

Meeting Date:	Mon, 19 Jul 2010 11:00	Proxy Deadline:	Thu, 15 Jul 2010	Type:	EGM	Issue date:	Wed, 07 Jul 2010
Meeting Location:	Status Centre, 41 Athinas Ave. Vouliagmeni 166 71 Athens Greece						
Current Indices:	FTSE SmallCap						
Sector:	Industrial transportation						

PROPOSALS	ADVICE
<p>1 Approve authority to increase authorised share capital</p> <p>The company announced on 25 June 2010 that it is proposing to raise approximately £23.5 million (US\$35) million (£22.3 million or US\$33.1 million net of expenses) by way of the Capital Raising of new shares. 18,496,010 new shares will be issued through the Placing and Open Offer at an Issue Price of 127 pence per new share, a discount of 1.55 pence to the Closing Price of 129 pence on 24 June 2010. Under the terms of the Placing and Open Offer, qualifying shareholders will be given the opportunity to apply for the new shares at the Issue Price, pro rata to their holdings of existing shares on the record date, on the basis of: 1 new share for every 3.918353093 existing shares up to their maximum entitlement.</p> <p>The Board considers that it is in the best interests of the company and its shareholders to raise equity to finance vessel acquisition opportunities at prices which are close to historically low levels. The company intends to use the net proceeds of the Capital Raising to fund future fleet expansion. The Board believes that market conditions are currently favourable and that now is an appropriate time in the cycle to raise equity to fund the company's growth. Whilst the company does not currently have any specific acquisition targets in mind, the Board is confident that it will be able to invest the proceeds of the Capital Raising within 12 months of admission. Until such time as the net proceeds are fully employed for the purpose of vessel acquisitions, they will be held as short term deposits at bank.</p> <p>Subject to the conditions of the Placing and Open Offer, the Placees have committed to subscribe for 10,301,331 new shares at the Issue Price subject to clawback to satisfy valid applications by existing qualifying shareholders under the Open Offer. Captain Paris Dragnis has committed to take up or procure the take up of a maximum of 7,507,019 new shares and a minimum of 6,341,492 new shares, being part of the entitlement of him and his connected persons under the Open Offer. Captain Paris Dragnis has agreed to reduce, from the maximum, the number of new shares he takes up (or of which he procures the take up) to the extent Placees, other qualifying shareholders and the joint underwriters subscribe for more than 10,301,331 new shares in aggregate pursuant to the Capital Raising. The remaining directors have executed the irrevocable undertakings committing to take up or procure the take up in aggregate, of 27,088 new shares, being part of their entitlement under the Open Offer. The Placing and Open Offer is fully underwritten by the joint underwriters (other than the new shares committed to be subscribed pursuant to the Irrevocable Undertakings), subject to, and on the terms set out in, the Placing, Open Offer and Sponsor Agreement entered into by the company on 25 June 2010. Admission is expected to occur and dealings in the new shares are expected to commence on the London Stock Exchange on 20 July 2010. The new shares will, when issued and fully paid, rank pari passu in all respects with the existing shares.</p> <p>Upon completion of the Capital Raising, the New Shares will represent approximately 25.5% of the company's existing share capital and approximately 20.3% of the company's enlarged issued share capital. Following the issue of the new shares to be allotted pursuant to the Capital Raising, qualifying shareholders who do not take up any of their entitlements in respect of the Open Offer or who</p>	<p>Abstain</p>

are not eligible to do so will experience a dilution of approximately 25.5% of their interests in the company as a result of the Open Offer.

Captain Paris Dragnis is the Chief Executive of the company and currently holds 60.50% of the issued share capital. Immediately following completion of the Capital Raising, he will hold 56.37% of the issued share capital. Captain Paris Dragnis, Christopher Walton, Christos Varsos and Konstantinos Kabanaros currently own, in aggregate 43,990,849 shares, representing approximately 60.70% of the issued share capital of the company. Captain Paris Dragnis owns 60.27% indirectly through Starla and 0.23% indirectly through Empower Navigation Inc.

On 30 March 2006, Captain Paris Dragnis, John Dragnis, Starla and the company entered into an agreement to regulate the relationship between Captain Paris Dragnis, Starla and the company with effect from Goldenport's Initial Admission. The agreement was entered into as a result of Starla controlling approximately 59.8% of the issued share capital of the company at the time of Goldenport's initial admission. The Relationship Agreement provided that all transactions between the company on the one hand, and Captain Paris Dragnis and Starla and their respective associates on the other, be conducted at arm's length and be on a normal commercial basis. Additionally, the agreement stipulated that Captain Paris Dragnis and John Dragnis would not become concerned in the ownership of container vessels and dry bulk carrier vessels, other than through Goldenport, for a period of four years from the date of the agreement. This period expired on 30 March 2010 and, in the absence of an agreement to regulate their ownership of vessels outside of the company, going forward each of Captain Paris Dragnis, John Dragnis and Starla will be able to own container vessels and dry bulk vessels other than through Goldenport and accordingly compete with the company.

As the company is incorporated in the Marshall Islands, it is not subject to The Takeover 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 states that it has incorporated certain provisions in its Articles and By-Laws which will be administered by the Board to regulate certain acquisitions of shares in the company.

As a result of the Placing and Open Offer, the company is seeking shareholder approval to increase the authorised share capital from US\$1,000,000 to US\$2,000,000 by the creation of 100,000,000 shares of common stock of US\$0.01 each in the capital of the company (representing 50% of the enlarged authorised share capital). PIRC considers that the company has provided sufficient information about the Placing and Open Offer however our primary concern surrounds the relationships that exist between the company and its related parties and the lack of a clear representation of independent non-executives on the board with just two independent directors. We therefore recommend abstention.

The company has advised PIRC that they clearly state the benefits of the capital raising to the company. It is a growth capital raising which will support the growth of the fleet utilizing opportunities currently in the market. The fleet has been renewed / increased merely with cash generation of the business and the IPO proceeds since 2006 and also the company managed to overcome the financial crisis without doing any rescue raising (as a large number of companies did since late 2008). The company has also confirmed that there would be no related party transactions and all vessels would be sourced from the market. The company also advises that the Chief Executive supports the capital raising with a large cash portion of the raising supporting his rights under the current ownership. The company also states that it is not obliged under the Takeover Code, but still it offered the capital raising on a pre-emptive basis.

2 Authority to allot new shares

Abstain

In connection with the Capital Raising, the company is seeking shareholder approval to grant the directors authority to allot the new shares up to an aggregate nominal amount of US\$184,961 (representing approximately 25.5% of the existing issued share capital of the company). This authority will expire on 9 August 2010, save that the company may allot relevant securities after this authority ends if the allotment is made pursuant to an agreement or offer which is made before this authority ends. Due to our concerns over the Placing and Open Offer, we recommend abstention.

3 To approve the issue of new shares

Abstain

Subject to the passing of Resolution 2, the company is seeking shareholder approval to allot equity securities for cash pursuant to the authority conferred on the Directors by Resolution 2 above in respect of the Capital Raising as if any pre-emption rights did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of US\$184,961. Due to our concerns over the Placing and Open Offer, we recommend abstention.

4 To authorise the directors to allot shares following the Capital Raising **Abstain**

The company is seeking approval to allot relevant securities up to an aggregate nominal amount of US\$303,233 (equivalent to 30,020,069 shares of US\$0.01 each in the capital of the company). Due to our concerns over the Placing and Open Offer, we recommend abstention.

5* To dis-apply pre-emption rights following the Capital Raising **Abstain**

Subject to the passing of Resolution 4, the directors be and are hereby empowered (in substitution for any existing authority to allot equity securities other than as set out in Resolution 4 above to allot equity securities for cash pursuant to the authority conferred on the directors by Resolution 3 above as if any pre-emption rights did not apply to such allotment, provided that this power shall: (i) be limited to the allotment of equity securities up to an aggregate nominal amount of US\$45,484 or (ii) in connection with or pursuant to a rights issue or other pre-emptive offer in favour of holders of shares in proportion (as nearly as practicable) to the respective number of equity securities held by them on the record date for such allotment but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; any prior to the date of this Resolution. Due to our concerns over the Placing and Open Offer, we recommend abstention.

6 To approve the rules of the Share Award Plan **Oppose**

Awards will be in shares and subject to continued office or employment with the group. An award may not generally vest before the third anniversary of its date of grant nor unless any specified performance targets have been met at the end of a three year period.

The company has advised PIRC that the performance conditions are based on the same conditions under the Discretionary Share Option Plan (Resolution 8 below) which is share price appreciation where 100% of the award vests will vest if either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 50% above the issue price. 75% of the award vests if either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 45% above the issue price. 50% of the award vests either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 40% above the issue price.

Whilst we welcome the company disclosing the performance conditions, we do not consider share price as an appropriate measure to incentivise or to determine director performance as share price is dependent on numerous factors which are also beyond direct director control. In addition, we consider any long term plan to have more than one performance condition used concurrently. In addition, a maximum limit has not been specified with reference to a participant's base salary. Furthermore, both the Share Award Plan and the Discretionary Share Option Plan will be based on the same performance conditions which essentially means double awards for the same measure. Due to these concerns, we recommend an oppose vote. Rating: DC

7 To amend the Share Award Plan **For**

The company is seeking approval to adopt additional sections of the Plan as they may consider necessary in relation to employees in jurisdictions outside the United Kingdom provided that no amendment to the advantage of participants may be made to provisions relating to the eligibility, the limits on the number of shares which can be issued under the Plan; the basis for determining a participant's entitlement to shares and the terms on which they can be acquired; and any

adjustment in the event of a variation in the company's share capital, without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. Additional schedules to the rules can be incorporated to operate the Plan in different jurisdictions. These schedules can vary the rules of the Plan to take account of any securities, exchange control or taxation laws or regulations. The Shares issued for these purposes will count towards the overall limit of shares issued under the Plan. Whilst we have raised our concerns in Resolution 6 on the operation of the Plan, we consider the proposed amendments to be reasonable.

8 To approve the rules of the Discretionary Share Option Plan

Oppose

The company is seeking approval to introduce the DSOP whereby participants will be granted options over a three year performance period. As mentioned above in Resolution 6, the performance conditions are also based on share price appreciation where 100% of the award vests will vest if either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 50% above the issue price. 75% of the award vests if either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 45% above the issue price. 50% of the award vests either the average closing price per share over the five dealing days prior to the vesting date; or over any continuous 20 calendar day period during the performance period is equal to or greater than a price which is 40% above the issue price.

Whilst we welcome the company disclosing the performance conditions, we do not consider share price as an appropriate measure to incentivise or to determine director performance as share price is dependent on numerous factors which are also beyond direct director control. In addition, we consider any long term plan to have more than one performance condition used concurrently. Furthermore, a maximum limit has not been specified in terms of a maximum on base salary. Both the schemes have the same performance conditions which we do not support. Due to these concerns, we recommend an oppose vote. Rating: DC

9 To amend the Discretionary Share Option Plan

For

This resolution will authorise the directors to adopt additional sections of the DSOP as they may consider necessary in relation to employees in jurisdictions outside the United Kingdom, with such modifications as may be necessary or desirable to take account of securities laws, exchange control and tax legislation. Whilst we have raised our concerns over the operation of the scheme in Resolution 8, we consider these changes to be reasonable.

* = **Special Resolution**

1.1 BOARD OF DIRECTORS

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. *A = audit committee, R = remuneration committee, N = nomination committee, C = CSR or Ethics Committee, * = committee chairman.*

Chris Walton		Chairman	
Age:	53	Date Appointed:	2006
Shares:	2244	Options:	
Severance Entitlement		LTIP:	
Other Positions:	Rockhopper Exploration Plc [NED], KZT [NED], Otus & Co [Special Adviser], ex-Bank of England Regional Economic Advisory Panel (South East England & Anglia) [meme], ex-easyJet [FD & CFO], ex-Qantas Airways, ex-Air New Zealand, ex-Australia Post, ex-Australian Airlines, ex-BP Australia, ex-Australian Senate, ex-RTZ Hamersley Iron, ex-Western Australian Government		
Comment:	Previously independent by the company and by PIRC.		

Paris Dragnis		Chief Executive	
Age:	65	Date Appointed:	2005
Shares:	43850294	Options:	
Severance Entitlement	6 months rolling	LTIP:	
Other Positions:	Goldenport Shipmanagement Ltd [Founder]		
Comment:	Company founder and majority shareholder (60.50% of issued share capital).		

Christos Varsos		Finance Director	
Age:	38	Date Appointed:	2005
Shares:	70731	Options:	
Severance Entitlement	6 months rolling	LTIP:	
Other Positions:	Association of Chartered Certified Accountants [Fellow], ex-Coca-Cola HBC, ex-Arthur Andersen [Manager and Sen Auditor], ex-Deloitte and Touche [Manager and Sen auditor], ex-Baker Tilly		
Comment:			

Konstantinos Kabanaros		Executive Director	
Age:	56	Date Appointed:	2005
Shares:	67580	Options:	
Severance Entitlement	6 months rolling	LTIP:	
Other Positions:	ex-Dragnis Group [Goldenport Shipmanagement Ltd - Chief Accounting Officer]		
Comment:	Chief Accounting Officer.		

Robert Crawley		Senior Independent Director	
Age:	55	Date Appointed:	2006
Shares:	0	Options:	
Severance Entitlement		LTIP:	
Other Positions:	IOW Marine Consultants Ltd [Founder], ex-JP Morgan Chase [co-head of European shipping]		
Comment:	Independent by the company, independent by PIRC.		

Captain Epameinondas Logothetis		Non-Executive Director	
Age:	76	Date Appointed:	2007
Shares:	0	Options:	
Severance Entitlement		LTIP:	
Other Positions:	Karlo Shipping Co. [Founder & Ch]		
Comment:	Independent by company, independent by PIRC.		

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