult no major bankruptcies materialized either from operators or from independent owners. The wide application of "slow steaming" and "super slow steaming" from the operators of long distance routes, the unprecedented level of scrapping in 2009 which continued in 2010 (107 vessels of 170,000 TEU capacity were scrapped in 2010) and the significant delays in new buildings deliveries combined with the impact of stronger demand from the developed countries for finished products allowed the market to make a substantial recovery from early March 2010.

Twelve months on, and the charter market is still below the historical average rates for all sizes, however, current freight rates allow owners to cover not just their operating costs (as was the case in 2009 and in the first quarter of 2010) but also interest expense and part if not all of their capital repayments. Most importantly for this sector almost every liner company has announced substantial profit levels for 2010 and the future now looks more promising.

The market's outlook always depends on the balance of supply and demand and in this respect there is reason for optimism in 2011. In 2010 global container trade grew by approximately 12% (although this growth was from a low base in 2009). At the same time, the supply side grew by around 8.5%. For 2011 the global container trade is expected to grow by 8% whereas container capacity is expected to grow by about 6% (after making allowances for scrapping). For the second consecutive year demand growth should outpace the growth in supply.

2011 should be another year of recovery for both liner companies and independent owners. The recovery in the charter rates that is already apparent, lead to an accretive relationship between the acquisition price and the employment arranged and makes investments in the segment more appealing.

B. The Dry Bulk Market:

Overview and developments

The dry bulk industry is very 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, pet coke, cement, sugar, salt, minerals, scrap metal, pig iron etc. In 2010 approximately 3.17 billion tons of bulk cargoes were transported by sea (excluding coastal trade); an increase of 7.6% compared to 2009.

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

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.

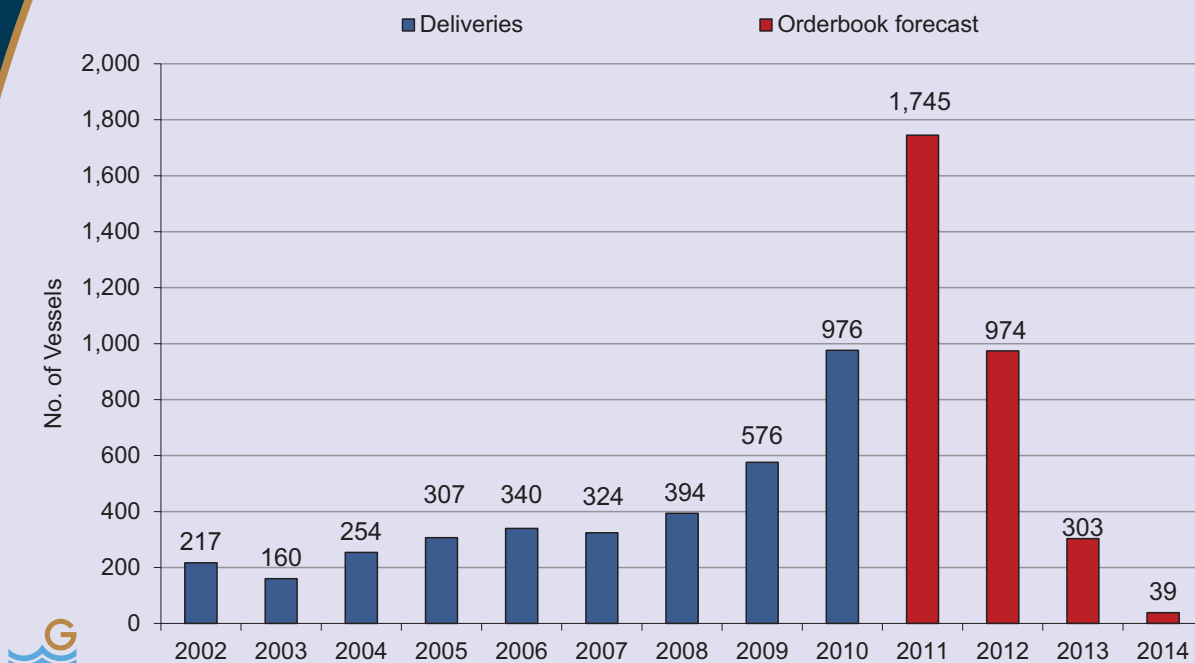
i) The Supply

As of December 2010, the worldwide dry bulk carrier fleet of vessels (exceeding 15,000 DWT each) was comprised of 8,573 vessels representing approximately 548 million DWT. The average age of the current worldwide dry bulk carrier fleet at 31 December 2010 was approximately 14 years (by DWT).

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

- ⊙ **Capesize:** vessels over 105,000 DWT focusing on long haul iron ore and coal trade routes.
- ⊙ **Panamax/Post-Panamax:** vessels between 62-105,000 DWT defined as those with a maximum beam of 32.2m permitting them to cross the Panama Canal ("Panamax"), and those whose beam exceeds 32.2 m ("Post-Panamax").

Dry Bulk Newbuildings



Source: LR Fairplay, Zosen News, various company sources

⦿ **Supramax/Handymax:** vessels between 40-62,000 DWT operating in a large number of geographically dispersed global trades with on board cranes and equipped (in most cases) with grabs enabling them to call in ports with limited infrastructure.

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

As at December 2010 the world fleet comprised of 1,142 Capesize vessels, 1,870 Panamax vessels (including 309 Post-Panamax vessels), 2,187 Supramax/Handymaxes vessels and 3,374 Handysize vessels.

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

Between 2003 and 2008 the dry-bulk market witnessed:

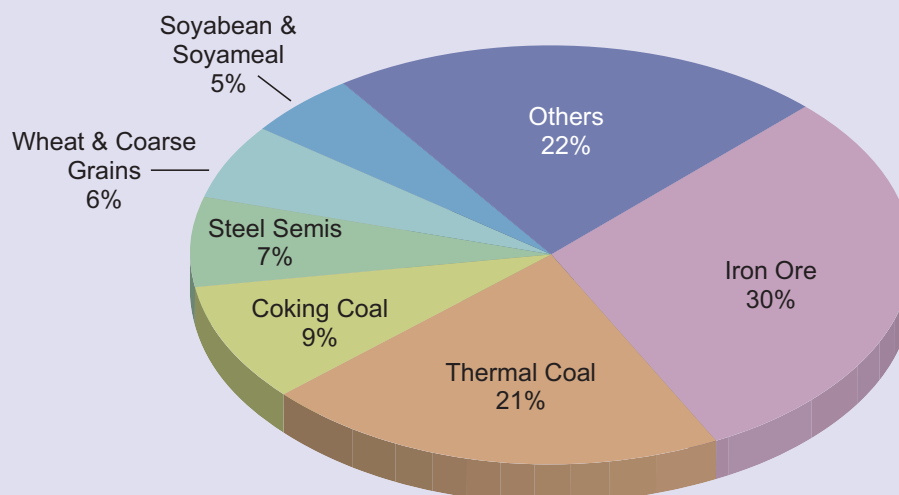
- ⦿ an extraordinary low level of demolition sales; and
- ⦿ an unprecedented volume of new-building orders in all sizes.

In 2009 this was reversed. In a low freight rate environment, a remarkable number of 272 vessels were sent for demolition (12 million DWT equaling



Dry Bulk Trade 2009

Major Cargoes



Source: MSI

to 2.6% of world fleet) and the volume of new orders dropped substantially. The overall situation was different in 2010 on the back of robust demand for the main dry bulk commodities, fewer vessels were scrapped (112 vessels – 5.7 million DWT) and the markets appetite for new orders returned with an additional 1,165 vessels being ordered (91 million of DWT capacity).

In 2010 as a result of the new-buildings ordered during the peak in dry bulk market of 2007 the dry bulk fleet recorded its largest ever annual growth on breaking its previous record of 2009. In total 976 new ships were delivered aggregating about 82 million DWT. The net result for the world bulk fleet was an unprecedented increase amounting to about 17% (in DWT terms) (for comparison, previous year's record was 8.9%). Based upon current market estimates the supply side of the dry bulk market will grow even faster in 2011 with around 1,745 vessels of about 142 million DWT expected to be delivered during the course of the year.

New-building tonnage on order as at 31 December 2010 was approximately 3,050 vessels of about 257 million DWT which constitutes approximately 47% of the world's existing fleet by DWT. More specifically there are estimated to be 510 Capesizes, 890 Panamaxs and Post-Panamaxs, 840 Supramax/Handymaxes and 810 Handysizes scheduled for delivery between 2011 and 2014. (N.B The current Order-book figures, taken at the end of 2010, are fluid, and can expand or contract between now and final delivery time).

ii) The Demand

Dry bulk shipping demand is a “derived” demand (measured in tons x miles) depending upon the distance over which cargo is transported and determined by the underlying demand for commodities transported (mainly raw materials). Overall in 2010 about 3.17 billion tons of dry bulk cargoes were shipped around the world. 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 950 million tons within 2010 (a 7.5% year on year increase). The driving force behind this growth was China. Iron ore imports by China dropped slightly to 619 million tons (compared to 628 million tons in 2009) but remained at extremely high levels compared to previous years. The drop was mainly attributed to the high prices prevailing in the spot

market for iron ore ex Brazil and Australia which forced China to exploit its own lower quality iron ore resources.

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 2010, total coal seaborne trade comprising steam coal and coking coal reached approximately 932 million tons (an increase of about 14% compared to 2009) (divided into: 655 million tons for steam coal and 277 million tons for coking coal).

Steel trades (finished products)

Over the last few years China has become a net exporter of steel products. Provisional estimates for Chinese steel exports in 2010 suggest they doubled reaching a level of about 33.5 million tons at the same time as steel imports have decreased by some 5 million tons to about 16 million tons (close to 2008 level).

Grain

The grain trade including wheat, coarse grains and oil seeds, contributed to the overall increase in dry bulk demand in 2010. Total seaborne grain cargoes reached the level of approximately 346 million tons (being a 3% growth from 2009).

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 markets. The Baltic Exchange Limited, an international, self-regulated ship-broking market, publishes the BDI daily. The BDI is a composite average of indices 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 of 554 points in May 1986 to a high of 2,353 points in January 1995.

From mid-2003, the dry bulk carrier markets soared, primarily driven by a surge in demand for iron ore and coal, commodities used in the booming global steel production and electricity generation industries.

The BDI reached a record level of 6,231 points in early December 2004. From December 2004 until April 2007 it mainly fluctuated over and above the previous high of 2,353 points reached in January

1995. In April 2007 however, the BDI broke the previous record of 6,231 points for the first time ever and continued increasing reaching the unprecedented level of 11,039 points on 13 November 2007. The BDI at the beginning of 2008 commenced at 9,392 points and then declined to 5,615 points by the end of January before soaring again throughout the first and second quarters reaching an "all time high" on 20 May of 11,793 points. Thereafter the market remained at high levels until August when it started to decline in parallel with the problems in the global financial sector. The market continued softening at an accelerated pace reaching 663 points by December (a 95% drop in less than seven months). In 2009 the market environment reversed. From January until mid March the market increased and after a short correction in April started a new rally which ended in August. Index volatility continued with the market leveling out in September before increasing again reaching its highest level for the year on November 19th (4,661 points). The year 2010 opened at 3,140 points and remained between 2,600 and 3,600 points throughout the first quarter. The second quarter followed the same pattern with the index reaching the year's record on 26 May of 4,209 points. Both market sentiment and trend reversed in the second half of the year. After the seasonal summer softening in July / early August (the market

dropped below 2,000 points on 9 July and remained so till 6 August), the index fluctuated between 2,000 and 3,000 points for the rest of the quarter. In the fourth quarter the market dropped from 2,769 points to 1,773 points. Despite the correction, the average BDI for 2010 was 2,758 points, higher than 2009.

For comparison purposes BDI's averages for the last 10 years are 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	- 2009: 2,612

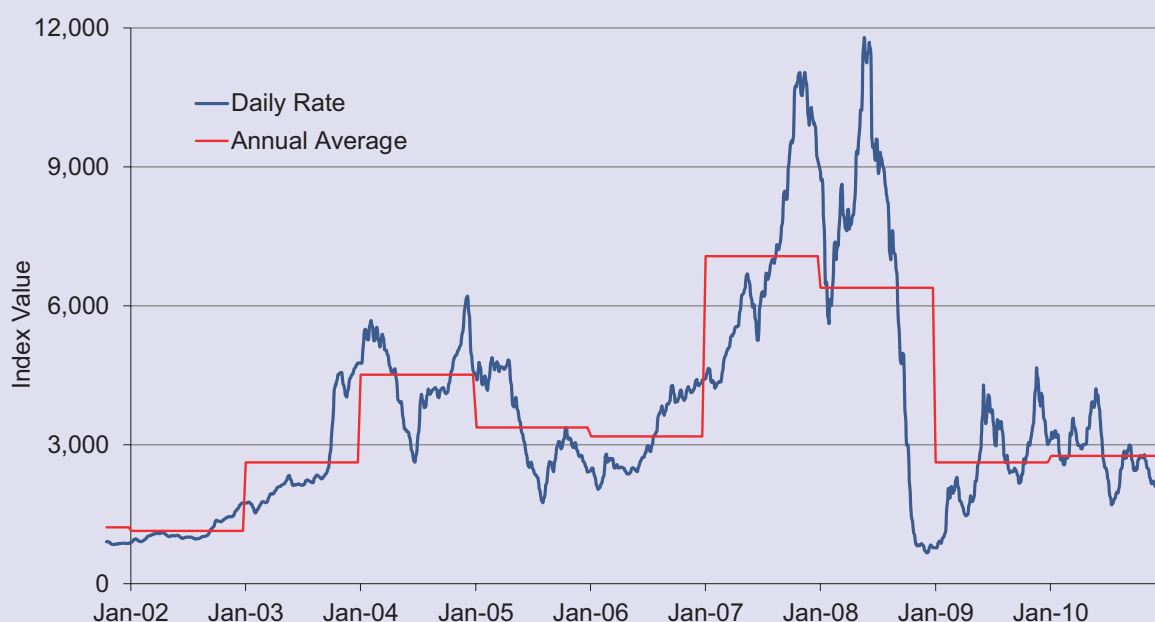
It is worth noting that the BDI for the years 1985 to 1999 averaged only 1,282 points.

In 2010 the average daily earnings (spot market) were: (Index Vessels)

Capesize:	US\$ 33,300
Panamax:	US\$ 25,000
Supramax:	US\$ 22,450
Handysize:	US\$ 16,400

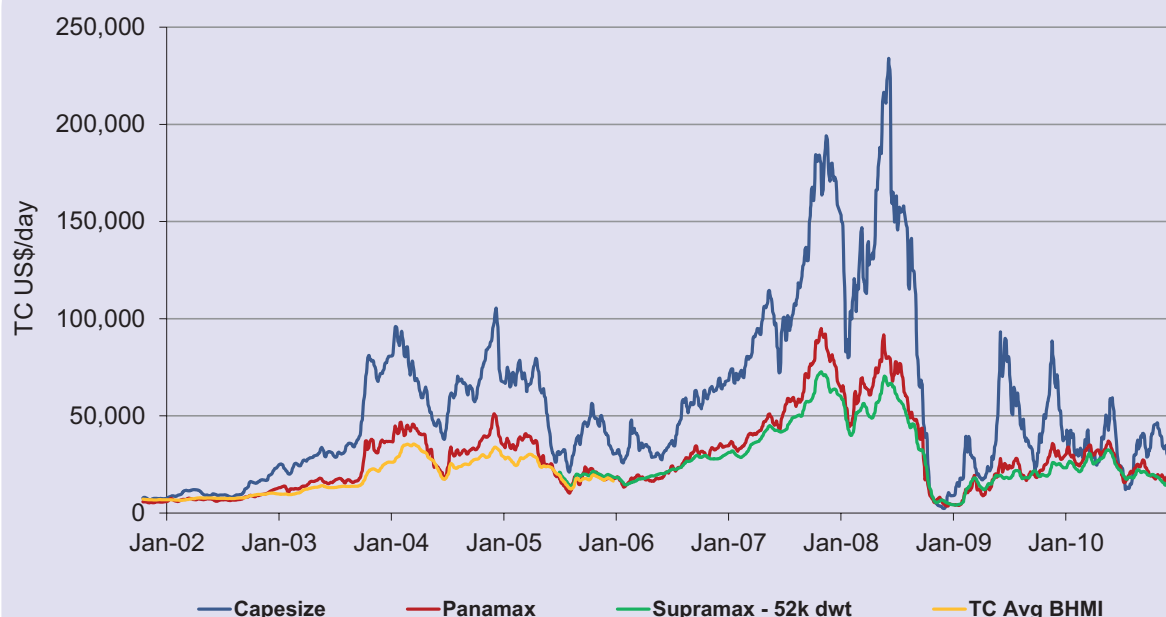


Baltic Exchange Dry Index



Source: Baltic Exchange

Baltic Exchange Timecharter Earnings



Source: Baltic Exchange

iv) The Dry Bulk Market Outlook

For 2011, dry bulk shipping capacity is expected to grow at an accelerated pace (especially in the larger sizes) despite potential delays and cancellations of the new-building vessels on order.

Whilst the supply side of the dry-bulk sector will show a large increase, so should demand. About 50% of the total seaborne dry bulk trade is connected with the steel industry (iron ore, coking coal, steel products, scrap, etc). In 2010, global steel production increased by 15% reaching a new all time high record of 1.4 billion tons. For 2011 global steel production is set to continue to grow by at least another 100 million tons with demand from Asian countries leading the way. Considering the strong correlation between freight earnings and performance of the steel industry, as well as the positive underlying environment in the grains trade with China increasing its level of imports, the outlook for the

dry cargo market may not be as gloomy as seems at first glance.

Traditionally the dry bulk market has been much more sensitive to changes in demand rather than the supply side. Therefore the expectation of strong demand in 2011 is pivotal for the development of the market. Whether that pattern will apply in the near future, remains to be seen.

Charter rate volatility was certainly a key feature during 2010 and this is expected to continue into 2011. The spot market already reached very low levels in early February however the view from the derivatives' market (FFA market) for the rest of the year is more positive.

As at 11 February 2011 the Forward market average rates for the balance of the year (February – December 2011) as opposed to the average spot market rates per day, per sector stand as follows:

	SPOT	FFA
Capesize	US\$ 7,179	US\$19,625
Panamax	US\$12,971	US\$16,500
Supramax	US\$11,837	US\$14,900

Our Operational Fleet

	Vessel	Type	Year Built	Year Acquired	Capacity	Vessel Characteristics (1)(2)(3)
	Containers				TEU	
1	MSC Fortunate	Post Panamax	1996	2006	5,551	
2	MSC Socotra	Post Panamax	1995	2009	4,953	
3	Bosporus Bridge	Sub Panamax	1993	2007	3,720	A
4	POS Yantian ⁽⁴⁾⁽⁵⁾	Sub Panamax	1988	2010	3,720	A
5	MSC Finland	Sub Panamax	1986	2007	3,032	
6	MSC Scotland	Sub Panamax	1992	2006	3,007	
7	Grand Vision ⁽⁵⁾	Sub Panamax	1991	2010	2,986	
8	MSC Anafi	Sub Panamax	1994	2007	2,420	G
9	MSC Accra	Sub Panamax	1985	2007	1,889	G
10	Gitte	Handy	1992	2007	976	B, G
11	Brilliant	Handy	1992	2007	976	B, G
	Dry Bulk				DWT	
12	Vasos	Capesize	1990	2006	152,065	
13	Eleni D ⁽⁶⁾	Supramax	2010	2009	59,000	G
14	Milos ⁽⁶⁾	Supramax	2010	2007	57,000	C, G
15	Sifnos ⁽⁶⁾	Supramax	2010	2007	57,000	C, G
16	Marie-Paule ⁽⁷⁾	Supramax	2009	2007	53,800	D, G
17	Alpine-Trader ⁽⁷⁾	Supramax	2009	2007	53,800	D, G
18	Alex D	Supramax	1989	1999	52,315	E, G, IC
19	Limnos	Supramax	1992	2004	52,266	E, G, IC
20	Lindos	Supramax	1990	2003	52,266	E, G, IC
21	Tilos	Supramax	1991	2004	52,266	E, G, IC
22	Golden-Trader ⁽⁵⁾	Handymax	1994	2010	48,170	G

⁽¹⁾ Each vessel with the same letter is a sister ship to each other vessel that has the 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 'Clifton-Bridge' and was delivered to the Company on 15 February 2011

⁽⁵⁾ Vessels acquired in 2010

⁽⁶⁾ Vessels delivered from the yard in 2010

⁽⁷⁾ 50% ownership through a joint venture with Glencore International AG

Our Fleet under Construction

	Vessel or Yard name	Type	Scheduled Delivery	Year Acquired	Capacity	Vessel Characteristics (1)(3)
	Container				TEU	
23	Jiangsu Yangzijiang	Sub Panamax	2011	2007	2,500	G
	Dry Bulk				DWT	
24	Jiangsu Yangzijiang	Post Panamax	2011	2007	93,000	
25	COSCO	Supramax	2011	2007	57,000	C, G
26	COSCO	Supramax	2011	2007	57,000	C, G

(1) Each vessel with the same letter is a sister ship to each other vessel that has the same letter (A, B, C, D, E)
 (3) Each vessel with the letter G is a Geared vessel

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	1,929	868

"A continuous fleet expansion program in order to provide a versatile fleet"

Our Fleet expansion since IPO

Since our Initial Public Offering in April 2006, Goldenport expanded the fleet from 17 vessels to 26 vessels after selling in total 13 vessels between 2007 and December 2010.

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 took delivery of 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 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.

In March 2010 the Company agreed with the yard to convert the one of the two orders for 2,500 TEU container new building vessels to a post panamax bulk carrier with capacity of 93,000 DWT.

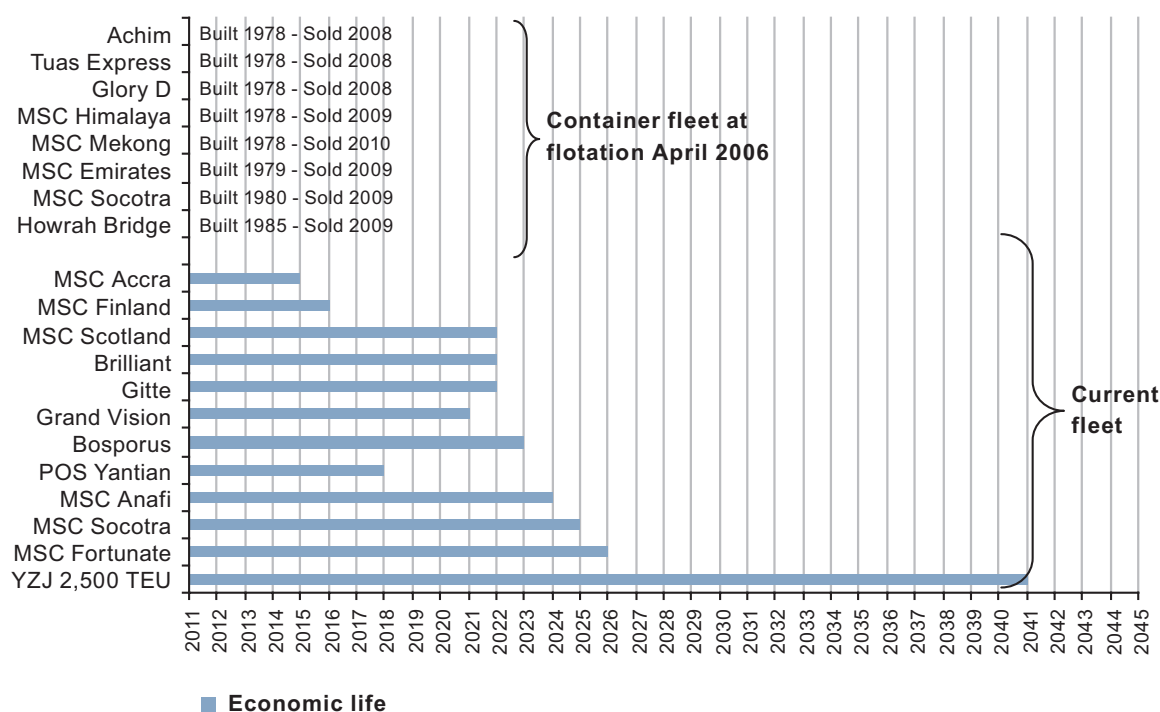
In May 2010 the Company took delivery of two second hand operational vessels one of which was a sub-panamax container vessel and the other a handymax bulk carrier.

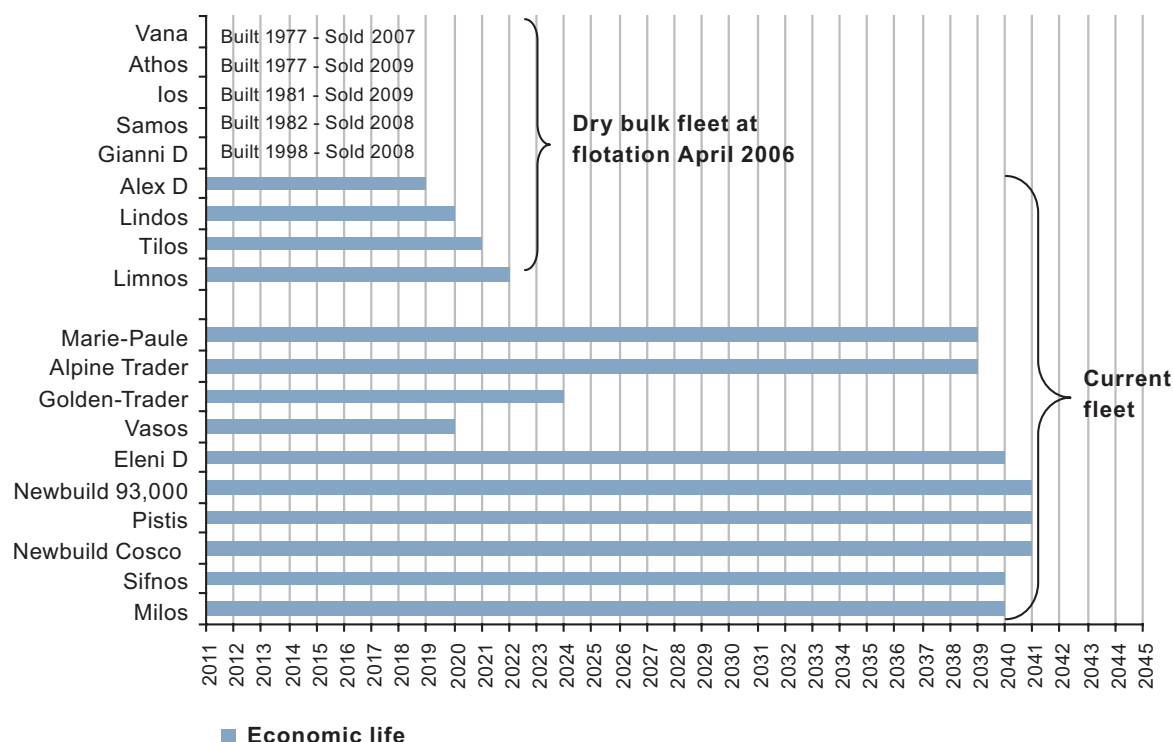
Between October and December 2010 the Company took delivery of three Supramax bulk carriers, two ordered in COSCO Shipyard in China and one ordered to SPP Shipbuilding in Korea.

In February 2011 the Company took delivery of the second hand container vessel with 3,720 TEU capacity, which was acquired in November 2010.

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

- **Container vessels:** + 228% in terms of TEU reaching 35,730 TEU of total capacity
- **Bulk carriers:** + 48% in terms of DWT reaching 896,948 DWT under control





Our Charterers

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

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

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

Operational Fleet Forward Coverage:

The percentage of available days of the fleet already fixed under contracts as of 2 March 2011, assuming the earliest charter expiration and excluding the new-building vessels not yet delivered, is as follows:

	2011 ^{(1) (2)}	2012 ^{(1) (2)}	2013 ⁽²⁾
Total Fleet	83% (83%)	39% (40%)	16% (17%)
Containers	99% (99%)	47% (47%)	5% (5%)
Bulk Carriers	67% (65%)	32% (32%)	26% (28%)

⁽¹⁾ Percentage of available days of the fleet fixed under contract as reported on 7 February 2011, being the date of the previous trading update, is given in brackets

⁽²⁾ The percentages above include only the current operational fleet and the vessel 'Pistis' but exclude the three other new-build vessels for which we expect delivery in 2011.

Fleet Employment Profile:

Operational fleet						
	Vessel	Type	Capacity	Built	Rate (US\$ per day)	Earliest Expiration ⁽¹⁾
	Containers		TEU			
1	MSC Fortunate ⁽²⁾	Post Panamax	5,551	1996	28,500	Feb-13
2	MSC Socotra	Post Panamax	4,953	1995	12,350	Apr-13
3	Bosporus Bridge	Sub Panamax	3,720	1993	14,750	Feb-12
4	POS Yantian ⁽³⁾	Post Panamax	3,720	1988	10,750	Sep-12
5	MSC Finland	Sub Panamax	3,032	1986	9,000	Apr-12
6	MSC Scotland ⁽⁴⁾	Sub Panamax	3,007	1992	14,500	Mar-11
					6,800	Mar-12
7	Grand Vision	Sub Panamax	2,986	1991	9,000	Nov-11
8	MSC Anafi	Sub Panamax	2,420	1994	9,000	Jan-12
9	MSC Accra	Sub Panamax	1,889	1985	14,200	Jun-12
10	Gitte	Handy	976	1992	7,350	May-12
11	Brilliant	Handy	976	1992	6,000	Jun-12



Operational fleet						
	Vessel	Type	Capacity	Built	Rate (US\$) per day	Earliest Expiration ⁽¹⁾
	Dry Bulk		DWT			
12	Vasos	Capesize	152,065	1990	23,950	Mar-11
13	Eleni D	Supramax	59,000	2010	23,000	Dec-13
14	Milos	Supramax	57,000	2010	15,650 + 50% profit share of 105% BSI ⁽⁸⁾ over 15,650	Oct-13
15	Sifnos	Supramax	57,000	2010	17,700 + 50% profit share of 105% BSI ⁽⁸⁾ over 18,200	Jan-14
16	Marie-Paule ⁽⁶⁾	Supramax	53,800	2009	18,000	Jan-12
17	Alpine-Trader ⁽⁶⁾	Supramax	53,800	2009	15,300	Oct-11
18	Alex D	Supramax	52,315	1989	10,900	Apr-11
19	Limnos	Supramax	52,266	1992	14,500	May-11
20	Lindos	Supramax	52,266	1990	9,500	Mar-11
21	Tilos	Supramax	52,266	1991	11,000	Apr-11
22	Golden-Trader	Handymax	48,140	1994	18,600	Nov-11
Vessels under construction						
	Vessel / Yard name	Type	Capacity	Scheduled Delivery		
	Container		TEU			
23	Jiangsu Yangzijiang	Sub Panamax	2,500	2011		
	Vessel or Yard name	Type	Capacity	Scheduled Delivery	Rate (US\$) per day	Expiration
	Dry Bulk		DWT			
24	Jiangsu Yangzijiang	Post Panamax	93,000	2011		
25	COSCO ⁽⁷⁾	Supramax	57,000	2011	25,000	
26	Pistis ⁽⁵⁾	Supramax	57,000	2011	14,250	Mar-12
⁽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 previous name of the vessel was 'Clifton-Bridge'. The charter will commence in early March 2011 ⁽⁴⁾ The vessel will continue with the same charterer with the rates as stated in direct continuation ⁽⁵⁾ The vessel is expected to be delivered from COSCO Shipyard in April 2011 at which time it will commence the time charter ⁽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						

"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 seeking and negotiating employment for our fleet and managing certain relationships with charterers);
- ⦿ freight collection;
- ⦿ providing voyaging estimates and calculation of hire, freights, demurrages;
- ⦿ appointment of stevedores.

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\$ 12.5 per vessel per month for technical management services and 2% on the total time and voyage revenues 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. 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. A monthly rental of EUR 17.8 is agreed to be charged by the owner of the building to Goldenport Marine Services for the rental of the head offices.

All the years since 2006, GSL has agreed with the Group to waive the right to a 5% annual increase in the management fee.

On 15 December 2010 the Board of Directors of the Company approved an increase in the monthly management fee from US\$12.5 to US\$14.5 per vessel. The increase is effective from 1 January 2011.

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 haz-

ards, 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 GSL personnel, are committed to take all necessary measures and observe all environment related 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 proceed with 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 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 recourses and personnel to keep all equipment in good working order.
- ⦿ Provide appropriate maintenance in order to minimize leakages and residues from wear and tear.
- ⦿ To provide a system, 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.

GSL is certified with ISO 14001/2004 with Bureau Veritas.



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 meets the requirements of the International Standard ISO 9001/2008.

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 with ISO 9001/2008 by Bureau Veritas.

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 GSL 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 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 Goldenport benefits 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, GSL 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

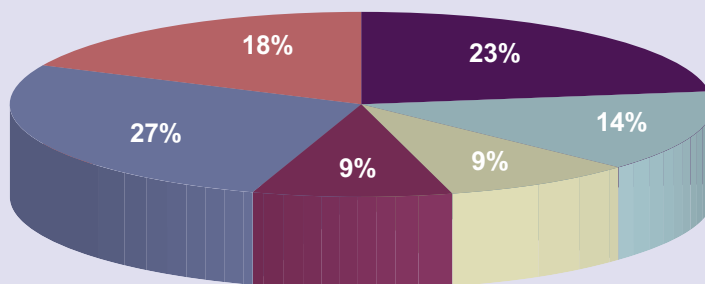
A major part of the GSL technical team philosophy is the rigorous practice of preventive maintenance. It is our belief that this approach pays great dividend to the quality of our services through improved ship technical conditions. It is better to spend a little to improve minor engine or steel parts than to wait for a small problem to become a major one, which will inevitably 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

OPERATING FLEET CLASSIFICATION SOCIETIES



- Nippon Kaiji Kyokai (NKK)
- Det Norske Veritas
- Germanischer Lloyd
- Lloyds Register of Shipping
- Bureau Veritas
- Korean Register of Shipping

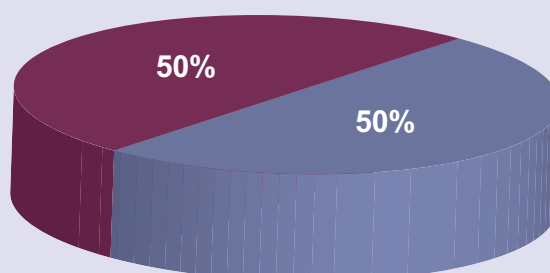


constantly updated budgeting controls for the technical expenditure required to maintain our ships.

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.

NEW BUILDING PROGRAM CLASSIFICATION SOCIETIES



- Nippon Kaiji Kyokai (NKK)
- Germanischer Lloyd



Our Fleet Manager Key Personnel

Goldenport Shipmanagement Ltd.

Captain George Karavas,
Age - 52, Managing Director



Captain George Karavas is the Managing Director of Goldenport Shipmanagement since September 1999. He graduated from Greek Public Merchant Marine Academy in 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 31 years-on board and ashore-in Shipping Business.

Dimitris Kyriakakos
Age 60 - 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 Technical 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 - 60, 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 37 years on-board and ashore in shipping business.

Constantinos Constantinidis
Age 40 - 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 than 17 years of total shipping experience including two years of service as an officer on 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 43 - 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 of a distance learning M.Sc. in marine and Offshore Engineering in Liverpool John Moores University.

Mr. Stathis Lerios,
Age - 56, 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 - 41, 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 - 34, 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 11 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 2010.

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 26 vessels, of which 12 are containers and 14 are dry-bulk carriers. Out of the total, 4 vessels (1 container and 3 bulk-carriers) are new-building orders with expected deliveries in 2011.



Summary of Selected Financial and Operating Data

Income Statement Data (in US\$ thousand):		Year ended		
		31-Dec-10	31-Dec-09	
Revenue		88,180	94,011	
EBITDA		42,199	46,481	
Excluding non recurring items				
Net Income	(1)	3,298	3,894	(2)
Weighted average number of shares		80,215,088	70,404,878	
Adjusted EPS		0.04	0.06	
As reported				
EBIT		3,270	2,643	
Net Loss		(152)	(1,362)	
Weighted average number of shares		80,215,088	70,404,878	
Basic EPS		(0.00)	(0.02)	
Gain from vessels' disposals		868	13,540	
Cancellation of new building contracts		(353)	(18,796)	
FLEET DATA				
Average number of vessels		18	19	
Number of vessels at end of period		25	24	
-Operating		21	15	
-Laid-up		-	2	
-New Buildings under construction		4	7	
Ownership days	(4)	6,529	6,803	(3)
Available days	(4)	6,319	6,503	(3)
Operating days	(4)	6,110	5,982	(3)
Fleet utilisation	(5)	97%	92%	(5)
AVERAGE DAILY RESULTS (in US\$)				
Time Charter Equivalent (TCE) rate		13,058	13,424	
Average daily vessel operating expenses	(4)	4,969	5,082	(3)
(1): Non-recurring items for 2010 consist of US\$1,973 and US\$608 of accelerated amortisation for the vessels 'Vasos' and 'MSC Accra' respectively, US\$1,300 of out of court settlement, US\$84 non-cash item relating to the Executive option valuation, US\$868 of gain from vessel disposal and US\$353 of loss from cancellation in 2009 of new building contracts (2): Non recurring items for 2009 consist of US\$18,796 of loss from cancellation of new buildings and US\$13,540 of profit from vessel disposals (3): Ownership days and average daily vessel operating expenses exclude the new building orders not delivered that will be delivered in a future date, but include the vessels sold in 2009 up to their respective sale dates (4): Ownership days and average daily vessel operating expenses exclude the new building orders not delivered, but include the new-building vessels delivered in the year from their respective delivery dates and the vessels sold in 2010 up to their respective sale dates (5): Fleet utilization includes the two laid-up vessels as of 31 December 2009 which commenced operation in January and May 2010 respectively				

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 shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- (5) We calculate fleet utilisation by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilisation to measure a company's efficiency in finding 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) divided by 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\$ 5,831 or 6.2% to US\$ 88,180 for 2010 (2009: US\$ 94,011). The main reasons for this decrease were: (i) a decline in freight rates during 2010, in both sectors in which we operate, compared with the rates in 2009, (ii) two container vessels being laid-up for one and five months respectively and (iii) the difference in the number of operating vessels between the two periods, due to the disposal of vessels during 2009 and early 2010 which were only replaced by the deliveries of new buildings in the last quarter of 2010 and by the acquisition of two vessels in mid-2010.

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 vessel 'MSC Mekong' was sold in February 2010. The vessels 'MSC Anafi' and 'Gitte' were laid-up most of the second half of 2009 and for one month and five months respectively in 2010 so they did not contribute to the revenue during the laid-up period.

The new building vessels 'Sifnos', 'Milos' and 'Eleni D' became operational in the last quarter of 2010 and the second hand vessels 'Grand Vision' and 'Golden Trader' were acquired and became operational in the second quarter of 2010.

Voyage expenses total:

The voyage expenses decreased by US\$ 1,039 or 15.5% to US\$ 5,668 for 2010 (2009: US\$ 6,707) mainly due to the decreased revenue figure to which commission rates applied and a change in the mix of the revenue between containers and bulk carriers.

Vessel operating expenses:

Vessel operating expenses decreased by US\$ 2,128 or 6.2% to US\$ 32,442 for 2010 (2009: US\$ 34,570). The decrease in absolute numbers is attributable to the decrease of the fleet in terms of numbers 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\$ 113 per day or 2.2% to US\$ 4,969 per day (2009: US\$ 5,082 per day) reflecting the change in mix of the fleet after the sale of specific older vessels in 2009 and the delivery of younger vessels.

General and administrative expenses:

The General and administrative expenses increased by US\$ 1,691, or 47.3% to US\$ 5,265 (2009: US\$ 3,574) mainly due to an out-of-court settlement of a dispute for US\$ 1,300 and due to non-cash item of US\$ 84 relating to the valuation of the Executive Board's option scheme that was activated within 2010.

Depreciation:

The vessels' depreciation charge increased by US\$ 2,686 or 9.6% to US\$ 30,686 for 2010 (2009: US\$ 28,000) due to the incremental depreciation of the newly acquired vessels 'Grand Vision' and 'Golden Trader' and the delivery of the new-building vessels 'Sifnos', 'Milos' and 'Eleni D'. Part of the increase can also be attributable to the operation for a full year of the vessels 'MSC Fortunate', 'Marie-Paule', 'MSC Socotra (ex. Procyon)' and 'Alpine Trader' that became operational during the course of 2009 but were operating for the full year in 2010. The majority of vessels sold in 2009 were fully depreciated.



Depreciation of dry-docking costs:

Depreciation of dry-docking costs decreased by US\$ 1,824 or 17.2% to US\$ 8,758 for 2010 (2009: US\$ 10,582) mainly due to the sale during 2009 of a number of vessels that had performed scheduled dry-dockings and had unamortized balances at the date of their respective sales.

Gain from vessel disposals:

In 2010 the Company realised US\$ 868 of profit from the sale of the fully depreciated vessel 'MSC Mekong'; during 2009 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.

Loss from cancellation of new building contracts:

In 2010 the Company wrote off an additional US\$ 353 relating to the cancellation of the Qingshan contracts that was reflected in the 2009 results.

Finance expense:

Interest expense increased by US\$ 1,192 or 26.8% to US\$ 5,640 for 2010 (2009: US\$ 4,448), reflecting the net increase of debt due to i) draw-downs of debt in order to finance new-building milestone payments and ii) draw-down of debt for the acquisition of the two second hand vessels 'Grand Vision' and 'Golden-Trader'.

Finance income:

Finance income increased by US\$ 295 to US\$ 803 (2009: US\$ 508) due to higher cash balances available during the period, notably following the capital-raising in July 2010.

Cash and cash equivalents:

As of 31 December 2010, the Company had US\$ 52,683 of unrestricted cash and cash equivalents (2009: US\$ 24,618). The Company is expected to utilise these to strengthen the balance sheet, cover remaining equity instalments for the new building program and to acquire additional vessels when the right opportunities arise.

Restricted Cash:

The Company as of 31 December 2010 had US\$10,100 of restricted cash (2009: US\$15,100) representing the amount drawn in December 2009 from a bank as part of a new loan facility for the future acquisition of a vessel. During the year the Company used US\$ 5,000 for the acquisition of the vessel 'Grand Vision'. Part of the remaining amount was utilised in February 2011 with US\$ 5,200 released to finance the delivery of the second-hand vessel 'Clifton-Bridge' and the remaining US\$ 4,900 prepaid to the financing bank.

Fleet Developments:

New-building Deliveries:

- ⊙ On 25 October 2010 the Company took delivery of the 57,000 DWT new-building geared bulk carrier 'Milos', which was constructed in Cosco Zhousan shipyard of China. Upon delivery the vessel commenced its pre-agreed three-year time charter.
- ⊙ On 3 November 2010 the Company took delivery of the 57,000 DWT new-building geared bulk carrier 'Sifnos', which was constructed in Cosco Zhousan shipyard of China. Upon delivery the vessel commenced its pre-agreed three-year time charter.
- ⊙ On 3 December 2010 the Company took delivery of the 59,000 DWT new-building geared bulk carrier 'Eleni D', which was constructed in SPP Shipbuilding Co. shipyard of Korea. Upon delivery the vessel commenced its pre-agreed three-year time charter.

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

- ⊙ On 6 May 2010, the Company took delivery of the M/V Grand Vision, a container vessel of 2,986 TEU built in 1991, which was acquired for U.S.\$6,750.
- ⊙ On 11 May 2010, the Company took delivery of the M/V Arctic Trader (renamed to Golden Trader), a bulk carrier of 48,170 DWT built in 1994, which was acquired for U.S.\$17,250.
- ⊙ On 1 November 2010 the Company entered into an agreement to acquire M/V Clifton Bridge, a 3,720 TEU container vessel built in 1988 that was delivered in February 2011 for a total consideration of U.S.\$8,100.

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

- On 12 February 2010, the company agreed the sale of the 962 TEU, 1978-built vessel "MSC Me-kong", to an unaffiliated third party for demolition. The sale was concluded at a gross consideration of US \$1,989 in cash and the vessel was delivered to the new owners on 4 March 2010. The gain resulting from the sale of the vessel was U.S.\$868.

Compliance with Debt Covenants:

- The Company is in full compliance with the covenants of the existing bank debt.

Impairment:

- No impairment loss was incurred on any vessel 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 consistently supported the Company. Therefore the Board proposes a final dividend of 3.6 pence per share in respect of the financial year ending 31 December 2010 (3.0 pence per share final dividend in 2009). Including the interim dividend of 1.8 pence per share already paid, the total dividend for 2010 will be 5.4 pence per share (2009: total dividend was 3.7 per share). This final dividend will be accompanied by a scrip dividend alternative, arrangements for which will be mailed to shareholders on or about 30 March 2011 with elections required to be made by 15 April 2011. Assuming that the dividend proposal will be approved at the AGM that will be held on 11 May 2011, the dividend will be payable on 16 May 2011 to the shareholders on the register as at close of business on 11 March 2011. The ex-dividend date is 9 March 2011.



Share capital and share premium

Share capital consisted of the following at 31 December:

	2010 U.S.\$'000	2009 U.S.\$'000
Authorised		
Shares of \$0.01 each	2,000	1,000
Issued and paid		
Shares of \$0.01 each	911	708
Total issued share capital	911	708

Authorised share capital:

According to the resolution of the Extraordinary General Meeting ('EGM') dated 19 July 2010, the authorised number of shares has been increased to 200 million (with par value of U.S.\$0.01 each) and consequently the authorised share capital of the Company has been increased to U.S.\$2,000.

Placing and Open offer:

According to the resolution of the EGM, dated 19 July 2010 the shareholders of the Company approved the Capital Raising through the Placing and Open Offer of 18,496,010 New Shares at an Issue Price of 127 pence per New Share. The proceeds, net of expenses amounted to US\$33,679 and were received on 21 July 2010.

The analysis of the share premium is as follows:

	U.S. \$'000
Balance 31 December 2008	107,354
AIP shares issued in 2009	235
Scrip dividend shares	1,276
Balance 31 December 2009	108,865
AIP shares issued in 2010	176
Follow on offering, net of transaction costs	33,494
Scrip dividend shares	2,669
Balance 31 December 2010	145,204



Directors interests in shares

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 2010 as follows:

Name	Number of shares as at 31 Dec 2009	Shares issued under AIP 2009	Shares issued under the scrip alternative of final dividend 2009	Shares issued under placing and open offer 2010	Shares issued under the scrip alternative of interim dividend 2010	Number of shares as at 31 December 2010	Percentage of shares as at 31 December 2010
Captain Paris Dragnis	42,540,879	47,076	1,262,339	7,237,388	191,762	51,279,444	56.25%
Chris Walton	2,180	-	64	16,320	42	18,606	0.02%
John Dragnis	489,201	14,711	14,515	74,100	2,603	595,130	0.65%
Christos Varsos	50,834	18,389	1,508	9,269	1,203	81,203	0.09%
Konstantinos Kabanaros	30,651	36,020	909	17,247	1,276	86,103	0.09%



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

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

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 U.S.\$12.5 per vessel. In addition to the monthly fee GSL charges a commission equal to 2% of time and voyage revenues relating to charters it organises. On 15 December 2010 the Board of Directors of the Company approved an increase in monthly management fee from U.S.\$12.5 to U.S.\$14.5 per vessel, the first increase since the IPO in April 2006. The increase is effective from 1 January 2011.

	2010 U.S.\$'000	2009 U.S.\$'000
Voyage expenses – related Party		
Goldenport Shipmanagement Ltd	1,638	1,810
Management fees – related party		
Goldenport Shipmanagement Ltd	2,606	2,679
Total	4,244	4,489
	2010 U.S.\$'000	2009 U.S.\$'000
Due from related parties – Current		
Goldenport Shipmanagement Ltd	3,668	2,079
Total	3,668	2,079

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

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 2010 amounted to U.S.\$274 (U.S.\$237 in 2009) 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:

	2010 U.S.\$'000	2009 U.S.\$'000
Within one year	289	306
After one year but not more than five years	812	1,058
More than five years	199	333
	1,300	1,697

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 please refer to the Directors' Remuneration Report.

For the Group Financial Statements, please refer to the Financial Statements section of this Annual 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 following the highest 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 UK Combined Code on Corporate Governance 2008 (the "Combined Code"). This section also sets out how the Company has begun to voluntarily apply the main principles of the UK Corporate Governance Code 2010 (the "New Code"), which was published in May 2010 and replaces the Combined Code for accounting periods commencing on or after 29 June 2010. Although the Company will have to comply with the New Code for the financial year to 31 December 2011 and report against it for the first time in 2012, the Board has begun voluntarily to apply the main principles of the New Code from the current period. The Combined Code and the New Code are publicly available from www.frc.ork.uk.

Statement of compliance with the Combined Code

The Board considers that the Company has complied fully with the Combined Code throughout the financial year 2010 and it has begun to voluntarily apply the provisions of the New Code since its publication in 2010, except for the part year non-compliance on the composition of the Nomination Committee.

The Combined Code requires the Nomination Committee to have a majority of independent Non-Executive Directors. From 4 October 2010 onwards, the Company has been compliant.

For the period 1 January 2010 to 3 October 2010, the Non-Executive Chairman, Chris Walton was a member of the Nomination Committee and although the Board had resolved that it considered him to be independent (as well as having been independent

at the time of his appointment), the Board acknowledges that the Nomination Committee would have been non-compliant if Chris Walton was viewed as not being independent by virtue of being Board Chairman.

On 4 October 2010, following the appointment of two more directors to the Board, the Board changed the composition of the Nomination Committee with Chris Walton stepping down from being a member and the appointment of Robert Crawley as a member. Following this change, the Nomination Committee consists of a majority of independent Non-Executive Directors.

Other than this, the Board believes that it has fully complied with the Combined Code throughout the financial year 2010 and has applied the principles in the New Code since its publication in 2010.

The Combined Code provides that the Board of Directors of a United Kingdom public company should include a balance of Executive and Non-Executive Directors (and, in particular, independent non-executive directors), with smaller companies having at least two independent Non-Executive Directors. The Combined Code states that the Board should determine whether a director is independent in character and judgment and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. As a smaller company, Goldenport should have at least two independent Non-Executive Directors in addition to the Non-Executive Chairman. The composition of the Board since 4 October 2010 comprises of four Executive Directors (including the Chief Executive Officer) and four Non-Executive Directors (including the Chairman). The Company regards Chris Walton, Robert Crawley, Captain Epameinondas Logothetis and Barry Martin as independent Non-Executive Directors, within the meaning of "independent" as defined in the Combined Code. Chris 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 separate 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.

Board of Directors

The Board is the principal decision making forum for the Company. It has overall responsibility for leading and controlling the Company and is accountable to shareholders for financial and operational performance. The Board approves group strategy and monitors performance. The Board has adopted a formal schedule of matters detailing key aspects of the Company's affairs reserved for it to decide including setting and monitoring group strategy, setting commercial policies, reviewing trading performance, ensuring adequate financing, examining potential acquisitions, formulating policy on key issues and reporting to shareholders. Developing key opportunities and negotiating them is delegated to the Chief Executive Officer but final approval for any group acquisitions or disposals needs to be made 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 a 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 and encourage an 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 meetings of the Board 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-Executive Directors meet at least once year without the Chairman being present. At this meeting, which is lead by the SID, the independent Non-Executive Directors discuss the Chairman's performance and provide feedback.

The performance evaluation of the Board, the Committees and each Director occurs annually. The procedure applied in 2010 was as follows: using a common framework of questions, the Non-Executive Chairman met individually with each Director 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. Every Director reaches his determination after considering the Company's performance during the year (both financial and operational), any special circumstances that have arisen (e.g. the challenges posed by the external environment) and the progress towards medium to long term objectives. The Chairman's performance is evaluated by the independent Non-Executive Directors led by SID.

As Goldenport is a "smaller" company, an external facilitator has not been used to assist in the evaluation processes.

All Directors receive regular update on changes of regulation or legislation that affect their capacity as Board members and all Directors have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors. Finally, all the Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The Company maintains insurance cover in respect legal action against its Directors and Officers.

Board balance and independence

During the period from 1 January 2010 to 3 October 2010, the Board comprised the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and two other independent Non-Executive Directors.

Since 4 October 2010 the Board comprises the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer, the Commercial Director and three other independent Non-Executive Directors. The Board is therefore made up of four Executive Directors and three independent Non-Executive Directors (excluding the Chairman). In the event of an equality of votes at Board meetings, no Director has a casting vote.

The Board functions effectively and efficiently and is considered to be an appropriate size in view of the size of the Company and the diversity of its business. The Board considers that each Director demonstrates a range of experience and is of high caliber, which is vital to the success of the Company.

The Board considers that the Non-Executive Directors combine broad business and commercial experience to bring independent and objective judgment to bear on issues of strategy, performance, resource and standards of conduct. The balance

between the Executive Directors and the 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 entitled 'Our Board'.

The Board considers that all Non-Executive Directors are independent for the purposes of the Combined 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 with at least one committee member having recent and relevant financial experience. The Audit Committee since 1 November 2007 is chaired by Robert Crawley and its other member was Captain Epameinondas Logothetis. Since 4 October 2010 however, with the appointment of Barry Martin as an additional Non-Executive Director, the Audit Committee comprises three Non-Executive Directors. All three members of the Audit Committee are independent. Mr Crawley has recent and relevant experience (please refer also to the section entitled 'Our Board' for their full résumés). The Audit Committee normally meets at least three times a year.

The Audit Committee has responsibility for, amongst other things, to monitor the integrity of the financial statements of the Company and any formal announcements relating to the company's financial performance; to review the significant financial reporting judgments contained in them; to review the Company's internal financial controls and the company's internal control and risk management systems; to monitor and review the effectiveness of the company's internal audit function; to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical

guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

In particular, the Audit Committee focuses on compliance with legal requirements, accounting standards and the rules of both the FSA and the UKLA to ensure 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: 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 Audit Committee to carry out its duties.

During 2010 the major focus of the Audit Committee was the documentation of the Company's policies and the procedures manual. This process progressed well and is ready for implementation. The Committee also considered related party transactions, in particular the rate changes to the ship management contract with Goldenport Ship Management. After review, the Committee recommended to the Board that the proposed rate changes be accepted.

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 Chairman of the Audit Committee. The terms of reference of the Audit Committee are available for inspection on the website of the Company and at Head-Office in Athens.

Remuneration Committee

The Remuneration Committee until 3 October 2010 was chaired by Captain Epameinondas Logothetis and its other member was Robert Crawley.

Since the appointment of Barry Martin as Non-Executive Director on 4 October 2010 the Board has changed the composition of the Remuneration Committee. The chairman is Barry Martin with Captain Epameinondas Logothetis and Mr. Robert Crawley as its members.

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 the Company 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 Remuneration Committee to carry out its duties.

The Combined Code states that the Remuneration Committee should be comprised solely of Non-Executive Directors. All three 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 financial year under review.

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

Nomination Committee

The Combined Code requires that the majority of members of the Nomination Committee are independent Non-Executive Directors. Until 3 October 2010, the Nomination Committee was chaired by Captain Epameinondas Logothetis and its other members were Chris Walton and Captain Paris Dragnis. As the Board has resolved that it was considering all Non-Executive Directors to be independent, it considered that the Nomination Committee was compliant with the Combined Code. However, the Directors acknowledged that the Nomination Committee would be non-compliant with the requirements of the Combined Code if Chris Walton was viewed as not being independent (by virtue of being Chairman of the Board).

With the appointment of one additional Executive Director and one additional Non-Executive Director on 4 October 2010 the Board has changed the composition of the Nomination Committee with Chris Walton the Non-Executive Chairman stepping down from the Nomination Committee as a member and Robert Crawley being appointed as a member.

From 4 October 2010 the Nomination Committee is chaired by Captain Epameinondas Logothetis and its other members are Robert Crawley and Captain Paris Dragnis. Therefore the majority of members are independent Non-Executive Directors.

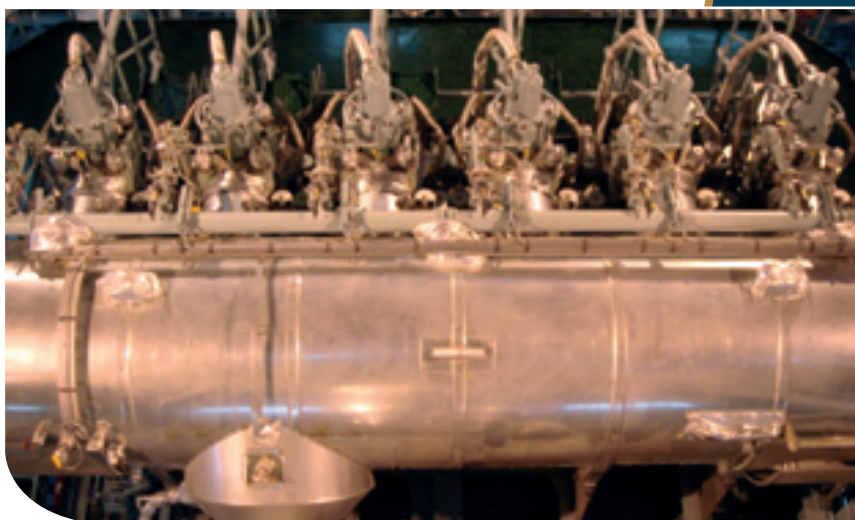
The Board chose this membership composition as it considers it appropriate for the size and the nature of the business. The Nomination Committee leads the process of Board appointments and makes recommendations to the Board on, amongst other things, the Board composition and balance.

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

During the financial year 2010, two appointments to the Board were made. The first one was the appointment of John Dragnis as an Executive Director from the previous Senior Management position held since admission to the Official List in April 2006. This was in recognition of his leadership potential and the importance of his role. The second one was the appointment of Barry Martin as a Non-Executive Director. For the selection of Barry Martin the Company used an external recruiting agency.

Disclosure Committee

Until 3 October 2010, the Disclosure Committee was chaired by Captain Paris Dragnis and its other members were Chris Walton and Christos Varsos.



On 4 October 2010, John Dragnis was appointed an Executive Director and became a member of the Disclosure Committee.

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 Head-Office in Athens.

Model Code

Since the Company's admission to the Official List of the London Stock Exchange in April 2006, 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 Model 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 on Takeovers and Mergers which applies to the conduct of takeovers and mergers of UK companies. 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.

Notwithstanding, the Company has incorporated certain provisions in its Articles of Incorporation and By-Laws which will be implemented 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;
- (b) acting by himself or with persons determined by the Board to be acting in concert with him, and

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

In addition to the protections included in the Articles of Incorporation and the By-Laws of the Company, it is also the current intention of the Directors to use reasonable endeavors (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 offer 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 Board and Committees

Below is a summary of our committee structure since 4 October 2010:

Chairman 

Member 

	Audit Committee	Nomination Committee	Remuneration Committee	Disclosure Committee
	<i>All members are independent Non-Executive Directors</i>	<i>A majority of members are independent Non-Executive Directors</i>	<i>All members are independent Non-Executive Directors</i>	
Non Executive Directors				
Chris Walton				
Robert Crawley				
Captain Epameinondas Logothetis				
Barry Martin				
Executive Directors				
Captain Paris Dragnis				
Christos Varsos				
Konstantinos Kabanaros				
John Dragnis				

The structure of our committees from 1 January until 3 October 2010 is set out below:

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

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 their respective members during the year is shown below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Total number of meetings since 4 October 2010	2	1	-	1
Non Executive Directors				
Mr. Chris Walton ⁽¹⁾	2	1	-	1
Mr. Robert Crawley	2	1	-	1
Captain Epameinondas Logothetis	2	1	-	1
Mr. Barry Martin	2	1	-	1
Executive Directors				
Captain Paris Dragnis	2	-	-	-
Mr. Christos Varsos ⁽²⁾	2	1	-	-
Mr. Konstantinos Kabanaros	2	-	-	-
Mr. John Dragnis	2	-	-	-
Total number of meetings from 1 January 2010 to 3 October 2010	7	2	1	1
Non Executive Directors				
Mr. Chris Walton ⁽¹⁾	7	2	1	1
Mr. Robert Crawley	7	2	-	1
Captain Epameinondas Logothetis	7	2	1	1
Executive Directors				
Captain Paris Dragnis	7	-	1	-
Mr. Christos Varsos ⁽²⁾	7	2	-	-
Mr. Konstantinos Kabanaros	7	-	-	-

⁽¹⁾ Chris Walton attended all the Remuneration Committee and Audit Committee meetings by invitation from the respective Chairman as an observer;

⁽²⁾ Christos 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's web site. The Board uses the Annual General Meeting, results presentations and investor road-shows as opportunities to meet and communicate with private and institutional shareholders. 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 SID have also been present during results

presentations. 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 is responsible for the Company'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 con-

trol 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 Company which was put in place at the time of its admission to the Official List in April 2006. Risk management is included as an agenda item in meetings of the Board 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.

At least once a year the Board conducts a review of the effectiveness of the Company's system of internal controls. At the time of admission to the Official List in April 2006, the Board had a thorough review of the effectiveness of the internal controls and reviews have been held at least once a year since then. A review was conducted by the Audit Committee in December 2010 and the most recent review by the full Board was in February 2011.

The Internal Audit function is still in the development stage within the Company under direction from the Audit Committee. The Audit Committee reviews the effectiveness of the Internal Audit function annually and reports any findings to the Board. In 2010 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 Audit 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.

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.

Non-audit services work carried out by Ernst & Young (Hellas) during 2010 was solely relating to the review of the working capital report required for the Extraordinary General Meeting held on 19 July 2010 when shareholders approved the capital raising through the placing and open offer of 18,496,010 shares of 127 pence each. In this instance the Board decided to use Ernst & Young (Hellas) instead of another audit firm due to their experience with the Company and their understanding of the business model. Given the long-term chartering policy of the Company, a large portion of their work was covered by their normal audit procedures.

During the year the Company had to value the amount to be included in the financial statements in relation to the Discretionary Share Option Plan and the Group Share Award Plan (please refer to Directors' Remuneration Report for more details). The work was deemed to be conflicting with Ernst & Young (Hellas) scope and therefore it was carried out by BDO Certified and Registered Auditors SA.

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.

The designated officer is the Senior Independent Director, Robert Crawley.

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 and every Annual General Meeting since admission in April 2006.

They will again retire and offer themselves for re-election in the fifth Annual General Meeting to be held on 11 May 2011. In accordance with the By-Laws, the two new Directors that were appointed on 4 October 2010 will similarly retire and offer themselves for election at the 2011 Annual General Meeting.

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 11 May 2011.

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 as well as the performance targets, the Remuneration Committee has regard to the Group's long term business strategy 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 i) base salary ii) awards made under the Annual Incentive Plan ("AIP") and iii) long term incentive awards under one or both of the Discretionary Share Option Plan ("DSOP") and the Share Award Plan ("Plan").

The AIP 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. However in 2010 the two plans were activated in order to enable the issue of a "one-off" set of incentives to accompany the 2010 equity raising and to

form a Long Term Incentive Plan for use in future years to drive longer the performance of the Company. The DSOP and the Plan were approved by the shareholders in 2010.

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 based on EBITDA performance in accordance with the Company's annual business plan. 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 and fuels further vessel acquisition; and
- ⦿ 50% of the bonus is based on individual achievements and personal objectives.

In normal circumstances, the maximum limit for each participant will be 40% of annual base salary (the "Base Award"). However, where the Remuneration Committee considers that the Company has achieved exceptional performance, it may decide in its discretion to make a Base Award up to 75% of annual base salary.

Participation under the AIP is dependent on remaining an employee of the Company although it is open to the Remuneration Committee to make a Base

Award if the employee has left 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). The Base 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 Remuneration Committee determines otherwise.

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 under the AIP the Base Award will be paid out in cash only but only at 90% of the Base Award.
- ⊙ Full Shares Award ('FSA'): If the participant selects the FSA, then under the AIP the Base Award will be settled in shares in value equal to 110% of the Base Award.
- ⊙ Half Cash-Half Shares Award ('HCHS'): If the participant selects the HCHS, then under the AIP, 50% of Base Award will be paid out in cash but the 90% rule will apply; the remaining 50% will be settled in shares and the 110% rule will apply.

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 number of shares settled ("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 "Announcement Date"). 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 AIP Shares will be allotted and then registered in the participant's name on or after the record date for the relevant financial year. If the employee leaves employment until the shares are registered in his name, the award will lapse. On the other hand, if prior to registration, there is a variation of the share capital of the Company such as a capitalization issue, rights issue or open offer, subdivision

or consolidation of shares or reduction of capital or any other variation, of share capital, Remuneration Committee will adjust the number of shares to be allotted and registered on a fair and reasonable basis. Following registration, the participant shall have the right to receive dividends and the right to vote in respect of AIP Shares. However, for a restricted period of one year from the date of registration (the "Restricted Period"), he may not sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber any of the AIP Shares. If he leaves during the Restricted Period, then the restrictions still apply but he will not be subject to any forfeiture regardless of the reason for the cessation of employment.

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).

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

The Remuneration Committee 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 Awards in 2010

During 2010 the challenging conditions in the markets in which the Company operated and the smaller operational fleet due to sales of vessels in 2009 were reflected in the decline in operating profitability.

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

In this respect the Company:

- managed to raise debt and acquire two second hand operational vessels;
- during the last quarter of the year, had delivered three of the new building vessels which commenced their pre-agreed time charters;
- agreed the acquisition of a second hand operational container that was delivered to the Company in February 2011;
- finally arranged a capital raising with the aim to increase the available cash for further vessel acquisitions.

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 Remunera-

tion Committee determined that, the Base Award would be 30% of the annual salary for all the Executives. On 15 December 2010, the Board approved the Remuneration Committee's proposals. Two of the four participants elected for a Full Share Award. The remaining two participants elected for a Full Cash Award.

The Board of Directors on 1 March 2011 approved the financial statements and authorised the issuance of the shares relating to the Full Share Awards under the provisions of AIP. Under these provisions the AIP shares are 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 2010.

By reference to the closing market value of the Company's shares on 2 March 2011, and the exchange rate between Euro and GBP which was 1.17629 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	111.75 p	80,334	89,773
Mr. Konstantinos Kabanaros	CAO	111.75 p	31,631	35,348
Total			111,965	125,121

The AIP shares will be allotted and then registered in the participants names after the record date of 11 March 2011. Therefore the AIP shares will be registered to the participants' names on or around 14 March 2011.

The participants have the right to receive dividends for 2011 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 performance related remuneration under the AIP that was earned by one of the four Directors for 2010 was 25%.

Longer term Incentive Schemes

During 2010, the Company gained shareholder approval for two schemes:

- ⊙ The Goldenport Discretionary Share Option Plan (the "DSOP"), with eligibility for Executive Directors and employees; and
- ⊙ The Goldenport Group Share Award Plan (the "Plan"), with eligibility for all employees and Executive Directors.

These two schemes were put in place for two distinct reasons:

- to enable the issue of a "one-off" set of incentives to accompany the 2010 equity raising; and
- to form the framework for a Long Term Incentive Plan (LTIP) for use in future years.

The Remuneration Committee has set different conditions for each.

2010 Incentive Package to Accompany Equity Raising

Under the DSOP and the Plan one-off awards were made to accompany the July 2010 equity raising. The specific conditions relating to these awards were fully disclosed in the circular which was posted to all shareholders. In addition, discussions were held with major shareholders.

The incentives were only awarded to executives. No Non-Executive Director received an award.

One-Off Performance Conditions

Options granted in 2010 pursuant to the DSOP and awards granted pursuant to the Plan will vest subject to the performance conditions as follows:

- 100% of the option or award will vest if either the Total Shareholder Return (TSR)
 - over the five dealing days prior to the Vesting Date; or
 - over any continuous 60 calendar day period during the Performance Period is equal to or greater than 65% over and above the Issue Price (£1.27);
- 75% of the option or award will vest if either the Total Shareholder Return
 - over the five dealing days prior to the Vesting Date; or
 - over any continuous 60 calendar day period during the Performance Period is equal to or greater than 60% over and above the Issue Price (£1.27);
- 50% of the option or award will vest if either the Total Shareholder Return
 - over the five dealing days prior to the Vesting Date; or
 - over any continuous 60 calendar day period during the Performance Period is equal to or greater than 55% over and above the Issue Price (£1.27).

For these awards, absolute TSR targets were chosen, rather than relative measures (as recommended by the ABI). This was because the Remuneration Committee considered that no appropriate comparator group exists. Currently, Goldenport is the only "pure" shipping company listed on the main board of the London Stock Exchange.

Vesting Period

Options granted pursuant to the DSOP and awards granted pursuant to the Plan will vest over a three year period (the "Performance Period") commencing on the date of grant (the "Start Date"). The extent to which options and awards vest will be determined by reference to the date that falls on the third anniversary of the Start Date (the "Vesting Date"). Options granted pursuant to the DSOP will lapse on the tenth anniversary of the Start Date, or earlier in accordance with the rules of the DSOP.

2010 One-Off Awards

The awards in 2010 relating to the July equity raising were:

DSOP Shares

Captain	
Paris Dragnis	500,000 Executive Director
Christos Varsos	110,000 Executive Director
Konstantinos	
Kabanaros	110,000 Executive Director
John Dragnis	300,000 Executive Director
	1,020,000

Plan

Captain	
Paris Dragnis	250,000 Executive Director
Christos Varsos	55,000 Executive Director
Konstantinos	
Kabanaros	55,000 Executive Director
John Dragnis	140,000 Executive Director
	500,000

Total Shares under options and awards **1,520,000**

The one-off incentives included awards to Captain Paris Dragnis, the CEO. Notwithstanding that he is the major shareholder in the Company and already owns a significant number of shares, the Remuneration Committee made the one-off awards because he is the Company's Chief Executive and is pivotal in leading the business. His role is not ceremonial or purely titular: he actively manages day-to-day operations and leads the management team. As a consequence, the Committee believed it appropriate to include him alongside other management members.

Standard Employee Long Term Incentive Scheme (LTIP)

The Remuneration Committee has the discretion to make awards under the DSOP and the PLAN in the normal course. The Remuneration Committee has determined that the performance conditions are as follows:

LTIP Performance Conditions

The current performance conditions for the DSOP and the Plan are as follows:

- 100% of the option or award will vest if either the Total Shareholder Return over the five dealing days prior to the Vesting Date is equal to or greater than 65% over and above the share price at the date of the grant; or
- 75% of the option or award will vest if either the Total Shareholder Return over the five dealing days prior to the Vesting Date is equal to or greater than 60% over and above the share price at the date of the grant; or
- 50% of the option or award will vest if either the Total Shareholder Return over the five dealing days prior to the Vesting Date is equal to or greater than 55% over and above the share price at the date of the grant.

Currently, the Remuneration Committee has specified Absolute TSR as a metric for the performance target. This has been chosen, rather than a relative measure (as recommended by the ABI) because

the Committee considers that no appropriate comparator group exists. Currently, Goldenport is the only "pure" shipping company listed on the main board of the LSE.

From time to time, the Committee will review the appropriateness of the award metrics. In the future, it may be appropriate to adjust the target metric to Relative TSR or to other financial or operational based measures (or a combination thereof).

The Remuneration Committee has resolved an "underpin" condition, which allows the remuneration committee to determine that even if the main performance target is achieved, awards/options do not vest unless an underpinning condition is also achieved. The underpinning condition may be determined from time to time and may be financial or non-financial in nature. For example, this power could be exercised on the grounds of a significant safety or operational deficiency.

LTIP Vesting Period

Options granted pursuant to the DSOP and awards granted pursuant to the Plan will vest over a three year period (the "Performance Period") commencing on the date of grant (the "Start Date"). The extent to which options and awards vest will be determined by reference to the date that falls on the third anniversary of the Start Date (the "Vesting Date"). Options granted pursuant to the DSOP will lapse on the tenth anniversary of the Start Date, or earlier in accordance with the rules of the DSOP.

LTIP Awards

As the management team received one-off incentive awards relating to the July equity raising, no long term awards under the LTIP conditions were been made in 2010.

Summary: The DSOP

General

The DSOP allows the Company to grant options to acquire Shares to eligible employees.

Eligibility

Under the DSOP, options may be granted to any person who is a full-time director or employee of the Company or a participating group company. Participants will be selected on a discretionary basis.

Option price

The option price will not be less than the average of the market values of a Share over the three dealing days before the date of grant or the market value of a Share on the dealing day before the date of grant or, where the option is an option to subscribe, the nominal value of a Share or the market value of a Share on the date of grant.

Individual limits

For future awards, the upper limit for each participant under the DSOP and the Plan is based upon a percentage of salary. The aggregate options and awards on an annual basis are limited to 50% of gross salary. (i.e. Their Fixed Service Agreement salary). Over the ten year period of the DSOP and the Plan, aggregate awards under these two long term incentive and grants are not to exceed an amount equivalent to five times the aggregate salary of the participant calculated over the same ten year period.

Awards under the Annual Incentive Plan (the annual bonus plan) are separate from awards under the long-term plans.

Limits on the issue of Shares

The use of new issue or treasury Shares under the DSOP is limited to 10 per cent. of the issued share capital of the Company from time to time, taking into account shares issued or to be issued under all employee share schemes adopted by the Company over the previous ten year period. The use of new issue or treasury Shares under the DSOP is limited to 5 per cent. of the issued share capital of the Company from time to time, taking into account shares issued or to be issued under the DSOP and any other discretionary share option scheme adopted by the Company over the previous ten year period. Shares subject to options or awards which have lapsed or been surrendered are excluded when calculating these limits.

Exercise of options

Options normally become exercisable on the third anniversary of the date of grant, subject to the satisfaction of any performance conditions. Options remain exercisable until 10 years after the date of grant. However, if a participant dies or leaves employment with the Group earlier exercise is permitted in certain circumstances such as injury, disability, redundancy, retirement or as a result of the sale of the business or subsidiary by which the optionholder is employed. On the occurrence of any of those events options will become exercisable to the

extent permitted by the Remuneration Committee, having regard to all factors it believes to be relevant, including the time elapsed since the date of grant and any performance targets.

The Remuneration Committee also has a discretion under the DSOP to allow the exercise of options following the cessation of employment in any other circumstances. On a takeover or winding up of the Company, options will become exercisable to the extent permitted by the Remuneration Committee, having regard to applicable performance conditions and any other relevant factors.

Exchange of options

If there is a change of control of the Company following a general offer to acquire the whole of the issued share capital of the Company or all the Shares in the Company, or following a scheme of arrangement sanctioned by the Court, option holders may be given the opportunity to exchange their options for options over shares in an acquiring company.

Adjustments of options

If there is a capitalisation, a rights issue, a consolidation, a subdivision or a reduction of the Company, the Board may make the adjustments it considers appropriate to the number of Shares under option and the option price.

General provisions

Options are personal to option holders and, except on the death of an option holder, cannot be assigned, transferred or charged. The rules of the DSOP can be amended at any time by the Board. However, no amendment to the advantage of option holders can be made without the prior approval of the shareholders in general meeting if the amendment relates to the provisions in the rules relating to:

- who can participate;
- the limits on the number of Shares that can be acquired under the DSOP (in total) and/or by each option holder;
- the basis for determining an option holder's entitlement to and the terms on which Shares can be acquired under the DSOP; and
- any adjustment in the event of a variation in the share capital of the Company, unless the amendment is minor to benefit the administration of the DSOP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or for any member of the Group.

No options can be granted more than ten years after the adoption of the DSOP. Options are not pensionable.

Summary: The Plan

Introduction

The Plan provides for the grant of performance share awards (Awards) as described below.

Nature of Awards

Awards will be in respect of the Shares and, subject to the exceptional circumstances referred to below, their vesting is contingent on continued office or employment with the Group. Awards are not pensionable and may not be assigned or transferred except on a participant's death, when they may be assigned to the participant's personal representatives.

Eligibility

The Board will have responsibility for agreeing any Awards under the Plan and for setting the policy for the way in which the Plan should be operated, including agreeing any performance targets and which individuals should be granted Awards under the Plan. All employees and executive directors of the Company and its subsidiaries, (but not the non-executive directors) are eligible to participate. Participants will be selected on a discretionary basis.

Grant of Awards

Generally, Awards can be granted at any time, but not during a close period of the Company Awards will normally be made within the period of 42 days starting on the day following the date: (i) of the announcement of the Company's financial results (ii) of any general meeting of the Company; (iii) on which any change to the legislation affecting the Plan is proposed or made; (iv) of lifting any restriction the grant of an Award; or (v) on which the Board believes exceptional circumstances exist which justify the grant of Awards. No payment is required for the grant of Awards. All Shares allotted under the Plan will carry the same rights as all other issued shares in the Company and application will be made for the Shares to be listed on the London Stock Exchange. If there is a variation in the share capital of the Company, the Awards may be adjusted to reflect that variation.

Individual limits

For future awards, the upper limit for each participant under the Plan is based upon a percentage of salary. The aggregate options and awards on an annual basis are limited to 50% of gross salary. (ie. Their Fixed Service Agreement salary). Over the ten year period of the DSOP and the Plan, aggregate awards under these two long term incentive and grants are not to exceed an amount equivalent to five times the aggregate salary of the participant calculated over the same ten year period.

Awards under the Annual Incentive Plan (the annual bonus plan) are separate from awards under the long-term plans.

Limits on the issue of Shares under the Plan

Under the terms of the Plan, in any 10 year period the use of new issue or treasury Shares under the Plan and any employees' share scheme established by the Company is limited to 10 per cent of the issued share capital of the Company from time to time, of which not more than 5 per cent may be used for the Plan and those employees' share schemes operated on a discretionary basis.

Performance period

An Award may not generally vest before the third anniversary of its date of grant nor unless any specified performance targets have been met at the end of a three year period.

Rights attaching to Shares prior to the vesting of Awards

A participant has no rights in relation to the Award or to the Shares which are the subject of the Award until it has vested.

Cessation of employment or office before an Award has vested

If a participant ceases employment or office with the Group before an Award has vested at the end of the relevant period, his Award(s) will generally lapse. However, if a participant dies or leaves employment or office in certain circumstances such as ill-health, injury, disability or retirement, the Award will vest to the extent permitted by the Board, having regard to all factors it believes to be relevant, including the time elapsed since the date of grant and any performance targets. The Board has discretion to vest or preserve all or part of his Award(s) if a participant ceases to be employed by or hold office

with the Company for an exceptional reason other than those set out above.

Payment on account of dividends when an Award has vested

To the extent that a participant's Award has vested, the participant may receive an amount (in cash or Shares) equal to the total dividends paid or payable in respect of the Shares in relation to which the Award has vested, by reference to record dates from the date of grant until the Award has vested.

Transfer or issue of shares once the Award has vested

Once a participant's Award has vested, the relevant number of Shares will be transferred or issued to the participant as soon as practicable.

General offer or scheme of arrangement

If there is a change of control of the Company, Shares will vest on the change of control to the extent permitted by the Board, having regard to any applicable performance conditions and any other factors it believes to be relevant in determining the extent to which Awards will vest in these circumstances, including the time elapsed between the date of grant of an Award and the change of control.

Duration of the Plan

No Award may be granted after 10 years from the adoption of the Plan.

Amending the rules of the Plan

The Company (acting through the Board) will have authority to amend the rules of the Plan, provided that no amendment to the advantage of participants may be made to provisions relating to:

- ⊙ who can be a participant;
- ⊙ the limits on the number of Shares which can be issued under the Plan;
- ⊙ the basis for determining a participant's entitlement to Shares and the terms on which they can be acquired; and
- ⊙ any adjustment 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 favourable tax, exchange control or regulatory treatment. Additional schedules to the rules can

be incorporated to operate the Plan in different jurisdictions. These schedules can vary the rules of the Plan to take account of any securities, exchange control or taxation laws or regulations. The Shares issued for these purposes will count towards the overall limit of Shares issued under the Plan.

Non-Executive Directors' remuneration policy

Non-Executive Directors receive only base salary and do not receive a bonus nor do they participate in any incentive plan. They are entitled to reimbursement of expenses incurred in connection with their directorship of the Company.

Service Agreements

It is Company's policy that Executive Directors are employed on contracts (service agreements) subject to no more than 6 months notice. Executive Directors are also bound under a 6-month non-compete agreement with the Company. Therefore, upon termination each Executive Director would receive compensation for six months of service.

The service agreements have initial fixed term of 3

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

Marshall Islands legislation does not require the directors to retire and offer themselves at the Annual General Meeting. However, the Company has voluntarily undertaken to comply with the UK corporate governance standards and as a result all the directors have retired and offered themselves for re-election in the first, second, third and fourth Annual General Meetings after admission held on 17 May 2007, 20 April 2008, 7 May 2009 and 12 May 2010. They will retire and offer themselves for re-election in the fifth Annual General Meeting to be held on 11 May 2011. The two newly appointed Directors will retire and offer themselves for election in the fifth Annual General Meeting to be held on 11 May 2011.

Details of the service agreements for the Executive Board and unexpired terms for Non-Executive Board are set below as of December 31, 2010:

	Date of initial Letter of Appointment or Service Agreement at 31 December 2010	Date of Re-election	Unexpired Term
Executive Directors			
Captain Paris Dragnis	5 April 2006	12 May 2010	29 months
Mr. Christos Varsos	5 April 2006	12 May 2010	17 months
Mr. Konstantinos Kabanaros	5 April 2006	12 May 2010	17 months
Mr. John Dragnis	4 October 2010		5 months
Non Executive Directors			
Mr. Chris Walton	5 April 2006	12 May 2010	29 months
Mr. Robert Crawley	5 April 2006	12 May 2010	17 months
Captain Epameinondas Logothetis	1 November 2007	12 May 2010	17 months
Mr. Barry Martin	4 October 2010		5 months

Assuming re-election occurs in the Annual General Meeting on 11 May 2011, the term will be extended for three years each for Captain Paris Dragnis and Mr. Chris Walton and for two years for each of Mr. Christos Varsos, Mr. Konstantinos Kabanaros, Mr. Robert Crawley and Captain Epameinondas Logothetis. Assuming election occurs in the Annual General Meeting on 11 May 2011, the term will be extended for two years each for Mr. John Dragnis and Mr. Barry Martin.

Statement of Directors' Responsibilities

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

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

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

The Directors are responsible for ensuring that the Annual Report includes the information required by the Listing Rules 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 2010 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 as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 au-

dit 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, the Board, the Management Team, the Operational Fleet, the Fleet under construction, the Renewal program: Vessels Sold, 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 presents fairly in all material respects the financial position of the Group as of 31 December 2010, 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 2011.







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Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2010			
	Notes	2010 U.S.\$'000	2009 U.S.\$'000
Revenue		88,180	94,011
Expenses:			
Voyage expenses	3	(5,668)	(6,707)
Vessel operating expenses	3	(32,442)	(34,570)
Management fees – related party	21	(2,606)	(2,679)
Depreciation	7	(30,686)	(28,000)
Depreciation of dry-docking costs	7	(8,758)	(10,582)
General and administrative expenses	4	(5,265)	(3,574)
Operating profit before disposal of vessels		2,755	7,899
Gain from disposal of vessels and loss from cancellation of new building contracts		515	(5,256)
Operating profit including disposal of vessels		3,270	2,643
Finance expense	5	(5,640)	(4,448)
Finance income		803	508
Foreign currency gain, net		1,415	(65)
Loss for the period attributable to Goldenport Holdings Inc. shareholders		(152)	(1,362)
Total comprehensive income for the period attributable to Goldenport Holdings Inc. shareholders		(152)	(1,362)
Earnings per share (U.S.\$):			
- Basic EPS for the period		(0.00)	(0.02)
- Diluted EPS for the period		(0.00)	(0.02)
Weighted average number of shares for basic EPS	6	80,215,088	70,404,878
Weighted average number of shares adjusted for the effect of dilution	6	80,219,687	70,410,356

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	2010 U.S.\$'000	2009 U.S.\$'000
ASSETS			
Non-current assets			
Vessels at cost, net	7	368,164	271,242
Advances for vessel acquisition	8	2,432	-
Advances for vessels under construction	9	71,021	97,010
Other non-current assets	11	1,770	6,549
		443,387	374,801
Current assets			
Inventories		-	267
Trade receivables		3,744	1,382
Insurance claims	12	433	2,153
Due from related parties	21	3,668	2,079
Receivable from cancellation of new building contracts	9	-	9,360
Prepaid expenses and other assets		1,247	1,451
Other current assets	11	401	-
Restricted cash	14	10,100	15,100
Cash and cash equivalents	13	52,683	24,618
		72,276	56,410
TOTAL ASSETS		515,663	431,211
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued share capital	15	911	708
Share premium	15	145,204	108,865
Other capital reserves		84	-
Retained earnings		119,981	125,909
TOTAL EQUITY		266,180	235,482
Non-current liabilities			
Long-term debt	16	187,134	140,690
Deferred revenue	17	434	3,041
Other non-current liabilities	11	682	663
		188,250	144,394
Current liabilities			
Trade payables		8,706	10,476
Current portion of long-term debt	16	41,467	31,559
Accrued liabilities and other payables	18	5,902	4,885
Other current liabilities	11	345	414
Deferred revenue	17	4,813	4,001
		61,233	51,335
TOTAL LIABILITIES		249,483	195,729
TOTAL EQUITY AND LIABILITIES		515,663	431,211

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2010							
	Number of shares	Par value U.S.\$	Issued share capital U.S.\$'000	Share premium U.S.\$'000	Other capital reserves U.S.\$'000	Retained earnings U.S.\$'000	Total Equity U.S.\$'000
At 1 January 2009	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 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
Loss for the year	-	-	-	-	-	(152)	(152)
Share based payments - AIP (Annual Incentive Plan) shares	116,196	0.01	1	176	-	-	177
Follow on offering proceeds, gross	18,496,010	0.01	185	35,528	-	-	35,713
Follow on offering transaction costs	-	-	-	(2,034)	-	-	(2,034)
Share based payment transactions	-	-	-	-	84	-	84
Dividends to equity shareholders	1,737,656	0.01	17	2,669	-	(5,776)	(3,090)
At 31 December 2010	91,170,473	0.01	911	145,204	84	119,981	266,180

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2010

	Notes	2010 U.S.\$'000	2009 U.S.\$'000
Operating activities			
Loss for the year		(152)	(1,362)
Adjustments to reconcile loss for the year to net cash inflow from operating activities:			
Depreciation	7	30,686	28,000
Depreciation of dry-docking costs	7	8,758	10,582
Gain from disposal of vessels	7	(868)	(13,540)
Loss from cancellation of new building contracts		-	18,796
Finance expense	5	5,640	4,448
Finance income		(803)	(508)
Annual Incentive Plan shares	21	195	168
Share-based payment transactions	21	84	-
Foreign currency gain/(loss), net		(1,415)	65
Operating profit before working capital changes		42,125	46,649
Decrease/(Increase) in inventories		267	(1)
Decrease/(Increase) in trade receivables, prepaid expenses & other assets		2,425	(7,254)
Decrease/(Increase) in insurance claims	12	1,720	(141)
Receivable from cancellation of new building contracts	9	9,360	-
Increase/(Decrease) in trade payables, accrued liabilities & other payables		1,560	(7,124)
(Decrease) in deferred revenue		(1,795)	(3,519)
Net cash flows from operating activities before movement in amounts due from related parties		55,662	28,610
Due from related parties	21	(1,589)	1,263
Net cash flows provided by operating activities		54,073	29,873
Investing activities			
Acquisition/improvements of vessels	7	(23,828)	(10,665)
Proceeds from disposal of vessels net of commissions	7	1,912	35,515
Payments for other costs relating to disposals of vessels	7	-	(758)
Proceeds relating to initial expenses	7	-	84
Dry-docking costs		(7,290)	(5,455)
Advances for vessel acquisition	8	(2,432)	-
Advances for vessel under reconstruction		(1,000)	(4,031)
Advances for vessels under construction	9	(80,732)	(54,569)
Interest received		446	151
Net cash flows used in investing activities		(112,924)	(39,728)



▶▶▶			
Financing activities			
Proceeds from follow on offering, net of transaction costs	15	33,679	-
Proceeds from issue of long - term debt	16	89,076	108,290
Repayment of long-term debt		(33,097)	(85,510)
Restricted cash	14	5,000	(15,100)
Interest paid	16	(5,778)	(4,896)
Dividends paid	19	(3,090)	(1,710)
Net cash flows provided by financing activities		85,790	1,074
Net increase/(decrease) in cash and cash equivalents		26,939	(8,781)
Exchange gains on cash and cash equivalents		1,126	142
Cash and cash equivalents at beginning of year		24,618	33,257
Cash and cash equivalents at end of year		52,683	24,618

The accompanying notes 1 to 24 are an integral part of these consolidated 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").

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 2010 is the holding Company for nineteen intermediate holding companies, each in turn owning a vessel-owning company, as listed in the table below. Goldenport is also the holding Company of four more intermediate holding companies, owning Moonglade Maritime S.A., Cheyenne Maritime Company, Loden Maritime Co. and Shila Maritime Corp., which will be the vessel-owning companies of two new built bulk carriers ordered at Cosco Zhoushan Shipyard, one new built container vessel and one new built bulk carrier ordered at Jiangsu Yangzijiang Shipyard upon delivery of the vessels. Also, as at 31 December 2010

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. As at 31 December 2010 Black Rose Shipping Ltd., the vessel-owning company of the disposed vessel "MSC Mekong" (see note 7), has 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 2011. The shareholders of the Company have the right to amend the financial statements at the Annual General Meeting to be held on 11 May 2011.

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
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	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	2007	Container
Oceanrace Maritime Limited	Seasight Marine Company	Marshall Islands	MSC Socotra	2009	Container
Moyet Maritime Ltd.	Anemone Maritime S.A.	Liberia	Grand Vision	2010 ⁽¹⁾	Container
Aleria Navigation Company	Melia Shipping Limited	Liberia	Golden Trader (ex.Arctic Trader)	2010 ⁽²⁾	Bulk Carrier
Alacrity Maritime Inc.	Giga Shipping Ltd.	Marshall Islands	Milos (ex.ZS07039)	2010 ⁽¹⁰⁾	Bulk Carrier
Seaward Shipping Co.	Valaam Incorporated	Liberia	Sifnos (ex.ZS07037)	2010 ⁽¹¹⁾	Bulk Carrier
Lativa Marine Co.	Dionysos Ship. Carrier Co.	Liberia	Eleni D (ex.S-5087)	2010 ⁽⁸⁾	Bulk Carrier
Abyss Maritime Ltd.	Moonglade Maritime S.A.	Liberia	ZS07036	2011 ⁽⁴⁾	Bulk Carrier
Jubilant Marine Company	Cheyenne Maritime Company	Marshall Islands	ZS07038	2011 ⁽⁴⁾	Bulk Carrier
Chanelle Shipping Company	Loden Maritime Co.	Marshall Islands	YZJ-815	2011 ⁽⁵⁾	Container
Clochard Maritime Limited	Shila Maritime Corp.	Marshall Islands	YZJ-917 (ex. YZJ-816)	2011 ⁽⁶⁾	Bulk Carrier

Intermediate holding company	Vessel – owning company	Country of Incorporation of vessel -owning company	Name of Vessel owned by Subsidiary
Bacaro Services Corp.	Accalia Navigation Limited	Liberia	Dormant Company ⁽⁹⁾
Sycara Navigation S.A.	Prunella Shipholding S.A.	Marshall Islands	Dormant Company ⁽¹²⁾
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
Audrey Marine Corp.	Wild Orchid Shipping Ltd.	Malta	Dormant Company
Sicuro Shipmanagement SA	Hampton Trading S.A.	Liberia	Dormant Company
Rawlins Trading Ltd	Fairland Trading S.A.	Panama	Dormant Company
Platinum Shipholding SA	Coral Sky Marine Ltd.	Malta	Dormant Company
Blaze Navigation Corp.	Nilwood Comp. Inc.	Panama	Dormant Company
Dumont International Inc.	Black Rose Shipping Ltd.	Malta	Dormant Company ⁽³⁾
Dryades Maritime Limited	Ingle Trading Co.	Liberia	Dormant Company ⁽⁷⁾
Leste Shipholding Inc.	Sundown International Inc.	Liberia	Dormant Company ⁽⁷⁾
Daysailer Navigation Co.	Platax Shipholding Carrier S.A.	Liberia	Dormant Company
Goldenport Marine Services	-	Marshall Islands	-

⁽¹⁾ Vessel *Grand Vision* was delivered on 6 May 2010

⁽²⁾ Vessel *Golden Trader* was delivered on 11 May 2010

⁽³⁾ *Black Rose Shipping Ltd.* was the ship owning company of MV “*MSC Mekong*”, which was disposed of on 4 March 2010 (note 7)

⁽⁴⁾ New building bulk carriers (note 9) with delivery dates between the first and second quarter of 2011.

⁽⁵⁾ New building container vessel (note 9) with delivery date in second quarter 2011 (according to amended contract).

⁽⁶⁾ New building bulk carrier (note 9) with delivery date in first quarter 2011 (according to amended contract).

⁽⁷⁾ Ship owning companies, which signed the contracts for the construction of two new building bulk carriers, initially arranged in August 2008 and cancelled on 8 January 2010.

⁽⁸⁾ Vessel *Eleni D* was delivered on 3 December 2010.

⁽⁹⁾ *Accalia Navigation Limited* will be the vessel owning company of a bulk carrier, which is planned to be acquired in the future.

⁽¹⁰⁾ Vessel *Milos* was delivered on 25 October 2010.

⁽¹¹⁾ Vessel *Sifnos* was delivered on 3 November 2010.

⁽¹²⁾ *Prunella Shipholding S.A.* will be the vessel owning company of the container vessel *Clifton Bridge* upon delivery of vessel (note 8)

b) Proportionally consolidated the 50% Joint Venture (Note 10)

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	2009	Bulk Carrier
Sentinel Holdings Inc.	Barcita Shipping S.A.	Marshall Islands	Alpine Trader	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 2010 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 U.S.\$368,164 and U.S.\$ 271,242 as at 31 December 2010 and 2009, 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 U.S.\$3,744 and U.S.\$6,707 as at 31 December 2010 and 2009, respectively).

Insurance Claims:

Amounts for insurance claims are provided when amounts are virtually certain to be received, based on the Company's judgement and estimates of independent adjusters as to the amount of the claims. (Insurance claims have a carrying amount of U.S.\$433 and U.S.\$ 2,153 as at 31 December 2010 and 2009, 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 2010, no loan agreements required deposit of funds into a retention account. Restricted cash amounts to U.S.\$10,100 as at 31 December 2010 (U.S.\$15,100 as at 31 December 2009) and relates to part of the new loan drawn from a bank on 16 December 2009, which will be utilised to support further fleet expansion (note 14).

(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 2010, 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. No vessel was undergoing scheduled dry-docking or was laid up on 31 December 2010.

(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 2010 and 2009.

(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, de-

livery 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 25 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 operating 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 six months time charter for each type of our bulk carrier vessels and one 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, espe-

cially 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 2010 and 2009 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 current levels. 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 and foreign currency forwards to hedge its risks associated with interest rate and foreign exchange rates fluctuations respectively. 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 and foreign currency forward 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. \$35,466 (2009: U.S. \$39,922).

(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-based payment transactions:

Employees and Directors of the Group receive remuneration in the form of share-based payment transactions, whereby employees and directors render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best

estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in administrative expenses of the consolidated statement of comprehensive income.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(w) 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.

(x) 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.

(y) IFRS and IFRIC Interpretations that became effective in the year ended 31 December 2010:

The following Standards and Interpretations became effective within the year ended 31 December 2010. None of the Standards and Interpretations had an impact in the consolidated financial statements or had any effect on the financial position of the Group.

- ⦿ **IFRIC 17 Distributions of Non-cash Assets to Owners**
- ⦿ **IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items**
- ⦿ **IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)**
- ⦿ **IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)**
- ⦿ **Improvements to IFRSs (May 2008)** All amendments issued are effective as at 31 December

2009, apart from the following: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively but has no impact for the Group.

- ⦿ **Improvements to IFRSs (April 2009)**
- ⦿ **Amendments resulting from improvements to IFRSs (April 2009) to the following standards which did not have an effect on the accounting policies, financial position or performance of the Group.**
- ⦿ **IFRS 2 Share-based Payment**
- ⦿ **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**
- ⦿ **IFRS 8 Operating Segment Information**
- ⦿ **IAS 1 Presentation of Financial Statements**
- ⦿ **IAS 7 Statement of Cash Flows**
- ⦿ **IAS 17 Leases**
- ⦿ **IAS 18 Revenue**
- ⦿ **IAS 36 Impairment of Assets**
- ⦿ **IAS 38 Intangible Assets**
- ⦿ **IAS 39 Financial Instruments: Recognition and Measurement**
- ⦿ **IFRIC 9 Reassessment of Embedded Derivatives**
- ⦿ **IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

(z) 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 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. The Group does not expect that the amendment will have impact on the financial position or performance of the Group, as the Group is not expecting to renegotiate terms with creditors.
- ⦿ **IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)**
The amendment is effective for annual periods

beginning on or after 1 January 2011. The purpose 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. The Group does not expect that the amendment will have impact on the financial position or performance of the Group.

⦿ **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.

⦿ **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. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

⦿ **IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off balance sheet activities (Amended)**

The amendment is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitisations), including understanding the pos-

sible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments broadly align the relevant disclosure requirements of IFRSs and US GAAP. This amendment 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, however additional disclosures may be required.

⦿ **IAS 12 Deferred tax: Recovery of Underlying Assets (Amended)**

The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment concerns the determination of deferred tax on investment property measured at fair value and also incorporates SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into IAS 12 for non-depreciable assets measured using the revaluation model in IAS 16. The aim of this amendment is to include a) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and b) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. This amendment 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 May 2010 the IASB issued its third 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 2010. Early application is permitted in all cases and this annual improvements project has not yet been endorsed by the EU.

⦿ **IFRS 3 Business Combinations**, effective for annual periods beginning on or after 1 July 2010.

This improvement clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). Moreover, this improvement limits the scope of the measurement choices (fair value or at the

present ownership instruments' proportionate share of the acquiree's identifiable net assets) only to the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets. Finally, it requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.

- **IFRS 7 Financial Instruments: Disclosures**, effective for annual periods beginning on or after 1 January 2011.

This improvement gives clarifications of disclosures required by IFRS 7 and emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

- **IAS 1 Presentation of Financial Statements**, effective for annual periods beginning on or after 1 January 2011.

This amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- **IAS 27 Consolidated and Separate Financial Statements**, effective for annual periods beginning on or after 1 July 2010.

This improvement clarifies that the consequential amendments from IAS 27 made to IAS 21 The Effect of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.

- **IAS 34 Interim Financial Reporting**, effective for annual periods beginning on or after 1 January 2011.

This improvement provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements.

- **IFRIC 13 Customer Loyalty Programmes**, effective for annual periods beginning on or after 1 January 2011.

This improvement clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.



3. VOYAGE AND VESSEL OPERATING EXPENSES

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

Voyage expenses		
	2010 U.S.\$'000	2009 U.S.\$'000
Port charges	(220)	(552)
Bunkers (fuel costs), net	(260)	(881)
Commissions	(3,550)	(3,464)
Total voyage expenses:	(4,030)	(4,897)
Voyage expenses - related party		
Commissions (note 21(a))	(1,638)	(1,810)
Total voyage expenses	(5,668)	(6,707)

Vessel operating expenses		
	2010 U.S.\$'000	2009 U.S.\$'000
Crew expenses	(13,295)	(14,057)
Stores & Consumables	(1,275)	(1,102)
Spares	(2,548)	(3,355)
Repairs & Maintenance	(2,510)	(3,033)
Lubricants	(5,018)	(5,448)
Insurance	(3,992)	(4,554)
Taxes (other than income tax)	(532)	(575)
Other operating expenses	(3,272)	(2,446)
Total vessel operating expenses	(32,442)	(34,570)

4. GENERAL AND ADMINISTRATIVE EXPENSES

	2010 U.S.\$'000	2009 U.S.\$'000
Directors and Management team Remuneration and Annual Incentive Plan (note 21(b))	(1,439)	(1,343)
Share-based payment transactions (Note 21(b))	(84)	-
Payroll cost (Goldenport Marine Services)	(1,115)	(946)
Out of court settlement of claim	(1,300)	-
Rents	(274)	(237)
Audit fees	(269)	(316)
Legal fees	(61)	(100)
Other	(723)	(632)
	(5,265)	(3,574)

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 21(b)).

5. FINANCE EXPENSE

	2010 U.S.\$'000	2009 U.S.\$'000
Interest expense	(5,538)	(4,048)
Loss on fair value of derivatives	(102)	(400)
	(5,640)	(4,448)

6. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the loss for the year attributable to Goldenport Holdings Inc. shareholders (U.S.\$152 and U.S.\$1,362 for the years ended 31 December 2010 and 2009, respectively) by the weighted average number of shares outstanding (80,215,088 for the year ended 31 December 2010 and 70,404,878 for the year ended 31 December 2009).

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 grant-

ed to the Company's directors under the Annual Incentive Plan (note 21 (b)), diluted EPS for the years ended 31 December 2010 and 2009 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 is-

sued 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:

	2010 U.S.\$'000	2009 U.S.\$'000
Cost		
At 1 January	338,576	260,110
Additions	23,828	10,665
Transfer from vessels under construction/ reconstruction	107,621	94,171
Initial expenses deduction	-	(84)
Disposals	(1,420)	(26,286)
At 31 December	468,605	338,576
Depreciation		
At 1 January	(78,022)	(58,841)
Depreciation charge for the year	(30,686)	(28,000)
Disposals	610	8,819
Accumulated depreciation	(108,098)	(78,022)
Net carrying amount of vessels	360,507	260,554
Cost of dry-dockings		
At 1 January	39,706	42,981
Additions	5,960	4,702
Disposals	(1,015)	(7,977)
At 31 December	44,651	39,706
Depreciation		
At 1 January	(29,018)	(22,663)
Depreciation charge for the year	(8,758)	(10,582)
Disposals	782	4,227
Accumulated depreciation	(36,994)	(29,018)
Net carrying amount of dry-docking costs	7,657	10,688
Total net carrying amount at 31 December	368,164	271,242

The gross carrying amount of vessels, which have been fully depreciated to their residual value and were still in use as at 31 December 2010, was nil (2009: U.S.\$810).

All of the Company's operating vessels having a total carrying value of U.S. \$368,164 as at 31 December 2010 (U.S.\$271,242 as at 31 December 2009), have been provided as collateral to secure the loans discussed in note 16.

Operational vessel acquisition

On 6 May 2010, the Company took delivery of the M/V Grand Vision, a container vessel of 2,986 TEU built in 1991, which was acquired for U.S.\$6,750.

On 11 May 2010, the Company took delivery of the M/V Arctic Trader (renamed to Golden Trader), a bulk carrier of 48,170 DWT built in 1994, which was acquired for U.S.\$17,250 (including U.S.\$195 of unamortized dry-docking component).

Delivery of new build bulk carriers

On 25 October 2010 the Company took delivery of the 57,000 DWT new build bulk carrier 'Milos', which was constructed in Cosco Zhousan shipyard of China. The total construction cost of vessel amounted to U.S.\$37,001.

On 3 November 2010 the Company took delivery of the 57,000 DWT new build bulk carrier 'Sifnos', which was constructed in Cosco Zhousan shipyard of China. The total construction cost of vessel amounted to U.S.\$37,570.

On 3 December 2010 the Company took delivery of the 59,000 DWT new build bulk carrier 'Eleni D', which was constructed in SPP Shipbuilding Co. shipyard of Korea. The total construction cost of vessel amounted to U.S.\$33,050.

Disposals

On 12 February 2010, the company agreed the sale of the 962 TEU, 1978-built vessel "MSC Mekong", to an unaffiliated third party. The sale was concluded at a gross consideration of US \$1,989 in cash and

the vessel was delivered to the new owners on 4 March 2010. As of delivery date, M/V MSC Mekong had a net carrying value of U.S.\$1,043, 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 was U.S.\$868 and is included in the consolidated statement of comprehensive income for the year ended 31 December 2010.

Dry-docking costs

During 2010 seven vessels of the Group underwent scheduled dry-dockings at a cost of U.S.\$5,015 (U.S.\$4,357 as at 31 December 2009 for dry docking of five vessels). The total cost of dry dockings includes also a cost of U.S.\$945 (U.S.\$345 as at 31 December 2009) relating to the dry-docking components of the new vessels.

8. ADVANCES FOR VESSEL ACQUISITION

On 1 November 2010 the Group entered into an agreement to acquire M/V Clifton Bridge, a 3,720 TEU container vessel built in 1988 that is expected to be delivered in February 2011 for a total consideration of U.S.\$8,100. On 3 November 2010, under the terms of the agreement, the Group paid U.S.\$2,432 representing the 30% deposit on the purchase price of the vessel (note 24).

9. ADVANCES FOR VESSELS UNDER CONSTRUCTION

The balances as at 31 December were as follows:

	2010 U.S.\$'000	2009 U.S.\$'000
2 Bulk Carriers (Cosco Zhousan Shipyard, China - ZS07036 & ZS07038)	31,507	15,794
1 Container (Jiangsu Yangzijiang Shipbuilding Co. Ltd, China)	19,507	19,231
1 Bulk Carrier (Jiangsu Yangzijiang Shipbuilding Co. Ltd, China)	20,007	19,300
	71,021	54,325
2 Bulk Carriers (Cosco Zhousan Shipyard, China - ZS07039 & ZS07037)	74,571	37,746
1 Bulk Carrier (SPP Shipbuilding Co.)	33,050	4,939
JV – 2 Bulk Carriers (Jiangsu Eastern Shipyard, China)	-	31,905
Transfer to cost of vessels	(107,621)	(31,905)
2 Bulk Carriers (Qingshan Shipyard, China)	-	28,156
Write off due to cancellation of new building contracts	-	(18,796)
Transfer to current assets	-	(9,360)
	71,021	97,010

4 Bulk Carriers (Cosco Zhousan Shipyard)

Vessel Milos - Vessel Sifnos

On 4 January 2010 the Group paid to the shipyard an amount of US\$6,425 representing the third instalment for M/V Sifnos. On 7 June 2010 the Group paid to the shipyard an amount of US\$7,550 representing the fourth instalment for M/V Milos. On 21 June 2010 the Group paid to the shipyard an amount of US\$7,550 representing the fourth instalment for M/V Sifnos. On 25 October 2010 the Group paid to the shipyard an amount of US\$6,996 representing the delivery instalment of M/V Milos. On 3 November 2010 the Group paid to the shipyard an amount of US\$7,387 representing the delivery instalment of M/V Sifnos. The total construction cost amounted to US\$37,001 and US\$37,570 for M/V Milos and M/V Sifnos respectively has been reclassified to vessels in the consolidated statement of financial position.

Hull No. ZS07036 - Hull No. ZS07038

On 5 August 2010 the Group paid to the shipyard an amount of US\$15,100 representing the second and third instalment for Hull No. ZS07036. The remaining payments will be made to the yard based on the construction process schedule (note 24).

1 Container – 1 Bulk Carrier

Amendment of new building contract at Jiangsu Yangzijiang Shipbuilding Co. Ltd

On 24 March 2010 an amendment to the initial shipbuilding contract was signed between the Group and Jiangsu Yangzijiang shipyard, providing the conversion of one of the two container vessels ordered on 7 August 2007 with hull number YZJ-816 into one bulk carrier (with hull number YZJ-917) with carrying capacity of 93,000 DWT and estimated delivery date in March 2011.

2 Bulk Carriers (Qingshan Shipyard of China)

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

During 2010 the Group paid an additional amount of U.S.\$353 for the cancellation of the Qingshan vessels, which is included in the statement of comprehensive income.

1 Bulk Carrier (SPP Shipbuilding Co.) – Eleni D

On 21 January 2010 the Group paid to the shipyard an amount of US\$4,763 representing the second instalment for the vessel. On 28 June 2010 the Group paid to the shipyard an amount of US\$4,763 representing the third instalment for the vessel. On 13 September 2010 the Group paid to the shipyard an amount of US\$4,763 representing the fourth instalment for the vessel. On 2 December 2010 the Group paid to the shipyard an amount of US\$12,953 representing the delivery instalment for the vessel. The total construction cost for M/V Eleni D amounted to US\$33,050 has been reclassified to vessels in the consolidated statement of financial position.

The bank that was financing the two Qingshan contracts that have been cancelled, agreed to transfer part of the loan commitment to the SPP contract for an amount of U.S.\$21,700.

Total borrowing costs capitalised during 2010 amount to U.S.\$1,588 (U.S.\$1,726 during 2009).



10. JOINT VENTURE

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	2010 U.S.\$'000	2009 U.S.\$'000
ASSETS		
Non-current assets		
Vessels	30,126	31,429
	30,126	31,429
Current assets		
Prepaid expenses and other assets	515	353
Cash and cash equivalents	2,390	2,426
	2,905	2,779
TOTAL ASSETS	33,031	34,208
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Retained earnings	3,069	984
TOTAL EQUITY	3,069	984
Non-current liabilities		
Long-term debt	20,552	21,949
	20,552	21,949
Current liabilities		
Current portion of long-term debt	1,412	1,412
Other liabilities	7,998	9,863
	9,410	11,275
TOTAL LIABILITIES	29,962	33,224
TOTAL EQUITY AND LIABILITIES	33,031	34,208
Consolidated Statement of Comprehensive Income	2010 U.S.\$'000	2009 U.S.\$'000
Revenue	5,911	3,389
Expenses		
Voyage expenses	(302)	(170)
Vessel operating expenses	(1,465)	(1,043)
Management fees – related party	(256)	(141)
Depreciation	(1,203)	(670)
Depreciation of dry-docking costs	(100)	(58)
Operating profit	2,585	1,307
Finance expense	(525)	(318)
Foreign currency loss, net	25	(5)
Profit for the period attributable to Sentinel Holdings Inc. shareholders	2,085	984

11. OTHER ASSETS – LIABILITIES

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

ASSETS

	2010 U.S.\$'000	2009 U.S.\$'000
Non current:		
Receivables from charterers	-	5,325
Non-level charters	1,770	1,224
	1,770	6,549
Current		
Non-level charters	196	-
Fair value of foreign currency forward - current	205	-
	401	-

The amount of U.S.\$5,325 in 2009 relates to receivables from charterers from services rendered during 2009, which was initially agreed to be settled after January 2011. However during 2010 the charterer repaid an amount of U.S.\$4,243 and the remaining amount is included in trade receivables of the accompanying consolidated statement of financial position as at 31 December 2010.

The amount of U.S.\$1,966 as at 31 December 2010 (U.S.\$1,224 as at 31 December 2009) relates to the asset created upon accounting for charter agreements with specified rate increases over the charter term (non-level charters).

LIABILITIES

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

	2010 U.S.\$'000	2009 U.S.\$'000
Fair value of interest rate swaps- non current ⁽¹⁾	(682)	(663)
Fair value of interest rate swaps- current ⁽¹⁾	(345)	(414)

⁽¹⁾: interest rate swaps for the loan of vessel Bosphorus Bridge and the loan of vessels MSC Socotra and 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 2010, the Group entered into a foreign currency forward contract to purchase the amount of EUR3,000,000 at a EUR/USD exchange rate of 1.2740 with value date 15 March 2011, a foreign currency forward contract to purchase the amount of EUR1,000,000 at a EUR/USD exchange rate of 1.3366 with value date 11 April 2011 and a foreign currency forward contract to purchase the amount of EUR1,000,000 at a EUR/USD exchange rate of 1.3063 with value date 1 June 2011. The Group did not designate these forwards as hedging instruments, therefore gains or losses arising from changes in the fair value of the forwards are taken to the statement of comprehensive income as finance income or finance expense respectively. The fair value of the specific derivative financial instrument as at 31 December 2010 was an asset of U.S.\$205, which is included in Other current assets 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. The initial notional amount of this contract amounted to U.S.\$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 2010 and 31 December 2009 was a liability of U.S.\$240 and U.S.\$392 respectively which is included in other non-current and current liabilities in the accompanying consolidated statement of financial position and gains or losses arising from changes in the fair value of the interest rate swap are taken to the statement of comprehensive income as finance income or finance expense respectively.

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 U.S.\$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 2010 and 31 December 2009 was a liability of U.S.\$787 and U.S.\$685 respectively, which is included in other non-current and current liabilities in the accompanying consolidated statement of financial position and gains or losses arising from changes in the fair value of the interest rate swap are taken to the statement of comprehensive income as finance income or finance expense respectively.

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 – Quoted market prices

Level 2 – Valuation techniques based on market observable inputs

Level 3 – Valuation techniques based on non-market observable inputs.

Both of the interest rate swaps of the Group were assessed as Level 2 and the foreign currency forward contracts were assessed as Level 1.

As the Group did not designate the derivatives agreements as accounting hedge, net losses resulting from these derivative instruments, which approximated U.S.\$255 gain and U.S.\$19 loss for the years ended 31 December 2010 and 2009, were recorded in finance income and finance expense respectively, in the consolidated statement of comprehensive income.

12. INSURANCE CLAIMS

	2010 U.S.\$'000	2009 U.S.\$'000
Balance as at 1 January	2,153	2,012
Additions	91	2,072
Collections	(1,384)	(1,916)
Amounts written off	(427)	(15)
Balance as of 31 December	433	2,153

13. CASH AND CASH EQUIVALENTS

	2010 U.S.\$'000	2009 U.S.\$'000
Cash at banks	31,086	3,493
Short term deposits at banks	21,597	21,125
	52,683	24,618

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 at least U.S.\$11,479 throughout the year.

14. RESTRICTED CASH

The restricted cash of U.S. \$10,100 as at 31 December 2010 (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 vessel.



15. SHARE CAPITAL AND SHARE PREMIUM

Share capital consisted of the following at 31 December:

	2010 U.S.\$'000	2009 U.S.\$'000
Authorised		
Shares of \$0.01 each	2,000	1,000
Issued and paid		
Shares of \$0.01 each	911	708
Total issued share capital	911	708

Authorised share capital:

According to the resolution of the Extraordinary General Meeting ('EGM') dated 19 July 2010, the authorised number of shares has been increased to 200 million (with par value of U.S.\$0.01 each) and consequently the authorised share capital of the Company has been increased to U.S.\$2,000.

Placing and Open offer:

According to the resolution of the EGM, dated 19 July 2010 the shareholders of the Company approved the Capital Raising through the Placing and Open Offer of 18,496,010 New Shares at an Issue Price of 127 pence per New Share. The proceeds, net of expenses amounted to US\$33,679 and were received on 21 July 2010.

Annual Incentive Plan (AIP):

The Remuneration Committee on its meeting on 15 December 2010 proposed and the Board of Directors approved the base award for each participant under the terms of the AIP. Two of the participants selected the full shares award (FSA).

On 19 March 2010, 116,196 shares (175,014 shares were issued in 2009 for 2008 FSA) were issued to the participants that selected the FSA for the performance of the year 2009. On the same date an amount of U.S.\$177 (U.S.\$237 for 2008 FSA), representing the fair value of the award as of the grant date, was transferred from Current Liabilities into equity.

The analysis of the share premium is as follows:

	U.S. \$'000
Balance 31 December 2008	107,354
AIP shares issued in 2009	235
Scrip dividend shares	1,276
Balance 31 December 2009	108,865
AIP shares issued in 2010	176
Follow on offering, net of transaction costs	33,494
Scrip dividend shares	2,669
Balance 31 December 2010	145,204



16. LONG-TERM DEBT

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

		2010 U.S.\$'000		2009 U.S.\$'000	
Bank Loan	Vessel(s)	Amount	Rate %	Amount	Rate %
a. Issued 26 June 2006, maturing 26 September 2011	MSC Scotland	4,300	2.80%	6,700	2.75%
b. Issued 19 July 2006, maturing 16 July 2011	Vasos	6,400	1.21%	9,300	1.24%
c. Issued 16 December 2008, maturing 29 July 2013	MSC Fortunate	20,485	2.79%	24,325	2.78%
d. Issued 19 July 2007, maturing 19 July 2014	Anafi	10,950	2.79%	12,950	2.78%
e. Issued 17 August 2007, maturing 17 August 2012	MSC Accra	2,835	2.78%	4,455	2.77%
f. Issued 18 October 2007	Bosporus Bridge YZJ-815, YZJ-917	17,295	2.54%	18,630	2.53%
g. Issued 11 November 2007, maturing 11 November 2014	Gitte, Brillinat	11,850	2.79%	14,150	2.78%
h. Issued 16 January 2009, maturing 16 January 2019	Marie-Paule	10,715	2.29%	11,421	2.03%
i. Issued 26 October 2009, maturing 26 October 2019	Alpine Trader	11,294	2.04%	12,000	2.28%
j. Issued 18 August 2008	QS20060384	-	-	4,270	1.88%
k. Issued 18 August 2008	QS20060385	-	-	4,270	1.88%
l. Issued 6 March 2009 maturing 25 October 2020	Milos (ex. ZS07039)	24,976	2.05%	10,200	1.98%
m. Issued 22 April 2009, maturing 3 November 2020	Sifnos (ex. ZS07037)	25,200	2.04%	3,775	2.03%
n. Issued 22 April 2009, maturing 10 years after delivery	ZS07036	11,325	2.04%	-	-
o. Issued 16 December 2009, maturing 16 March 2015	MSC Finland, MSC Socotra, Tilos, Limnos, Grand Vision	31,550	3.30%	37,000	3.25%
p. Issued 10 May 2010, maturing 10 November 2017	Golden Trader, Lindos, Alex D	18,700	3.29%	-	-
q. Issued 10 May 2010, maturing 1 December 2022	Eleni D	21,700	2.14%	-	-
Total		229,575		173,446	
Less: initial financing costs		(974)		(1,197)	
Less: current portion		(41,467)		(31,559)	
Long-term portion		187,134		140,690	

Use of credit facilities:

- ⊙ **Loan o:** On 23 June 2010 the Group agreed with the financing bank to use an amount of U.S.\$5,000 from the restricted amount of U.S.\$15,100 to refinance the acquisition of the container vessel 'Grand Vision'.
- ⊙ **Loan p:** On 10 May 2010 and as part of the loan agreement, signed on 21 August 2009, between the Company and the bank, the Company proceeded with the drawdown of U.S.\$20,000, to finance the acquisition cost of U.S.\$17,250 of the bulk carrier 'Golden Trader' and the remaining amount to be maintained for working capital purposes.

Drawdown of loans:

- ⊙ **Loan l:** On 7 June 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07039' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$7,550, representing the forth instalment paid directly to the shipyard as per the contract. On 25 October 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07039' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$7,226, representing the delivery instalment paid directly to the shipyard as per the contract.
- ⊙ **Loan m:** On 4 January 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07037' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$6,425, representing the third instalment paid directly to the shipyard as per the contract. On 21 June 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07037' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$7,550, representing the fourth instalment paid directly to the shipyard as per the contract. On 3 November 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07037' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$7,450, representing the delivery instalment paid directly to the shipyard as per the contract.
- ⊙ **Loan n:** On 2 August 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'ZS07036' and a bank, the vessel owning compa-

ny proceeded with the drawdown of U.S.\$11,325, representing the aggregate of the bank's portion of the second instalment, which was paid to the shipyard along with the Group's equity portion of U.S.\$3,775 and the fourth instalment paid directly to the shipyard as per the contract.

- ⊙ **Loan q:** On 28 June 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'S-5087' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$4,150 representing the bank's portion of the third instalment, which was paid along with the Group's equity portion of U.S.\$613, as per contract. On 13 September 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'S-5087' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$4,763 representing the fourth instalment paid directly to the shipyard as per the contract. On 1 December 2010 and as part of the loan agreement concluded between the vessel owning company of the new-built bulk carrier 'S-5087' and a bank, the vessel owning company proceeded with the drawdown of U.S.\$12,788 representing the delivery instalment paid directly to the shipyard as per the contract.

Repayment of loans due to cancellation:

- ⊙ On 8 January 2010 the Group proceeded with the full repayment of the outstanding amount of loans j and k amounted to U.S.\$8,540 due to the cancellation of the two new-build bulk carrier contracts.

Upcoming repayment terms:

The upcoming repayment terms of loans with balances outstanding at 31 December 2010 are:

Loan a: This loan is repayable in two quarterly instalments of U.S.\$600 each, the first one being due on 26 March 2011 and the final one being due on 26 June 2011, along with a balloon payment of U.S.\$3,100.

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

Loan c: This loan is repayable in eleven quarterly instalments of U.S.\$960 each, the first one being due on 29 January 2011 and the last one being due on 29 July 2013 along with a balloon payment of U.S.\$9,925.

Loan d: This loan is repayable in fifteen quarterly instalments of U.S.\$500 each, the first one being due on 19 January 2011 and the final one on 19 July 2014 along with a balloon payment of U.S.\$3,450.

Loan e: This loan is repayable in seven quarterly instalments of U.S.\$405 each, the first one being due on 16 February 2011 and the final one on 17 August 2012.

Loan f: The portion of the loan relating to the vessel 'Bosporus Bridge' of U.S.\$8,495 is repayable in sixteen quarterly instalments of U.S.\$333.75 each, the first one being due on 18 January 2011 and the final one on 18 October 2014 along with a balloon payment of U.S.\$3,155. The portion of the loan relating to the two new building vessels YZJ-815 and YZJ-917 of U.S.\$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 g: This loan is repayable in sixteen quarterly instalments of U.S.\$575 each, the first one being due on 11 February 2011 and the final one on 11 November 2014 along with a balloon payment of U.S.\$2,650.

Loan h: This loan is repayable in thirty three quarterly instalments of U.S.\$176.5 each, the first one being due on 16 January 2011 and the final one on 16 January 2019 along with a balloon payment of U.S.\$4,890.

Loan i: This loan is repayable in thirty six quarterly instalments of U.S.\$176.5 each, the first one being due on 16 January 2011 and the final one on 26 October 2019 along with a balloon payment of U.S.\$4,940.

Loan j&k: 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.

Loan l: This loan is repayable in forty quarterly instalments of U.S.\$437.1 each, the first one being due on 25 January 2011 and the final one on 25 October 2020 along with a balloon payment of U.S.\$7,493.

Loan m: This loan is repayable in forty quarterly instalments of U.S.\$441 each, the first one being due on 3 February 2011 and the final one on 3 November 2020 along with a balloon payment of U.S.\$7,560.

Loan o: This loan is repayable as follows: i) the amount of U.S.\$22,250 is repayable in seventeen quarterly instalments of U.S.\$950 each, the first one being due on 16 March 2011 and the final one on 16 March 2015 along with a balloon payment

of U.S.\$6,100 and ii) the amount of U.S.\$9,300 is repayable in two quarterly instalments of U.S.\$650 the first one being due on 16 March 2011 and the final one on 16 June 2011 and fourteen quarterly instalments of U.S.\$350 each the first one being due on 16 September 2011 and the last one on 16 March 2015 along with a balloon payment of U.S.\$3,100.

Loan p: This loan is repayable in eighteen quarterly instalments of U.S.\$650 each, the first one being due on 10 February 2011 and the final one on 10 May 2015 along with a balloon payment of U.S.\$7,000.

Loan q: This loan is repayable in forty eight quarterly instalments of U.S.\$362 each, the first one being due on 28 February 2011 and the final one on 1 December 2022 along with a balloon payment of U.S.\$4,324.

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 (f) and loan (o), 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 U.S.\$5,778 and U.S.\$4,896 for the year ended 31 December 2010 and 31 December 2009, 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 corporate liquidity and hull cover ratio and corporate guarantees of Goldenport Holdings. The hull cover ratio requirement for loans a, c, d, e & g was waived by the lender until 28 February 2011.

17. DEFERRED REVENUE

Deferred revenue as of 31 December 2010 includes an amount of U.S.\$3,041 (U.S.\$5,649 as of 31 December 2009), which represents the unamortized difference between the market value of the vessel charter free and the amount actually paid to acquire MV Bosporus Bridge in the secondhand market in 2007. This amount will be recognized to income for the remaining of the charter period. The amount of U.S.\$2,608 was recognized to income in the current year (U.S.\$2,608 in 2009). The remaining balance in deferred revenue represents cash received from charterers prior to 31 December 2010, which relates to revenue earned after that date.

18. ACCRUED LIABILITIES AND OTHER PAYABLES

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

	2010 U.S.\$'000	2009 U.S.\$'000
Interest	788	532
Insurance supplementary calls	56	299
Wages	-	135
Annual incentive plan	195	168
Dry-docking costs	135	115
Other accrued expenses	1,254	1,382
Other payables	3,474	2,254
	5,902	4,885

19. DIVIDENDS DECLARED

The Board of Directors of the Company will propose to the Annual General Meeting for approval, a final dividend for 2010 of 3.6 pence per share or total GBP 3,282 (3 pence per share or GBP 2,125 for 2009). The dividend that will be proposed which, is expected to be approved by the AGM to be held in Athens on 11 May 2011 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 3.6 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 2009, was approved by the AGM held on 12 May 2010. The final dividend was 3 pence per share and included a share alternative resulting in a total dividend amount of GBP2,125 or U.S.\$3,229. On 14 May 2010 the cash payment was made for the shares that elected cash totalling GBP 571 or U.S.\$867 and on 17 May 2010 1,537,091 shares with reference price of 101.1 pence were issued and admitted to the official list representing the share element of the dividend. On 30 August 2010 the Board of Directors approved an interim dividend of 1.8 pence per share amounting in total to GBP 1,637 or U.S.\$2,548. On 26 October 2010 the cash payment was made for the shares that elected cash totalling GBP 1,397 or U.S.\$2,223 and on 4 November 2010 200,565 shares with reference price of 119.7 pence were issued and admitted to the official

list representing the share element of the dividend. The payment of dividends was U.S.\$1,710 in 2009 (3.13 cents per share or 2 pence per share as final dividend for 2008 and 1.14 cents per share or 0.7 pence per share as interim dividend for 2009).

20. 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. Two of these bulk carriers were delivered in 2010 (note 9) and the other two are expected to be delivered in 2011 (note 9). Two of the payments to the shipyard for vessel ZS07036 and four for vessel ZS07038 are committed and will be paid in accordance with the milestones, as described in the contract. One of these payments for vessel ZS07036 and three for vessel ZS07038 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. On 19 December 2009, the Group requested from Jiangsu Yangzijiang shipyard the amendment of the existing shipbuilding contract signed on 7 August 2007 in principle providing for the conversion of the container vessel with hull number YZJ-816 into one bulk carrier with carrying capacity of 93,000 DWT (new hull number YZJ-917) and delivery date in March 2011. The total cost is estimated to be approximately U.S.\$47,000 for each vessel, which is payable in 5 (five) and 4 (four) instalments for vessels YZJ-815 and YZJ-917 respectively (note 9). Three of these instalments for vessel YZJ-815 and two instalments for vessel YZJ-917 are committed and will be paid in accordance with the milestones, as described in the contract. Two of these instalments for vessel YZJ-815 and one instalment for vessel YZJ-917 are secured through letter of guarantee from the financing bank.

- d. The Group has entered into time charter arrangements for all its vessels. These arrangements have remaining terms between 1-40 months as of 31 December 2010 (2-54 months as of 31 December 2009). Future minimum charters receivable (based on earliest delivery dates) upon time charter arrangements as at 31 December 2010, are as follows (it is noted that the vessel off-hires and dry-docking days that could occur but are not currently known are not taken into consideration; in addition early delivery of the vessels by the charterers is not accounted for; with regard to vessels Milos and Sifnos (note 7) the calculation is based on the floor rate without taking into account any profit share scheme; for the vessels into Joint Venture (see note 10) 50% of revenue is included):

	2010 U.S.\$'000	2009 U.S.\$'000
Within one year	88,513	64,318
1-5 years	87,536	151,923
	176,049	216,241

21. 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 U.S.\$12.5 per vessel. In addition to the monthly fee GSL charges a commission equal to 2% of time and voyage revenues relating to charters it organises. On 15 December 2010 the Board of Directors of the Company approved an increase in monthly management fee from U.S.\$12.5 to U.S.\$14.5 per vessel, the first increase since the IPO in April 2006. The increase is effective from 1 January 2011.

	2010 U.S.\$'000	2009 U.S.\$'000
Voyage expenses – related Party		
Goldenport Shipmanagement Ltd (Note 3)	1,638	1,810
Management fees – related party		
Goldenport Shipmanagement Ltd	2,606	2,679
Total	4,244	4,489
	2010 U.S.\$'000	2009 U.S.\$'000
Due from related parties –Current		
Goldenport Shipmanagement Ltd	3,668	2,079
Total	3,668	2,079

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

(b) Share-based payment transactions, Annual Incentive Plan and other remuneration of Directors and Management team

Annual incentive plan: The Remuneration Committee believes that a significant proportion of total remuneration should be performance-related. In addition, performance-related rewards should be deliverable largely in shares to more closely align the interests of shareholders and all Executive Directors and Management. In order to achieve this, the Board 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 15 December 2010 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 15 December 2010 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2010, and announced the base award to each participant. Two of the participants voluntarily selected the full shares award and two the full cash award.

As per the terms of AIP the FCA is 90% of the base award, whereas FSA is 110% of the base award. The total of FSA amounts to U.S.\$195 (2009: U.S.\$168) and the FCA amounts to U.S.\$92 (2009: nil) is included in General and administrative expenses in the accompanying consolidated statements of comprehensive income.

On 1 March 2011, 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 2010. The AIP shares will be allotted and then registered in the participants name after the record date (11 March 2011).

The participant shall have the right to receive dividends for 2011 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.

Share-based payment transactions: On 1 September 2010, the Company granted the Discretionary Share Option Plan (the "DSOP"), with eligibility for executive directors and employees, and the Group Share Award Plan (the "Plan"), with eligibility for all employees and Directors. The total shares under option and award amount to 1,520,000 (DSOP shares: 1,020,000 & Plan: 500,000) and there are no cash settlement alternatives.

Performance Period and Vesting Date

Options granted pursuant to the DSOP and awards granted pursuant to the Plan will vest over a three year period (the "Performance Period") commencing on the date of grant (the "Start Date"). The extent to which options and awards vest will be determined by reference to the date that falls on the third anniversary of the Start Date (the "Vesting Date"). Options granted pursuant to the DSOP will lapse on the tenth anniversary of the Start Date, or earlier in accordance with the rules of the DSOP.

Performance Conditions

Options granted in 2010 pursuant to the DSOP and the Plan will vest subject to the performance conditions as follows:

- ⦿ 100% of the option or award will vest if the Total Shareholder Return (the "TSR").
 - over the five dealing days prior to the Vesting Date or
 - over any continuous 60 calendar day period during the Performance Period is either equal to or greater than 65% over and above the Issue Price (GBP1.27 or U.S.\$1.982).
- ⦿ 75% of the option or award will vest if the Total Shareholder Return (the "TSR").
 - over the five dealing days prior to the Vesting Date or
 - over any continuous 60 calendar day period during the Performance Period is either equal to or greater than 60% over and above the Issue Price (GBP1.27 or U.S.\$1.982).
- ⦿ 50% of the option or award will vest if the Total Shareholder Return (the "TSR").
 - over the five dealing days prior to the Vesting Date or
 - over any continuous 60 calendar day period during the Performance Period is either equal to or greater than 55% over and above the Issue Price (GBP1.27 or U.S.\$1.982).

Total Shareholder Return (the "TSR") calculation is based on share price plus dividend per share.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share option were granted.

The assumptions on which the price tree was constructed are summarized as follows:

Parameters	Value
Current Stock Price	GBP 1.200 (U.S.\$1.874)
Exercise Price of Option	GBP 1.270 (U.S.\$1.982)
Vesting Period	3 years
Risk Free Interest Rate	2.25%
Expected Dividend Yield	2.84%
Volatility of Stock Price	35.46%

- The Current Stock Price is the stock price at the grant date of the option (1 September 2010).
- The Risk Free Interest Rate is the 3y U.K. Government Bonds rate.
- The Expected Dividend Yield is the annualized dividends divided by the Current Stock Price.

- The Volatility of Stock Price is the average annual stock price volatility on a historical period 2006 – 2010 except 2008 volatility.

The amounts included in the financial statements under AIP, DSOP, the Plan and other remuneration of Directors and Management team as of 31 December are as follows:

	2010 U.S.\$'000	2009 U.S.\$'000
Directors and management team remuneration	1,152	1,175
Share based payment transactions	84	-
AIP	287	168
	1,523	1,343

(c) 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 2010 as follows:

Name	Number of shares as at 31 Dec 2009	Shares issued under AIP 2009	Shares issued under the scrip alternative of final dividend 2009	Shares issued under placing and open offer 2010	Shares issued under the scrip alternative of interim dividend 2010	Number of shares as at 31 December 2010	Percentage of shares as at 31 December 2010
Captain Paris Dragnis	42,540,879	47,076	1,262,339	7,237,388	191,762	51,279,444	56.25%
Chris Walton	2,180	-	64	16,320	42	18,606	0.02%
John Dragnis	489,201	14,711	14,515	74,100	2,603	595,130	0.65%
Christos Varsos	50,834	18,389	1,508	9,269	1,203	81,203	0.09%
Konstantinos Kabanaros	30,651	36,020	909	17,247	1,276	86,103	0.09%

(d) 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 2010 amounted to U.S.\$274 (U.S.\$237 in 2009) 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:

	2010 U.S.\$'000	2009 U.S.\$'000
Within one year	289	306
After one year but not more than five years	812	1,058
More than five years	199	333
	1,300	1,697

22. 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 Section 883 to preclude non-quali-

fied 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, 2009 and 2010 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.

23. 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:

- ⊙ A rise or fall in interest rates will impact interest expense on floating rate borrowings.
- ⊙ Although the fair value of the derivatives, and therefore the 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
2010	+0.5%	-789
	-0.5%	+789
2009	+0.5%	-654
	-0.5%	+654

Credit risk

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2010 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 2010 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.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2010 and 2009, 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 2010 and 2009):

31 December 2010	<3 moths	3-12 months	1- 2 years	2- 5 years	>5 years	Total
	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000
Interest bearing loans	15,025	32,048	30,229	98,038	81,028	256,368
Trade payables	8,706	-	-	-	-	8,706
Other payables	3,474	-	-	-	-	3,474
Derivative instrument liability	93	252	286	396	-	1,027
	27,298	32,300	30,515	98,434	81,028	269,575
31 December 2009	<3 moths	3-12 months	1- 2 years	2- 5 years	>5 years	Total
	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000	U.S.\$'000
Interest bearing loans	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

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.

	2010 U.S.\$'000	2009 U.S.\$'000
Interest bearing loans	229,575	173,446
Less: cash and short term deposits (including restricted cash)	(62,783)	(39,718)
Net debt	166,792	133,728
Issued share capital	911	708
Share premium	145,204	108,865
Other capital reserves	84	
Retained earnings	119,981	125,909
Total capital	266,180	235,482
Capital & Net debt	432,972	369,210
Gearing ratio	39%	36%

24. EVENTS AFTER THE REPORTING DATE

Increase in management fee: On 15 December 2010 the Board of Directors of the Company approved an increase in monthly management fee from U.S.\$12.5 to U.S.\$14.5 per vessel, the first increase since the IPO in April 2006. The increase is effective from 1 January 2011.

Drawdown of loan & payment to the shipyard for Hull No.YZJ-917: On 7 January 2011 and as part of the loan agreement concluded between the vessel owning company of the new building bulk carrier 'YZJ-917' and a bank (note 9) the vessel owning company proceeded with the drawdown of U.S.\$10,340, representing the bank's portion of the third and fourth instalment, which was paid along with the Group's equity portion of U.S.\$7,895 directly to the shipyard as per contract.

Drawdown of loan & payment to the shipyard for Hull No.ZS07038: On 18 January 2011 and as part of the loan agreement concluded between the vessel owning company of the new building bulk carrier 'ZS07038' and a bank (note 9) the vessel owning company proceeded with the drawdown of a) U.S.\$3,775, representing the bank's portion of the second instalment, which was paid along with the Group's equity portion of U.S.\$3,775 directly to the shipyard as per contract and b) U.S.\$7,550, representing the third instalment paid directly to the shipyard as per contract.

Drawdown of loan & payment to the shipyard for Hull No.ZS07036: On 18 January 2011 and as part of the loan agreement concluded between the vessel owning company of the new building bulk carrier 'ZS07036' and a bank (note 9) the vessel owning company proceeded with the drawdown of U.S.\$7,550, representing the fourth instalment paid directly to the shipyard as per contract.

Drawdown of loan & delivery of M/V Clifton Bridge: On 15 February 2011 the vessel owning company of the container vessel Clifton Bridge paid to the owners of vessel an amount of U.S.\$5,670, representing the delivery instalment (note 8) under the terms of the agreement signed on 1 November 2011 and took delivery of vessel. A portion of the delivery instalment amounts to U.S.\$5,200 was financed through the credit facility of U.S.\$10,100 and the remaining amount of U.S.\$470 was paid from cash reserves. The outstanding balance of the credit facility amounts to U.S.\$4,900 was fully repaid to the bank upon delivery of vessel reducing the amortisation of loan o (note16) on a prorata basis. After prepayment the outstanding balance of loan amounts to U.S.\$17,350 and is repayable in seventeen quarterly instalments of U.S.\$741 each, the first one being due on 16 March 2011 and the final one on 16 March 2015 along with a balloon payment of U.S.\$4,753. The vessel was renamed to Pos Yantian upon delivery and commencement of charter.

Dividends: On 1 March 2011 the Board of Directors of the Company decided to propose to the Annual General Meeting for approval, a final dividend for 2010 of 3.6 pence per share or total GBP 3,282 (3 pence per share or GBP 2,125 for 2009). The dividend proposed which, is expected to be approved by the AGM to be held in Athens on 11 May 2011 has a share alternative allowing the shareholders to select between cash and shares for the respective amount of 3.6 pence.

Foreign currency forward agreement: On 10 January 2011, the Group entered into a foreign currency forward contract to purchase the amount of EUR1,500,000 at a EUR/USD exchange rate of 1.292 with value date 1 June 2011







Financial Calendar

2 March 2011	Announcement of 2010 Full Year results
9 March 2011	Ex-dividend date
9-15 March 2011	Calculation period
11 March 2011	Record date
15 April 2011	Final day of receipt of elections for scrip dividend
11 May 2011	Annual General Meeting
16 May 2011	Payment of 2010 final dividend
August 2011	Announcement of 2010 interim results

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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 2010 Annual Report. This summary is based on the Company's current Articles of Incorporation and the By-Laws (the "Articles").

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 11 May 2011 are set out in the Notice of Meeting which accompanies the 2010 Annual Report.

Summary of Articles of Incorporation

Amendments to the Articles

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

Share Rights

Subject to the Act and to the rights conferred on the holders of any other shares, any shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution is in effect or so far as the resolution does not make specific provision, as the Board may decide.

Alterations of Share Capital

The Company may by ordinary resolution:

- (a) increase its share capital;
- (b) consolidate and divide up all or any of its share capital into shares of a larger amount;
- (c) sub-divide all or any part of its share capital into shares of a smaller amount; and

- (d) cancel any shares which have not, at the date of the resolution, been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

The Company may by special resolution:

- (a) reduce its share capital, any capital redemption reserve or share premium account; and
- (b) purchase its own shares.

Power to issue Shares and Authority to Allot

The directors shall not exercise any power of the Company to allot "Relevant Securities" (meaning any shares of the Company, other than shares allotted in pursuance of any Employee Share Scheme (as defined in the Articles)) unless authorised to do so by a shareholders' resolution in a general meeting. Any authority, whether it is unconditional or subject to conditions, or whether given generally or for a particular exercise, shall state the maximum amount of Relevant Securities that may be allotted under it and the date on which it will expire, to be no more than five years from the date on which the resolution is passed, unless previously revoked or varied by resolution of the shareholders in general meeting. Where the definition of Relevant Securities applies to any rights to subscribe for or to convert any security into shares, the authority relates to the maximum number of shares which may be allotted pursuant to such rights. The directors may allot Relevant Securities after the expiry of the authority, in pursuance of an offer or agreement made by the Company before the expiry of such authority. No breach of these provisions shall affect the validity of any allotment of any Relevant Securities.

Variation of Rights

Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares may (whether or not the Company is being wound up) be varied in such manner as these rights may provide or (if no provision is made) with the authority of an extraordinary resolution of the

Company passed at a separate general meeting of the holders of those shares. At any separate general meeting, the necessary quorum is two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question.

Pre-Emption Rights

The Articles contain provisions giving pre-emption rights to holders of “Relevant Shares”(meaning the shares in the Company other than: (a) those shares giving rights to a specified amount of dividend and capital in a distribution; and (b) shares acquired or to be allotted pursuant to any Employee Share Scheme (as defined in the Articles)) and holders of “Relevant Employee Shares”(being those shares in the Company which would be Relevant Shares save for the fact that they were acquired pursuant to an Employee Share Scheme), entitling them, on any allotment of “Equity Securities”, to be offered “Equity Securities”(meaning Relevant Shares and rights to subscribe for or convert securities into Relevant Shares excluding shares or any rights to subscribe for or convert any security into shares as part of any offering of shares prior to Admission (including any shares so allotted or rights granted, whether before or after Admission, in accordance with any over-allotment or stabilization arrangements entered into by the Company in connection therewith)) in proportion to their existing shareholdings. These pre-emption provisions do not apply to allotments of Equity Securities which are paid otherwise than in cash (meaning where paid up otherwise than by cash received by the Company or cheque received by the Company in good faith, which the Directors have no reason to suspect will not be paid, or release of a liability of the Company for a liquidated sum or an undertaking to pay cash to the Company at a future date, where “cash” also includes foreign currency) and they do not apply to the allotment of securities which would be held under any Employee Share Scheme. Any Equity Securities which the Company has offered to a holder of Relevant Shares and Relevant Employee Shares may be allotted to him, or to anyone in whose favour he has renounced his right to their allotment, without contravening these provisions. Any offer made under these provisions must state a period of not less than 21 days during which it may be accepted and this offer shall not be withdrawn before the end of such period.

Disapplication of Pre-Emption Rights

The pre-emption rights summarised above may be disapplied in whole or modified as the directors determine, provided the directors are given power by special resolution of the Company, which shall

not be proposed unless recommended by the directors.

Takeover Provisions

The Articles adopt certain provisions of The Takeover Code, including provisions dealing with compulsory takeover offers and shareholder treatment along the lines of the General Principles of The Takeover Code (including “equal treatment”), which are to be administered by the directors. These provisions (set out in Articles 35 to 44) have effect only during such times as The Takeover Code does not apply to the Company.

Pursuant to the Articles, a person must not:

- (a) acting by himself or with persons determined by the directors to be acting in concert with him, seek to acquire shares in the Company which, taken together with shares held or acquired by persons determined by the directors to be acting in concert with him, carry thirty per cent (30 per cent) or more of the voting rights attributable to the shares in the Company; or
- (b) acting by himself or with persons determined by the directors to be acting in concert with him, and holding not less than thirty per cent (30 per cent) but not more than fifty per cent (50 per cent), of the voting rights attributable to shares, and seek to acquire, by himself or with persons determined by the directors to be acting in concert with him, additional shares which, taken together with the shares held by the persons determined by the directors to be acting in concert with him, increase his voting rights, except (in the case of (a) or (b) above) as a result of a “permitted acquisition”(meaning an acquisition either consented to by the directors, or made in compliance with Rule 9 of The Takeover Code, or arising from the repayment of a stock borrowing arrangement); or
- (c) effect or purport to effect an acquisition which would breach or not comply with Rules 4, 5, 6 or 8 of The Takeover Code, if the Company were subject to The Takeover Code.

Where the directors have reason to believe that any of such circumstances has taken place, then it may take all or any of certain measures:

- (i) require the person(s) appearing to be interested in the shares of the Company to provide such information as the directors consider appropriate;
- (ii) have regard to such public filings as may be necessary to determine any of the matters under Articles 35 to 44;

- (iii) make any determination under Articles 35 to 44 as they think fit, either after calling for submissions by the relevant person(s) or without calling for any;
- (iv) determine that the voting rights attached to such shares in breach of the Articles, (the "Excess Shares"), are from a particular time incapable of being exercised for a definite or indefinite period;
- (v) determine that some or all of the Excess Shares are to be sold;
- (vi) determine that all or some of the Excess Shares will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period; and
- (vii) take such actions as they think fit for the purposes of Articles 35 to 44 including prescribing rules not inconsistent with Articles 35 to 44, setting deadlines for the provision of information, drawing adverse inferences where information requested is not provided, making determinations or interim determinations, executing documents on behalf of a shareholder, converting any Excess Shares held in uncertificated form to certificated form and vice-versa, or converting any Excess Shares represented by depositary interests issued in uncertificated form under the Articles into shares in certificated form, paying costs and expenses out of proceeds of sale, and changing any decision or determination or rule previously made.

The directors have full authority to determine the application of Articles 35 to 44, including the deemed application of the whole or part of The Takeover Code, and such authority shall include all the discretion that the Panel would exercise of the whole or part of The Takeover Code applied. Any resolution or determination made by the directors, any director or the chairman of any meeting acting in good faith is final and conclusive and is not open to challenge as to its validity or as to any other ground. The directors are not required to give any reason for any decision or determination they make.

Depository Interests

The directors shall, subject to the Act, any other applicable laws and regulations and the facilities and requirements of any relevant system concerned and the Articles and By-laws, have the power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title and transfer of interests in shares in the capital of the Company in the form of depositary interests or similar interests, or securities, and to the extent that such arrangements are so imple-

mented, no provision of the Articles or the By-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares in the capital of the Company represented thereby. The directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

Summary of By-laws

The By-laws of the Company include provisions to the following effect:

Rights attaching to Common Stock

(a) Voting Rights

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.

(b) Dividends

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

(c) Return of Capital

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.

(d) Capitalisation of Reserves

The directors may, with the authority of an ordinary resolution: (i) resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and (ii) appropriate that sum as capital to the holders of shares in proportion to the nominal amount of the shares held by them

respectively and apply that sum on their behalf in paying up in full any unissued shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those shareholders, or as they may direct, in those proportions, or otherwise deal with such sum as directed by the resolution provided that the share premium account and the capital redemption reserve and any sum not available for distribution in accordance with the Act may only be applied in paying up unissued shares to be allotted credited as fully paid up.

Transfer of Shares

A Shareholder may transfer all or any of his Shares in any manner which is permitted by any applicable statutory provision and is approved by the Directors. A Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in any other form as the directors may approve. The instruments of transfer shall be signed by or on behalf of the transferor. The directors may, in their absolute discretion, refuse to register any transfer of a certificated share unless:

- (i) it is lodged at the office, or such other place as the directors may decide, for registration; accompanied by the certificate for the shares to be transferred and such other evidence as the directors may reasonably require to prove title of the intending transferor;

- (ii) it is in respect of only one class of shares; and

- (iii) it is in favour of not more than four transferees.

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(s) for such refusal.

Disclosure of Interests in Shares

Each Shareholder must notify the Company and the FSA of the percentage of the Company's voting rights which that person holds (including any changes to such percentages) as a "shareholder" or through that persons "direct" or "indirect" holding of "financial instruments" within the meaning of and in accordance with the notification requirements set out in Chapter 5 of the Disclosure and Transparency Rules published by the FSA. Where a shareholder fails to make the requisite notification, the Company may direct by notice that, in respect of the shares in relation to which the default has occurred, the shareholder is no longer entitled to be present at general meetings and to vote on any question either in person or by proxy, or to be counted in a quorum.

Where the default shares represent a quarter of one per cent (0.25 per cent) or more in nominal value of the issued shares of the relevant class, the Company may also suspend payment of dividends which



would have been payable in respect of the shares in relation to which the default has occurred, treat any election made by the defaulting shareholder to receive shares instead of cash as ineffective, or refuse to recognise or register any transfer of any of the shares held by the defaulting shareholder, unless the transfer is an excepted transfer (as defined in the By-laws) or the shareholder has provided the relevant information outlined above along with a certificate which satisfies the Company that no default has occurred in relation to the shares involved in the transfer.

Power of the Company to investigate interests in Shares

If the directors have served notice on a shareholder after a failure by the shareholder or someone else to provide information about interests in shares required to be provided under the By-laws, the Company may direct by notice that, in respect of the shares in relation to which the default has occurred, the shareholder is no longer entitled to be present at general meetings and to vote on any question, or to be counted in a quorum. Where the default shares represent a quarter of one per cent (0.25 per cent) or more in nominal value of the issued shares of the relevant class, the Company may also suspend payment of dividends which would have been payable in respect of the shares in relation to which the default has occurred, or treat any election made by the defaulting shareholder to receive shares instead of cash as ineffective.

Directors

- (a) The maximum number of directors of the Company will be ten (as amended in an EGM on 21 September 2010). Directors may be appointed by the Company by ordinary resolution or by the board of directors. However, the By-laws provide that whilst the Dragnis family and its associates hold over thirty per cent (30 per cent) or fifteen per cent (15 per cent) 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 shareholder 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 reappointment.

- (e) The directors may grant special remuneration to any director who performs any special or extra services to or at the request of the Company. Special remuneration may be payable to a director in addition to his ordinary remuneration (if any) as a director.
- (f) The directors will be paid out of the funds of the Company all expenses properly incurred by them in and about the discharge of their duties, including their expenses of travelling to and from the meetings of the directors, committee meetings and general meetings.
- (g) The directors may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or any subsidiary or associated company or the relatives or dependants of any such person. For that purpose the directors may procure the establishment and maintenance of, or participate in, or contribute to any noncontributory or contributory pension or superannuation fund, scheme or arrangement or pay any insurance premiums.
- (h) Subject to any applicable statutory provisions, a director will not be disqualified by his office from entering into any contract with the Company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of the Company, or as vendor, purchaser or otherwise. A director may hold and be remunerated in respect of any other office or place of profit with the Company (other than the office of auditor of the Company) in conjunction with his office as director and he (or his firm) may also act in a professional capacity for the Company (except as auditor) and may be remunerated for it.
- (i) A director who to his knowledge is in any way, whether directly or indirectly, interested in a contract with the Company must declare the nature of his interest at a meeting of the directors.
- (j) A director may not vote or be counted in the quorum at a meeting in respect of any resolution concerning his own appointment (including fixing and varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or

places of profit with the Company or any company in which the Company is interested, those proposals may be divided and considered in relation to each director separately; and in such case each of the directors concerned will be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment or the termination of his own appointment.

(k) A director may not vote (or be counted in the quorum at a meeting) in respect of any contract in which he has an interest which (together with any interest of a connected person) is to his knowledge a material interest. Notwithstanding the above, a director shall be entitled to vote (and be counted in the quorum) on:

- (i) any contract in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (ii) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings or a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility under a guarantee or indemnity or by the giving of security;

(iii) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as holder of any such securities or as an underwriter or sub-underwriter;

(iv) any contract concerning another company in which he and any connected person do not to his knowledge hold an interest in shares (within the meaning of sections 791 to 828 of the Companies Act 2006) representing one per cent (1 per cent) or more of the issued shares of any class of such company or of the voting rights of that company;

(v) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

(vi) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.

Annual General Meetings

The Annual General Meeting of Shareholders of the Company will be held in accordance with the Act at such time and place as determined by the directors. All other general meetings will be extraordinary general meetings. Extraordinary general meetings



will be held whenever the directors think fit or on the requisition of shareholders. The chairman of the directors or, in the chairman's absence, another person designated by the directors shall act as chairman of all annual meetings of shareholders.

An annual general meeting and any extraordinary general meetings at which it is proposed to pass a special resolution must be called by at least 21 days' written notice. All other extraordinary general meetings must be called by not less than 15 clear days' written notice, unless such shareholder meetings are called by shorter notice in accordance with the Act.

The requisite quorum for general meetings of the Company is two persons, holding or representing by proxy at least one-third in nominal amount of the issued shares entitled to vote on the business to be transacted at the meeting.

Dividends

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

Liquidation

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

Indemnity

Except to the extent prohibited or restricted by the Act or except to the extent prohibited or restricted by the Companies Act 1985 if it applied to the Company, but without prejudice to any indemnity to which a director or other officer may otherwise be entitled, every director or other officer (excluding an auditor) of the Company may be indemnified out of the assets of the Company against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office.

Borrowing Powers

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

Loans to Directors

The Company may not: (i) make a loan to a director except where the amount of the loan, together with the total outstanding on all other loans made to that director by the Company and all its subsidiaries is £10,000 or less; or (ii) enter into any guarantee, indemnity or provide security in connection with a loan made by any person to a director, unless such loan, guarantee, indemnity or security is approved by a resolution of the Company in general meeting. The restrictions in the By-laws will not apply to a transaction to provide a director with funds to meet expenditure incurred or to be incurred for the purposes of the Company or for the purpose of enabling him to properly perform his duties as an officer of the Company.

Substantial Property Transactions

The Company may not enter into an arrangement: (i) whereby a director or a person connected with a director, acquires or is to acquire one or more non-cash assets of the requisite value from the Company; or (ii) whereby the Company acquires or is to acquire one or more non-cash assets of the requisite value from a director or a person connected with a director, unless the arrangement is first approved by a resolution of the Company in general meeting. For the purpose of the By-laws, a "noncash asset" is any property or interest in property other than cash (including foreign currency) and will be of requisite value if at the time the arrangement in question is entered into its value exceeds £500,000. The restriction in (i) above, will not apply to an arrangement whereby a director is to acquire an asset from the Company, if the arrangement is made with that director in his capacity as a shareholder. The restrictions in the By-laws relating to substantial property transactions will not apply to a transaction on a recognised investment exchange which is effected by a director, or a person connected with him, through the agency of a person who in relation to the transaction acts as an independent broker.

Substantial Shareholdings

Substantial shareholders are required to notify their interests in accordance with By-Law 99 of the 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 2010, the Company has been notified of the following disclosable interests amounting to 3% or more of the Company's issued share capital or voting rights at the time of notification (the total voting rights at 31 December 2010 were 91,170,473):

Shareholder	Number of shares of US\$0.01 each	Percentage of issued share capital/voting rights at 31 December 2010
Captain Paris Dragnis	51,279,444	56.25%
Eton Park Capital Management LP	5,070,742	5.56%
Artemis Investment Management Limited	3,569,535	3.92%
Premier Fund Managers Limited	3,216,034	3.53%
Standard Life Investments Ltd	2,235,517	2.45%

Save for the above, no other person has notified any interest of 3% or more of the issued share capital or in the voting rights of the Company in 2010.

Purchase of own Shares

The Company obtained shareholder authority at the last Annual General Meeting held on 12 May 2010 to buy back up to 7,093,680 Shares of US\$0.01 each which represents 10% of the Company's issued share capital. This authority will expire at the end of the next Annual General Meeting of the Company to be held on 11 May 2011. The maximum price which may be paid for such a Share is 105% of the average of the middle market quotations for the five business days preceding the purchase and the minimum price which may be paid for a Share is its par value of US\$0.01. The Company may either retain any of its own Shares which it has purchased as treasury stock with a view to possible re-issue at a future date, or cancel them. The Company would consider holding any of its own Shares that it purchases pursuant to the authority conferred by this Resolution as treasury stock. This would give the Company the ability to re-issue Shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base.

Other Significant Agreements

The Company and members of its Group are 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 any member of the Group are a party may contain similar provisions.





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