Goldenport Holdings Inc.

Unaudited Interim Condensed Consolidated Financial Statements

31 March 2014

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Report on review of interim condensed consolidated financial statements to the shareholders of Goldenport Holdings Inc.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Goldenport Holdings Inc. and its subsidiaries ("the Group") as at 31 March 2014, comprising of the interim consolidated statement of financial position as at 31 March 2014 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

2 May 2014

ernst & young

Athens

GOLDENPORT HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2014

	Notes	3 months ended 31 March 2014 U.S.$'000	3 months ended 31 March 2013 U.S.$'000
		Unaudited	Unaudited Restated*
Revenue		**12,420**	**14,826**
Expenses:			
Voyage expenses	**3**	(777)	(1,059)
Vessel operating expenses	**3**	(5,712)	(6,982)
Management fees – related parties	**17**	(718)	(787)
Depreciation	**7**	(4,303)	(5,232)
Depreciation of dry-docking costs	**7**	(305)	(366)
General and administrative expenses	**4**	(784)	(738)
Operating loss before provision for doubtful trade receivables		**(179)**	**(338)**
Provision for doubtful trade receivables		-	(232)
Operating loss		**(179)**	**(570)**
Finance expense		(1,315)	(1,341)
Loss on valuation of financial assets	**10**	(220)	-
Share of loss of a joint venture	**9**	(136)	(266)
Finance income		53	71
Foreign currency loss, net		(15)	(307)
Loss for the period		**(1,812)**	**(2,413)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(1,812)**	**(2,413)**
Attributable to:			
Goldenport Holdings Inc. Shareholders		(1,845)	(2,425)
Non-controlling interest		33	12
		(1,812)	(2,413)
Earnings/ (Loss) per share (U.S.$):			
- Basic and diluted LPS	**6**	(0.02)	(0.03)
Weighted average number of shares	**6**	93,429,473	93,191,758

* Certain amounts shown here do not correspond to the interim condensed consolidated financial statements as at 31 March 2013 and reflect adjustments made as detailed in Note 9.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GOLDENPORT HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

	Notes	31 March 2014 U.S.$'000 Unaudited	31 December 2013 U.S.$'000 Audited Restated*
ASSETS			
Non-current assets			
Vessels at cost, net	**7**	307,408	319,064
		307,408	319,064
Current assets			
Inventories		530	-
Trade receivables		2,749	2,102
Insurance claims		416	253
Due from related parties	**17**	5,109	5,860
Prepaid expenses and other assets		1,244	4,261
Financial assets	**10**	1,650	1,871
Loan receivable from joint venture	**9**	8,951	8,856
Interest in a joint venture	**9**	1,695	1,831
Restricted cash	**12**	2,163	2,642
Cash and cash equivalents	**11**	13,786	14,217
		38,293	41,893
Non-current asset Held for Sale	**8**	8,073	-
TOTAL ASSETS		**353,774**	**360,957**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued share capital	**14**	936	932
Share premium	**14**	147,937	148,307
Treasury stock	**5**	-	(483)
Retained earnings		28,797	30,642
		177,670	**179,398**
Non-controlling interest	**14**	1,034	1,001
TOTAL EQUITY		**178,704**	**180,399**
Non-current liabilities			
Long-term debt	**15**	145,646	149,521
		145,646	149,521
Current liabilities			
Trade payables		5,395	4,540
Due to related parties	**17**	158	974
Current portion of long-term debt	**15**	17,052	17,351
Accrued liabilities and other payables		5,230	7,085
Other current liabilities	**13**	127	177
Deferred revenue		1,462	910
		29,424	31,037
TOTAL LIABILITIES		**175,070**	**180,558**
TOTAL EQUITY AND LIABILITIES		**353,774**	**360,957**

* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2013 and reflect adjustments made as detailed in Note 9.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GOLDENPORT HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2014

	Number of shares - par value	Par value U.S.$	Issued share capital U.S.$'000	Treasury stock U.S.$'000	Share premium U.S.$'000	Other capital reserves U.S.$'000	Retained earnings U.S.$'000	Total Equity attributable to parent U.S.$'000	Non-controlling interest U.S.$'000	Total Equity U.S.$'000
As at 1 January 2013	**93,191,758**	**0.01**	**932**	**(483)**	**148,307**	**531**	**42,819**	**192,106**	**955**	**193,061**
(Loss)/Profit for the period	-	-	-	-	-	-	(2,425)	(2,425)	12	(2,413)
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Loss	-	-	-	-	-	-	(2,425)	(2,425)	12	(2,413)
Share based payment transactions (Note 17)	-	-	-	-	-	55	-	55	-	55
As at 31 March 2013 (unaudited)	**93,191,758**	**0.01**	**932**	**(483)**	**148,307**	**586**	**40,394**	**189,736**	**967**	**190,703**
As at 1 January 2014	**93,191,758**	**0.01**	**932**	**(483)**	**148,307**	**-**	**30,642**	**179,398**	**1,001**	**180,399**
(Loss)/Profit for the period	-	-	-	-	-	-	(1,845)	(1,845)	33	-1,812
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive (Loss)/Income	-	-	-	-	-	-	(1,845)	(1,845)	33	-1,812
Treasury stock disposal (Note 5)	427,887	0.01	4	483	(178)	-	-	309	-	309
Capital raising costs through placing, transaction costs (Note 14)	-	-	-	-	(192)	-	-	(192)	-	(192)
As at 31 March 2014 (unaudited)	**93,619,645**	**0.01**	**936**	**-**	**147,937**	**-**	**28,797**	**177,670**	**1,034**	**178,704**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GOLDENPORT HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2014

	Notes	31 March 2014 U.S.$'000 Unaudited	31 March 2013 U.S.$'000 Unaudited Restated
Operating activities			
Loss for the period		(1,812)	(2,413)
Adjustments to reconcile loss for the period to net cash inflow from operating activities			
Depreciation	**7**	4,303	5,232
Depreciation of dry-docking costs	**7**	305	366
Finance expense	**15**	1,315	1,341
Loss on re-valuation of financial asset, held for trading	**10**	220	-
Share of loss of a joint venture	**9**	136	266
Finance income		(53)	(71)
Share-based payment transactions	**17**	-	55
Foreign currency gain, net		16	307
Operating profit before working capital changes		**4,430**	**5,083**
Working capital adjustments:			
Decrease in inventories		(530)	(233)
Increase in trade receivables, prepaid expenses & other assets		2,371	610
(Decrease)/Increase in insurance claims		(163)	106
Decrease in trade payables, accrued liabilities & other payables		(1,566)	(757)
Increase/ (Decrease) in deferred revenue		552	(492)
Net cash flows from operating activities before movement in amounts due from related parties		5,094	4,317
Due from/to related parties	**17**	(65)	949
Net cash flows provided by operating activities		**5,029**	**5,266**
Investing activities			
Acquisition/improvements of vessels	**7**	-	(601)
Dry-docking costs	**7**	(545)	(592)
Interest received		3	9
Net cash flows used in investing activities		**(542)**	**(1,184)**
Financing activities			
Repayment of long-term debt		(4,225)	(5,376)
Restricted cash	**12**	479	-
Follow on offering, transaction costs	**14**	(192)	-
Treasury stock	**5**	308	-
Interest paid	**15**	(1,201)	(1,316)
Loan receivable from joint venture	**9**	(95)	(126)
Net cash flows used in financing activities		**(4,926)**	**(6,818)**
Net decrease in cash and cash equivalents		**(439)**	**(2,736)**
Exchange gain/ (loss) on cash and cash equivalents		8	(310)
Cash and cash equivalents at beginning of period		14,217	15,933
Cash and cash equivalents at end of period		**13,786**	**12,887**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. FORMATION, BASIS OF PRESENTATION AND GENERAL INFORMATION:

Goldenport Holdings Inc. (‘Goldenport’ or the ‘Company’) was incorporated under the laws of the 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 its shares started trading on the London Stock Exchange (“LSE”).

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

Goldenport as at 31 March 2014 is the majority holding Company for fifteen intermediate holding companies, each in turn owning a vessel-owning company, and the 50% owner of another intermediate holding company, owning two vessel owning companies, been treated as joint venture as presented in table a) below and Note 9. Also, as at 31 March 2014 Goldenport is the holding Company of a fully owned subsidiary named Goldenport Marine Services, which provides the Company and its affiliates with a wide range of shipping services, such as insurance consulting, legal, financial and accounting services, quality and safety, information technology (including software licences) and other administrative activities in exchange for a daily fixed fee, per vessel. Goldenport Marine Services has been registered in Greece under the provisions of Law 89/1967.

On 24 October 2011, the Group sold 20% of the voting shares in Tuzon Maritime Company, the vessel owning company of Paris JR. This 20% is accounted for as non-controlling interest as at 31 March 2014 and 31 December 2013.

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

The interim condensed consolidated financial statements comprising the financial statements of the Company, its wholly owned subsidiaries and Tuzon Maritime Co, the 80% owned subsidiary (see (a) below) were authorised for issue in accordance with a resolution of the Board of Directors on 2 May 2014. The shareholders of the Company have the right to amend the financial statements at the Annual General Meeting to be held on 9 May 2014.

1. FORMATION, BASIS OF PRESENTATION AND GENERAL INFORMATION (continued):

The subsidiaries of the Company are as at 31 March 2014:

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
Kariba Shipping S.A.	Kosmo Services Inc.	Marshall Islands	MSC Fortunate	2006	Container
Jaxon Navigation Ltd.	Hampson Shipping Ltd.	Liberia	Gitte	2007	Container
Tuscan Navigation Corp.	Longfield Navigation S.A.	Liberia	Brilliant	2007	Container
Oceanrace Maritime Limited	Seasight Marine Company	Marshall Islands	MSC Socotra	2009	Container
Aleria Navigation Company	Melia Shipping Limited	Liberia	Golden Trader	2010	Bulk Carrier
Alacrity Maritime Inc.	Giga Shipping Ltd.	Marshall Islands	Milos	2010	Bulk Carrier
Seaward Shipping Co.	Valaam Incorporated	Liberia	Sifnos	2010	Bulk Carrier
Lativa Marine Inc.	Dionysus Shipholding Carrier Co.	Liberia	Eleni D	2010	Bulk Carrier
Abyss Maritime Ltd.	Moonglade Maritime S.A.	Liberia	Pisti	2011	Bulk Carrier
Clochard Maritime Limited	Shila Maritime Corp.	Marshall Islands	D. Skalkeas	2011	Bulk Carrier
Jubilant Marine Company	Cheyenne Maritime Company	Marshall Islands	Sofia	2011	Bulk Carrier
Chanelle Shipping Company	Loden Maritime Co.	Marshall Islands	Erato	2011	Container
Accalia Navigation Limited	Tuzon Maritime Company	Liberia	Paris JR	2011	Container
Kamari Shipping Corp.	Venetian Corporation	Liberia	Thira	2012	Container
Passion Shipping Co.	Ailsa Shipping Corp.	Liberia	Thasos	2013	Container
Goldenport Marine Services	-	Marshall Islands	-		

Companies of disposed vessels not yet dissolved

Intermediate holding company	Vessel – owning company	Country of Incorporation of vessel-owning company
Aloe Navigation Inc.	Karana Ocean Shipping Co. Ltd.	Malta
Carrier Maritime Co.	Black Diamond Shipping Co. Ltd.	Malta
Medina Trading Co.	Carina Maritime Ltd.	Malta
Shavannah Marine Inc.	Serena Navigation Ltd.	Malta
Genuine Marine Corp.	Breaport Maritime S.A	Panam
Sirene Maritime Inc.	Alvey Marine Inc.	Liberia
Muriel Maritime S.A.	Ipanema Navigation Corp.	Marshall Islands
Knight Maritime S.A.	Mona Marine S.A.	Liberia
Foyer Marine Inc.	Ginger Marine Company	Marshall Islands

Dormant Companies

Baydream Shipping Inc., Hinter Marine S.A., Nemesis Maritime Inc., Guildford Marine S.A., Superb Maritime S.A., Hampton Trading S.A., Fairland Trading S.A., Platinum Shipholding S.A., Nilwood Comp. Inc., Platax Shipholding Carrier S.A., Sirene Maritime Inc., Alvey Marine Inc., Sycara Navigation S.A., Prunella Shipholding S.A., Bacaro Services Corp., Moyet Marine Ltd., Aloe Navigation Inc.

The dormant companies that have been dissolved are no longer included in Note 1(a).

1. FORMATION, BASIS OF PRESENTATION AND GENERAL INFORMATION (continued):

a) Joint Venture (Note 9)

Intermediate holding company	**Vessel–owning company**	**Country of Incorporation of vessel-owning company**	**Name of Vessel owned by Subsidiary**	**Year of acquisition of vessel**	**Type of Vessel**
Sentinel Holdings Inc.	Ermis Trading S.A. (previously Citrus Shipping Corp.)	Marshall Islands	Ermis (ex.Marie-Paule)	2009	Bulk Carrier
Sentinel Holdings Inc.	Barcita Shipping S.A.	Marshall Islands	Alpine Trader	2009	Bulk Carrier

Under IFRS 11, Joint Arrangements, effective January 1, 2014, it is required that the interest of the Company in a joint venture is accounted for using the equity method according to IAS 28 (Revised). The transition was applied retrospectively as required by IFRS 11 and previous years have been restated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation: The Group's interim condensed consolidated financial statements for the three months ended 31 March 2014 have been prepared using the same accounting policies (refer also to section 2(f) below) and methods of computation used in the preparation of the Group's annual financial statements for the year ended 31 December 2013. The interim 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 interim condensed consolidated financial statements for the three months ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union (IAS 34). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Depreciation: Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated residual value. Each vessel's residual value is equal to the product of its lightweight tonnage and estimated scrap rate, which until 31 December 2012, was estimated to be U.S.$180 per lightweight ton. In order to align the scrap rate estimates with the current historical average scrap rate, effective from 1 January 2013, the Company adjusted the estimated scrap rates used to calculate the vessels' residual value from U.S.$180 to U.S.$250 per lightweight ton and the impact is included in both periods ended 31 March 2014 and 2013.

Provisions for doubtful trade receivables: Provisions for doubtful trade receivables are recorded based on management's expected future collectability of the receivables. (Receivables as included in the statement of financial position in trade receivables, have a carrying amount of U.S. $2,749 and U.S. $2,102 as at 31 March 2014 and 31 December 2013, respectively). Provision for doubtful accounts as at 31 March 2014 amounted to U.S. $nil (U.S. $301 as at 31 December 2013).

Non-current assets classified as held for sale: By a board of directors' resolution on March 28, 2014, the Company decided to actively market for sale the vessel m/v MSC Socotra. The Company considered that the vessel met the criteria to be classified as held for sale at that date for the following reasons:

- The sale was considered to be highly probable and
- The vessel was available for immediate sale in its present condition.

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

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

The calculation of value in use is made at the individual vessel level since separately identifiable cash flow information is available for each vessel. In developing estimates of future cash flows, the Group makes assumptions about future charter rates, vessel operating expenses, and the estimated remaining useful lives of the vessels (see also note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The projected net operating cash flows are determined by considering:

i) the time charter equivalent revenues from existing time charters for the fixed fleet days and an estimated daily time charter equivalent for the unfixed days based on average historical 10 year rates for six months time charter for each type of our bulk carrier vessels and one year time charter for each type of our container vessels over the remaining estimated useful life of each vessel, considering the vessel's age and technical specifications.

ii) an average increase of 4% per annum on charter revenues,

iii) cash inflows are considered net of brokerage, and

iv) expected outflows for scheduled vessels' maintenance and vessel operating expenses were determined assuming an average annual inflation rate of 3%.

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

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

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

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

The impairment test exercise is highly sensitive on variances in the time charter rates and fleet effective utilization. Consequently, a sensitivity analysis was performed by assigning possible alternative values to these two significant inputs.

No impairment loss was identified by the Group for the period ended 31 March 2014 and 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(e) ***Non-current assets held for sale:*** Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. If the carrying amount exceeds fair value less costs to sell, the Company recognises an impairment loss in the income statement component of the consolidated statement of comprehensive income, if the non-current asset or disposal group is subsequently remeasured at fair value less costs to sell, any difference with the carrying amount is recognised under impairment gain/ (loss) in the income statement component of the consolidated statement of comprehensive income. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized. Refer to note 7 (i.e. Vessels note).

(f) Changes in accounting policies and disclosures:

A. The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2014:

- New consolidation standards (IFRS 10, 11, 12 and Revised IAS 28) and Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

The Group has applied, for the first time, IFRS 11 Joint Arrangements that requires restatement of previous financial statements. As required by IAS 34, the nature and the effect of these changes are disclosed below. Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The nature and the impact of each new standard or amendment are described below:

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
  As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. Management has assessed the impact from the adoption of the standard and is disclosed in Note 9.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Management has assessed that there is no impact on the Group’s financial position.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

  IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The application of this new standard had no impact on the Company’s financial position or performance since the new definition of control did not change the status of the subsidiaries.

- **IFRS 11 Joint Arrangements**
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for joint arrangements that are joint ventures using proportionate consolidation. Instead, joint arrangements that meet the definition of a joint venture must be accounted for using the equity method. Management has assessed the impact from the adoption of the standard and this is disclosed in Note 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- **IFRS 12 Disclosures of Interests in Other Entities**
  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The application of this new standard had no impact on the Company's financial position or performance. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**
  The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. Management has assessed the impact from the adoption of the amendments and is disclosed in Note 9.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**
  The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. Management has assessed that there is no impact on the Group's financial position since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**
  These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. Management has assessed that there is no impact on the Group's financial position or performance.

- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**
  Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. Management has assessed that there is no impact on the Group's financial position or performance.

B. Standards issued but not yet effective and not early adopted

- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7-Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39**
  IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The standard was initially effective for annual periods beginning on or after 1 January 2013 but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. These standard and subsequent amendments have not yet been endorsed by the EU. Management has assessed that there is no impact on the Group's financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**
  The amendment is effective from 1 July 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment has not yet been endorsed by the EU. Management is in the process of assessing the impact from the adoption of the standard.

- **IFRIC Interpretation 21: Levies**
  The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU.

  Management has assessed that there is no impact on the Group's financial position.

- **IFRS 14 Regulatory Deferral Accounts**
  The standard is effective for annual periods beginning on or after 1 January 2016. The IASB has a project to consider the broad issues of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU. Management has assessed that the new standard will not have an impact on the Group's financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. Management is in the process of assessing the impact from the adoption of these amendments.

- ***IFRS 2 Share-based Payments:*** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

- ***IFRS 3 Business combinations:*** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.

- ***IFRS 8 Operating Segments:*** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

- ***IFRS 13 Fair Value Measurement:*** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- ***IAS 16 Property Plant & Equipment:*** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment to IAS 16, Par. 35(b) clarifies that the accumulated depreciation/amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value.

- ***IAS 24 Related Party Disclosures:*** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- ***IAS 38 Intangible Assets: The amendment clarifies that when an*** intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU. Management is in the process of assessing the impact from the adoption of these amendments.

- ***IFRS 3 Business Combinations:*** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- ***IFRS 13 Fair Value Measurement:*** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

- ***IAS 40 Investment Properties:*** This improvement clarifies whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

3. VOYAGE AND VESSEL OPERATING EXPENSES:

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

Voyage expenses

	31 March 2014 U.S.$'000	31 March 2013 U.S.$'000
	Unaudited	Unaudited
Port charges	(47)	(182)
Bunkers (fuel costs), net	(98)	(17)
Commissions	(419)	(563)
	(564)	(762)
Voyage expenses - related parties		
Commissions (Note 17)	(213)	(297)
	(777)	(1,059)

Vessel operating expenses

	31 March 2014 U.S.$'000	31 March 2013 U.S.$'000
	Unaudited	Unaudited
Crew expenses	(3,120)	(3,752)
Stores and Consumables	(151)	(181)
Spares	(496)	(621)
Repairs and Maintenance	(235)	(216)
Lubricants	(509)	(742)
Insurance	(498)	(665)
Taxes (other than income tax)	(118)	(159)
Other operating expenses	(585)	(646)
	(5,712)	(6,982)

4. GENERAL AND ADMINISTRATIVE EXPENSES:

	31 March 2014 U.S.$'000	31 March 2013 U.S.$'000
	Unaudited	Unaudited
Directors and Management team Remuneration (Note 17)	(303)	(260)
Share-based payment transactions (Note 17)	-	(55)
Payroll cost (Goldenport Marine Services)	(201)	(148)
Rents (Note 17)	(89)	(80)
Audit fees	(46)	(64)
Other	(145)	(131)
	(784)	(738)

5. TREASURY STOCK - LIMITED SHARE BUY BACK PROGRAMME:

On 26 September 2011, the Group commenced a limited share buy-back programme, which was conducted in accordance with the resolution passed at the fifth Annual General Meeting on 11 May 2011, providing the Company a general authorisation to make purchases of up to 9,128,243 shares of U.S.$0.01 each, representing approximately 10% of the Company's issued share capital at the Annual General Meeting. During the period from 26 September 2011 to 31 December 2011, 427,887 shares of U.S.$0.01 par value each, were purchased under the buy-back share programme. The purchase cost amounted to U.S.$487 and is separately reflected in the accompanying interim condensed consolidated statement of changes in equity. On 10 February 2014, the Company disposed of the treasury stock of total 427,887 shares of U.S.$0.01 par value at the agreed closing share market price as at 3d February 2014. The difference between the carrying amount and the consideration was recognised in the statement of changes in equity under share premium.

6. EARNINGS/ (LOSS) PER SHARE:

Basic and diluted loss per share ("LPS") of U.S.$(0.02) (31 March 2013: U.S.$(0.03) is calculated by dividing the loss for the period attributable to Goldenport Holdings Inc. shareholders (loss of U.S.$1,845 and U.S.$2,425 for the periods ended 31 March 2014 and 31 March 2013, respectively), by the weighted average number of shares outstanding (93,429,473 and 93,191,758 for the periods ended 31 March 2014 and 31 March 2013, respectively). The weighted average number of shares outstanding as at 31 March 2014 reflects the number of shares that existed on 31 December 2013 and the treasury shares that were re-issued, through their disposal on 10 February 2014 (Note 5). The weighted average number of shares outstanding as at 31 March 2013 reflects the weighted average number of shares existed on 31 December 2012 since no other shares were issued within the three months period ended 31 March 2013.

Diluted LPS reflects the potential dilution that could occur if share options or other contracts to issue shares were exercised or converted into shares. There is no dilution effect for the periods ended 31 March 2014 and 2013.

7. VESSELS:

Vessels consisted of the following as at 31 March 2014 and 31 December 2013:

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	Audited
Cost		
At 1 January	415,036	512,784
Reduction of cost	-	(79)
Additions	-	5,758
Disposals	-	(103,427)
Asset transferred to Non-Current asset held for sale (Note 8)	(10,436)	-
At end of period/year	**404,600**	**415,036**
Depreciation		
At 1 January	(97,235)	(154,209)
Depreciation charge for the period/year	(4,303)	(19,701)
Disposals	-	76,675
Asset transferred to Non-Current asset held for sale (Note 8)	2,537	-
At end of period/year	**(99,001)**	**(97,235)**
Net carrying amount of vessels	**305,599**	**317,801**
Cost of dry-dockings		
At 1 January	46,808	45,670
Additions	1,025	1,138
Disposals	-	-
Asset transferred to Non-Current asset held for sale (Note 8)	(211)	-
At end of period/year	**47,622**	**46,808**
Depreciation		
At 1 January	(45,545)	(44,150)
Depreciation charge for the period/year	(305)	(1,395)
Asset transferred to Non-Current asset held for sale (Note 8)	37	-
At end of period/year	**(45,813)**	**(45,545)**
Net carrying amount of dry-docking costs	**1,809**	**1,263**
Total net carrying amount	**307,408**	**319,064**

All of the Company's vessels, except for vessels Paris JR (also refer to note 19) and Gitte having an aggregate carrying value of U.S.$7,611 as at 31 March 2014 (U.S. $7,923 as at 31 December 2013), have been provided as collateral to secure the loans discussed in note 15.

7. VESSELS (continued):

Dry-docking costs

During the three months period ended 31 March 2014, two vessels of the Group commenced or completed scheduled dry-dockings at a cost of U.S.$1,025 (U.S.$ 1,138 as at 31 December 2013 for dry docking of three vessels).

Impairment

No impairment loss was recognised for the periods ended 31 March 2014 and 31 March 2013, respectively.

8. NON CURRENT ASSET HELD FOR SALE:

On 28 March 2014, the Board of Directors agreed the disposal of vessel m/v MSC Socotra to an unaffiliated third party. On 2 April 2014, Group received an advance payment amounting to U.S.$3,379, representing the 30% of the agreed purchase price.

As at 31 March 2014, vessel m/v MSC Socotra, was classified in current assets as "Non-current asset held for sale", since the Company considered that the vessel met the criteria to be classified as held for sale. On 30 April 2014, the vessel was delivered to the new owners. The disposal was concluded for a net cash consideration of U.S.$11,150. As of the delivery date, the vessel had a net carrying value of U.S.$8,073 and the asset was valued at the lower of carrying amount and fair value less costs to sell at the classification date.

9. INTEREST IN A JOINT VENTURE- LOAN RECEIVABLE:

The Group has a 50% interest in Sentinel Holdings Inc., a joint venture. The Group's interest in Sentinel Holdings Inc. is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in interim condensed consolidated financial statements are set out below:

	31 March 2014 U.S.$'000	**31 December 2013 U.S.$'000**
	Unaudited	Audited
Current Assets	3,702	3,719
Non-Current Assets	53,070	52,932
Current Liabilities	(19,789)	(4,581)
Non-Current Liabilities	(33,593)	(48,409)
Equity	3,390	3,661
Proportion of the Group's Ownership	50%	50%
Carrying amount of the investment	1,695	1,831

9. INTEREST IN A JOINT VENTURE- LOAN RECEIVABLE (continued):

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures*

Under “IAS 31 Investment in Joint Ventures”, as applied until December 31, 2013, we accounted for joint control arrangements proportionately in our consolidated financial statements. “IFRS 11 Joint Arrangements” replaces “IAS 31 Investment in Joint Ventures” and removes the option to account for joint arrangements that meet the definition of joint ventures using proportionate consolidation. Prior to the transition to IFRS 11, Sentinel Holdings Inc. was classified as a jointly controlled entity and the Group’s share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements.

The adoption of IFRS 11 commenced on 1 January 2014 and under the new standard, our joint arrangement is a joint venture and the option to consolidate our interest in Sentinel Holdings Inc. proportionately has been removed. Therefore, effective January 1, 2014, it is required to be accounted for using the equity method according to IAS 28 (Revised). The transition was applied retrospectively as required by IFRS 11 and consequently, the comparative information for the immediately preceding periods; the financial statements for the years ended 31 December 2013 and 2012 have been restated. The effect of applying IFRS 11 is as follows:

Impact on the statement of comprehensive income

	For the three months ended 31 March 2013 U.S.$'000
Decrease in the reported revenue	(642)
Decrease in expenses:	
Voyage expenses	56
Vessel operating expenses	384
Management fees – related party	64
Depreciation	299
General and administrative expenses	1
Decrease in operating loss	**162**
Decrease in finance expense	102
Decrease in foreign currency loss, net	2
Total decrease in loss for the period	**266**
Increase in share of loss of a joint venture	**(266)**
Net impact on total comprehensive loss for the period	**-**

9. INTEREST IN A JOINT VENTURE- LOAN RECEIVABLE (continued):

Impact on the statement of financial position

	As at 31 December 2013 U.S.$'000
Increase in interest in joint venture (current)	1,831
Decrease in vessels (non-current)	(26,466)
Decrease in current assets	(1,860)
Decrease in non-current long-term debt (non-current)	15,737
Decrease in long-term debt (current)	1,412
Decrease in other liabilities (current)	878
Decrease in other liabilities (non-current)	8,468
Net impact on equity	**-**

There is no material impact on interim condensed consolidated statement of cash flow or the basic and diluted LPS.

According to the joint venture agreement signed between the two joint venture partners on 13 March 2007, each shareholder’s contribution to the Company is treated as an interest free subordinated shareholder loan, repayable from cash surplus generated from the vessels’ operations. The amount of U.S.$8,951 shown in the statement of financial position as at 31 March 2014 (U.S. $8,856 as at 31 December 2013), represents the outstanding loan receivable from the Joint Venture.

10. FINANCIAL ASSETS:

Cheyenne Maritime Company, the vessel owing company of M/V Sofia and Dionysus Shipholding Carrier Co. the vessel owing company of M/V Eleni D, were registered as unsecured creditors in the Rehabilitation proceedings that were commenced by Korea Line Corporation with respect to unpaid hire and/or damages amounting to U.S.$10,300 and U.S.$8,028, for the aforementioned companies, respectively.

Further to certain amendments in the initial Rehabilitation plan, the claim was finally settled by receipt of U.S.$482 in cash as well as shares registered to the vessel owning companies amounting to 43,094 shares for Cheyenne Maritime Company and 33,589 shares for Dionysus Shipholding Carrier Co.

The shares registered to the vessel owning companies were initially recognised at fair value through profit and loss in 2013.The value of these shares as at 31 March 2014 (level 1 of the fair value hierarchy) was U.S.$1,650 (U.S.$1,871 as at 31 December 2013) and is presented as financial asset in the statement of financial position, with the net change in fair value of U.S.$220 presented as a loss on valuation of financial assets in the statement of comprehensive income.

11. CASH AND CASH EQUIVALENTS:

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	Audited
Cash at banks	4,397	4,807
Short term deposits at banks	9,389	9,410
	13,786	14,217

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

The Group's loan agreements contain minimum liquidity clauses requiring available cash balances of at least U.S.$8,176 throughout the period (U.S.$8,387 throughout 2013).

12. RESTRICTED CASH:

Restricted cash amounts as at 31 March 2014 and 31 December 2013 are analysed as follows:

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	Audited
i) Loans b and c (Note 15)	2,000	2,500
ii) Loans d, e, f and g (Note 15)	163	142
	2,163	2,642

The restricted cash of U.S. $2,163 as at 31 March 2014 (U.S. $2,642 as at 31 December 2013) relates to cash restricted in use by the financing banks subject to the rectification and/or fulfilment of certain financial covenant ratios and/or other terms, as provided by the agreements of loans b, c, d, e, f and g (Note 15).

i) On 13 June 2013 the Group signed a supplemental agreement with the financing bank, which provided for the progressive release of the restricted cash and its pro-rata application towards the eight consecutive quarterly repayment instalments of each of loans b and c, falling due within the period from 21 April 2013 to 6 February 2015. The amount of restricted cash relating to the principal instalments falling due from 1 January 2014 to 6 February 2014 was released to the Group the first quarter of 2014.

ii) On 18 February 2014, as part of the amendments signed with the bank for loans d, e, f and g during 2013, the Company deposited an amount of U.S.$163 to the respective pledged accounts. On 9 April 2014 an amount of U.S.$32 was prepaid towards the balloon instalment of loan g.

13. OTHER CURRENT LIABILITIES:

LIABILITIES

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

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	Audited
Current:		
Fair value of interest rate swaps	(127)	(177)

During 2007, the Group entered into an interest rate swap for the loan of vessel Bosporus Bridge. The initial notional amount of this contract amounted to U.S.$12,166 amortising in accordance with the initial loan repayment schedule. Under the swap agreement, the Group exchanged variable to fixed interest rate at 4.64%. The fair value of the specific derivative financial instrument as at 31 March 2014 and 31 December 2013 was a liability of U.S.$127 and U.S.$177, respectively, gains or losses arising from changes in the fair value of the interest rate swap are taken to the statement of comprehensive income as finance income or finance expense, respectively.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The interest rate swap of the Group was assessed as Level 2.

As the Group did not designate the derivative agreement as an accounting hedge, net gains resulting from this derivative instrument, which approximated U.S.$50 and U.S.$62 for the periods ended 31 March 2014 and 2013, respectively, were recorded in finance income in the interim condensed consolidated statement of comprehensive income.

14. SHARE CAPITAL, SHARE PREMIUM AND NON CONTROLLING INTEREST:

(a) Share Capital:

Share capital consisted of the following at 31 March 2014 and 31 December 2013, respectively:

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	Audited
Authorised		
200,000,000 Shares of $0.01 each	2,000	2,000
Issued and paid		
93,619,645 and 93,191,758 Shares of $0.01 each, respectively	936	932
Total issued share capital	**936**	**932**

On 10 February 2014, the Company sold 427,887 shares held as treasury stock to one of its Directors (Note 5). Therefore, total issued and paid shares of the Company as at 31 March 2014 amounted to 93,619,645.

(b) Share Premium:

The analysis of the share premium is as follows:

	U.S. $'000
Balance 31 December 2013	148,307
Difference from disposal of Treasury Shares (i)	(178)
Capital raising transaction cost (ii)	(192)
Balance 31 March 2014	147,937

i) The amount of U.S.$178 relates to the difference between the carrying amount of treasury stock at the date of its disposal and the consideration received by the Company. The carrying amount of the shares held in treasury stock as at 10 February 2014, amounted to U.S.$486, and the consideration amounted to U.S.$308, resulting in a net difference of U.S.$178, recognised in the interim condensed consolidated statement of changes in equity for the three months ended 31 March 2014.

ii) On 3 April 2014, the Company announced, a proposed placing to finance the acquisition of seven modern dry bulk carriers from the Dragnis family, subject to shareholders approval at the General meeting to be held on the 9th May 2014 (see also Note 19).

All the costs relating to the proposed Placing transaction have been included in the Share premium. As at 31 March 2014, these costs amounted to U.S.$192.

14. SHARE CAPITAL, SHARE PREMIUM AND NON CONTROLLING INTEREST (continued):

(c) Non-Controlling Interest:

Amount of U.S.$1,034 (U.S.$ 1,001 as at 31 December 2013) in the accompanying statement of financial position concerns the net consideration received for the disposal of 20% of the voting shares of Tuzon Maritime Co., the vessel owning company of Paris JR, increased by the 20% portion of the profit attributable to Tuzon Maritime Co., which for the period ended 31 March 2014, amounted to U.S.$33.

15. LONG-TERM DEBT:

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

		31 March 2014 U.S.$'000 Unaudited		31 December 2013 U.S.$'000 Audited	
Bank Loan	**Vessel(s)**	**Amount**	**Rate %**	**Amount**	**Rate %**
a. Issued 21 January 2013, maturing 15 November 2015	MSC Fortunate, Brilliant, Thira, Golden Trader	19,200	4.74%	20,500	4.74%
b. Issued 18 December 2009, maturing 6 May 2021	D Skalkeas, MSC Socotra	21,601	2.49%	22,110	2.49%
c. Issued 14 August 2009, maturing 22 October 2021	Erato, MSC Socotra	24,874	2.49%	25,447	2.49%
d. Issued 6 March 2009, maturing 29 March 2019	Milos	19,852	2.99%	20,250	2.99%
e. Issued 22 April 2009, maturing 29 March 2019	Sifnos	20,173	2.99%	20,437	2.99%
f. Issued 2 August 2010, maturing 31 March 2020	Pisti	19,803	2.99%	20,081	3.00%
g. Issued 18 January 2011, maturing 31 March 2020	Sofia	19,107	2.99%	19,342	2.99%
h. Issued 10 May 2010, maturing 1 December 2022	Eleni D	16,994	1.84%	17,356	1.84%
i. Issued 1 August 2011, maturing 19 September 2014	Thasos	1,919	3.03%	2,224	3.04%
Total		**163,523**		**167,747**	
Less: initial financing costs		**(825)**		**(875)**	
Less: current portion		**(17,052)**		**(17,351)**	
Long-term portion		**145,646**		**149,521**	

Interest rates included in the table above are based on last roll over statements received from the lending banks.

All loans discussed above are denominated in U.S. dollars, and bear interest at LIBOR plus a margin.

The loans have margins between 1.60% and 4.5% above LIBOR.

Total interest paid was U.S.$1,201 and U.S.$1,316 for the period ended 31 March 2014 and 31 March 2013, respectively.

15. LONG-TERM DEBT (continued):

The fair value of long term debt amounts to U.S.$135,784.

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

Certain amendments of loans b, c, d, e, f and g effected in 2013 provide for relaxation of basic financial covenants through 31 December 2014.

i) Minimum security cover has been restated to a range from 100%-115% (previous: 125%).
ii) Maximum leverage ratio has been restated to a range from 70%-85% (previous: 70-75%).
iii) Interest Cover ratio has been restated to a maximum 3:1 ratio (previous: 3-4:1).
iv) Minimum net worth has been restated to U.S.$50 million in terms of market values of assets or U.S.$ 170 million in terms of book values of assets (previous: within the range from U.S.$100-200 million in terms of market value).

16. COMMITMENTS AND CONTINGENCIES:

a. Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance providers and from other claims with suppliers relating to the operations of the Group's vessels. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the consolidated financial statements.

b. The Group has entered into time charter arrangements for all its vessels. These arrangements have remaining terms between 1-12 months as of 31 March 2014 (1-21 months as at 31 March 2013). Future minimum charters receivable (based on earliest delivery dates) upon time charter arrangements as at 31 March 2014, are as follows (Vessel off-hires and dry-docking days that could occur but are not currently known are not taken into consideration. In addition early delivery of the vessels by the charterers is not accounted for).

	31 March 2014 U.S.$'000	**31 March 2013 U.S.$'000**
Within one year	19,552	20,041
1-5 years	-	3,850
	19,552	23,891

17. RELATED PARTY TRANSACTIONS:

(a) Goldenport Shipmanagement Ltd. ("GSL") and Goldenport Marine Cyprus ("GMC"):

All vessel operating companies included in the consolidated financial statements have a management agreement with either GSL or GMC, corporations directly controlled by the Dragnis family, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, for a monthly management fee of U.S. $16 per vessel (U.S. $15.6 in 2013). GSL is a Liberian corporation and has a branch office registered in Greece under the provisions of Law 89/1967. GMC is a Cypriot corporation and has a branch office registered in Cyprus under the relevant Cypriot companies' laws and provisions.

In addition to the monthly fee GSL and GMC charge a commission equal to 2% of time and voyage revenues relating to charters they organise.

	31 March 2014 U.S.$'000	31 March 2013 U.S.$'000
	Unaudited	**Unaudited**
Voyage expenses – related parties (GSL & GMC)	(213)	(297)
Management fees – related parties (GSL & GMC)	(718)	(787)
Total	**(931)**	**(1,084)**

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	**Audited**
Due from related parties –Current (GSL)	5,109	5,860
Total	**5,109**	**5,860**

	31 March 2014 U.S.$'000	31 December 2013 U.S.$'000
	Unaudited	**Audited**
Due to related parties –Current (GMC)	158	974
Total	**158**	**974**

17. RELATED PARTY TRANSACTIONS (continued):

Commission charged for the period ended 31 March 2014 by both GSL and GMC amounted to U.S.$213 (U.S.$297 for the period ended 31 March 2013) and is included in "Voyage expenses" in the accompanying interim condensed consolidated statement of comprehensive income.

The amounts receivable from related parties, shown in the table above, represent the vessel operating companies' cash surplus handled by GSL. The amounts payable to related parties represent commissions and management fees payable to GMC for the three month period ended 31 March 2014 and the year 2013, respectively.

(b) Share-based payment transactions and other remuneration of Directors and Management team

Share-based payment transactions: On 1 September 2010, the Company made grants under the Discretionary Share Option Plan (the "DSOP"), with eligibility for executive directors and employees, and the Group Share Award Plan (the "Plan"), with eligibility for all employees and Directors. The total shares under option and award amounted initially to 1,520,000 (DSOP shares: 1,020,000 & Plan: 500,000) and there were no cash settlement alternatives. The final vesting date for these awards was in September 2013. The performance targets were not met therefore the options lapsed. Therefore, as at 31 March 2014, there were no share based payment transactions (U.S$55 as at 31 March 2013).

The amounts included in the interim condensed consolidated financial statements under AIP, DSOP, the Plan and other remuneration of Directors and Management team (Note 4) for the periods ended 31 March 2014 and 2013, respectively are as follows:

	31 March 2014 U.S.$'000 Unaudited	31 March 2013 U.S.$'000 Unaudited
Directors and management team remuneration	(303)	(260)
Share based payment transactions	-	(55)
	(303)	(315)

17. RELATED PARTY TRANSACTIONS (continued):

(c) The Interests of the Directors, the Senior Management and their respective immediate families in the share capital of the Company (all of which are beneficial unless otherwise stated), were as at 31 March 2014 as follows:

Name	Number of shares as at 31 December 2013	Acquisition of shares at 10 February 2014 (Note 5)	Number of shares as at 31 March 2014	Percentage of shares as at 31 March 2014
Dragnis family	54,787,939	-	54,787,939	58.52%
Chris Walton	19,704	-	19,704	0.02%
Konstantinos Kabanaros	120,754	-	120,754	0.13%
Alexis Stephanou	-	427,887	427,887	0.46%

(d) **Rental of office space:** A monthly rental of EUR19.7 (EUR 18.5 in 2013) was agreed to be charged by the owner of the building (a related party under common control) to Goldenport Marine Services for the rental of the head offices. Total rent expense for the period ended 31 March 2014 amounted to U.S.$89 (31 March 2013 U.S.$80) and is included in general and administration expenses in the accompanying interim condensed consolidated financial statements.

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

	31 March 2014 U.S.$'000	31 March 2013 U.S.$'000
Within one year	311	286
After one year but not more than five years	1,085	376
More than five years	149	-
	1,545	662

18. 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 interim condensed consolidated statement of comprehensive income.

Under article 24 of Law 4110/2013 as was ratified by the Greek parliament tonnage tax is imposed on vessels operating under foreign flags, which are managed by Greek or foreign companies established in Greece on the basis of L.27/1975.

For calculating the tonnage tax (tax rates and tax brackets, criteria) and the special tax return and payment of tax, the provisions on the tonnage tax payable for Greek flagged vessels apply by analogy.

As at 31 March 2014, tonnage taxation under the new law, amounted to U.S. $21 and is included in operating expenses in the interim condensed consolidated statement of comprehensive income for the period ended 31 March 2014 (31 March 2013: U.S. $nil).

19. SUBSEQUENT EVENTS:

Proposed Placing: On 3 April 2014, the Board of Directors of the Company announced details of a Placing of up to 10,000,000 New Shares (one New Share corresponds to ten shares and reflects the proposed consolidation of the Company's issued share capital on a 10:1 basis) in order to finance the acquisition of seven modern dry bulk carriers from the Dragnis family. The Company invited the shareholders to approve the transaction at the Annual General Meeting (AGM) to be held on 9 May 2014.

Proposed Related Party Transaction: On 2 April 2014, the Company was granted the following zero-cost options:

(i) Options for the purchase of two second-hand dry bulk carriers:
The Company has entered into two Option Agreements with the current owners of two dry bulk carriers, the Maria and the Ioanna D, each of which grants the Company an option to purchase the respective vessel together with the associated loans, security documents, charter and other agreements in respect of each vessel as the Directors deem necessary. These Option Agreements are with Blaise Carrier Limited with respect to the Maria and Sebastian Shipping Co. Ltd. with respect to the Ioanna D, each of which are controlled by the Dragnis Family.

The following table sets out information regarding the Maria and the Ioanna D, including the independent valuations for these vessels and an indicative exercise price, if completion occurred as at 30 June 2014:

Name	Type	Capacity	Year Built	Braemar valuation	Arrow valuation	Loan balances assumed to be outstanding as at 30 June 2014	Indicative Exercise Price as at 30 June 2014
		(DWT)		*(US$ thousands)*	*(US$ thousands)*	*(US$ thousands)*	*(US$ thousands)*
Maria	Supramax	58,407	2011	29,000	28,500	17,043	11,457
Ioanna D	Handy	35,000	2012	22,000	21,000	11,879	9,121

(ii) Option for the purchase of Vulcan Finance Inc., holding a 66.67% interest relating to three new-build dry bulk carriers, Green Dolphins I, II and III:

The Company has entered into an Option Agreement granting the Company an option to purchase from GSL a 66.67% interest in a joint venture company that indirectly holds the Shipbuilding Contracts for the construction of Green Dolphin I, Green Dolphin II and Green Dolphin III.

In particular, this Option Agreement grants the Company an option to purchase the entire issued share capital of Vulcan Finance Inc., which owns a 66.67% interest in VT Bulk Carriers Ltd, a joint venture company in which Trammo holds the remaining interest of 33.33%. VT Bulk Carriers Ltd. indirectly owns 100% of each of Green Dolphin Navigation I, Green Dolphin Navigation II and Green Dolphin Navigation III, the companies which hold the Shipbuilding Contracts for Green Dolphin I, Green Dolphin II and Green Dolphin III, respectively.

19. SUBSEQUENT EVENTS (continued):

(iii) Option with respect to two new-build dry bulk carriers, Green Dolphins IV & Green Dolphins V:

The Company has entered into an Option Agreement, which grants the Company an option to purchase the entire issued share capital of each of Green Dolphin Navigation IV and Green Dolphin Navigation V, two companies each holding a Shipbuilding Contract for the construction of Green Dolphin IV and Green Dolphin V, respectively from GSL.

Exercise of Options (i), (ii) and (iii) is conditional, among other, on (i) the shareholders passing Resolution 13, of the Notice of eighth Annual General Meeting, dated 3 April 2014, approving exercise of the Options; (ii) the completion of the Placing and receipt of sufficient proceeds for the exercise of all Options; (iii) the execution of all the related Option Agreements, and (iv) all Options being exercised at the same time, save that the Company may elect not to exercise the Options for the Maria, the Ioanna D or both of them. The Company has a right, but not an obligation to exercise this Option by 30 June 2014.

The following table sets out information regarding the Green Dolphins, including the independent valuations for these vessels, the expected construction completion percentage and an indicative exercise price per vessel, if completion occurred as at 30 June 2014:

Name	Type	Capacity (DWT)	Delivery expected	Braemar valuation (US$ thousands)	Arrow valuation (US$ thousands)	Expected payment percentage as at 30 June 2014	Indicative Exercise Price per vessel as at 30 June 2014 (US$ thousands)
Green Dolphin I	Handy	38,800	Q2 2015	25,000	24,150	20%	4,175
Green Dolphin II	Handy	38,800	Q3 2015	25,000	24,150	20%	4,175
Green Dolphin III	Handy	38,800	Q3 2015	25,000	24,150	10%	2,684
Green Dolphin IV	Handy	38,800	Q1 2016	24,750	23,850	10%	3,726
Green Dolphin V	Handy	38,800	Q1 2016	25,750	23,850	10%	3,726

Disposal of a container vessel: On 28 March 2014, the Company agreed the sale of the 4,953 TEU, 1995-built vessel “MSC Socotra”, to an unaffiliated third party. The sale was concluded at a net cash consideration of U.S. $11,150 and the vessel was delivered to the new owners on 30 April 2014 (note 7). As of delivery date, M/V MSC Socotra had a net carrying value U.S. $8,073. A commission of 3% on the gross consideration was paid for this disposal. The gain resulting from the sale of the vessel was U.S. $3,077.

Discharge of mortgage: On 30 April 2014, the Company agreed with the financing bank to provide them with first preferred mortgage on vessel Paris Jr thus allowing for the discharge of the first preferred mortgage on vessel MSC Socotra upon her delivery to the buyers.