

Annual Report 2007



Goldenport Holdings Inc.



Concrete Expansion

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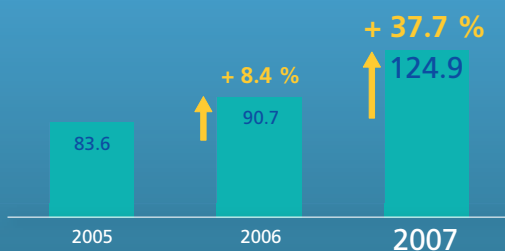
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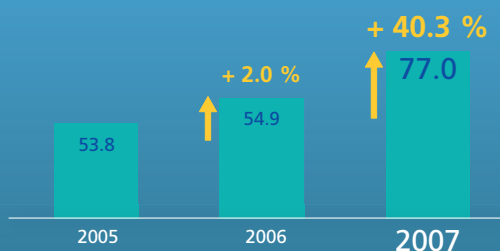


Goldenport 2007 Profile

Revenue (US\$m)



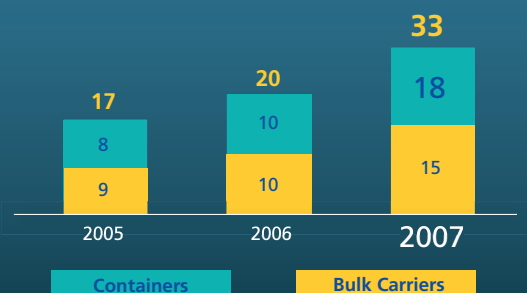
EBITDA (US\$m)



Net income (US\$m)



Number of vessels - incl. vessels under construction



Our Vision

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

Chairman's Statement



Net Income for the year was \$58.3 million, up 37.7% on prior year based on strong underlying fundamentals in both container and dry bulk markets. Our Board recommends a final dividend of 15.0 pence per share, which will result in a total of 22.0 pence declared for the 2007 year.

The Goldenport fleet has a balance of container and dry-bulk vessels and our strategy is to fix our vessels on medium to long term charters, depending on the market cycle, with blue-chip customers. Our business model avoids the cyclical extremes of the industry and results in a high level of earnings predictability and visibility, with strong cash flows. This allows us to have the twin objectives of paying an attractive dividend and using retained earnings to drive growth.

Our strategy to maintain presence in both the container and dry bulk markets enables us to take advantage of the opportunities in each segment as they develop and translates into diversity and stability for our company. In this context, in 2007, we were able to further expand and diversify our investments in both segments acquiring vessels reasonably priced compared to the market conditions.

During 2007 the fleet expanded with the delivery of six operational second-hand container vessels, which contributed partially to the profitability for the year, and contracts for of eight new build vessels with scheduled deliveries between 2008 and 2011.

At the balance sheet date, the fleet has increased from 17 vessels at the IPO to 33 vessels; all the acquisitions were funded through cash reserves and debt financing.

As in the past, our ongoing focus for acquisitions will continue to be on container and dry bulk vessels. Typically, our methodology is that we seek to reduce the economic risk of the purchase by having a medium to long term charter in place for the vessel as it enters our fleet. As a consequence, we search concurrently for both contracts and vessels.

We expect the growth of the fleet to continue and for its average age to decline. Shareholders should be aware that this growth will only occur if and when sensible opportunities arise.

I thank Captain Dragnis and his team for their successes during the year; for their safe and efficient operation of the fleet; and for their search for new opportunities.

Chris Walton
Chairman

Chief Executive Officer Statement

The deployment of the majority of our container fleet under long term charters translated into stable and predictable cash flows enabling us to expand our container fleet with the acquisition of four sub-pamax and two handy operational container vessels that contributed partially in 2007 profitability but will contribute in full in 2008. Furthermore, the recovery in the dry-bulk market in 2007, combined with our long-standing and extensive relationships with top tier charter counterparties and our well positioned and enlarged fleet, enabled us to conclude bulk-carrier charters at rates significantly higher than those prevailing during the same period of 2006 thereby significantly enhancing our revenue and profitability.

Since April 2006, when we became a public company, we have implemented in full the first phase of our growth strategy. Our fleet has grown to 24 operational vessels and 9 vessels for which we expect delivery between 2008 and 2011, yet maintaining low leverage. The container vessel acquisitions more than tripled our TEU capacity compared to the IPO fleet, whereas the bulk carrier additions increased our capacity in terms of DWT by 63%, providing a modern and versatile fleet.

All the vessels' acquisitions reinforce our position in our strategic sub-segments of the container and dry-bulk shipping markets, enhance the earning potential of our company for the longer term and are in line with our prudent expansion strategy. For each operational vessel that entered the fleet we secured medium to long-term employment, thus minimising shareholders' risk.

Our defensive chartering strategy of employing our vessels on time charters has not only strengthened our 2007 results compared to previous years, but also allows us to create a platform of growth until the majority of the new build vessels become operational.

Most of our container fleet has already been fixed for 2008 with 93% of our total container fleet available days in 2008 secured under period employment. The two container vessels opening for re-chartering within 2008 and the vessel Fortune which is expected to be chartered by the summer provide upside potential. Out of our dry-bulk fleet, only one vessel is opening for re-chartering in mid-2008, with 94% of our total dry-bulk fleet available days in 2008 already secured under period employment.

We remain confident on the demand outlook of the container and dry-bulk markets for 2008 and we continue to evaluate and consider a number of sensible opportunities to enhance our growth potential.

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

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

- Our primary goal is to always have an efficient and well-maintained fleet comprising of vessels that will satisfy and fulfil only the highest of expectations, in order to provide the best service to our charterers. Special attention is always given to having the ability to respond to every situation that may arise 24 hours a day, 365 days a year. We provide reliable and effective solutions in co-operation with our vessels' charterers ensuring that cost and time factors are always taken into primary consideration but in any case not jeopardizing aspects such as crew, environmental, and vessel safety.



FORMATION

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

From 30 March 2006, conditional on admission to the Official List of the London Stock Exchange, the Company amended its Articles of Incorporation. Under the Company's Amended and Restated

Articles of Incorporation, the Company has an authorised share capital of 100,000,000 shares (all in registered form) consisting 100,000,000 shares of common stock with a par value of U.S.\$0.01 per share.

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

RE-ORGANISATION

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

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

OFFICIAL LISTING

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

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

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

STOCK PERFORMANCE SINCE LISTING

Goldenport share price vs. FTSE Small Cap / All Share

Share price performance from IPO to 31 December 2007



Source: Thomson Financial, January 2008

Note: The FTSE Small Cap and FTSE All Share indices have been rebased to the Goldenport share price



Goldenport share price vs. FTSE 350

Share price performance from IPO to 31 December 2007



Our Philosophy

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

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

Our Strengths

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

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

Our Markets

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

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

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

The Containers Market and the Dry bulk Market

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

A. The Containers Market: Overview and developments

Containerization was introduced in the late 1960s as an efficient means of transporting general cargo, i.e., cargo other than dry bulk commodities and oil products. Container shipping is the fastest growing sector of the shipping market accounting for more than 70% of the international seaborne trade by value. Demand, as measured by port handling movements, has increased at a compound annual growth rate of 10% since 1999. In 2007 there was an estimated 200 Million TEU of full container port handling movements (including transshipments).

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

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

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

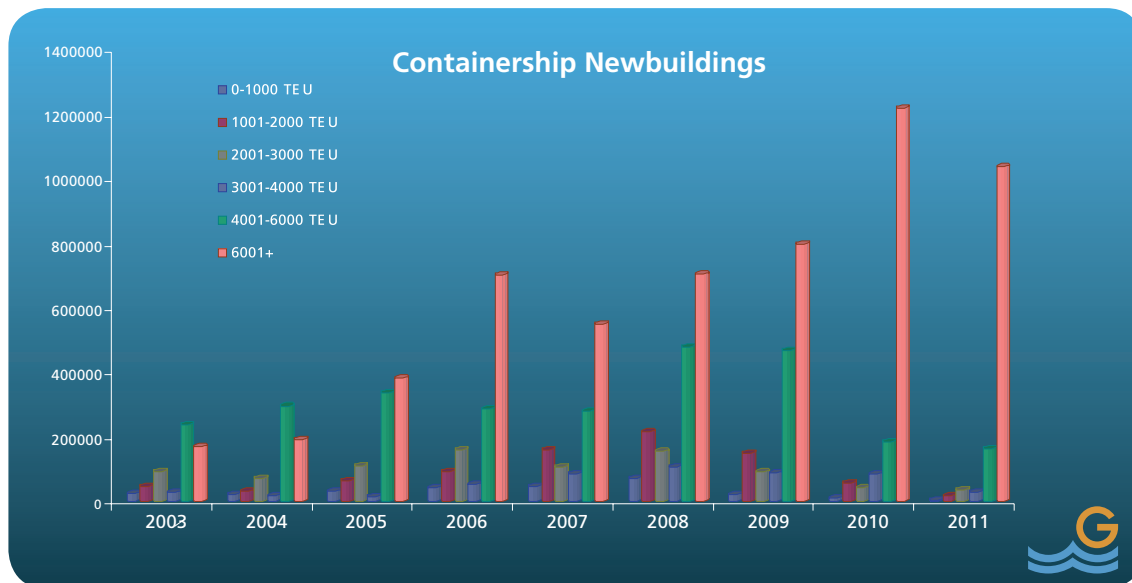
i) The Supply

As of December 2007 the containership fleet is comprised of around 4,851 ships of about 11.2 million TEU capacity. It must be stressed that subject figures refer not only to the fully cellular containerships but any other vessel that are predominantly deployed as containerships. Year-on-year (2006-2007) the growth in

capacity was equivalent to 6% in vessel terms and 12% on the basis of slot capacity deployed. The average age of the current worldwide container fleet as of December 31, 2007 was around 11 years.

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

Over the course of 2007 another 492 containerships were ordered of a combined capacity of about 3.2 million TEU. As of early January 2008 the order-book stood at 6.4 million TEU (around 57% of the existing fleet) for delivery within the next 3-4 years (record level).

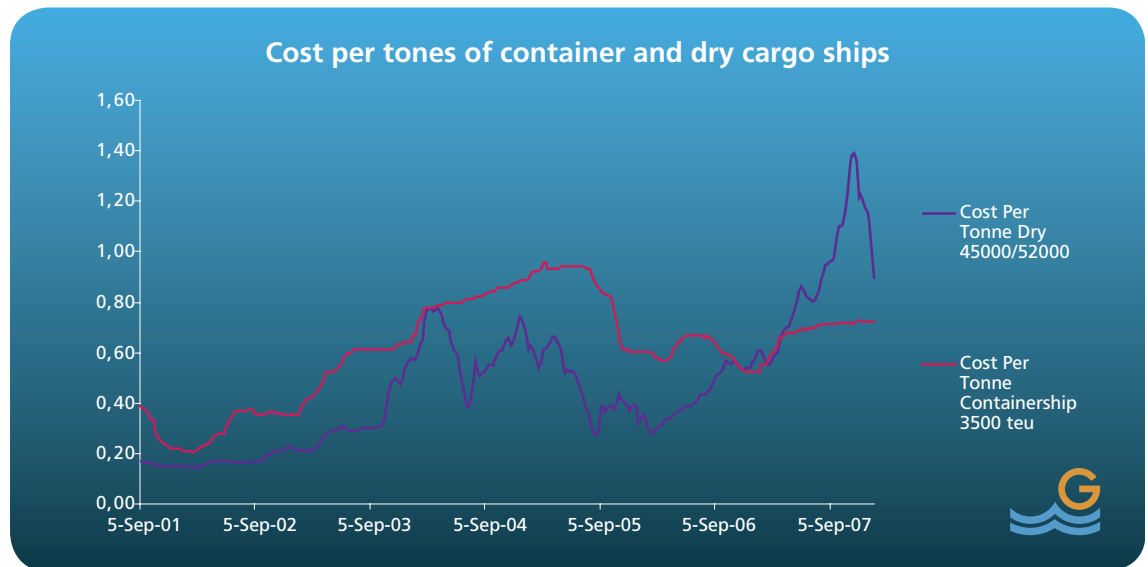


ii) The Demand

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

Over the last few years though the most important parameter affecting positively the demand for containerships is the process of outsourcing of production capacity from traditional high cost production areas (Japan, Western Europe and North America) to countries with a lower cost base, mainly China. China has changed forever the "geography of manufacturing" creating a marine increase in the ton-mile relationship for the finished products. Further to the above a significant proportion of the demand growth over the last year is attributed to the conversion of bulk cargoes (exports of scrap, soya and corn from US to Asia - pig iron ex South America - grain ex Australia).

Dramatic increases were boosted by the super charged performance in the dry cargo sector and the relevant sky rocketed rates in the sector. Trade patterns have been affected substantially. Whereas till 2006 the cost per DWT ton of chartering a containership exceeded the cost per ton of an equivalent bulk carrier (3,500 TEU vessel opposed to a 45,000 DWT bulk-carrier) by around 25 cents, over the last year this relationship has been reversed and by the end of the year it was up to 70 cents per ton more expensive to move goods in a bulk-carrier.



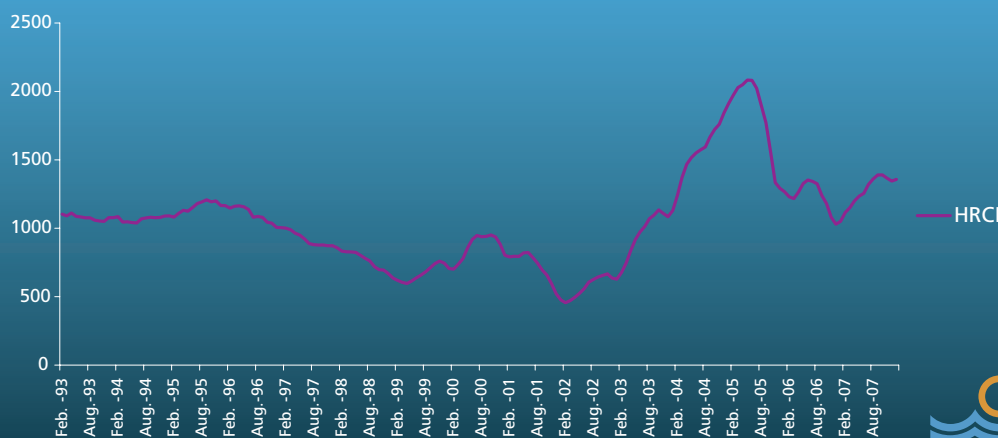
iii) The Charter Market

One of the main characteristics of subject market as opposed to the Dry Bulk is the absence of a "Spot Market". The Containership market is less volatile if compared to other traditional shipping markets such as dry bulk or tanker. The average period of charter for a containership (regardless size) has been around 10 months for the last 10 years. Such extended period cover provides protection from short term imbalances and provides secured income for the relevant parties. This is customarily reduced in weak markets respectively increased in healthy markets. Nowadays the typical period cover is 10 months (300 days) (as opposed to 7.8 months this time last year). Over the course of 2007, the average fixing period was up to 400 days before slipping back towards 300 however such reduction was mainly driven by owners' reluctance to lock into lower rates rather than Charterers' insistence on fixing short in a downward cycle.

Since spring of year 2002, charter rates after recovering from the lowest level experienced in the second half of year 2001 have broken any previous record within June 2005. Between July 2005 and December 2006 market turned south losing 50% of its strength. In 2007 market out-performed expectations managing to rise by more than 33% throughout the year

As a reflection of the actual underlying market in 2007, Howe Robinson's containership charter index "HRCI" (following the movement of the 12 Month Time Charter rates for vessels between 250-4,300 TEU) started at 1,011 and rose steadily till end of September when it reached this year's high (1,406). Thereafter index started slipping for the next 3 months to 1,342 points by the end of the year. The average of the index for 2007 was 1,265 points (approximately the same level as in 2006).

Howe Robinson Containership Index 1993 to present



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

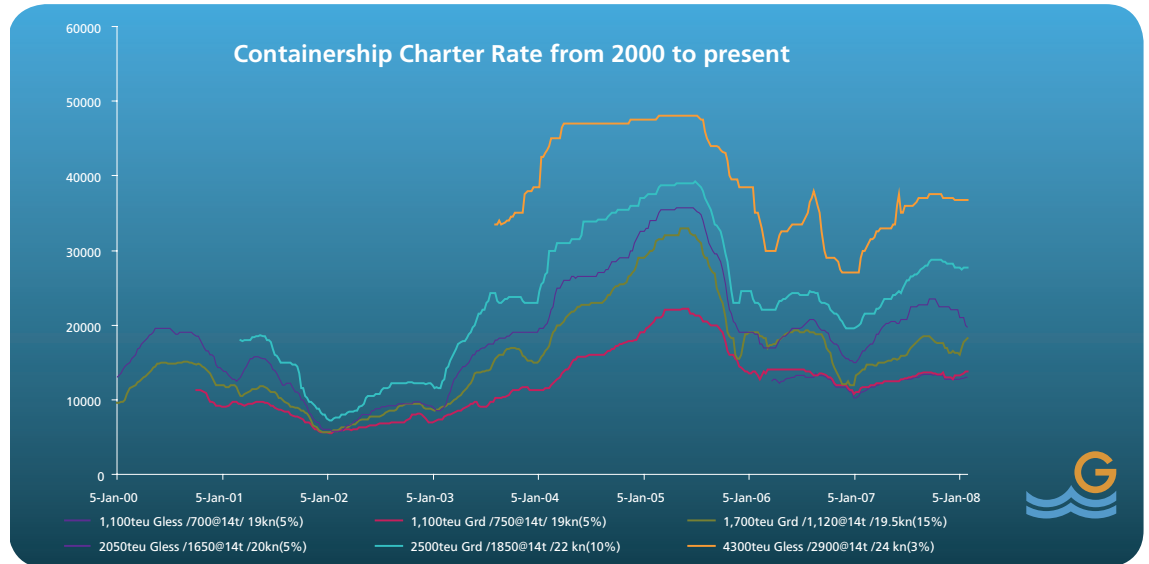
- 2000: 868	- 2003: 940	- 2006: 1,244
- 2001: 714	- 2004: 1,53	- 2007: 1,265
- 2002: 577	- 2005: 1,844	

As on February 2008 the indicative rates (for 1 year charter – modern vessels) were as follows:

- 1,100 TEU geared:	\$13,750/day	- 1,700 TEU geared:	\$18,250/day
- 3,500 TEU gearless:	\$32,500/day	- 4,300 TEU gearless:	\$36,750/day

iv) Market Outlook

In short term, sentiment, a rather unquantifiable but nonetheless significant parameter influencing market trend, is rather supportive with owners holding out for higher rates. As a result, market is presently enjoying a short recovery experienced since the beginning of this year. As on early February HRCI stands at 1,370 points. Market's outlook though will depend on the actual supply/demand balance in the years to come. That been said, the spectre of fleet growth in 2008 gives cause for concern. Overall there are about 480-500 vessels of about 1.5 to 1.6 million teu due to enter the market in 2008 (after allowing slippage effect), an increase of about 13%. On the other hand, demand is estimated to increase by about 10% (based on a growth forecast for World GDP of 3%). In other words once more supply is expected to outpace demand by around 3%. However, as it was the case for 2007, European demand for Asian imports, growth in demand with the longest ton/mile effect, high fuel costs, congestion in European ports and decreasing utilization factor (due to higher average box weight (conversion of dry bulk cargoes)) are expected to bring supply/demand in balance and the annual average index around 1,250 points. However, by no means one should consider container market as static. There will be peaks and troughs throughout the year. At present, market seems to have enough momentum to power through the Chinese holiday season leaving a sense of optimism to prevail for the next months to come. A pattern similar to last year's trend (second quarter rally) may well be repeated with charter market firming up right after Chinese New Year throughout spring. Regarding second hand values it is unlikely that there will be any significant movement in the asset values throughout the year. In 2007, the average cost of buying went up by about



42% reaching record levels of mid 2005. This is already translated into reduced returns on capital and since owners have anyway to deal with increased operating costs and the weakening USD, it does seem that there is no room left for substantial uplifts in vessels' values.

From a macro perspective with supply pretty much set for the next three years the determining call is demand. In inference, market is unlikely to crash (unless there is a major external shock) on the other hand upside potential is rather limited. Still, if an average market of 1,250 for 2008 does not sound that brilliant, one should always keep in mind that if it materializes, it will bring market 25% above the ten year long average of the container market.

B. The Dry Bulk Market: Overview and developments

The dry bulk industry is fragmented with many owners and operators of ships, including proprietary owners, shippers of dry bulk commodities, state controlled shipping companies and independent shipping companies. Dry bulk cargoes consist of major bulk commodities (iron ore, coal and grain) and minor bulk cargoes such as steel products, forest products, agricultural products, bauxite, alumina, petcoke, cement, sugar, salt, minerals, scrap metal, pig iron etc. In 2007 more than 2.7 billion tons of bulk cargoes were transported via sea.

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

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

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

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

i. The Supply

As of December 2007 (according to Lloyds Fairplay), the worldwide dry bulk carrier fleet of vessels (exceeding 15,000 DWT each) was comprised of 6,158 vessels representing approximately 384 million DWT. The average age of the current worldwide dry bulk carrier fleet as of December 31, 2007 was approximately 15 years (by DWT).

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

- ◆ **Capesize:** vessels over 100,000 DWT focusing on long haul iron ore and coal trade routes.
- ◆ **Panamax:** vessels between 60-83,000 DWT defined as those with maximum beam 32.2m permitting them to cross the Panama canal.
- ◆ **Supramax/Handymax:** vessels between 40-60,000 DWT operating in a large number of geographically dispersed global trades mainly with built on board cranes enabling them to call in ports with limited infrastructure
- ◆ **Handysize:** vessels 15-40,000 DWT carrying exclusively minor bulk cargoes

As on December 31st 2007 the world fleet comprised of approximately 791 capes, 1,524 panamaxs (including 136 Post Panamaxs, between 60-105k DWT with beams greater than 32.2m) 1,455 supra/handymaxs and 2,388 handies.

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

The last few years have been characterized by:

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

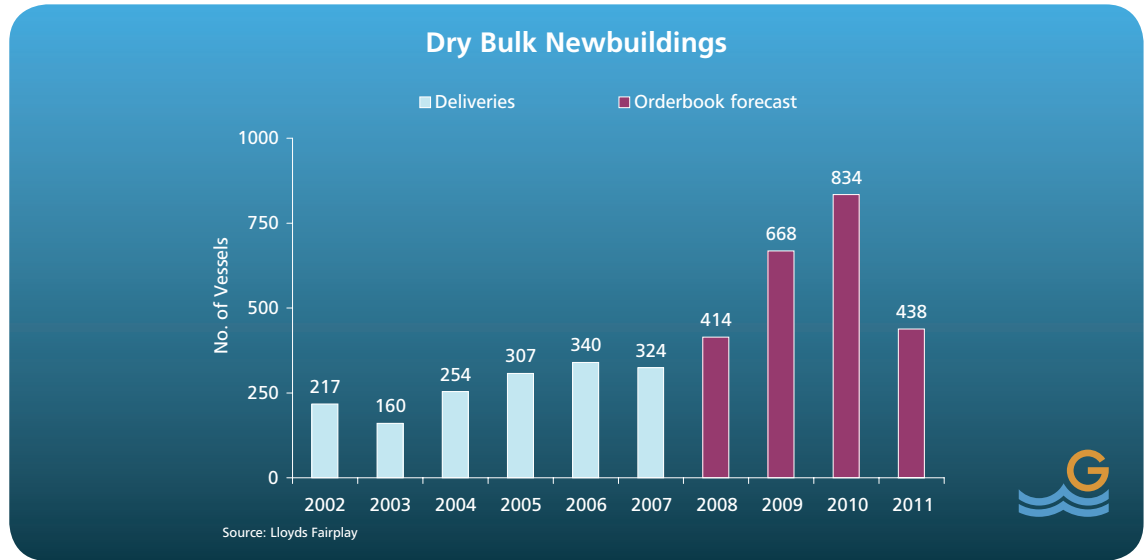
The dry bulk fleet recorded its second largest ever expansion in 2007 following its largest one in 2006.

In total 324 new ships were delivered aggregating about 25.15 million DWT. On the other side, only 21 vessels (0.7 million DWT) were either lost or sold for demolition. The net result for the world bulk fleet within 2007 was an unprecedented increase amounting to about +6.73%

Newbuilding tonnage on order as of December 31, 2007 was approximately 2,463 vessels of about 219 million DWT which constitutes approximately 52% of the world's existing fleet by DWT. More specifically (according to Lloyds Fairplay) there are 598 Capes, 565 panamaxs, 731 Handymaxs ordered for delivery between 2008 and 2014.

(N.B The current Order-book figures, taken at the end of 2007, 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 2007 about 2.7 billion tons of dry bulk cargoes have been shipped around the world an approximate increase of 8% basis 2006. It is worth to note that over the last couple of years it is the global steel industry that accounts for around half of all dry bulk demand (iron ore - coking coal - limestone - finished products).

Iron ore

The iron ore seaborne trade reached a new high of about 773 million tons within 2007 (some +8% year-on-year basis). It goes without saying that the driving force behind this tremendous growth in subject trade remained China. Chinese iron ore imports soared for another year reaching the level of close to 384 million tons.

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 2007 total coal seaborne trade (Steam + Coking) reached the level of approximately 780 million tons a 6% increase compared to 2006.

Steel trades (finished products)

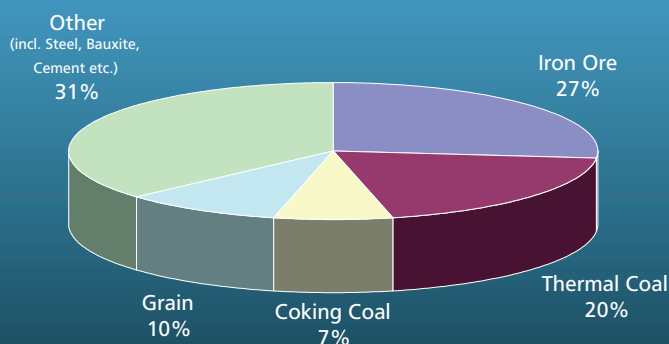
Over the last few years China, despite their government’s wishes, boosted by the huge growth of its steel production (average annual growth of about 25%) became a net exporter of steel products. Provisional estimates for Chinese steel exports in 2007 suggest they have risen by some +31% reaching the level of about 57.8 million tons whereas at the same time steel imports have fallen by some 2 million tons to about 16m million tons only.

Grain

Grains’ trade including wheat, coarse grains and oil seeds, has contributed as well to the overall volume of growth in 2006. The overall increase was about 9 million tons (+3%).

Dry Bulk Trade 2007

Major Cargoes



iii. The Charter Market

Shipping industry participants refer to the Baltic Dry Index, or “BDI”, as a general measure of charter rates in the global dry bulk carrier markets. The Baltic Exchange Limited, an international, self-regulated ship-broking market, publishes the BDI daily. The BDI is a composite average of indexes of daily freight rates across various sectors of the dry bulk shipping market. The BDI replaced the Baltic Freight Index, or BFI, which was introduced in 1985. From 1985 through 2002, the BDI/BFI has fluctuated between a low 554 (May 1986) to a high of 2,353 (January 1995).

Since mid-2003, the dry bulk carrier markets have soared, primarily driven by a surge in demand for iron ore and coal, which are commodities, used in the booming global steel production and electricity generation industries. The BDI reached a record level of 6,231 in early December 2004. From December 2004 till April 2007 it has mainly fluctuated over and above the previous high of 2,353 (January 1995). On April the 30th 2007 BDI broke previous record (6,231) for the first time ever and continuing soaring breaking the “10,000 milestone” on October the 10th (10,218 points) only to reach the unprecedented level of 11,039 (!!!) on November the 13th! (more than 150% higher than the commencement of the year – 340% above long term average of the 7 previous years (2000-2006 average: 2,520 points)). Thereafter index remained above the 10,000 level for 3.5 weeks and closed the year at 9,392 points (113% above end 2006). The average for the year was 7,061 (+122% the 2006 average).

For comparison purposes BDI’s averages for the last 8 years stand as follows:

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

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

In 2007 the average daily earnings for modern capesize vessels were \$115,900, for the panamax \$56,800 and for the supramaxes \$47,500.

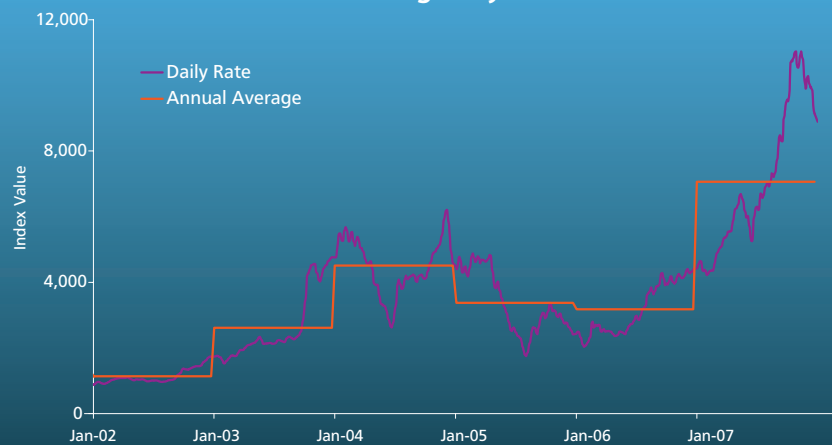
Baltic Exchange Dry Index



Source: Baltic Exchange



Baltic Exchange Dry Index



Source: Baltic Exchange



Baltic Exchange Timecharter Earnings



Source: Baltic Exchange



iv) Market Outlook

Within January 2008, BDI experienced a sharp correction (motivated rather by sentiment than market's fundamentals) losing 35% of its strength. Market is presently experiencing a sharp correction which brought the index down to 5,615 points on 29/1 the lowest level since middle of June 2007. Thereafter market rebounded reaching 6,520 points on February the 11th.

This fall has mainly been prompted by various short term disruptions including but not limited to: the suspension of iron ore exports from Brazil (more than 5 million tones), the ongoing contract price negotiations of iron ore between the Chinese and the "Big three" (Vale – Rio Tinto – BHP) (whereas last year such negotiations ended much earlier), the extremely adverse weather encountered in Indonesia and Australia (lower than expected Australian wheat crop, force-majeure declaration in Queensland), additional tax imposed by the Chinese government in steel exports, decline in coal stockpiles in S. Africa. Those factors coupled with the bearish sentiment prevailing among market players due to external factors such as the threat of US recession and the concern about stock markets in US, Europe and Far East have together created a rather negative momentum.

Still market outlook is anything but pessimistic. Strong increases in cargo demand will continue throughout 2008 and despite worries about over investment in ships and yards, there are several investors, traders and operators quite positive that the average levels for 2008 will be above those witnessed in 2007. In any case, what sounds more plausible is 2008 to be volatile with the second half of the year stronger compared to the first in accordance with normal seasonal trade patterns; especially in iron ore flows.

Be that as it may, freight rates in 2008 shall remain well above their long-term historical averages. However, whether that will be enough to justify further investments in the sector considering the level of new contracts already placed (more than 1,700 vessels only in 2007), the waiting period before delivery (over 3 years for first class shipyards in S. Korea and Japan) and the record level prices quoted by the aforementioned ship yards for new orders, it remains to be seen.

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

As on February the 7th the Forward market average rates for the balance of the year (February – December 2008) as opposed to the average spot market rates per day, per sector stand as follows:

	Spot Market (per day) (as on 7 February 2008)	FFA (as on 07 February 2008)	FFA Market for 2008 (as on 07 February 2007)
Capesize	\$103,364	\$119,000	\$47,000
Panamax	\$46,028	\$58,250	\$23,750
Supramax	\$40,457	\$49,000	\$21,000

I.E. in all sectors the forward rates are 15-25% above the spot market and slightly above the average rates for 2007 (Capes \$115,900, panamax \$56,800, Supramaxes \$47,500).

For comparison purposes, it is worth to note that although this time last year (early February) the derivatives' market was implying a mild softening for 2007 (about 15% lower to the spot market), in real terms the average rates have been around 90% higher.

When comes to 2008, it looks like there are several market players (mainly traders operators and Charterers) ready to hedge their position and support their optimism that average BDI shall be above 7,000 points i.e. at record levels.

Our Board

Mr. Chris Walton,
Age - 50, Non-Executive Chairman



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

Captain Paris Dragnis,
Age - 63, Founder-Chief Executive Officer



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

which has served as our fleet manager. Over the years, Captain Dragnis has been involved in the acquisition and management of more than 200 vessels. Captain Dragnis is the founder of the Company.

Mr. Christos Varsos,
Age - 36, Chief Financial Officer



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

Mr. Konstantinos Kabanaros,
Age - 54, Chief Accounting Officer



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

Mr. Robert Crawley,
Age - 52, 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 - 74, Non-Executive Director



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



Mrs. Eleftheria Savvidaki,
Age - 28, Company Secretary

Eleftheria assumed the responsibilities of Company Secretary on 1st November. 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. Since the Company's admission she has been supporting Mr. Christos Varsos in his Company Secretarial duties.

Our Management Team

Mr. John Dragnis,
Age - 30, Commercial Director



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

Mr. Chris Leounakis,
Age - 31, Project Manager



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

Our Operational Fleet

	Vessel	Type	Built	Year Acquired	Capacity	Vessel Characteristics (1) (2) (3)
Containers					TEU	
1	Bosporus Bridge	Sub Panamax	1993	2007	3,720	
2	MSC Finland	Sub Panamax	1986	2007	3,032	
3	MSC Scotland	Sub Panamax	1992	2006	3,007	
4	Anafi	Sub Panamax	1994	2007	2,420	G
5	MSC Socotra	Sub Panamax	1980	2002	2,258	
6	Howrah Bridge	Sub Panamax	1985	2003	2,257	
7	MSC Himalaya	Sub Panamax	1978	1999	2,108	
8	MSC Accra	Sub Panamax	1985	2007	1,889	G
9	Gitte	Handy	1992	2007	976	C, G
10	MOL Brilliant	Handy	1992	2007	976	C, G
11	Achim	Handy	1978	2001	930	A
12	MSC Mekong	Handy	1978	2001	962	A
13	MSC Emirates	Handy	1979	2001	934	A
14	Glory D	Handy	1978	1997	946	A
15	Tuas Express	Feeder	1978	1998	485	
Dry Bulk					DWT	
16	Vasos	Capesize	1990	2006	152,065	
17	Samos	Capesize	1982	2002	136,638	
18	Ios	Panamax	1981	2002	69,737	
19	Gianni D	Panamax	1998	2002	69,100	IC
20	Athos	Panamax	1977	2002	67,515	G
21	Alex D	Handymax	1989	1999	52,315	B, IC, G
22	Limnos	Handymax	1992	2004	52,266	B, IC, G
23	Lindos	Handymax	1990	2003	52,266	B, IC, G
24	Tilos	Handymax	1991	2004	52,266	B, IC, G

Our Fleet under Construction

	Vessel or yard name	Type	Scheduled Delivery	Year Acquired	Capacity	Vessel Characteristics (1) (2) (3)
Containers					TEU	
25	Fortune	Post Panamax	2008	2006	5,551	Note ⁽⁴⁾
26	Jiangsu Yangzijiang	Sub Panamax	2010	2007	2,500	D, G
27	Jiangsu Yangzijiang	Sub Panamax	2011	2007	2,500	D, G
Dry Bulk					DWT	
28	COSCO Zhoushan	Supramax	2009	2007	57,000	E, G
29	COSCO Zhoushan	Supramax	2009	2007	57,000	E, G
30	COSCO Zhoushan	Supramax	2009	2007	57,000	E, G
31	COSCO Zhoushan	Supramax	2009	2007	57,000	E, G
32	JES ⁽⁵⁾	Supramax	2008	2007	53,800	F, G
33	JES ⁽⁵⁾	Supramax	2008	2007	53,800	F, G
<p>⁽¹⁾ Each vessel with the same letter is a sister ship to the vessel that has same letter (A, B, C, D, E, F).</p> <p>⁽²⁾ Each vessel with the letters IC, is an Ice-Class vessel.</p> <p>⁽³⁾ Each vessel with the letter G, is a geared vessel.</p> <p>⁽⁴⁾ Vessel Fortune, a 1996 built vessel is under reconstruction.</p> <p>⁽⁵⁾ 50% ownership through a Joint Venture with Glencore AG.</p>						



Our Fleet expansion since IPO

Since the Initial Public Offering in April 2006, Goldenport expanded the fleet from 17 vessels to 33 vessels after selling the bulk-carrier vessel 'Vana'.

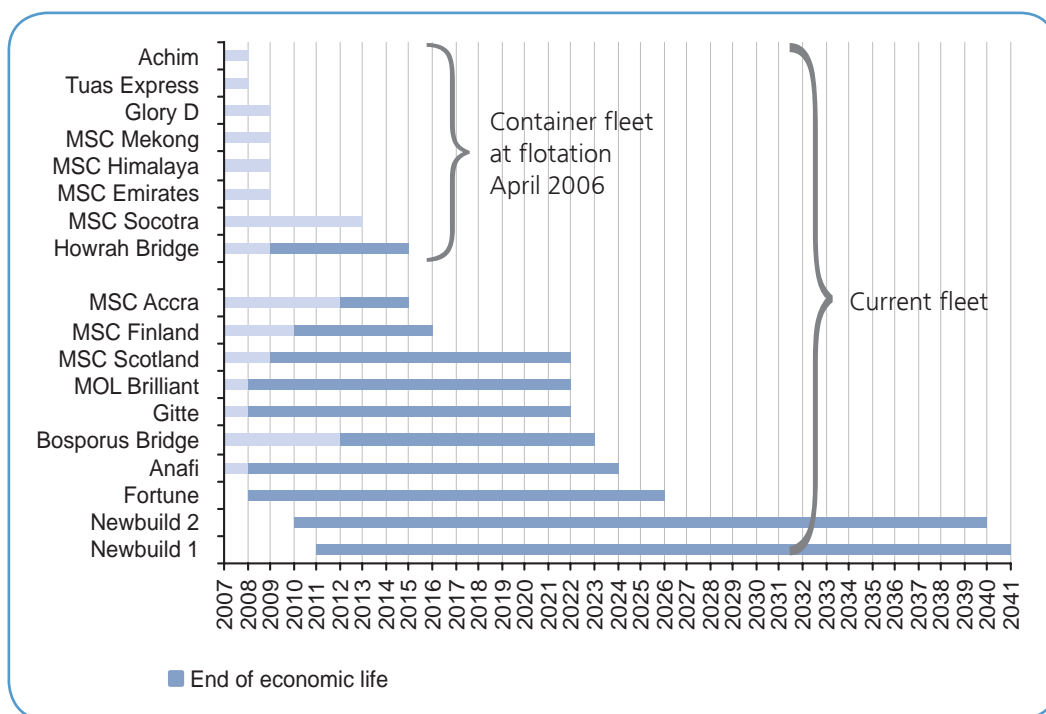
Out of the acquisitions, two containers and one bulk carrier were delivered in 2006 and six container vessels were delivered in 2007.

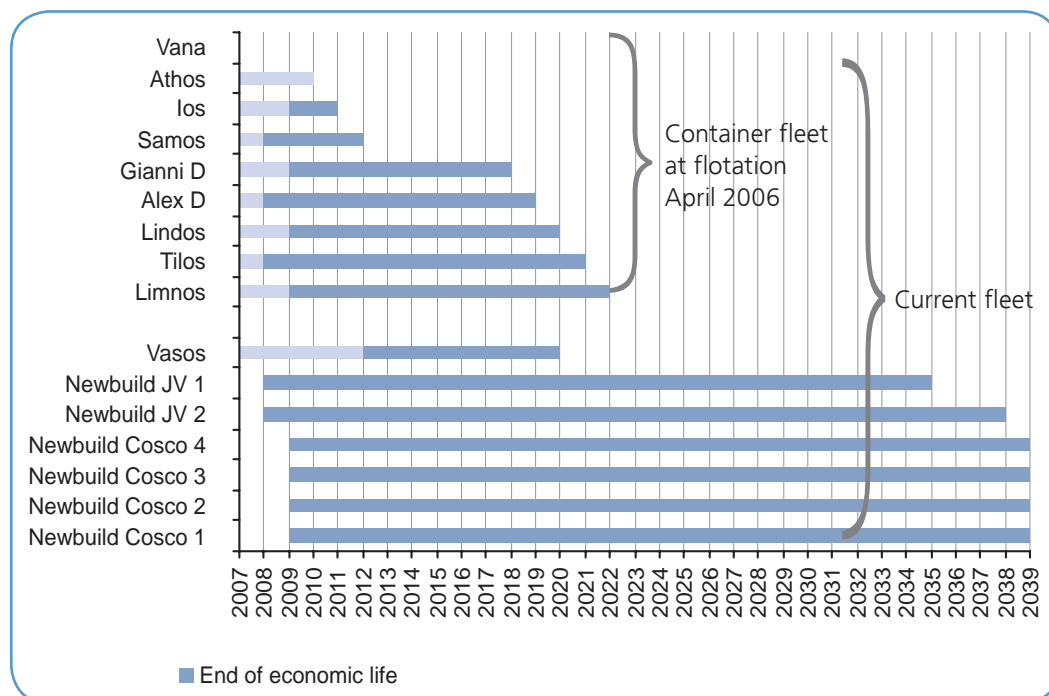
During 2007 also, the Company entered into eight new-building contracts for the construction of six supramax bulk carriers with attractive scheduled delivery dates in 2008 and 2009 and two geared container vessels with expected delivery dates in 2010 and 2011.

Including the new-building contracts the fleet has evolved from IPO as follows:

- ◆ **Container Vessels:** + 344% in terms of TEU reaching 38,000 TEU of capacity
- ◆ **Bulk carriers:** + 63% in terms of DWT reaching 1 million DWT under control

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





Our Charterers

Over the decades the Captain Paris Dagnis 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 within the past five years, among others, for the following first class Charterers:

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

Our Fleet Employment & Forward Coverage

OPERATIONAL FLEET FORWARD COVERAGE

The percentage of available days of the fleet already fixed under contracts (assuming latest charter expiration and exercise of all additional hire periods under charter) is as follows, as of 25th February:

	2008 ⁽¹⁾ (2)	2009 ⁽¹⁾ (2)	2010 ⁽¹⁾ (2)
Total Fleet	93% (90%)	61% (56%)	33% (27%)
Containers	93% (88%)	70% (61%)	43% (33%)
Bulk Carriers	94% (94%)	50% (50%)	21% (21%)

⁽¹⁾ Percentage of available days of the fleet fixed under contract as reported on 17 January 2008 is given in brackets

⁽²⁾ The percentages above include only the currently operational fleet of 24 vessels and exclude the nine vessels for which we expect delivery in the future.

ESTIMATED REVENUE COVERAGE FROM OPERATIONAL FLEET

The estimated total revenue for the years 2008, 2009 and 2010 deriving from contracts already fixed as of 25th February 2008, for the operational part of the fleet is US\$ 285 million, assuming latest charter expiration and exercise of all additional hire periods under charter. The calculation excludes the nine vessels for which we expect delivery in the future.

OPERATIONAL FLEET EMPLOYMENT PROFILE

	Operational fleet					
	Vessel	Type	Capacity	Rate (US\$) per day	Charter Expiration	
					Earliest	Latest ⁽¹⁾
Containers		TEU				
1	Bosporus Bridge	Sub Panamax	3,720	14,750	Feb-12	Aug-12
2	MSC Finland ⁽²⁾	Sub Panamax	3,032	16,500	Feb-10	Apr-10
3	MSC Scotland	Sub Panamax	3,007	20,770	Sep-09	Nov-09
4	Anafi	Sub Panamax	2,420	19,000	Apr-08	Apr-08
5	MSC Socotra ⁽²⁾	Sub Panamax	2,258	14,350	Mar-13	May-13
6	Howrah Bridge	Sub Panamax	2,257	14,180	Jul-09	Sep-09
7	MSC Himalaya	Sub Panamax	2,108	12,700	Dec-08	Jan-09
8	MSC Accra	Sub Panamax	1,889	14,200	Jun-12	Aug-12
9	Gitte ⁽³⁾	Handy	976	11,385	Apr-08	Apr-08
				Euro 9,300	Aug-09	Dec-10
10	MOL Brilliant	Handy	976	10,280	Jun-08	Aug-08
11	MSC Mekong ⁽²⁾	Handy	962	6,150	Feb-09	Apr-09
12	MSC Emirates	Handy	934	7,000	Jan-09	Feb-09
13	Glory D	Handy	946	9,600	Feb-09	Apr-09

14	Achim	Handy	930	7,600	May-08	May-08
				8,000	Oct-08	Dec-08
15	Tuas Express	Feeder	485	8,900	Apr-08	Dec-08
	Operational fleet					
	Vessel	Type	Capacity	Rate (US\$) per day	Charter Expiration	
					Earliest	Latest ⁽¹⁾
Dry Bulk			DWT			
16	Vasos	Capesize	152,065	23,950	Feb-11	Aug-12
17	Samos	Capesize	136,638	32,000	Oct-08	Dec-08
18	Ios ⁽²⁾	Panamax	69,737	26,000	Apr-09	Jun-09
19	Gianni D ⁽²⁾	Panamax	69,100	51,500	Dec-08	Apr-09
20	Athos ⁽⁴⁾	Panamax	67,515	19,300	Jun-10	Oct-10
21	Alex D	Handymax	52,315	57,000	May-09	Jun-09
22	Limnos	Handymax	52,266	50,000	Jan-09	Apr-09
23	Lindos	Handymax	52,266	14,500	Jul-09	Nov-09
24	Tilos	Handymax	52,266	45,000	May-08	Jul-08

	Vessels under construction				
	Vessel / Yard name	Type	Capacity	Scheduled Delivery	Rate (US\$) per day
Containers			TEU		
25	Fortune ⁽⁵⁾	Post Panamax	5,551	2008	
26	Jiangsu Yangzijiang	Sub Panamax	2,500	2010	
27	Jiangsu Yangzijiang	Sub Panamax	2,500	2011	
Dry Bulk		DWT			
28	COSCO	Supramax	57,000	2009	
29	COSCO	Supramax	57,000	2009	
30	COSCO	Supramax	57,000	2009	
31	COSCO	Supramax	57,000	2009	
32	JES ⁽⁶⁾	Supramax	53,800	2008	
33	JES ⁽⁶⁾	Supramax	53,800	2008	Commercially managed by Glencore AG

⁽¹⁾ Represents last day on which the charter may redeliver the vessel assuming exercise of all additional hire periods under charter.

⁽²⁾ The vessels MSC Socotra, MSC Finland, Ios and MSC Mekong will undergo dry-docking within quarter 1 and the vessel Gianni D will undergo dry-docking within quarter 2.

⁽³⁾ The new charter of the vessel Gitte is stated and will be received in Euros.

⁽⁴⁾ Athos is currently on dry-docking.

⁽⁵⁾ The vessel Fortune is under reconstruction.

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

Our Fleet Manager

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

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

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

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

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

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

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

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

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

Goldenport Shipmanagement Ltd. is owned by Captain Paris Dragnis and under the agreements that it holds with the vessel owning companies, charges US\$ 15,750 per vessel per month for technical management services and 2% on the total daily hire for the provision of brokerage management services. For 2007 GSL waived the right to a 5% increase for the technical services provided and the monthly fee will remain at US\$ 15,750 per month per vessel.

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

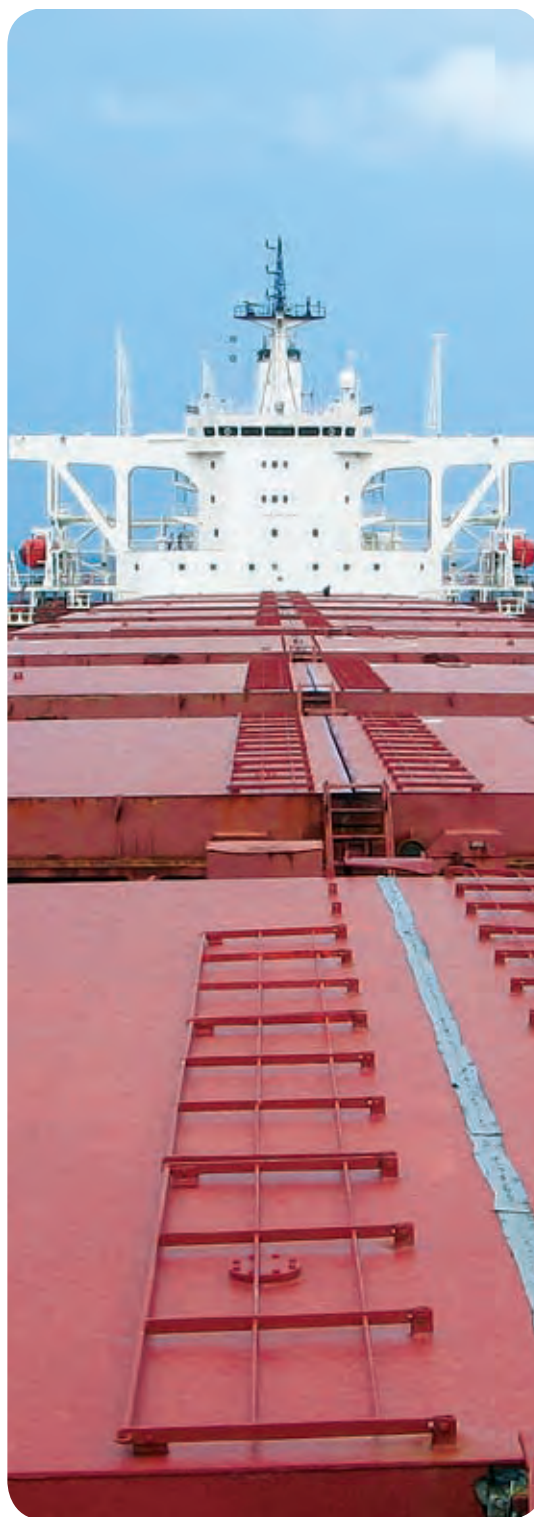
The terms of these arrangements are comparable to terms which would be negotiated with other, similar third party providers of such ship management services.

On 1 January 2008 all the activities of accounting and legal department were transferred from GSL to the Goldenport Marine Services a company 100% owned by Goldenport Holdings, which during 2007 was dormant but has been registered in Greece under the provisions of Law 89/1967. A monthly rental of Euro 14,500 is also agreed to be paid from Goldenport Marine Services to the owner of the building (a related party under common control) for the rental of the head offices. The total cost of these services and the rental represent c.12.5% of the monthly management fee and therefore, the respective monthly management fee payable to GSL will be reduced by U.S.\$2,000 to U.S.\$13,750 per vessel per month in order to reflect this transfer.

Also on 5 January 2008 GSL agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2008 after being adjusted for the services transferred to Goldenport Marine Services will remain to U.S.\$13,750.

It is our current intention that within 2008 and 2009 the rest of day-to-day commercial and technical management of our fleet will be brought under Goldenport Marine Services at no additional cost.

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



Quality & Safety

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

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

The management is committed to making all personnel ashore and onboard more safety conscious through continuous training and encourages all to become actively involved in identifying possible hazards, implementing corrective action and

constantly monitoring all facets of their working environment to ensure Safety and Health conditions prevail.

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

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

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

GOLDENPORT ENVIRONMENTAL POLICY OBJECTIVES

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

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

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

Objectives

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

- ◆ We will properly manage exhaust and wasted residuals from ship's operations by following proper maintenance schemes and will wherever is possible to the recycling of such items.
- ◆ Through an upgrade in ship operation and work performance, we will encourage maximum conservation of energy and resources.

- ◆ We will refrain from using ship hull paints containing substances
 - hazardous to marine life and also
 - from using any ozone-depleting substances.
- ◆ We will implement restructuring of our Company with grater
 - emphasis on studying/education/ training about safe navigation and
 - environmental affairs.
- ◆ We will elevate awareness and understanding of all prevailing Environmental issues among each member of the entire Goldenport.

ENVIRONMENTAL POLICY

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

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

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

- ◆ To comply with all National and International rules and regulations, such as MARPOL, Flag State, Port State, in all operational activities related to the environmental protection.
- ◆ Continuously improve and commit to the objectives set.
- ◆ Minimizing the risk from all shipboard operations and activities such as: bunkering operations, garbage disposal, engine room liquid waste, by following all applicable regulations and procedures set for these activities.
- ◆ To minimize air pollution by following main-

tenance instructions and to provide all time adequate recourses and personnel to keep all equipment in good working order.

- ◆ Provide appropriate maintenance in order to minimize leakages and residues from wear and tear.
- ◆ To provide a system and instructions, and to assign responsibilities for the implementation and operation of a Garbage Management Plan aboard the ships, for the prevention of pollution.
- ◆ To provide continuous training both ashore and on board personnel, in order to keep familiar with all described procedures, as well as all National and International rule and regulations.
- ◆ To minimize paper consumption by using electronic methods of reporting and filing where applicable.
- ◆ Old electronics and office equipment/materials/paper to be given to recycling reception facilities or to be donated for further use in institutions.

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

QUALITY POLICY

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

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

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

Compliance with this policy, the quality procedures and shipboard instructions is essential and

binding upon all shore and sea personnel. Quality is the responsibility of everyone working for and on behalf of GSL.

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

CLASSIFICATION SOCIETIES

Our operational fleet is classified under the following societies:

- ◆ 21% of the fleet is classified with DET NORSKE VERITAS;
- ◆ 21% of the fleet is classified with NIPPON KAIJI KYOKAI (NKK);
- ◆ 17% of the fleet is classified with LLOYDS REGISTER OF SHIPPING;
- ◆ 13% of the fleet is classified with CHINESE CLASSIFICATION SOCIETY;
- ◆ 8% of the fleet is classified with AMERICAN BUREAU OF SHIPPING;
- ◆ 8% of the fleet is classified with GERMANISHER LLOYD;
- ◆ 8% of the fleet is classified with KOREAN REGISTER OF SHIPPING; and
- ◆ 4% of the fleet is classified with 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 Goldenport Shipmanagement Ltd. in 1997 for the purposes of recruiting, evaluating and training new and existing crew for its vessels in the Ukraine.

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

Odessa was one of the very few major manning offices in the area. That allowed the company to get a strong foothold in the currently very competitive manning market of the area.

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

Specific developments are being made to target and improve retention (currently at 85%), such as a programme of crew seminars, career management initiatives, the refinement of terms and conditions of employment contracts, the intro-

duction of minimum employment standards and family welfare programmes. Encouraging senior officers to take up shore-based management positions ensures that both Goldenport benefit from the vast experience gained during a ship-board 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.

TECHNICAL MANAGEMENT

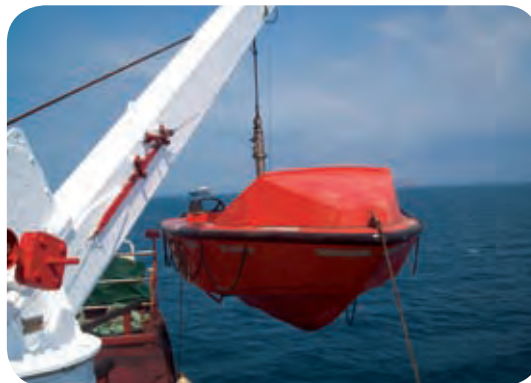
A major part of the Goldenport Shipmanagement technical team philosophy is the rigorous practise of preventive maintenance. It is our belief that this approach pays great dividend to the quality of our services through improved ship technical conditions. It is better to spend a little to improve minor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

fied key personnel and support staff. The main function categories that cover the needs of our fleet through the Technical Department are:

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

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

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



Our Fleet Manager Key Personnel

Captain George Karavas,
Age - 49, Managing Director



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

Oceangoing Passengers and RoRo vessels and latter as Officer and Master on Oceangoing Bulkcarriers with 10 years sea service. He holds a Master Mariner degree from Greek Public Merchant Marine Academy and has attended various seminars and courses on Shipping Law, Chartering, ISM and ISO. Captain Karavas since April 1991 has started his career ashore as Port Captain, Operator, Operations Manager and in Administration in various shipping companies. He joined Goldenport Shipmanagement on May 1996 as Manager in Operations Department and since Sept 1999 he became Managing Director of the company and holding the position of Head of Operations Department as well. He has a total experience of 29 years—on board and ashore—in Shipping Business.

George Andriopoulos,
Age - 60, Technical Manager



George is the Technical Manager of Goldenport Shipmanagement since October 2001. He graduated from Merchant Marine Academy on 1969. He served in various rank capacities onboard world wide trading tankers, chemical tankers and cargo vessels. He holds a Chief Engineer degree. George has held administrative tech positions ashore as member of Technical Departments of various shipping companies in Greece and abroad since 1990. He joined Goldenport Shipmanagement on March, 2000, as Superintendent Engineer and since 2001 he is in charge of Technical Department as Technical Manager. He has a total technical experience of 35 years.

Captain Anthony Vikos,
Age - 60, Operations Manager



Captain Anthony Vikos is the Operations Manager of Goldenport Shipmanagement since July 2003. He graduated from Hydra Merchant Marine Academy on 1966, and started his career as Cadet and officer on oceangoing general cargo

and bulk carrier vessels and thereafter as Master on oceangoing bulk carrier vessels. He is holder of a Master Mariner's license of "A" degree since January 1976, and as Master he has served on large bulk carriers and panamax vessels with two major Shipping companies for 14 years. Captain Vikos started his career ashore on June 1989, and ever since and prior joining the company he held positions of Operator, Port Captain and Operations Manager with four shipping companies in Greece. He has a total experience of about 35 years in Shipping Business (at sea and ashore) and has attended various seminars and courses on Shipping Matters, while he is a member of HELMEPA.

Captain Alexandros Dragnis,
Age - 57, 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 34 years—on board and ashore—in shipping business.

Mr. Yannis Kioleoglou,
Age - 37, Chartering Manager



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

Mr. Stathis Lerios,
Age - 53, Crew Manager



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

Mr. Alexander Papagiannopoulos,
Age - 38, Quality & Safety Manager



Alexander has served as Designated Person Ashore since July 1997 and as Quality and Safety Manager since January 2005. Prior to joining the company Alexander held Deck Officer's position in cargo ships for two years. He also worked as Port Captain for two years at a ship managing company based in Greece, dealing with ship repairs and class surveys. He holds a Master C class diploma and he graduated from Merchant Marine Academy of Aspropyrgos, Greece.

Theoni Kousi (Ms)
Age - 36, 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 2007.

Principal group activities

Goldenport is an international shipping company that owns and operates a fleet of container and dry bulk vessels that transport cargo worldwide. The fleet consists of eighteen container vessels and fifteen dry bulk carriers (including two new build contracts for container vessels with scheduled delivery dates in 2010 and 2011 and six new build bulk carriers with scheduled delivery dates in 2008 and 2009). Goldenport is listed on the London Stock Exchange under the ticker GPRT.

Operational & Financial review

Summary of Selected Financial and Operating Data:

Income Statement Data (in US\$ million except per share data):	Year ended	
	31 December 2007	31 December 2006
Revenue	124.9	90.7
EBITDA	77.0	54.9
EBIT	59.4	41.7
Net Income	58.3	45.2
Earnings per share (basic and diluted)	0.83	0.72
Weighted average number of shares	69.9	62.5
FLEET DATA:		
Average number of vessels	20	18
Number of vessels at end of period	33	20
- Operating	24	19
- Under reconstruction	1	1
- New Buildings under construction	8	0
Number of vessels in operation at end of period	24	19
Ownership days	(2) 7,434	(1) 6,558
Available days	(2) 6,945	(1) 6,355
Operating days	(2) 6,666	(1) 6,249
Fleet utilisation	96%	98%
AVERAGE DAILY RESULTS (in US\$)		
Time Charter Equivalent (TCE) rate	(2) 16,578	(2) 13,243
Average daily vessel operating expenses	(2) 4,225	(1) 3,791

(1) Ownership days and average daily vessel operating expenses exclude the vessel 'Fortune' which was not operating within the period and the vessel 'MSC Finland' which was delivered to the Company in March 2007.

(2) Ownership days and average daily vessel operating expenses exclude the vessel Fortune and the 8 vessels that will be delivered in a future date.

Time and Voyage Charter Revenues: Revenues increased by US\$ 34.2 million or 37.7% to US\$ 124.9 million for the year ended 31 December 2007 (2006: US\$ 90.7 million). The main reasons for this increase were: (i) the 2006 additions of the vessels 'MSC Scotland' and 'Vasos' that became operational after 30th June 2006 and were fully operational in 2007, the addition of the vessel 'MSC Finland' in March, the acquisition of the vessels 'Anafi' and 'MSC Accra' in July and August and the vessels 'Bosporus Bridge', 'Gitte' and 'MOL Brilliant' in the last quarter of the year that all contributed partially in 2007, but will contribute in full in 2008 after taking into account the sale of the vessel 'Vana' in May; (ii) a strengthening in the market rates which allowed existing vessels to be fixed at higher rates compared to the same period last year.

Voyage expenses: The voyage expenses increased by US\$ 3.0 million or 71.1% to US\$ 7.2 million for the year ended 31 December 2007 (2006: US\$ 4.2 million) mainly due to: (i) increased revenue figure to which commission rates applied; (ii) the vessel 'Samos' in the summer was on a voyage charter and not on a time charter as previously, meaning that the Company had to cover bunkering expenses and port and canal fees; and (iii) ten vessels underwent scheduled dry-docking in the year and the Company covered related port fees and bunkering.

Voyage expenses-related party: The voyage expenses-related party increased by US\$ 0.7 million or 37.7% to US\$ 2.5 million (2006: US\$ 1.8 million) due to the increased revenue figure to which these commissions were applied.

Vessel operating expenses: Vessel operating expenses increased by US\$ 6.5 million or 26.3% to US\$ 31.4 million for the year ended 31 December 2007 (2006: US\$ 24.9 million). This increase is attributable to the increase in the size of the fleet, but also to the change of mix as the vessels acquired were of a larger size compared to the existing vessels. On a per day basis operating expenses increased by 11.5% to US\$ 4,225 per day, the main reasons being: (i) a stepped increase in crew wages of the Ukrainian crew, that became effective in mid 2006, but was in full effect in 2007; (ii) an additional increase in crew wages in mid-2007; (iii) the increase in the cost of lubricants mainly due to the movement of oil prices; (iv) the increase in insurance premiums due to additions in the fleet and due to higher vessel prices; and (v) the increase in repairs and spare costs due to

scheduled maintenance that took place while ten vessels were undergoing dry-docking.

General and administrative expenses: General and administrative expenses increased by US\$ 1.3 million to US\$ 2.8 million for the year ended 31 December 2007, reflecting (i) US\$ 0.4 million relating to the professional fees charged for the preparation and filing of the Class 1 transaction that was approved by shareholders on 24th October 2007; and (ii) incremental listing related expenses that were paid in full for 2007 compared to only three quarters in the comparable period.

Depreciation: The vessels' depreciation charge increased by 105.1% to US\$ 15.4 million for the year ended 31 December 2007 (2006: US\$ 7.5 million) due to: (i) the depreciation of the vessels 'MSC Scotland', 'Vasos' that were acquired in mid-2006 but had full impact in 2007; and (ii) the deliveries of the vessels 'MSC Finland', 'Anafi', 'MSC Accra', 'Bosporus Bridge', 'Gitte' and 'MOL Brilliant' in different dates throughout the year.

Depreciation of dry-docking costs: Depreciation of dry-docking costs increased by US\$ 0.3 million or 5.3% to US\$ 5.9 million for the year ended 31 December 2007 (2006: US\$ 5.6 million) mainly due to the dry-docking of ten vessels in 2007 compared to five vessels in 2006. Most of the vessels in 2007 underwent dry-docking in the second half of the year (three were on dry-docking as of 31 December) so their full depreciation will impact 2008 income statement.

Gain from vessel disposal: The Company realised profit of US\$ 3.7 million from the sale of vessel 'Vana'. The vessel was fully depreciated to scrap value and the net carrying amount in the financial statements as of December 31, 2006 was US\$ 1.6 million.

Financing costs & Foreign currency: Interest expense increased by US\$ 1.7 million or 42.4% to US\$ 5.7 million for the year ended 31 December 2007 (2006: US\$ 4.0 million), mainly due to the increased borrowings relating to the vessel acquisitions in the year. Interest income increased by US\$ 0.9 million to US\$ 4.0 million due to time deposits at higher rates on the cash generated from operations. Foreign currency gains from the translation of British Sterling to US Dollar decreased by 88.7% to US\$ 0.5 million due to less cash in Sterling after the acquisition of the vessels and the payment of dividends.

Dividends

Goldenport has adopted an annual dividend payment ratio of at least of 50% of net income. A higher payout ratio may occasionally be appropriate in times of cyclical lower earnings so as to better provide investors with a regular income on their investment. The Board of Directors has proposed on 25th February 2008 a final dividend of 15.0 pence per share, (making a final payout of £ 10.48 million). In total, including the interim dividend already paid in October 2007, the total dividend for 2007 comes to 22.0 pence (or £ 15.37 million), representing about 52% of the Company's net income for the year. The dividend payment is expected to be approved by the shareholders in the AGM to be held on 30 April 2008 and subsequently will be payable on 2nd May, 2008 to shareholders of record as of 4 April 2008. Please look at section 'Financial Calendar' for the full dates.

Directors and interests in shares

The current members of the Board are listed in section 'Our Board'.

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

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 2007 as follows:

Name	Number of shares at admission	Percentage of shares at admission	Number of shares as at 31 Dec 2007	Percentage of shares as at 31 Dec 2007
Captain Paris Dragnis ⁽¹⁾	41,800,000	59.81 %	41,800,000	59.81 %
John Dragnis	-	-	125,000	0.18 %
Chris Walton	2,128	0.003 %	2,128	0.003 %

⁽¹⁾ Through Starla

There have been no changes in directors' interests from 1 January 2008 to 26th February 2008, other than those reported above.

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

Related party transactions

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

	2007 U.S.\$'000	2006 U.S.\$'000
Voyage expenses – related party		
Goldenport Shipmanagement Ltd	2,497	1,813
Management fees – related party		
Goldenport Shipmanagement Ltd	3,906	3,393
Total	6,403	5,206

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

	2007 U.S.\$'000	2006 U.S.\$'000
Due from related parties		
Goldenport Shipmanagement Ltd	3,289	811
Total	3,289	811

Goldenport Shipmanagement Ltd. ("GSL"): All vessel-operating companies included in the consolidated financial statements have a management agreement with GSL, a Liberian corporation directly controlled by Captain Paris Dragnis, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee of U.S.\$15.75 per vessel per month (same for 2006).

Transfer of GSL activities: On 1 January 2008 all the activities of accounting and legal department were transferred from GSL to the new subsidiary Goldenport Marine Services a company 100% owned by Goldenport Holdings. A monthly rental of Euro 14,500 is also agreed to be paid from Goldenport Marine Services to the owner of the building (a related party under common control) for the rental of the head offices. The total cost of these services and the rental represent 12.5% of the monthly management fee and therefore, the respective monthly management fee payable to GSL will be reduced by U.S.\$2.0 to U.S.\$13.75 per vessel per month in order to reflect this transfer.

Waiver of increase in management fee: On 5 January 2008 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2008 after being adjusted for the services transferred to Goldenport Marine Services will be U.S.\$13.75.

Reconstruction of M/V Fortune: In addition GSL charged the Group, U.S.\$430, for the services rendered for the reconstruction of M/V Fortune.

For the year ended 31 December 2007 commission charged by GSL amounted to U.S.\$2,497 (2006: U.S.\$1,813) and was included in Voyage expenses-related party. GSL has a branch office registered in Greece under the provisions of Law 89/1967.

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

GSL and Sentinel Holdings: The joint venture company Sentinel Holdings Inc., in which the Group has an interest of 50%, appointed GSL, as a consultant for the new-buildings project at Jiangsu Eastern Shipyard of China ('JES'). As part of the supervision agreement between the two companies, GSL undertakes the plan approval, the attendance and supervision of the construction and trials of the new-building vessels JES041 and JES042, in exchange for a plan approval fee and site supervision fee, for the first twelve months from steel cutting (unless delivery is earlier). For the year ended 31 December 2007 such fee charged by GSL amounted to U.S\$ 276 in total, half of which relates to the portion of the Group in relation to this supervision agreement.

No other contract in relation to the Group's business in which the Directors of the Company had an interest existed at 31 December 2007 or at any other time during 2007.

By order of the Board

Eleftheria Savvidaki
Company Secretary

26 February 2008

Corporate Governance Statement

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

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

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

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

Combined Code

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

The Combined Code does not apply to Goldenport and the Marshall Islands do not have a formal corporate governance regime; however, the Directors support high standards of corporate governance. Since Admission, and save as described below, the Company complies with the principal requirements of the Combined Code,

and has put in place the procedures required to comply with the internal control aspects of the Combined Code in accordance with the Turnbull Report. The Company's Board comprises of three Executive Directors (including the chief executive officer) and, three Non-executive Directors (including the chairman). The Company regards Chris Walton, Robert Crawley and Captain Epameinondas Logothetis as independent Non-executive Directors, within the meaning of "independent" as defined in the Combined Code.

Apart from the relationship between Captain Paris Dragnis and Goldenport Shipmanagement Ltd., none of the Directors or members of Senior Management 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 insurance broker for certain of the Company's policies is a company related to Andreas Karaindros. Andreas Karaindros was a member of the Board since admission but stepped

down during the year. He was replaced in the Board and the different committees by Captain Epameinondas Logothetis who was appointed on 1st November 2007. During 2007 Andreas Karaindros did not attend the meetings of the Board or any Committee due to health reasons.

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

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

The Company does, other than as set out below, comply with these requirements following the appointments described above.

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 reserved for it to decide including setting and monitoring group strategy, setting commercial policies, reviewing trading performance, ensuring adequate financing, examining potential acquisitions, formulating policy on key issues and reporting to shareholders. Developing key opportunities and negotiating them is delegated to the Chief Executive Officer, but final approval for any group acquisitions or disposals needs to be given by the Board. Agreeing suitable financing for further fleet acquisitions is delegated to Chief Financial Officer, with the Board having the final approval on each loan agreement to be entered into. Other operational decisions are given to the executive members of the board.

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

The performance evaluation of the Board, the Committees and the individual directors is to occur annually. The current Board has undertaken the evaluation process for the first time in March 2007 and subsequently undertook the evaluation process in December 2007 after the appointment of a new Non-executive Director on 1st November. The methodology was as follows: using a common framework of questions, the Non-Executive Chairman met individually with the Directors and then reported his findings to the full Board for discussion. All directors receive regular update on changes of regulation or legislation that affect their capacity as board members.

Board balance and independence

The Board comprises, since admission, the Non-Executive Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and two other non-executive directors. On 1st November however a new Non-executive Director was appointed and one existing Non-executive Director stepped down in December from the Board for health reasons. In total the board comprises three executive and three independent non-executive directors with none having a casting vote. The board functions effectively and efficiently and is considered to be an appropriate size in view of the scale of the Company and the diversity of its business. The board considers

that each director demonstrates a range of experience and is of high calibre, which is vital to the success of the Group.

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

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

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 three members who are all independent Non-executive Directors and includes one member with recent and relevant financial experience. The Audit Committee since the Initial Public Offering in April 2006 was chaired by Robert Crawley and its other members were Chris Walton and Andreas Karaindros. On 1st November 2007, Robert Crawley remained chairman of the Audit Committee and Andrea Karaindros and Chris Walton stepped down from the committee and were replaced by Captain Epameinondas Logothetis. Both members of the Audit Committee are independent and are considered qualified as they have recent and relevant experience (please refer also to 'Our Board' section for their full resumes). The Audit Committee normally meets at least three times a year. The Committee has responsibility for, amongst other things, the planning and review of the Group's annual report and accounts and half-yearly reports and the involvement of the Group's auditors in that process. It focuses, in particular, on compliance with legal requirements, accounting standards and the rules of the FSA and the UKLA

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

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

The Smith Guidance on Audit Committee composition states that the Chairman should not be a member of the Audit Committee. Our chairman, Chris Walton, was a member of the Audit Committee until 1st November, because it was believed that the benefit of having three Non-executive Directors on the Audit Committee together with the benefit of his financial experience and expertise, out-weighted any disadvantage of our chairman being on this Committee. Since 1st November however, the Chairman is no longer a member of the Audit Committee.

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

Remuneration Committee

The Remuneration Committee was chaired until 1st November by Andreas Karaindros and its other members were Chris Walton and Captain Paris Dragnis. During the year, Andreas Karaindros was unavailable due to illness. After 1st November 2007, the Remuneration Committee was re-constituted so it is now chaired by Captain Epameinondas Logothetis and its other member is Mr. Robert Crawley.

The Remuneration Committee has responsibility for the determination of specific remuneration

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

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

The Combined Code states that the Remuneration Committee should be comprised solely of Non-executive Directors. Captain Paris Dragnis, an Executive Director, was sitting on the Remuneration Committee, but he stepped down on 1st November. As of today all the members of the Remuneration Committee are Non-executive Directors. The terms of reference of the Remuneration Committee provide that no Director will take any part in any decision in relation to his own remuneration. This restriction has been complied with.

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

Nomination Committee

In accordance with the requirements of the Combined Code, the majority of members of the nomination Committee are independent Non-executive Directors. The nomination Committee since admission was chaired by Andreas

Karaindros and its other members were Chris Walton and Captain Paris Dragnis. The nomination Committee leads the process of board appointments and makes recommendations to the Board on, amongst other things, board composition and balance. The Committee held a meeting on 24th October 2007 with the presence of Chris Walton and Captain Paris Dragnis and decided to appoint Captain Epameinondas Logothetis as a Non-executive Director due to illness of Andreas Karaindros. From 1st November 2007 Captain Epameinondas Logothetis was appointed a Non-executive Director and the third member of the Nomination Committee.

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

Disclosure Committee

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

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

Model Code

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

Takeover regulation

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

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

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

termine that some or all of the Shares acquired in breach of the articles of incorporation and by-laws of the Company will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period.













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

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



Composition of Committees

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

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

Statement of compliance with the code

The directors consider that the Company has complied with the code in 2007, except as detailed below:

- ◆ The Combined Code states that the Remuneration Committee should be comprised solely of Non-executive Directors. Captain Paris Dragnis, an Executive Director, was sitting on the Remuneration Committee until 1st November 2007. The Remuneration Committee meeting was held in December 2007 with the participation of Non-executive Directors only.
- ◆ The Smith guidance on the Combined Code recommends that a company's chairman should not sit on the Audit Committee. Our chairman, Chris Walton, was a member of the Audit Committee until 1st November, because it was believed that the benefit of having three Non-executive Directors on the Audit Committee together with the benefit of his financial experience and expertise, out-weighs any disadvantage of our chairman being on this Committee. Since 1st November Chris Walton is not a member of the Audit Committee.

In order to comply in full with the code, the Company has appointed as Non-executive Director Captain Epameinondas Logothetis on 1st November 2007 and changed the constitution of the different committees. As of 31st December 2007, the Remuneration Committee comprised solely of Non-executive Directors and the same applied for the Audit Committee.

The Notice of AGM contains Resolutions proposing minor changes to the Company's By-laws to update references to provisions of the Companies Act 1985 which are no longer in force. This includes the deletion of the provisions in the by-laws relating to the disclosure of interests in shares in the Company which conflict with and have been superseded by the relevant provisions of the FSA's Disclosure and Transparency Rules.

Meetings

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

	Board	Circular Board	Audit Committee	Remuneration Committee ⁽¹⁾	Nomination Committee ⁽²⁾
Total number of meetings	5	1	4	1	1
Non Executive Directors					
Mr. Chris Walton	5	1	3	-	1
Mr. Robert Crawley	5	1	4	1	-
Mr. Andreas Karaindros	-(3)	-(3)	-(3)	-	-
Captain Epameinondas Logothetis	2 ⁽⁴⁾	-	1	1	-
Executive Directors					
Captain Paris Dragnis	5	1	-	-	1
Mr. Christos Varsos	5	1	4 ⁽⁵⁾	-	-
Mr. Konstantinos Kabanaros	5	1	-	-	-

⁽¹⁾ The Remuneration Committee met in 18th December 2007 after the changes in committees have taken place;

⁽²⁾ The Nomination Committee met in 24th October, in order to Nominate Captain Epameinondas Logothetis as a Non-Executive Director;

⁽³⁾ Mr. Karaindros did not attend the meetings, due to illness. Mr. Karaindros as of December of 2007 has stepped down from the Board and since 1st November he has not been the chairman or member of any committee;

⁽⁴⁾ Captain Epameinondas Logothetis attended the 24th October Board Meeting by invitation from the Chairman of the Board of Directors as observer, for familiarization purposes.

⁽⁵⁾ Mr. Varsos attended all the Audit Committee meetings by invitation from the Chairman of the Audit Committee as observer;

Relations with shareholders

The Company communicates with shareholders through the annual report, interim report, quarterly trading updates, fleet expansion announcements, other major transactions announcements and the Company web site. The Board takes the opportunity at the Annual General Meeting to meet and communicate with private and institutional shareholders and welcomes their involvement. Furthermore, communication with the Company's largest institutional shareholders is undertaken as part of the Company's investment relations program. In order to ensure that the Non-Executive Directors, develop an understanding of the views of the major sharehold-

ers about the Company, the Chairman and the Senior Independent Director was also have been present during the interim results presentations to the analysts. The Chairman and the Senior Independent Director have been present during the results presentations to analysts and discussed with them their views on the Company's performance and strategy. All the Non-executive Directors have expressed a willingness to be available if shareholders request a meeting. Directors receive copies of investment analyst research reports and of press clippings concerning the Company.

Internal control

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

The board has established an on-going process for the identification, evaluation and management of significant risks facing the Group, which operated since admission. Risk management is included as an agenda item in the board meetings where there is an opportunity to discuss risk management and internal control issues and to determine a control strategy for the significant risks. A full risk assessment is made to the board before any decision on major projects is made.

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

The board, at least annually, conducts a review of the effectiveness of the Group's system of internal controls. Upon admission, the board had a thorough review of the effectiveness of the internal controls. A review was conducted in March and also in December 2007.

The Company does not have an Internal Audit function. The board has reviewed the need for an Internal Audit function and believes that due to the size and the complexity of the business this is not necessary. The board will reconsider the need for an Internal Audit function annually and act accordingly.

External Audit

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

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

Non-audit services work carried out by Ernst & Young (Hellas) during 2007 was relating to the review of the working capital report required for the EGM held on 24th October for the approval of the Class 1 transaction for the acquisition of 6 new-build vessels.

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

Whistle-blowing policy

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

Re-election of directors

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

Directors' Remuneration

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

The report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. A resolution to approve this report will be proposed to the Company's Annual General Meeting to be held on 30 April 2008.

Executive Directors' remuneration policy

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

Elements of remuneration

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

Base salary

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

Annual Incentive Plan

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

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

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

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

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

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

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

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

There are no other choices for the participants.

At the Board meeting where the financial statements of the respective year are approved, the Remuneration Committee will determine the Base Award for each participant and, after the Board ratification, will inform the relevant person. At that point, the participant will select the type of award (i.e. FCA, FSA or HCHS) and notify the Board of his choice in writing. In the case of the FCA, the payment in cash will be made the next working day. In the case of the HCHS, 50% of the base award multiplied by 90% will be paid to the participant on the next working day. In the case of FSA and for the share part of the HCHS, the amount of shares to be granted (the "AIP Shares") will be calculated by reference to the closing market value of the Company's Shares on the date of the announcement to the market of the full year results for the respective year. The AIP Shares will be allotted and then registered in the participant's name on the ex-dividend date for the relevant financial year. The maximum number of shares which may be issued or allotted under the AIP in any ten year period may not exceed 5% of the Company's issued share capital from time to time.

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

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

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

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

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

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

The Board has the authority to amend the rules of the AIP, provided that no amendment to the advantage of participants may be made to provisions relating to:

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

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

The benefits under the AIP are not pensionable.

Annual Incentive Plan in 2007

The Remuneration Committee based on the outstanding performance of the Company in the year where not only EBITDA was much higher than the 2007 budget, but also the Company acquired eight new-building contracts that will be enhancing the revenue capacity for the longer term, decided to set the Base Award up to 45% of the base salary.

The Remuneration Committee on its meeting on 18 December 2007 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 18 December 2007 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2007, and announced the base award to each participant. Out of the four participants one elected the Full Cash Award and the other three elected the Full Shares Award.

As per the terms of AIP the FCA is 90% of the base award, whereas FSA is 110% of the base award. The FCA amounted to U.S.\$30,000 and the FSA to U.S.\$350,000 approximately.

The Board of Directors on 25 February 2008 approved the financial statements and authorised the issuance of the shares relating to the Full Share Award under the provisions of AIP, as approved in the AGM of 17 May 2007. Under these provisions the AIP shares would have to be calculated by reference to the closing market value of the Company's shares on the date of announcement of full year results for 2007.

By reference to the closing market value of the Company's shares on 26th February 2008, the following number of shares has been granted to each participant:

	Position	Price per share	Number of shares	Total amount in £
Captain Paris Dragnis	Chief Executive Officer	3.52	30,444	107,163
Mr. Christos Varsos	Chief Financial Officer	3.52	13,412	47,210
Mr. John Dragnis	Commercial Director	3.52	8,383	29,508
Total			52,239	183,881

The AIP shares will be allotted and then registered in the participants names after the ex-dividend date of 2 April 2008. Therefore the shares will be registered to the participants' names on 3rd April 2008.

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

The maximum level of bonus under the AIP that was earned by two Directors for 2007 was 45% of annual base salary.

Non-Executive Directors' remuneration policy

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

Service Agreements

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

The service agreements have initial fixed term of 3 years for the Chief Executive Officer and 2 years for the other Executive Directors. Non-Executive Directors do not have a service agreement but instead have a letter setting out the terms of their appointment. Based on this letter, the Non-Executive Chairman has a 3-year term whereas the other Non-Executive Directors have a 2-year term. 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 Annual General Meeting after admission held on 17 May 2007. Accordingly they will also retire and offer themselves for re-election in the second Annual General Meeting after admission to be held on 30 April 2008.

Details of the service agreements for the Executive Board and unexpired terms for Non-Executive Board are set below as of December 31, 2007:

	Agreement Date	Unexpired term ⁽¹⁾
Executive Directors		
Captain Paris Dragnis	5 April 2006	16 months
Mr. Christos Varsos	5 April 2006	4 months
Mr. Konstantinos Kabanaros	5 April 2006	4 months
Non-Executive Directors		
Mr. Chris Walton	5 April 2006	16 months
Mr. Robert Crawley	5 April 2006	4 months
Mr. Andreas Karaindros	5 April 2006	- ⁽²⁾
Captain Epameinondas Logothetis	1 November 2007	22 months

⁽¹⁾ Assuming re-election occurs in the Annual General Meeting, the service agreements will be extended for two years for Mr. Christos Varsos, Mr. Konstantinos Kabanaros and Mr. Robert Crawley;

⁽²⁾ Mr. Andreas Karaindros has stepped down from the Board of Directors for health reasons in December of 2007.

The table below shows the current balance of fixed and performance related elements for each executive director in 2007 and the fixed remuneration of each Non-Executive Director, in 2007:

Amounts expressed in US\$	Fixed service agreement	Performance related ⁽¹⁾⁽²⁾	Performance as a % of Total
Executive Directors			
Captain Paris Dragnis	397,650	211,529	34.7%
Mr. Christos Varsos	172,015	93,188	35.1%
Mr. Konstantinos Kabanaros	154,695	29,500	16.0%
	724,360	334,217	31.6%
Non-Executive Directors			
Mr. Chris Walton	142,436	-	
Mr. Robert Crawley	47,794	-	
Mr. Andreas Karaindros	44,118	-	
Captain Epameinondas Logothetis	6,667	-	
	241,015	-	
Total Emoluments	965,375	334,217	

⁽¹⁾ Performance related for Captain Paris Dragnis and Mr. Christos Varsos relate to the value of the shares granted under the Full Shares Award of the Annual Incentive Plan; Mr. Konstantinos Kabanaros has elected the Full Cash Award.

⁽²⁾ The performance related part of remuneration for Captain Paris Dragnis and Mr. Christos Varsos is based on the sterling value of the shares granted to them on 26th February 2008 translated using the exchange rate of the date (1.9739).

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; and
- ◆ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- ◆ prepare financial statements on a going-concern basis, unless it is inappropriate to presume that the group will continue in business

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

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

The Directors confirm that they have complied with the above requirements in preparing the financial statements and the Annual Report.



Independent Auditors' Report

To the Shareholders of Goldenport Holdings Inc.

We have audited the accompanying financial statements of Goldenport Holdings Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Ernst & Young (Hellas)

Certified Auditors – Accountants S.A.

25 February 2008.

Financial Statements

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2007			
	Notes	2007 U.S.\$'000	2006 U.S.\$'000
Revenue		124,861	90,651
Expenses			
Voyage expenses	3	(7,224)	(4,221)
Voyage expenses – related party	3,21	(2,497)	(1,813)
Vessel operating expenses	3	(31,411)	(24,860)
Management fees – related party	21	(3,906)	(3,393)
Depreciation	7	(15,361)	(7,488)
Depreciation of dry-docking costs	7	(5,932)	(5,653)
General and administrative expenses	4	(2,778)	(1,476)
		(69,109)	(48,904)
Gain from vessel disposal	7	3,692	-
Operating profit		59,444	41,747
Finance expense	5	(5,695)	(4,145)
Finance income		4,031	3,158
Foreign currency gain, net		501	4,428
Profit for the year attributable to Goldenport Holdings Inc. shareholders		58,281	45,188
Earnings per share (U.S.\$):			
- Basic EPS for the year	6	0.83	0.72
- Diluted EPS for the year		0.83	-
Weighted average number of shares for basic EPS		69,885,106	62,533,312
Weighted average number of shares adjusted for the effect of dilution		69,886,747	62,533,312

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

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

CONSOLIDATED BALANCE SHEET As at 31 December 2007			
	Notes	2007 U.S.\$'000	2006 U.S.\$'000
ASSETS			
Non-current assets			
Vessels	7	244,694	131,720
Vessel under reconstruction	8	38,880	23,068
Advances for vessel acquisition	9	-	1,700
Advances for vessel construction	10	62,238	-
Other non-current assets	11	50	185
		345,862	156,673
Current assets			
Inventories		154	-
Trade receivables		596	1,275
Insurance claims	12	3,268	1,305
Due from related parties	21	3,289	811
Prepaid expenses and other assets		1,332	887
Restricted cash	13	-	1,166
Cash and cash equivalents	14	19,947	81,372
		28,586	86,816
TOTAL ASSETS		374,448	243,489
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Goldenport Holdings Inc.			
Issued share capital	15	699	699
Share premium	15	106,991	106,991
Retained earnings		73,757	41,838
Total equity		181,447	149,528
Non-current liabilities			
Long-term debt	16	130,765	60,727
Deferred revenue	17	8,273	-
Other non-current liabilities	11	194	-
		139,232	60,727
Current liabilities			
Trade payables		8,512	6,941
Current portion of long-term debt	16	30,755	19,900
Accrued liabilities and other payables	18	8,966	3,754
Deferred revenue current portion	17	5,536	2,639
		53,769	33,234
Total Liabilities		193,001	93,961
TOTAL EQUITY AND LIABILITIES		374,448	243,489

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 2007						
	Number of shares	Par value U.S.\$	Issued share capital U.S.\$'000	Share premium U.S.\$'000	Retained earnings U.S.\$'000	Total equity U.S.\$'000
At 1 January 2006	41,800,000	0.01	418	-	4,492	4,910
Pooling of interest adjustment	-	-	-	-	(418)	(418)
Proceeds from initial public offering, gross (see note 15)	28,085,106	0.01	281	115,184	-	115,465
Transaction costs on initial public offering, (see note 15)	-	-	-	(8,193)	-	(8,193)
Profit for the year	-	-	-	-	45,188	45,188
Dividends declared, approved and paid to equity shareholders	-	-	-	-	(7,424)	(7,424)
At 31 December 2006	69,885,106	0.01	699	106,991	41,838	149,528
Profit for the year	-	-	-	-	58,281	58,281
Dividends declared, approved and paid to equity shareholders	-	-	-	-	(26,362)	(26,362)
At 31 December 2007	69,885,106	0.01	699	106,991	73,757	181,447

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

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2007			
	Notes	2007 U.S.\$'000	2006 U.S.\$'000
Operating activities			
Profit for the year		58,281	45,188
<i>Adjustments to reconcile profit for the year to net cash inflow from operating activities:</i>			
Depreciation	7	15,361	7,488
Depreciation of dry-docking costs	7	5,932	5,653
Gain from vessel disposal	7	(3,692)	-
Finance expense	5	5,695	4,145
Finance income		(4,031)	(3,158)
Annual Incentive Plan Shares	21	350	-
Foreign currency gain, net		(501)	(4,428)
		77,395	54,888
(Increase) / Decrease in inventories		(154)	324
(Increase) / Decrease in trade receivables, prepaid expenses and other assets		176	(1,274)
Increase in insurance claims	12	(1,963)	(1,046)
Increase in trade payables, accrued liabilities and other payables		5,506	3,221
Increase / (Decrease) in deferred revenue		11,170	(536)
Net cash flows from operating activities before movement in amounts due from related parties		92,130	55,577
Due from related parties	21	(2,477)	9,049
Net cash flows from operating activities		89,653	64,626
Investing activities			
Acquisition/improvement of vessels	7	(121,671)	(56,475)
Proceeds from disposal of vessel, net of commission	7	5,280	-
Dry-docking costs	7	(12,484)	(3,965)
Advances for vessel under reconstruction	8	(14,432)	(22,975)
Advances for vessel acquisition		-	(1,700)
Advances for vessel under construction		(62,238)	-
Interest received		4,089	3,036
Net cash flows used in investing activities		(201,456)	(82,079)
Financing activities			
Proceeds from issue of long - term debt		103,499	54,707
Repayment of long-term debt		(22,780)	(49,925)
Proceeds from initial public offering		-	115,465
Issuance costs		-	(8,193)

Financing activities	Notes	2007 U.S.\$'000	2006 U.S.\$'000
Restricted cash	13	1,166	230
Interest paid		(5,822)	(3,471)
Dividends paid	19	(26,362)	(13,924)
Net cash flows provided by/ (used in) financing activities		49,701	94,889
Net increase in cash and cash equivalents		(62,102)	77,436
Net foreign exchange difference		677	3,936
Cash and cash equivalents at 1 January	14	81,372	-
Cash and cash equivalents at 31 December	14	19,947	81,372

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. FORMATION, BASIS OF PRESENTATION AND GENERAL INFORMATION

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

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

Goldenport as of 31 December 2007 is the holding Company for twenty five intermediate holding companies, each in turn owning a vessel-owning company, as listed in the table below. Goldenport is also the holding Company of six more intermediate holding companies, owning Abyss Maritime Ltd., Jubilant Marine Company, Alacrity Maritime Inc., Seaward Shipping Co., Chanelle Shipping Company and Clochard Maritime Limited., which will be the vessel-owning companies of four new built bulk carriers ordered at Cosco Zhoushan

Shipyard and two new built containers ordered at Jiangsu Yangzijiang Shipyard upon delivery of the vessels. Also, as of 31 December 2007 Goldenport is the holding Company of a fully owned subsidiary named Goldenport Marine Services, which in the future will provide the Company and its affiliates a wide range of shipping services, such as technical support and maintenance, insurance consulting, chartering, legal, financial and accounting services, in exchange for a daily fixed fee, per vessel (see note 24). As of 31 December 2007, Goldenport Marine Services was dormant but has been registered in Greece under the provisions of Law 89/1967. As of 31 December 2007 Risa Maritime Co. Ltd, the vessel-owning company of the disposed vessel "Vana" (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 25 February 2008 and is expected to be approved by the Annual General Meeting of the shareholders, to be held on 30 April 2008.

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
Marta Trading Co.	Superb Maritime S.A.	Panama	Glory D	1997	Container
Daphne Marine Corp.	Dancing Waves Co. Ltd.	Malta	Tuas Express	1998	Container
Portia Navigation Co.	Borealis Shipping Co. Ltd.	Malta	MSC Himalaya	1999	Container
Aloe Navigation Inc.	Karana Ocean Shipping Co. Ltd.	Malta	Alex D	1999	Bulk Carrier
Dumont International Inc.	Black Rose Shipping Ltd.	Malta	Beauty	2001	Container
Royal Bay Marine Ltd	Opal Maritime Limited	Malta	Achim	2001	Container
Audrey Marine Corp.	Wild Orchid Shipping Ltd.	Malta	MSC Emirates	2001	Container
Sicuro Shipmanagement SA	Hampton Trading S.A.	Liberia	MSC Socotra	2002	Container
Platinum Shipholding SA	Coral Sky Marine Ltd.	Malta	Gianni D	2002	Bulk Carrier
Nemesis Maritime Inc.	Samos Maritime Ltd.	Malta	Samos	2002	Bulk Carrier
Meredith Trading Corporation	Guilford Marine S.A.	Panama	Ios	2002	Bulk Carrier
Rawlins Trading Ltd	Fairland Trading S.A.	Panama	Athos	2002	Bulk Carrier
Blaze Navigation Corp.	Nilwood Comp. Inc.	Panama	Howrah Bridge	2003	Container
Carrier Maritime Co.	Black Diamond Shipping Ltd.	Malta	Lindos	2003	Bulk Carrier
Medina Trading Co.	Carina Maritime Co. Ltd.	Malta	Tilos	2004	Bulk Carrier
Savannah Marine Inc.	Serena Navigation Ltd.	Malta	Limnos	2004	Bulk Carrier
Sirene Maritime Co.	Alvey Marine Inc.	Liberia	MSC Scotland (ex.Bengal Sea)	2006	Container
Kariba Shipping SA	Kosmo Services Inc.	Marshall Islands	Fortune (ex.Hyundai Fortune)	2006	Container

Muriel Maritime Co.	Ipanema Navigation Corp.	Marshall Islands	Vasos (ex.Orient Alliance)	2006	Bulk Carrier
Baydream Shipping Inc.	Cierzo Maritime Co.	Marshall Islands	MSC Finland (ex.West Gate Bridge)	2007	Container
Knight Maritime S.A.	Mona Marine S.A.	Liberia	Anafi (ex.Ajama)	2007 ⁽¹⁾	Container
Foyer Marine Inc.	Ginger Marine Company	Marshall Islands	MSC Accra (ex.Nautic)	2007 ⁽²⁾	Container
Genuine Marine Corp.	Breaport Maritime S.A	Panama	Bosporus Bridge	2007 ⁽³⁾	Container
Jaxon Navigation Ltd.	Hampson Shipping Ltd.	Liberia	Gitte	2007 ⁽⁴⁾	Container
Tuscan Navigation Corp.	Longfield Navigation S.A.	Liberia	MOL Brilliant (ex.Lone)	2007 ⁽⁵⁾	Container
Abyss Maritime Ltd.	Moonglade Maritime S.A.	Liberia	ZS07036	2009 ⁽⁶⁾	Bulk Carrier
Jubilant Marine Company	Cheyenne Maritime Company	Marshall Islands	ZS07038	2009 ⁽⁶⁾	Bulk Carrier
Alacrity Maritime Inc.	Giga Shipping Ltd.	Marshall Islands	ZS07039	2009 ⁽⁶⁾	Bulk Carrier
Seaward Shipping Co.	Valaam Incorporated	Liberia	ZS07037	2009 ⁽⁶⁾	Bulk Carrier
Chanelle Shipping Company	Loden Maritime Co.	Marshall Islands	YZJ-815	2010 ⁽⁷⁾	Container
Clochard Maritime Limited	Shila Maritime Corp.	Marshall Islands	YZJ-816	2011 ⁽⁷⁾	Container
Oates Trading Corp.	Risa Maritime Co. Ltd.	Malta	Dormant Company(8)		
Goldenport Marine Services		Marshall Islands	Dormant Company		

⁽¹⁾ Vessel Anafi was delivered on 20 July 2007.

⁽²⁾ Vessel MSC Accra was delivered on 17 August 2007.

⁽³⁾ Vessel Bosporus Bridge was delivered on 23 October 2007.

⁽⁴⁾ Vessel Gitte was delivered on 12 November 2007.

⁽⁵⁾ Vessel MOL Brilliant was delivered on 21 November 2007.

⁽⁶⁾ New building bulk carriers (see note 10a) with delivery dates between September and December 2009.

⁽⁷⁾ New building container vessels (see note 10a) with delivery dates in October 2010 and March 2011.

⁽⁸⁾ Risa Maritime Ltd. was the ship owning company of M/V Vana, which was disposed of on 2 May 2007 (see note 7)

b) Proportionally consolidated Joint Venture (see note 10b)

Sentinel Holdings Inc.	Citrus Shipping Corp.	Marshall Islands	JES041	2008	Bulk Carrier
Sentinel Holdings Inc	Barcita Shipping S.A.	Marshall Islands	JES042	2008	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 any derivative financial instruments that are measured at fair value. The consolidated financial statements are presented in US dollars and all financial values are rounded to the nearest thousand (\$000), except the per share information.

(b) Statement of compliance:

The consolidated financial statements as at 31 December 2007 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. 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) Transactions between companies under common control:

Transactions between companies under common control are excluded from the scope of IFRS 3. Therefore such transactions are accounted for by the Group in a manner akin to a pooling of interests. Accordingly, as described in note 15, the financial statements of the Group following the reorganization have been presented using historical carrying costs of the Contributed Companies. The consolidated financial statements have also been prepared on the basis that Goldenport existed for all years prior to the reorganization and was the parent company of the Contributed Companies in all such years.

(f) Use of Estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements, are estimates in relation to useful lives of vessels (vessels have a carrying amount of U.S.\$244,694 and U.S.\$131,720 as at 31 December 2007 and 2006, respectively), provision for doubtful trade receivables (trade receivables have a carrying amount of U.S.\$596 and U.S.\$1,275 as at 31 December 2007 and 2006, respectively) and estimates about the result of insurance claims (insurance claims have a carrying amount of U.S.\$3,268 and U.S.\$1,305 as at 31 December 2007 and 2006, respectively).

(g) Revenues and Related Expenses:

The Group generates its revenues from charterers for the charter hire of its vessels. Vessels are

chartered using either 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 voyage charters, where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified charter rate; if a charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognised as it is earned, evenly over the duration of the period of each voyage or time charter. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo.

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

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

(h) Foreign Currency Translation:

The functional currency of the Company is the U.S. dollar which is also the presentation currency of the Group because the Group's vessels operate in international shipping markets, where the U.S. dollar is the currency used for transactions. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary as-

sets and liabilities, which are denominated in currencies other than the U.S. dollar, are translated into the functional currency using the year-end exchange rate. Gains or losses resulting from foreign currency transactions are included in foreign currency gain or loss in the consolidated income statement.

(i) 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.

(j) 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 of 31 December 2007, no loan agreements required deposit of funds into the retention account.

(k) Inventories:

Inventories consist of bunkers and are stated at the lower of cost or net realisable value. Cost is determined by the first-in first-out method. Any bunkers remaining on vessels, which are undergoing scheduled dry-docking, are also recognised as inventory unless the vessel is to continue under the same time charter. Inventories amount to U.S.\$154 as of 31 December 2007 and relate to bunkers of vessel Alex D., which were purchased by the Company and agreed with charterers to remain on board up to the date of redelivery.

(l) Trade Receivables:

The amount shown as trade receivables at each balance sheet date includes estimated recoveries from charterers for hire, freight and demurrage billings, net of an allowance for doubtful ac-

counts. 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.

(m) 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 2007 and 2006.

(n) Vessels:

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

For vessels acquired in the second-hand market and where the Company identifies any intangible assets or liabilities associated with the acquisition of a vessel, the Company allocates the purchase price between the vessel and any identified tangible and intangible assets or liabilities based on their relative fair values. Fair value is determined by reference to market data. The Company determines the fair value of any intangible asset or liability related to time charters assumed, by reference to the market value of the time charters

at the time the vessel is acquired. The amount recorded as an asset or liability at the date of vessel delivery is the lowest of: a) the difference between the market value of the vessel on a charter free basis and the vessel's acquisition cost and b) the present value of the difference between the future cash flows of the assumed charter and the future cash flows at the current market rate. If an intangible asset is identified it is recorded as prepaid charter revenue. If an intangible liability is identified it is recorded as deferred revenue. Such assets and liabilities, respectively, are amortized as a reduction of, or an increase in, revenue over the period of the time charter assumed.

The 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 16 years (excluding new building vessels not yet delivered). A vessel is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the vessel (calculated as the difference between the net disposal proceeds and the carrying amount of the vessel including any unamortised portion of dry-docking) is included in the income statement in the year the vessel is derecognised.

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

spective carrying values of dry-docking costs are derecognised together with the vessel's carrying amount at the time of sale.

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

(o) 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 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. Fair value of vessels is determined by independent marine appraisers. If the valuation from appraiser indicates possible impairment, the Group proceeds to calculate the vessel's value in use.

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. These assumptions are based on historical trends as well as future expectations. No impairment loss was recognised by the Group for the years ended 31 December 2007 and 2006.

(p) 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.

(q) 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.

(r) Derivative financial instruments and hedging:

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

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

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

(s) Segment Reporting:

The Group reports financial information and evaluates its operations by charter revenues and not, for example, by (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.

(t) Finance income:

Finance income is earned from the Group's short term deposits.

(u) 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.

(v) Stock incentive plan:

All share based compensation provided to Directors and Senior Management for their service is included in 'General and administrative expenses' of the Consolidated Income Statement. The fair value of the employees' services received in exchange for the Company's restricted shares is accrued and recognized as an expense in the year of grant. Upon issuance of the relevant shares the total number of shares and their value is separately reflected in the Consolidated Statement of Changes in Equity.

(w) IFRS and IFRIC Interpretations not yet effective:

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

(a) IAS 23 Borrowing Costs – Revised. A revised IAS 23 Borrowing costs was issued in

March 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company will be required to change its accounting policy from 1 January 2009 to capitalise borrowing costs on qualifying assets prospectively from that date. In accordance with the transitional requirements in the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed. The amendment to the Standard has not yet been endorsed by the EU.

(b) IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements – Revised. The revisions to IFRS 3 and IAS 27 were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. As regards IFRS 3, this will apply to business combinations occurring in those periods and its scope has been revised to include combinations of mutual entities and combinations without consideration (dual listed shares). IFRS 3 and IAS 27, inter alia, require greater use of fair value through the income statement and cement the economic entity concept of the reporting entity. Furthermore, these standards also introduce the following requirements (i) to remeasure interests to fair value when control is obtained or lost, (ii) recognising directly in equity the impact of all transactions between controlling and non-controlling shareholders where loss of control is not lost and, (iii) focuses on what is given to the vendor as consideration rather than what is spent to achieve the acquisition. More specifically, items such as acquisition-related costs, changes in the value of the contingent consideration, share-based payments and the settlement of pre-existing contracts will generally be accounted for separately from the business combination and will often affect the income statement. The

revisions to the Standards have not yet been endorsed by the EU.

(c) IAS 1 Presentation of Financial Statements

– **Revised.** A revised IAS 1 Presentation of Financial Statements was issued in September 2007 and becomes effective for financial years beginning on or after January 2009. The standard was revised to require statement of changes in equity to include only transactions with shareholders. A new statement of comprehensive income is introduced and dividends to equity holders are shown only in the statement of changes of equity or notes to the financial statements. The Company is in the process of assessing the impact this revised standard will have on its financial statements. This revision to the Standard has not yet been endorsed by the EU.

(d) IFRS 8, Operating Segments (effective for financial years beginning on or after 1 January 2009). It is not relevant to the Group's operations. This Standard has been endorsed by the EU.

(e) IFRIC 11, IFRS 2, Group and Treasury Share Transactions (effective for financial years beginning on or after 1 March 2007). It is not relevant to the Group's operations. This Interpretation has been endorsed by the EU.

(f) IFRIC 12, Service Concession Arrangements (effective for financial years beginning on or after 1 January 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(g) IFRIC 13, Customer loyalty programs (effective for financial years beginning on or after 1 July 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(h) IFRIC 14, The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction. (effective for financial years beginning on or after 1 January 2008). It is not relevant to the Group's operations. This Interpretation has not yet been endorsed by the EU.

(i) Amendment to IFRS 2 'Share based payment: "vesting conditions and cancellations"' (effective for financial years beginning on or after 1 January 2009). The amendment to the Standard has not yet been endorsed by the EU.

(x) IFRS and IFRIC Interpretations that became effective in the year ended 31 December 2007:

The following Standards and Interpretations became effective within the year ended 31 December 2007. None of the Standards and Interpretations had an impact in the consolidated financial statements, other than IFRS 7 and IAS 1 (amended), which did not have any effect on the financial position of the Group but did give rise to additional disclosures.

(a) IFRS 7, Financial Instruments: Disclosures

(b) IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

(c) IFRIC 8, Scope of IFRS 2

(d) IFRIC 9, Reassessment of Embedded Derivatives

(e) IFRIC 10, Interim Financial Reporting and Impairment

(f) IAS 1, Presentation of Financial Statements - Amended



3. VOYAGE & VESSEL OPERATING EXPENSES

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

Voyage expenses		
	2007 U.S.\$'000	2006 U.S.\$'000
Port charges	(541)	(52)
Bunkers (fuel costs)	(1,198)	(227)
Third party commissions	(5,485)	(3,942)
	(7,224)	(4,221)
Voyage expenses – related party		
Commissions- related party	(2,497)	(1,813)
Vessel Operating Expenses		
Crew expenses	(13,179)	(10,216)
Store & Consumables	(1,578)	(1,319)
Spares	(2,565)	(2,155)
Repairs & maintenance	(1,314)	(1,129)
Lubricants	(5,082)	(3,182)
Insurance	(4,827)	(4,418)
Taxes (other than income tax)	(427)	(298)
Other operating expenses	(2,439)	(2,143)
	(31,411)	(24,860)

4. GENERAL AND ADMINISTRATIVE EXPENSES

	2007 U.S.\$'000	2006 U.S.\$'000
Directors and Management team Remuneration	(1,111)	(940)
Directors and Management team Annual Incentive Plan (see note 21c)	(380)	-
Audit fees	(242)	(233)
Class 1 fees ⁽¹⁾	(375)	-
Legal fees	(122)	(85)
Other	(548)	(218)
	(2,778)	(1,476)

⁽¹⁾ Class 1 fees relate to the one-off expenses incurred in the preparation of the circular filed with UK Listing Authority and distributed to shareholders, relating to an Extraordinary General Meeting ("EGM") held on 24 October 2007, for the approval of the acquisition of four new-build bulk carrier contracts and two new-build container vessel contracts (see note 7). Fees to the auditors for the review of the working capital projections in respect to the circular, amounted to U.S.\$50.

"Directors and Management team Remuneration" in 2006 covers the period from the official listing of the Company (5 April 2006) up to 31 December 2006. Before that period no such costs were incurred, since the Board of Directors and Management team were established contemporaneous with the listing of the Company. For 2007 remuneration relates to the full year period.

The Directors and Management team Annual Incentive Plan ("AIP") includes U.S.\$350 of non cash items relating to bonus paid in the form of shares under the terms of AIP as well as U.S.\$30 paid in cash within 2007 (see note 21c).

5. FINANCE EXPENSE

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

	2007 U.S.\$'000	2006 U.S.\$'000
Interest payable on long-term borrowings	(5,366)	(4,146)
Gain/(Loss) on fair value of derivatives	(329)	1
	(5,695)	(4,145)

6. EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the profit for the year attributable to Goldenport Holdings Inc. shareholders (U.S.\$58,281 and U.S.\$45,188 for the years ended 31 December 2007 and 2006, respectively) by the weighted average number of shares outstanding (69,885,106 for the year ended 31 December 2007 and 62,533,312 for the year ended 31 December 2006). The weighted average number of shares outstanding as of 31 December 2006 reflects the issuance of shares for the Contributed Companies in the reorganisation described in note 15 as if they had been issued at the beginning of the earliest year presented.

Diluted EPS reflects the potential dilution that could occur if share options or other contracts to issue shares were exercised or converted into shares. Accordingly, in respect of the restricted stock granted to the Company's directors under the Annual Incentive Plan (see note 21c), diluted EPS for the year ended 31 December 2007 includes such shares granted but not issued. Diluted EPS was calculated based on the weighted average number of shares that would derive if these shares were issued on the grant date. Such number is calculated by dividing the fair value of the directors' services exchanged for Company's shares with the average market value of the Company's stock during the respective year.



7. VESSELS

Vessels consisted of the following at 31 December:

	2007 U.S.\$'000	2006 U.S.\$'000
Cost of vessels		
At 1 January	150,735	94,260
Additions	123,371	56,475
Disposals	(1,588)	-
At 31 December	272,518	150,735
Depreciation		
At 1 January	(25,539)	(18,051)
Depreciation charge for the year	(15,361)	(7,488)
Disposals	-	-
Accumulated depreciation	(40,900)	(25,539)
Net carrying amount of vessels	231,618	125,196
Cost of dry-dockings		
At 1 January	15,786	11,821
Additions	12,484	3,965
At 31 December	28,270	15,786
Depreciation		
At 1 January	(9,262)	(3,609)
Depreciation charge for the year	(5,932)	(5,653)
Accumulated depreciation	(15,194)	(9,262)
Net carrying amount of dry-docking costs	13,076	6,524
Net carrying amount at 31 December	244,694	131,720

Operational vessel acquisitions

On 19 March 2007, the Company took delivery of the M/V West Gate Bridge (renamed to MSC Finland), a container vessel of 3,032 TEU and 40,928 DWT built in 1986 for U.S.\$17,000 (including U.S.\$165 of unamortised dry-docking component). An amount of U.S.\$1,700 had been paid in advance during 2006.

On 20 July 2007, the Company took delivery of the M/V Ajama (renamed to Anafi), a container vessel of 2,420 TEU and 33,745 DWT built in 1994 for U.S.\$36,000 (including U.S.\$313 of unamortised dry-docking component).

On 17 August 2007, the Company took delivery of the M/V Nautic (renamed to MSC Accra), a container vessel of 1,889 TEU and 33,202 DWT built in 1985 for U.S.\$12,350 (including U.S.\$402 of unamortised dry-docking component). On acquisition of the vessel, the Company concluded a five year time charter agreement. Accordingly, the Company estimates that the useful life of the specific vessel should be extended up to the end of charter (June 2012).

On 23 October 2007, the Company took delivery of the M/V Bosphorus Bridge, a container vessel of 3,720 TEU and 47,359 DWT built in 1993 for U.S.\$19,200. The vessel was purchased in the second-hand market and was acquired with an

existing charter with a U.S.\$14.75 daily rate for a period of 52 months beginning from the delivery date. The value of the vessel on a charter free basis as of the date of acquisition has been valued at U.S.\$30,500 from independent marine valuers. The Company has allocated an amount of U.S.\$11,300 as deferred revenue (see note 17), which will be recognised to the income statement over the period of the time charter. This amount is included in the balance sheet under lines "Deferred revenue" and "Deferred revenue current portion".

On 12 November 2007 and 21 November 2007, the Company took delivery of the sister geared container vessels M/V Gitte and M/V Lone (renamed to MOL Brilliant) respectively, both of 976 TEU and 9,868 DWT built in 1992, acquired for a total consideration of U.S.\$28,625 (including U.S.\$704 of unamortised dry-docking component).

Vessel additions include the cost of acquisition of the vessels (net of unamortised dry-docking component), capitalised initial costs associated with the acquired vessels of U.S.\$264 and capital improvements on existing vessels of U.S.\$216.

The gross carrying amount of vessels, which have been fully depreciated to their residual value and were still in use at 31 December 2007, was U.S.\$14,208 (2006: U.S.\$15,844).

All of the Company's operating vessels having a total carrying value of U.S. \$244,694 at 31 December 2007 (U.S.\$131,720 at 31 December 2006), have been provided as collateral to secure the loans discussed in note 16.

Disposals

On 8 February 2007, the Company concluded the sale of the 53,522 DWT, 1977-built vessel "Vana", to an unaffiliated third party. The sale was concluded at a gross consideration of US \$5,500 in cash and the vessel was delivered to the new owners on 2 May 2007. As of 31 December 2006, M/V Vana had a net carrying amount in the financial statements of U.S.\$1,588, which was equal to her scrap value. A commission of 4% on the gross consideration was paid during the year ended 31 December 2007. The gain resulting from the sale of the vessel was U.S.\$3,692 and is included in the Group's income statement for the year ended 31 December 2007.

Dry-docking costs

During 2007 dry-dockings were carried out for ten vessels of the Group at a total cost of U.S.\$10,900. In addition, the dry-docking component for the six new vessels amounted to U.S.\$1,584.



8. VESSEL UNDER RECONSTRUCTION

The balances as at 31 December were as follows:

	2007 U.S.\$'000	2006 U.S.\$'000
Purchase Price	13,000	13,000
Capital expenditure for reconstruction	24,407	9,975
Capitalised interest and other borrowing costs	1,473	93
	38,880	23,068

On 16 June 2006, the Group acquired the M/V Fortune, a container vessel of 5,551 TEU and 68,537 DWT built in 1996, for U.S.\$13,000. The vessel was damaged in a fire on 21 March 2006 under other ownership. The vessel is expected to become operational within 2008 (see note 20a).

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

Vessel's carrying value of U.S. \$38,880 at 31 December 2007 (U.S.\$23,068 at 31 December 2006), has been provided as collateral to secure the loan discussed in note 16.

9. ADVANCES FOR VESSEL ACQUISITION

No advances for vessels acquisition were outstanding as of 31 December 2007. The amount of U.S. \$1,700 in 2006 represents 10% advance payment for the acquisition of the vessel "West Gate Bridge". Upon delivery of vessel on 19 March 2007 the amount relating to the advance was reclassified to the cost of vessel.

10. ADVANCES FOR VESSEL CONSTRUCTION

The balances as at 31 December were as follows:

	2007 U.S.\$'000	2006 U.S.\$'000
4 Bulk Carriers	30,286	-
2 Containers	18,981	-
JV – 2 Bulk Carriers	12,971	-
	62,238	-

a) New Buildings

Bulk Carriers

Goldenport Shipmanagement Limited ("GSL"), a company wholly-owned by Captain Paris Dragnis, the Chief Executive Officer of Goldenport, has agreed specification terms with Cosco (Zhousan) Shipyard Co. Ltd

for the construction of four new-build bulk carriers of 57,000 DWT each (the "Cosco Contracts") with an aggregate value of U.S.\$151,000, with the intention to transfer them to the Company on a no profit /no loss basis.

On 5 October 2007, the Company entered into an agreement with GSL (the "GSL Agreement"), under which the Company would acquire the four GSL subsidiaries that at the time held the Cosco Contracts.

On 24 October 2007 the Company's shareholders in an EGM approved the transfer of the four companies from GSL to the Group for the price of one dollar per company.

On 27 November 2007 the Group paid to the shipyard an aggregate amount of U.S. \$30,200 representing the 20% deposit in respect of the four contracts for the vessels to be delivered in 2009. Payments will be made to the yard based on the construction progress schedule in tranches of 20% of the total value. The last 20% will be paid upon delivery of the vessels.

Containers

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

On 24 October 2007 the Company's shareholders, in an EGM, approved the transaction.

On 31 October 2007, the Company paid U.S.\$18,730, representing the 20% deposit for the two vessels, as per contract. Payments will be made to the yard based on the construction progress schedule in tranches of 20% of the total value. The last 20% will be paid upon delivery of the vessels.

b)New Buildings-Joint Venture

On 13 March 2007 the Group entered into a 50% joint venture with the unaffiliated third party Topley Corporation with the objective to construct two 53,800 DWT bulk carrier vessels in Jiangsu Eastern Shipyard of China, which are expected to be delivered in the second half of 2008. The contract price for each vessel is U.S.\$32,000 (U.S.\$64,000 in total). The construction of the vessels is financed by cash contributions of the joint venture parties and bank financing. Payments will be made to the yard based on the construction progress schedule on tranches of 20% of the total value. The last 20% will be paid upon delivery of the vessels. Within 2007 two instalments of 20% each were paid totalling U.S.\$25,600, out of which U.S.\$12,800 were paid by the Group.

As part of the joint venture agreement between the Group and Topley Corporation, the Group formed the company Sentinel Holdings Inc., under the laws of the Marshall Islands and transferred 50% of the issued shares (500 shares of no par value) to Topley Corporation for one USD per share. Sentinel Holdings Inc. is the sole shareholder of the issued share capital of Citrus Shipping Corp. and Barcita Shipping S.A. (ship-owners of JES041 and JES042 hulls respectively).

On 8 August 2007 Citrus Shipping Corp. and Barcita Shipping S.A. signed a loan agreement with a bank in order to partially finance up to 75% of the construction cost of the two vessels. The amount of loan is up to U.S.\$48,000 (U.S.\$24,000 for each vessel). Part of the loan was drawn on 22 January 2008 (see note 24).



The Group's 50% portion in the stand alone Financial Statements of Sentinel Holdings Inc., for the year ended 31 December 2007 is as follows:

SENTINEL HOLDINGS INC.	31 December 2007 U.S.\$'000
ASSETS	
Non-current assets	
Advances for vessel construction	12,971
TOTAL ASSETS	12,971

Vessels are expected to become operational in late 2008 and therefore, no significant transaction with effect on the results of the joint venture occurred within 2007.

11. OTHER NON-CURRENT ASSETS - LIABILITIES

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

	2007 U.S.\$'000	2006 U.S.\$'000
Fair value of derivative instrument ⁽¹⁾	50	185
Fair value of derivative instrument ⁽²⁾	(194)	-

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

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

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

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

The Group did not designate the swap agreement as an accounting hedge and accordingly, gains or losses resulting from changes in the fair value of this derivative instrument, which approximated U.S.\$135 loss and U.S.\$1 gain for the years ended 31 December 2007 and 2006 respectively, are

recorded in finance expense or income, accordingly, in the consolidated income statement. The fair value of the derivative financial instrument at 31 December 2007 and 2006 was an asset of U.S.\$50 and U.S.\$185 respectively, which is included in other non-current assets in the accompanying consolidated balance sheet.

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

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

12. INSURANCE CLAIMS

	2007 U.S.\$'000	2006 U.S.\$'000
Balance as of 1 January	1,305	259
Additions	3,144	1,586
Collections	(1,127)	(459)
Amounts written off	(54)	(81)
Balance as of 31 December	3,268	1,305

13. RESTRICTED CASH

	2007 U.S.\$'000	2006 U.S.\$'000
Restricted cash	-	1,166

The restricted cash concerns the amounts held in bank accounts of the management company that were retained for the future instalment of Group's loans (see note 16). During 2007 the Company agreed with the engaged bank to cease the retention cash transfers.

14. CASH AND CASH EQUIVALENTS

	2007 U.S.\$'000	2006 U.S.\$'000
Cash at bank	873	303
Short term deposits	19,074	81,069
	19,947	81,372

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.



15. SHARE CAPITAL AND SHARE PREMIUM

Share capital consisted of the following at 31 December:

	2007 U.S.\$'000	2006 U.S.\$'000
Authorised		
Shares of \$0.01 each	1,000	1,000
Issued and paid		
Shares of \$0.01 each	699	699
Total issued share capital	699	699

Formation: The Company was formed on 21 March 2005, and prior to the reorganization analyzed below, its share capital consisted of 500 shares authorized, issued and outstanding, without par value. On 30 March 2006, conditional on admission to the Official List of the London Stock Exchange, the Company amended its Articles of Incorporation. Under the Company's Amended and Restated Articles of Incorporation, the Company has an authorized share capital of 100,000,000 shares (all in registered form) consisting of 100,000,000 shares with a par value of U.S.\$0.01 per share. The Company cancelled the existing 500 shares with no par value. Prior to the reorganization, seventeen holding companies (the "Contributed Companies"), each in turn owning a vessel-owning company, were wholly-owned by Captain Paris Dragnis. The reorganization described below was a transaction between companies under common control, and has been accounted for in a manner akin to a pooling of interests for the years prior to the reorganization. Accordingly, the financial statements of the Group have been presented using historical carrying costs of the Contributed Companies. The consolidated financial statements have also been prepared on the basis that Goldenport existed for all years prior to the reorganization and was the parent company of the Contributed Companies in all such years.

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

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

The analysis of the share premium is as follows:

	U.S.\$'000
Proceeds from Initial Public Offering, gross	115,465
Issuance costs	(8,193)
Proceeds from Initial Public Offering, net	107,272
Nominal share capital cost	(281)
Share premium	106,991

16. LONG-TERM DEBT

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

		31 December 2007 U.S.\$'000		31 December 2006 U.S.\$'000	
Bank Loan	Vessel(s)	Amount	Rate %	Amount	Rate %
a. Issued 13 February 2003, maturing 30 May 2009	Lindos	2,450	6.19%	3,150	6.13%
b. Issued 31 March 2004, maturing 30 September 2010	Tilos, Limnos	6,000	6.28%	7,400	6.09%
c. Issued 17 May 2005, maturing 17 August 2009	Beauty, Msc Emirates, Achim, Alex D, Gianni D, Msc Socotra, Howrah Bridge	11,800	5.91%	17,000	6.09%
d. Issued 26 June 2006, maturing 26 September 2011	Msc Scotland	12,700	6.20%	15,900	6.42%
e. Issued 19 July 2006, maturing 16 July 2011.	Vasos	15,100	6.29%	17,500	6.49%
f. Issued 14 November 2006, maturing 28 November 2009	Fortune, Tuas Express, Athos, Ios, Msc Himalayia, Glory D, Samos	23,000	6.05%	20,000	6.38%
g. Issued 14 March 2007, maturing 14 March 2012.	Msc Finland	9,200	5.89%	-	-
h. Issued 19 July 2007, maturing 19 July 2014	Anafi	22,825	6.00%	-	-
i. Issued 17 August 2007, maturing 17 August 2012	Msc Accra	7,695	5.76%	-	-
j. Issued 18 October 2007, maturing 18 October 2014	Bosporus Bridge, YZJ-815, YZJ-816	12,500	6.03%	-	-
k. Issued 11 November 2007, maturing 11 November 2014	Gitte, MOL Brilliant	18,750	5.84%	-	-
l. Issued 27 November 2007, maturing 17 August 2009	Goldenport Holdings Inc.	20,000	5.91%	-	-
Total		162,020		80,950	
Less: financing costs		(500)		(323)	
Less: current portion		(30,755)		(19,900)	
Long-term portion		130,765		60,727	

The upcoming repayment terms of loans with balances outstanding at 31 December 2007 are:

Loan a: This loan is repayable in three quarterly instalments of U.S.\$350 each, the first one being due on 30 May 2008 and the final one being due on 30 May 2009, along with a balloon payment of U.S.\$1,400.

Loan b: This loan is repayable in six semi-annual instalments of U.S.\$700 each, the first one being due on 30 March 2008 and the final one being due on 30 September 2010, along with a balloon payment of U.S.\$1,800.

Loan c: This loan is repayable in seven quarterly instalments of U.S.\$1,300 each, the first one being due on 17 February 2008 and the final one being due on 17 August 2009, along with a balloon payment of U.S.\$2,700.

Loan d: This loan is repayable in six quarterly instalments of U.S.\$800 each, the first one being due on 26 March 2007 and the sixth being due on 26 June 2009, eight quarterly instalment of U.S.\$600 each, the first one being due on 26 September 2009 and the final one being due on 26 June 2011, plus a balloon payment of U.S.\$3,100, being due on 26 September 2011.

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

Loan f: On 14 November 2006 the Group signed an agreement for a secured term loan facility of U.S.\$30,000. The Group will utilise the U.S.\$25,000 in order to reconstruct the M/V Fortune and the rest was used for repayment of existing loans (the vessels involved in the agreement were used as collateral to the loan). The total of U.S.\$30,000 has been drawn (U.S.\$ 10,000 in November 2006, U.S.\$10,000 in late December 2006, U.S.\$ 5,000 in late June 2007 and U.S.\$ 5,000 in October 2007). This loan is repayable in four quarterly instalments of U.S.\$1,750 each, the first one being due on 28 February 2008 and

the last one being due on 28 November 2008 and four quarterly instalments of U.S.\$1,000 each with the first one being due on 28 February 2009 and the last one being due on 28 November 2009 along with a balloon payment of U.S.\$12,000.

Loan g: This loan was obtained to finance the acquisition cost of the M/V MSC Finland (see note 7) and is repayable by nine quarterly instalments of U.S.\$600 each, the first one being due on 14 March 2008 and the ninth on 15 March 2010 and eight quarterly instalment of U.S.\$475 each, the first one being due on 14 June 2010 and the final one being due on 14 March 2012.

Loan h: This loan was obtained to finance the acquisition cost of the M/V Anafi (see note 7) and is repayable by twenty seven quarterly instalments of U.S.\$675 each, the first one being due on 19 January 2008 and the final one on 19 July 2014 along with a balloon payment of U.S.\$4,600.

Loan i: This loan was obtained to finance the acquisition cost of the M/V Msc Accra (see note 7) and is repayable by nineteen quarterly instalments of U.S.\$405 each, the first one being due on 16 February 2008 and the final one on 16 August 2012.

Loan j: This loan was obtained to finance the acquisition cost of the M/V Bosphorus Bridge (see note 7) and is repayable by twenty eight quarterly instalments of U.S.\$333.75 each, the first one being due on 18 January 2008 and the final one on 18 October 2014 along with a balloon payment of U.S.\$3,155.

Loan k: This loan was obtained to finance the acquisition cost of the sister vessels M/V Gitte and M/V MOL Brilliant (see note 7) and is repayable by twenty eight quarterly instalments of U.S.\$575 each, the first one being due on 11 February 2008 and the final one on 11 November 2014 along with a balloon payment of U.S.\$2,650.

Loan l: In addition to the loans mentioned above, a non-amortising, revolving credit line was obtained on 27 November 2007, to support the Group's operations. It is in Group's discretion

to drawdown any amount up to U.S.\$20,000 in various tranches, in multiples of U.S.\$500 and for interest periods of multiples of one month and up to twelve months. The facility expires on 17 August 2009 and can be extended upon bank's discretion. As of 31 December 2007, the Group has utilised this facility in full.

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

The remaining loans have margins between 0.70% and 1.125% above LIBOR.

Total interest paid was U.S.\$5,822 and U.S.\$3,471 for the year ended 31 December 2007 and 31 December 2006, respectively.

The loans are secured with first priority mortgages over the borrowers vessels. The loan agreements contain covenants including restrictions as to changes in management and ownership of the vessels, additional indebtedness and mortgaging of vessels without the bank's prior consent as well as minimum requirements regarding hull cover ratio and corporate guarantees of Goldenport Holdings. The restricted net assets of the vessel-owning subsidiary companies at 31 December 2007 and 2006 consisted of restricted cash and amounted to U.S.\$0 and U.S.\$1,166 respectively.

17. DEFERRED REVENUE

Deferred revenue includes an amount of U.S.\$11,300, which represents the difference between the market value of the vessel charter free and the amount actually paid to acquire the vessel M/V Bosphorus Bridge (see note 7) in the secondhand market. This amount will be recognized to income over fifty two months from delivery of vessel (see note 7). The amount recognized to income in the current year amounts to U.S.\$415. The remaining balance in deferred revenue represents cash received from charterers prior to 31 December 2007, which relates to revenue earned after that date.

18. ACCRUED LIABILITIES AND OTHER PAYABLES

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

	2007 U.S.\$'000	2006 U.S.\$'000
Accrued interest	1,534	783
Accrual for supplementary calls	678	663
Accrued wages	253	90
Accrual for annual incentive plan	350	-
Accrued audit fee	160	185
Accrued dry-docking costs	2,936	-
Other accrued expenses	1,643	668
Other payables	1,412	1,365
	8,966	3,754

19. DIVIDENDS DECLARED

The Board of Directors of the Company will propose to the Annual General Meeting for approval, a final dividend for 2007 of 15 pence per share or total GBP 10,483 (11.9 pence per share or GBP 8,316 for 2006). The dividend proposed by the Board of Directors, is expected to be approved by the AGM to be held on 30 April 2008.

Dividend rights: Under the Company's by-laws, each ordinary share is entitled to dividends if and when dividends are declared by the Board of Directors. There are no restrictions on the Company's ability to transfer funds (other than funds denominated in Marshall Islands dollars) in and out of Marshall Islands. The payment of dividends is subject to the approval of the Annual General Meeting of Shareholders. The payment of dividends was U.S.\$26,362 in 2007 (23.5 cents per share or 11.9 pence per share as final dividend for 2006 and 14.2 cents per share or 7.0 pence per share as interim dividend for 2007) and U.S.\$ 13,924 in 2006 (15.6 cents per share before the admission of the Company's shares in the London Stock Exchange as final dividend for 2005 and 10.6 cents per share or 5.6 pence per share as interim dividend for 2006).

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.

As explained in note 8, on 16 June 2006, the Group acquired the M/V Fortune, a container vessel of 5,551 TEU and 68,537 DWT built in 1996, for U.S.\$13,000. The vessel was damaged in a fire on 21 March 2006. The vessel is expected to become operational within 2008. The total estimated cost of reconstruction, excluding the initial acquisition cost of U.S.\$13,000, is expected to be approximately U.S.\$35,000 (including capitalised interest, supervision fees and other). As of 31 December 2007, the expenditure incurred for reconstruction amounted to U.S.\$25,880 (31 December 2006: U.S.\$10,068). The remaining amount of approximately U.S.\$ 9,000, to reach the total estimated reconstruction cost, is to be incurred periodically until the delivery of the vessel. The main component of the remaining reconstruction costs of U.S.\$ 9,000, is the cost of the

yard that will undertake the major repairs. The Group has entered to this respect, into an agreement with COSCO Zhouzhan yard for an amount of U.S.\$12,490, which will be payable based on the progress of the repairs. The remaining estimated cost mainly concerns spare parts for the vessel.

- b. Sentinel Holdings Inc. (the joint venture company) entered into agreement with Jiangsu Eastern Shipyard for the construction of two new build bulk carriers of 53,800 DWT each. The total construction cost is estimated to be approximately U.S.\$64,000 (U.S.\$32,000 each), which is payable in five equal instalments. As of 31 December two instalments of U.S.\$6,400 have been paid for the both vessels JES041 and JES042. The remaining instalments, three for both vessels JES041 and JES042, are committed and will be paid in accordance with the milestones as described in the contract.
- c. Goldenport Holdings Inc. entered into agreement with Cosco (Zhouzhan) Shipyard Co. for the construction of four new build bulk carriers of 57,000 DWT each. The total construction cost is estimated to be approximately U.S.\$151,000, which is payable in five equal instalments (see note 10a). Four of these payments are committed and will be paid in ac-

cordance with the milestones, as described in the contract. Three of these payments are secured through letter of guarantee from the financing bank.

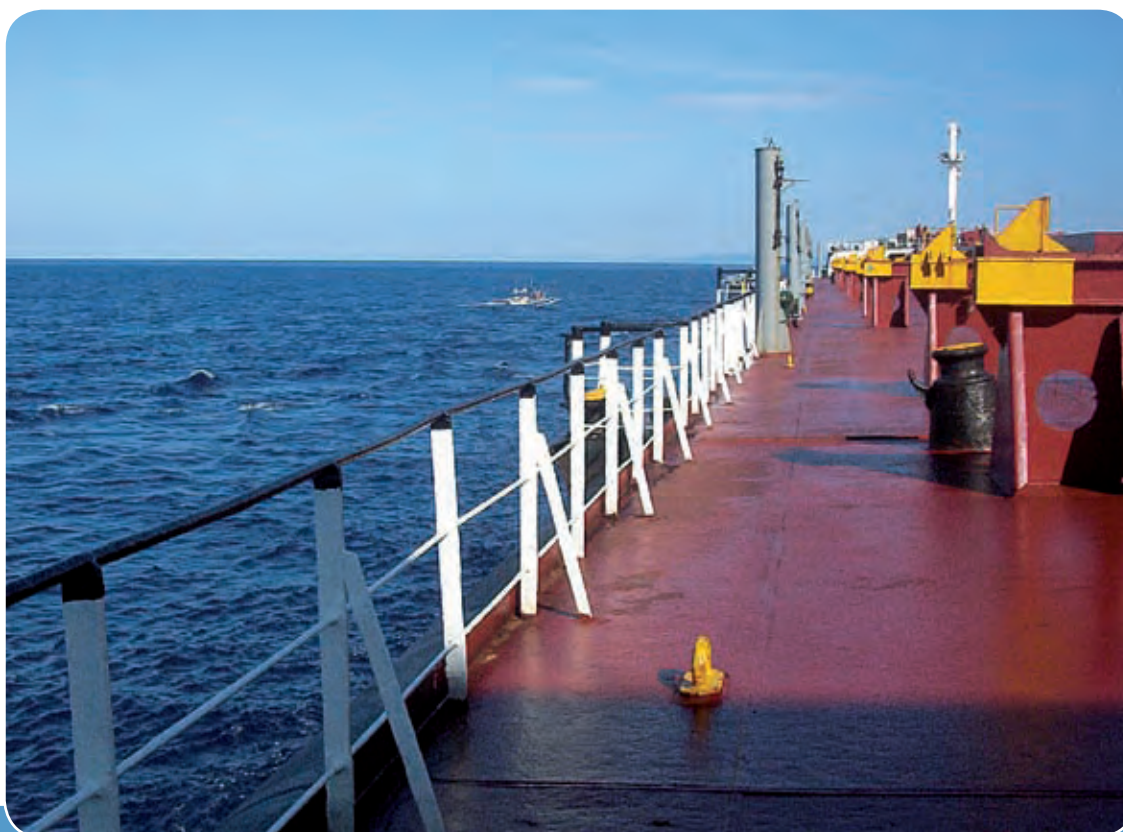
- d. On 7 August 2007, the Company entered into agreement with Jiangsu Yangzijiang Shipbuilding Co. Ltd and Anhui Technology Imp. & Exp. Co. for the construction of two new build geared container vessels of 2,500 TEU nominal capacity each. The total combined cost is estimated to be approximately

U.S.\$94,000, which is payable in five equal instalments (see note 10a). Four payments are committed and will be paid in accordance with the milestones, as described in the contract. Two of these payments are secured through a letter of guarantee from the financing bank.

- e. The Group has entered into time charter arrangements on all its operating vessels. These arrangements have remaining terms between 3 and 65 months as of 31 December 2007.

Future minimum charters receivable upon time charter arrangements as at 31 December 2007, 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 are not accounted for; in Cosco new buildings (see note 10a) the calculation is based on the floor rate without taking into account any profit share scheme; for the vessel into Joint Venture ("JV") (see note 10b) 50% of revenue is included:

	2007 U.S.\$'000	2006 U.S.\$'000
Within one year	157,318	67,602
1-5 years	202,591	84,968
> 5 years	3,808	-
	363,717	152,570



21. RELATED PARTY TRANSACTIONS

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

	2007 U.S.\$'000	2006 U.S.\$'000
Voyage expenses – related party		
Goldenport Shipmanagement Ltd (a)	2,497	1,813
Management fees – related party		
Goldenport Shipmanagement Ltd (a)	3,906	3,393
	6,403	5,206

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

	2007 U.S.\$'000	2006 U.S.\$'000
Due from related parties		
Goldenport Shipmanagement Ltd (a)	3,289	811
Total	3,289	811

- 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 ship-ping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee of U.S.\$15.75 per vessel per month (same for 2006).

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

For the year ended 31 December 2007 commission charged by GSL amounted to U.S.\$2,497 (2006: U.S.\$1,813) and is included in Voyage expenses-related party. GSL has a branch office registered in Greece under the provisions of Law 89/1967.

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

- (b) Sentinel Holdings Inc. appointed Goldenport Shipmanagement Ltd. as a consultant for the new-buildings project at Jiangsu Eastern Shipyard of China (note 10). As part of the supervision agreement between the two companies, GSL undertakes the plan approval, the attendance and supervision of the construction and trials of vessels JES041 and JES042, in exchange for a supervision fee for the first twelve months from steel cutting (unless delivery is earlier). For the year ended 31 December 2007 such fee charged by GSL amounted to U.S.\$276 half of which is included in 'vessels under construction' of the accompanying consolidated balance sheet.
- (c) Although two incentive plans: 'The Goldenport Discretionary Share Option Plan' and the 'Goldenport Share Award Plan' were approved prior to official admittance to the London Stock Exchange, none of them was activated up to 31 December 2007. A new plan ("Annual Incentive Plan") was approved in the AGM held on 17 May 2007.

Annual Incentive Plan and other remuneration of Directors and Management team

The Remuneration Committee believes that a significant proportion of total remuneration should be performance-related. In addition, performance-related rewards should be deliverable largely in shares to more closely align the interests of shareholders and all Executive Directors and Management. In order to achieve this, the Board decided to terminate the 2006 Annual Cash Bonus arrangements and to replace them with a new plan called the Annual Incentive Plan ('AIP'), which will be 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 on its meeting on 18 December 2007 proposed to the Board of Directors under the terms of AIP the base award for each participant. The Board of Directors on 18 December 2007 approved the Remuneration Committee proposal, subject to finalisation of the financial statements for 2007, and announced the base award to each participant. Out of the four participants one selected the full cash award and the other three selected the full shares award.

As per the terms of AIP the FCA is 90% of the base award, whereas FSA is 110% of the base award. The FCA amounted to U.S.\$30 and the FSA to U.S.\$350, which are included in the accompanying financial statements.

The Board of Directors on 25 February 2008 approved the financial statements and authorised the issuance of the shares relating to the full share award under the provisions of AIP, as approved in the AGM of 17 May 2007. Under these provisions the AIP shares 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 2007. The AIP shares will be allotted and then registered in the participants name on the ex-dividend date (2 April 2008).

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



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

	2007 U.S.\$'000	2006 U.S.\$'000
Directors and management team remuneration	1,111	761
Annual cash bonus	-	179
AIP- cash bonus	30	-
AIP- share bonus	350	-
	1,491	940

(d) The Interests of the Directors, the Senior Management and their respective immediate families in the share capital of the Company (all of which are beneficial unless otherwise stated), were as at 31 December 2007 as follows:

Name	Number of shares at admission (after over allotment)	Percentage of shares at admission	Number of shares as at 31 Dec 2007	Percentage of shares as at 31 Dec 2007
Captain Paris Dragnis ⁽¹⁾	41,800,000	59.812 %	41,800,000	59.812 %
Chris Walton ⁽²⁾	2,128	0.003%	2,128	0.003 %
John Dragnis ⁽³⁾	-	-	125,000	0.179 %

⁽¹⁾ Through Starla (see note 15)

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

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

No change has occurred in the interest of the Directors, the Senior Management and their respective immediate families in the share capital of the Company since 31 December 2007.



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-qualified 5% Stockholders in the closely-held group from owning 50% or more of each class of the Company's stock for more than half the number of days during the taxable year.

Treasury regulations under the Code were promulgated in final form in August 2003. These regulations apply to taxable years beginning after September 24, 2004. As a result, such regulations are effective for calendar year taxpayers, like the Company, beginning with the calendar year 2005. All the Company's ship-operating subsidiaries currently satisfy the 50% Ownership Test. In addition, the management of the Company believes that by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like the Company, the 50% Ownership Test can also be satisfied based on the trading volume and the widely-held ownership of the Company's shares. Regarding the 2003, 2004, 2005, 2006 and 2007 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. The Group has various other financial instruments such as cash and cash equivalents, restricted cash, trade receivables and trade payables, which arise directly from its operations.

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

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

Cash flow interest rate risk

Cash flow interest rate risk arises primarily from the possibility that changes in interest rates will affect the future cash outflows of the Group's long-term debt. The sensitivity analysis presented in the table below demonstrates the sensitivity to a reasonably possible change in interest rates (libor), with all other variables held constant, on the Group's profit for the year (fluctuations in 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 income statement will be impacted by movements in interest rates, the fair value impact of the derivatives have been excluded from the sensitivity analysis as not significant.
- One interest rate swap entered into in 2007 economically hedges a loan and the interest payments/receipt almost fully offset, therefore the loan has not been included in the sensitivity analysis.

	Increase/Decrease (%)	Effect on profit
2007	+0.5%	410
	-0.5%	(410)
2006	+0.5%	325
	-0.5%	(325)

Credit risk

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of 31 December 2007 in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

Concentration of Credit Risk

Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of cash and cash equivalents, and trade accounts receivables. The Group places its cash and cash equivalents, consisting mostly of deposits, with financial institutions. The Group performs annual

evaluations of the relative credit standing of those financial institutions. Credit risk with respect to trade accounts receivable is generally managed by the chartering of vessels to major trading houses (including commodities traders), established container-line operators, major producers and government-owned entities rather than to more speculative or undercapitalised entities. The vessels are normally chartered under time-charter agreements where as per the industry practice the charterer pays for the transportation service in advance, supporting the management of trade receivables.

Fair Values

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

Foreign currency risk

The majority of the Group's transactions are denominated in U.S. dollars therefore its exposure to foreign currency risk from operations is minimal. However, following the admission of the Company's shares to the London Stock Exchange, part of the proceeds (in GBP) were placed in short term deposit accounts. As at 31 December 2007 and 2006 an amount of GBP 6,300 (U.S.\$12,621) and GBP 17,947 (U.S.\$35,137) respectively, was held in short term time deposits.

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

	Increase/Decrease in GBP/USD rate	Effect on profit
2007	+5%	631
	-5%	(631)
2006	+5%	1,754
	-5%	(1,754)

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 2007 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. Accordingly, on 27 November 2007 the Group concluded a non-amortising, revolving credit line, to support the Group's operations (see note 16). As of 31 December 2007, the Group has utilised this facility in full.

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2007 and 2006, 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 2007 and 2006):

31 December 2007	<3 months	3- 12 months	1- 2 years	2- 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Interest bearing loans	11,028	27,613	67,835	55,157	25,087	186,719
Trade payables	8,512	-	-	-	-	8,512
Other payables	1,412	-	-	-	-	1,412
Derivative instrument liability	11	31	69	51	32	194
	20,963	27,644	67,904	55,208	25,119	196,837
31 December 2006	<3 months	3- 12 months	1- 2 years	2- 5 years	>5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Interest bearing loans	6,957	17,774	25,145	49,172	-	99,048
Trade payables	6,941	-	-	-	-	6,941
Other payables	1,365	-	-	-	-	1,365
	15,263	17,774	25,145	49,172	-	107,354

Capital Management

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

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

	2007 U.S.\$000	2006 U.S.\$000
Interest bearing loans	162,020	80,950
Trade payables, accrued liabilities and other payables	17,478	10,695
Less: cash and short term deposits	(19,947)	(81,372)
Net debt	159,551	10,273

	2007 U.S.\$000	2006 U.S.\$000
Issued share capital	699	699
Share premium	106,991	106,991
Retained earnings	73,757	41,838
Total capital	181,447	149,528
Capital & Net debt	340,998	159,801
Gearing ratio	47%	6%

24. EVENTS AFTER THE BALANCE SHEET DATE

Transfer of GSL activities: On 1 January 2008 all the activities of the accounting and legal department were transferred from GSL to the new subsidiary Goldenport Marine Services (see note 1). A monthly rental of Euro 14,500 is also agreed to be paid from Goldenport Marine Services to the owner of the building (a related party under common control) for the rental of the head offices. According to Management the total cost of these services and the rental represent 12.5% of the monthly management fee and therefore, the respective monthly management fee payable to GSL will be reduced by U.S.\$2.0 to U.S.\$13.75 per vessel per month in order to reflect this transfer of services.

Waiver of increase in management fee: On 5 January 2008 Goldenport Shipmanagement agreed with the Group to waive the right to a 5% increase in the management fee. Therefore, the management fee for 2008 will be adjusted for the services transferred to Goldenport Marine Services to U.S.\$13.75, as discussed above.

Drawdown of loan: On 22 January 2008 and as part of the loan agreement concluded between the vessel owning companies of the JV new-build bulk carriers (JES041 and JES042) and a bank (see

note 10b) the vessel owning companies proceeded with the drawdown of U.S.\$16,000, representing: a) the amount of U.S.\$9,600 being the refinancing of the second instalment of vessels JES041 and JES042 that was paid in 2007 from cash reserves from the Joint Venture partners; and b) the third instalment for JES041 amounting to U.S.\$6,400 that was paid directly to the shipyard as per the contract.

Loan repayments: On 14 January 2008 the Group paid U.S.\$1,450 in relation to the outstanding balance of loan (e), on 18 January 2008 U.S.\$334 in relation to loan (j), on 22 January 2008 U.S.\$675 in relation to loan (h), on 11 February 2008 U.S.\$575 in relation to loan (k) on 19 February 2008 U.S.\$405 in relation to loan (i) and on 19 February 2008 U.S.\$1,300 in relation to loan (c).

Dividends: On 25 February 2008 the Company proposed a dividend of 15 pence per share, amounting to £10,483. The dividend is expected to be approved by the AGM to be held in Athens on 30 April 2008. As a result the total dividend for 2007 will become 22 pence per share, amounting to total of £15,375.





Financial Calendar

26 February 2008	Announcement of 2007 Full Year results
2 April 2008	Ex-dividend date
4 April 2008	Record date
30 April 2008	Annual General Meeting
2 May 2008	Payment of 2007 final dividend
August 2008	Announcement of 2008 interim results

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**«God must have been a ship-owner.
He placed the raw materials far
from where they are needed
and covered two thirds of
the earth with water.»**

Erling Naess









Goldenport Holdings Inc.