

**Company No 89206**

**Global Oceanic Carriers Limited  
Report and Financial Statements 31 May 2006**

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OFFICERS AND PROFESSIONAL ADVISERS

**Directors**

Nicolas A. Pappadakis  
Michael P. Tartsinis  
Douglas Kearney  
Antonios C. Nikolaou  
Peter St George

Non-Executive Chairman  
Chief Executive Officer  
Chief Financial Officer  
Executive Director  
Non-executive Director

**Secretary**

Riviera Nominees Limited  
6 Britannia Place  
Bath Street  
St Helier  
Jersey  
JE2 4SU  
Channel Islands

**Registered office**

6 Britannia Place  
Bath Street  
St Helier  
Jersey  
JE2 4SU  
Channel Islands

**Nominated adviser and broker**

Jefferies International Limited  
Bracken House  
Floor 4  
1 Friday Street  
London  
EC4M 9JA

**Bankers**

Barclays Bank PLC  
Library Place  
St Helier  
Jersey  
JE4 8NE  
Channel Islands

HVB  
Bayerische Hypo-und Vereinsbank AG  
7 Heraklitou Str  
GR – 106 73 Athens  
Greece

**Independent Auditors**

Grant Thornton UK LLP  
1 – 4 Atholl Crescent  
Edinburgh  
EH3 8LQ

**Registrars**

Computershare Investor Services (Channel Islands) Limited  
Ordinance House  
31 Pier Road  
St Helier  
Jersey  
JE4 8PW  
Channel Islands

CHAIRMAN'S STATEMENT

**Highlights**

- Turnover \$20.8m
- Operating profit of \$3.5m
- Exceptional administrative cost of cancelling vessel purchase \$3.2m
- Operating profit before exceptional item cost of \$6.7m
- Profit before tax of \$2.4m
- Net debt reduced by \$22.6m in ten months from \$36m to \$13.4m
- Additional vessels committed
- Facilities in place for vessel acquisitions
- Vessels continue to be on charter
- Excellent rates achieved in difficult market conditions
- Major changes to the Board of Directors
- Major change to shareholder base, providing stability and financial commitment to the Company

**Statement**

I am delighted to present the first audited accounts of Global Oceanic Carriers Limited for the period since incorporation on 21 December 2004 to 31 May 2006. We are pleased to be able to report an operating profit of \$3,466,448 during the period to 31 May 2006, which includes the cost of withdrawing from the acquisition of the Trader of \$3,202,266, and an interest charge of \$1,083,849 resulting in a profit before tax of \$2,382,599.

The Company, which was the first shipping company to list in London for many years, started trading on 25 May 2005 and listed on the Alternative Investment Market on 26 May 2005. The dry bulk market, and indeed the whole shipping sector, had seen a significant rise in charter rates and ship values throughout the preceding year and more, driven by the growing demands of China, India and other emerging markets. Several shipping companies had listed successfully in the United States.

Almost immediately following the listing at the end of May 2005, the drybulk market suffered a sharp decline and charter rates were adversely affected. At the time, it was thought to be a short seasonal decline, however the downturn lasted throughout the remainder of the year and then into 2006, and only since late spring has the market shown a period of sustained recovery.

It had been the intention to acquire four dry bulk carriers following the listing, and legal agreements were put in place to secure the purchase of the vessels. The first vessel GO Faith was delivered in the second week of June 2005, with the second, GO Pride delivered at the end of June. GO Public was delivered at the end of July 2005. Both GO Pride and GO Public were acquired with charters attached, providing income of \$18,000 and \$34,500 per day. The charters ran until early spring of this year, and provided the Company with substantial income to combat the difficult market. GO Faith was not purchased with a charter attached and so had to find its place in a depressed market. Although the vessel was constantly on hire, it was at considerably lower rates than had been expected at the outset, albeit it fared extremely competitively in a difficult market.

The fourth vessel, the Trader, as with GO Faith, was committed without a charter attached and was failing to achieve charter rates that had been anticipated, or rates that could justify its agreed value. The Board concluded that it was not in the Company's best interests to take immediate delivery of the Trader, and so the board negotiated to delay delivery with the ship's owners, and to allow a sensible period to see whether the market improved. Delivery was postponed several times throughout the final months of 2005, but market conditions remained depressed, charter rates were showing little sign of recovery and ship values were impaired. The Trader's purchase price in the opinion of the Board and its advisers could not be supported and it was agreed by the Board in late November to negotiate the cancellation of the purchase agreement. This decision was taken with the greatest reluctance, but was commercially and financially essential. The cost to the Company of cancelling the agreement to purchase the vessel amounted to \$3,202,266, which comprised the forfeiture of the deposit and compensation to the owners. Although the outcome of withdrawing from the transaction could

CHAIRMAN'S STATEMENT (CONTINUED)

have been substantially heavier if it had been pursued through the legal system, it has had a major impact on the profit for the period.

In the period debt facilities were negotiated to assist with vessel purchases. The Company had been required by its bankers to draw down the full facility of \$36 million to purchase four ships, and to make capital repayments based on the income generated from four ships. This was an extremely onerous demand on the business but the bank would not enter into any discussions until a decision was reached on whether to proceed or withdraw from the commitment to the fourth vessel. This was a major strain on the business and was a key factor in the Board concluding that the purchase of the Trader could not proceed. I am pleased to report that revised terms were agreed with the bank following the decision to withdraw from the Trader's purchase agreement. During this time the Board unsuccessfully sought to refinance the debt facilities and incurred significant costs working with its broker on exploring raising a debt instrument.

The interim results released just before Christmas reflected the impact of the forfeiture of the deposit on the Trader, and so caused a loss in the first three months of actual trading. This had a significant impact on the share price. This inevitably created an opportunity for those in the shipping industry familiar with the market by recognising the platform and opportunity that the Company provided.

I am pleased to report that after much activity in the shares, which culminated in an Extraordinary General Meeting being requisitioned in May 2006, the Company now has three major shareholders who are experienced in the sector and are committed to growing the business.

Inevitably this had led to significant changes within the Board with Michael P Tartsinis replacing Vassilis Vintiadis as Chief Executive Officer and myself replacing Konstantinos Dimitriou as Chairman. Antonios Nikolaou also joins the Board as executive director. I would like to thank all the directors who have stood down for the considerable effort in creating this business, which we will now develop.

We have also decided to change the ship management arrangements, and we will be using Antares Shipmanagement S.A. to look after our fleet.

We have appointed Jefferies & Co to be Brokers and Nominated Adviser to the Company. We are looking forward to working with them and utilising their considerable experience in shipping and the public markets.

The next stage of the development of the business is well underway. Further to our recent announcement we have posted a circular to shareholders outlining certain operational changes to the business, two vessel acquisitions and a rights offering.

We have entered into a purchase agreement to acquire a capesize bulk carrier, the M/VWelfare for \$36,200,000. This vessel will continue on its current time charter through to April 2007 at a rate of \$25,000. Thereafter we have fixed the vessel for a further 3 years with the same charterer at daily charter rates varying between \$23,000 and \$32,000 a day. There is an option to extend the charter for a further year at a rate of \$25,500 per day. We have also entered into a purchase agreement to acquire a handymax bulk carrier, the M/VTalisman for \$27,500,000. This vessel will continue on its current time charter at a rate of \$16,000 per day. Thereafter it has been fixed for a further 2 years with the same charterer at a rate of \$19,250 per day. Both acquisitions are in line with our strategic ambitions and will help to deliver further value for shareholders. The purchases will be funded from a combination of new bank facilities and the proceeds of a rights offering, the terms of which are set out below.

We are making a rights offer to qualifying shareholders, on a 1 for 1 basis, to subscribe for 20,016,396 new shares at a price of 65p per share to raise approximately £13,000,000 (the "Rights Offer"). The Company has received irrevocable undertakings in respect of 14,240,767 new shares from Trafalgar Discovery Fund, Trafalgar Catalyst Fund and Trafalgar Recovery Fund (the "Trafalgar Funds"), International Trading Inc., Ultra Shipping SA and Argo Capital Investors Fund SPC to take up their respective rights representing in aggregate 71.1% of the shares subject to the Rights Offer. These shareholders (the "Underwriters") have also agreed, subject to certain conditions, to severally underwrite the remaining 5,775,629 shares being offered to qualifying shareholders. The Underwriters are substantial shareholders of the Company and therefore related parties for the purposes of the AIM Rules. The Underwriters will receive no commissions in respect of their underwriting commitments. The directors, having been advised by Jefferies International Limited, consider that the terms of the underwriting arrangement are fair and reasonable insofar as shareholders are concerned.

We have also decided to change the ship management arrangements, and we will be using Antares Shipmanagement SA ("Antares") to look after our fleet, a company affiliated with Michael Tartsinis, our CEO, and Nicolas Pappadakis. Accordingly, the Company has signed a new management agreement with Antares pursuant to which Antares will have full technical and commercial management of our vessels, including those vessels to be acquired. The new contract contains a fixed rate management fee payable to Antares and does not include the earnings commissions which were payable under our previous management contracts which have been terminated. As a result, we have reduced the overall management fee from approximately \$778 per vessel per day (based on income achieved in the last twelve months) to \$550 per vessel per day, a decrease of approximately 29%. Full details of the management agreement will be set out in the circular to be sent to shareholders today. For the purposes of the AIM Rules, entering into the management agreement constitutes a related party transaction. The directors, other than Michael Tartsinis and Nicolas Pappadakis,

CHAIRMAN'S STATEMENT (CONTINUED)

having consulted with Jefferies International our nominated adviser, confirm that the terms of the management agreement are fair and reasonable in so far as shareholders are concerned.

It has been a difficult start for Global Oceanic Carriers, but I believe that following all the recent changes we have an extremely solid platform to build on, and we look forward to the challenges ahead.

**Nicolas Antoine Pappadakis**  
**Chairman**  
**6 October 2006**

**CHIEF EXECUTIVE OFFICER'S REPORT**

As is reported in the Chairman's statement, charter rates were weak for the dry bulk market throughout the period. We were fortunate that GO Public and GO Pride were acquired with charters, which provided excellent income for us. GO Faith was acquired without a charter and competed very favourably in a difficult market, but did not achieve the revenues that had been anticipated. Undoubtedly, the major impact on the results was the cancellation of the delivery of the Trader. The cost of cancelling the vessel and the loss of the income that had been anticipated to be generated from the ship had a major impact on the results.

Inevitably, substantial professional fees were incurred during the period, many of which should not need to be incurred in the future. These involved costs of listing on the Alternative Investment Market, costs of arranging the bank borrowings and renegotiating the terms, and costs of exploring refinancing packages for the debt. Further professional costs were incurred in dealing with the Extraordinary General Meeting, and reviewing the possible options for the Company's development.

**Cash and borrowings**

The Group has borrowings of \$18.4 million at the period end, a reduction of \$17.6 million over the period. The borrowings were required to assist in the purchase of the fleet.

In addition to our borrowings, we have cash of \$5.0 million at the period end.

**Financial position**

The Group has sufficient resources to maintain its current business plan.

**Prospects**

Charter rates in the drybulk sector were relatively weak for much of the first two quarters of 2006, but have since strengthened considerably with the Baltic Dry Index increasing from 2,964 as at 30 June to around 4,100 currently.

This represents an increase of 38% in less than three months. Asset prices across the drybulk sector have also increased in step with charter rates over the period.

We believe that there remains opportunities to expand in the current market given the strong long term charters and returns that can be achieved on drybulk tonnage. We have also identified two vessels that we will be adding to our fleet, as detailed in the Chairman's statement.

This positive charter rate environment has allowed us to place GO Public on a two year charter from the end of December 2006 at a rate of \$21,000 per day. We believe this strong operating environment should also lead to further cash flow benefits as our other existing vessels GO Faith and GO Pride come up for renewal shortly.

We are confident that we are well placed to take advantage of opportunities to enhance our fleet.

**Michael P Tartsinis**  
**Chief Executive Officer**  
**6 October 2006**

**DIRECTOR'S REPORT**

The Company was incorporated on 21 December 2004 as a public company under the Companies (Jersey) Law 1991 and commenced trading on 25 May 2005.

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the period ended 31 May 2006.

**Principal activity**

The principal activity of the Group is owning and operating dry bulk carriers.

**Business review and future developments**

A review of the results and development of the business for the period and of future developments in the business is contained within the chairman's statement and the chief executive's report.

**Results and dividends**

The Group generated a retained profit of \$2,382,599. The directors do not recommend the payment of a dividend.

**Directors and their interests**

The directors who served during the period, together with all their beneficial interests in the shares of the Company as at 31 May 2006 are as follows:

<b>Directors</b>	<b>At date of appointment Ordinary shares of 0.003 pence each</b>	<b>At 31 May 2006 Ordinary shares of 0.003 pence each</b>
V Vintiadis (appointed 31/01/2005)	Nil	116,017
D Kearney (appointed 31/01/2005)	Nil	20,620
K Dimitriou (appointed 24/02/2005)	Nil	7,300
C Campbell (appointed 07/04/2005)	Nil	5,550
P St George (appointed 21/12/2004)	Nil	Nil
A W Moloney (appointed 21/12/2004; resigned 21/12/2005)	Nil	Nil

The following directorate changes took place after the period end:

N A Pappadakis (appointed 07/06/06)  
M P Tartsinis (appointed 07/06/06)  
A C Nikolaou (appointed 07/06/06)  
V Vintiadis (resigned 20/06/06)  
K Dimitriou (resigned 20/06/06)  
C Campbell (resigned 20/06/06)

**Substantial shareholdings**

At 31 May 2006 the following had notified the company of disclosable interests in 3% or more of the nominal value of the company's shares:

	<b>Number of ordinary shares</b>	<b>Percentage held</b>
Argonaftis Capital Management (Overseas) Ltd	2,118,114	10.58%
International Trading Inc	2,917,857	14.58%
Trafalgar Catalyst Fund	3,354,728	16.76%
Trafalgar Recovery Fund	3,510,444	17.54%
Ian A Barclay	815,000	4.07%
Jogemar Limited	736,920	3.68%
LK Maritime Holdings and Investments Inc	736,920	3.68%

DIRECTOR'S REPORT (CONTINUED)

**Employee involvement**

The Group employs the crew on each of the ships, but subcontracts the management of all crew matters to the external Ship Management Company.

The Group maintains a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. This is carried out through the Ship Management Company.

**Supplier payment policy and practice**

It is the Group's policy to agree the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. Trade creditor days of the Group and Company as at 31 May 2006, calculated in accordance with the Companies Act 1985 were 61 days.

**Political and charitable donations**

There were no political or charitable donations in the period.

**Corporate governance**

While the Company is listed on the Alternative Investment Market it is not required to comply with the provisions of the Combined Code.

However, the Board endeavours to comply with the Combined Code in such respects as are appropriate for a Company of its size, nature and stage of development. The Board has appointed Non-Executive Directors with relevant experience to complement the Executive Directors and to provide independence to the Board.

**Directors and the board**

The Board directs the Group's activities through Board Meetings and monitors performance through relevant reporting procedures.

At the time of the listing an audit committee and a remuneration committee (each comprising the Non-Executive Directors, who could invite other members of the Board to join meetings), were established. The majority of the directors appointed to these committees have now left the Company, and the committees will be reconstituted shortly.

It was intended that the audit committee would meet at least twice each year ensuring that the financial performance of the Company is properly measured and reported on, and meet with the auditors to review reports from the auditors relating to accounting and internal controls. This remains the intention, but due to the changes that have taken place within the Company, these meetings have not occurred. A preliminary meeting was held to approve the appointment of the auditors.

A remuneration committee was established to review the performance of Executive Directors, set the scale and structure of their remuneration and review the basis of their service agreements with due regard to the interests of the Company. The remuneration committee also makes recommendations to the directors concerning the allocation of share options to directors and employees. No director is permitted to participate in discussions or decisions concerning his own remuneration.

The remuneration committee has met during the early part of this year, but again the majority of its members have left the Company.

**Accountability and audit**

The Board considers that the annual report presents a balanced and understandable assessment of the Group's performance and prospects.

The audit committee was established to review the independence and objectivity of the external auditors. It was the intention that the committee would review the nature and amount of non-audit work undertaken by the auditors to satisfy it that there is no effect on their independence. The audit committee was comprised of the chairman and non-executive directors, most of whom have now left the company. A new committee will be established to fulfil this important role. However, the Directors are satisfied that Grant Thornton UK LLP, are independent.

DIRECTOR'S REPORT (CONTINUED)

**Going concern**

On the basis of a review of resources available, the directors have a reasonable expectation that the Group has adequate funding to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Relations with shareholders**

The Company has undergone a major change in its shareholder base since its listing in May 2005. The new major shareholders have been closely involved with the board in the recent developments within the Company. The directors are conscious of the need to communicate with all shareholders on a regular and timely basis.

The AGM is used to communicate with all shareholders and they are encouraged to participate.

The Company has developed a website, and this will be used as a means of providing information to shareholders. The Group's annual report and accounts, interim reports and other relevant announcements will be maintained on the website.

**Financial instruments**

The Group's financial instruments comprise of cash and liquid resources and bank loans together with various items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations. The main risk to the Group is the interest rate risk arising from floating rate interest rates. The Group's borrowings at 31 May 2006 comprise a bank loan of \$18.425million. The interest rate at 31 May 2006 was 6.485% and the average rate of interest since the loan was drawn was 6.485%. All transactions in the Group are in US dollars therefore no significant currency risk is envisaged. The Group does not use derivative instruments.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group receives charter hire monies in advance from charterers, thereby eliminating the Group's credit risk.

**Internal financial control**

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the company.

**Auditors**

Grant Thornton UK LLP was appointed auditors to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

The directors will place a resolution before the annual general meeting to reappoint Grant Thornton UK LLP as auditors for the coming year.

By order of the Board

Riviera Nominees Limited  
Company Secretary  
6 October 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law in Jersey requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements of the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with Jersey Law 1991 as amended. They are also responsible for the Group's system of internal financial control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information of which the Company's auditors are unaware: and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF Global Oceanic Carriers Limited**

We have audited the group and company financial statements of Global Oceanic Carriers Limited for the period ended 31 May 2006 which comprise the group profit and loss account, the group and company balance sheet, the group cash flow statement, and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive Officer's report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the period ended 31 May 2006.

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
EDINBURGH  
6 October 2006

The maintenance and integrity of Global Oceanic Carriers Group Limited website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Period ended 31 May 2006

	Note	Period ended 31 May 2006  \$						
<b>TURNOVER</b>								
Group turnover	2	20,854,164						
Cost of sales		<u>5,339,672</u>						
<b>Gross profit</b>		<b>15,514,492</b>						
<table> <tr> <td>Administrative expenses - other</td> <td></td> <td style="text-align: right;">8,845,778</td> </tr> <tr> <td style="padding-left: 20px;">- exceptional item</td> <td style="text-align: center;">4</td> <td style="text-align: right;"><u>3,202,266</u></td> </tr> </table>			Administrative expenses - other		8,845,778	- exceptional item	4	<u>3,202,266</u>
Administrative expenses - other		8,845,778						
- exceptional item	4	<u>3,202,266</u>						
Administrative expenses		<u>12,048,044</u>						
<b>OPERATING PROFIT</b>	3	<b>3,466,448</b>						
Net interest	6	<u>(1,083,849)</u>						
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,382,599</b>						
Tax on profit on ordinary activities		<u>-</u>						
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD</b>		<b><u>2,382,599</u></b>						
<b>Earnings per ordinary share (cents)</b>								
Basic	8	<u>17.27 cents</u>						

All of the activities of the Group are classed as continuing.

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current financial period and, accordingly, no statement of total recognised gains and losses is shown.

The accompanying notes and accounting policies form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 May 2006

	Note	2006 \$
<b>FIXED ASSETS</b>		
Tangible assets	9	60,382,790
<b>CURRENT ASSETS</b>		
Stock	11	182,834
Debtors and prepayments	12	2,094,240
Cash at bank and in hand		5,019,009
		<u>7,296,083</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>7,513,471</u>
<b>NET CURRENT LIABILITIES</b>		<u>217,388</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		60,165,402
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>12,950,000</u>
<b>NET ASSETS</b>		<u>47,215,402</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	17	106
Share premium account	18	44,832,697
Profit and loss account	18	2,382,599
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	19	<u>47,215,402</u>

These financial statements were approved by the board of directors on 6 October 2006.

Signed on behalf of the board of directors

Michael P Tartsinis  
Director and chief executive officer

**Global Oceanic Carriers Limited** REPORT AND FINANCIAL STATEMENTS 2006

COMPANY BALANCE SHEET

As at 31 May 2006

	<b>Note</b>	2006 \$
<b>FIXED ASSETS</b>		
Investments	10	<u>4</u>
<b>CURRENT ASSETS</b>		
Debtors: due in less than one year	12	468,967
due in greater than one year	12	54,493,231
		<u>54,962,198</u>
Cash at bank and in hand		2,317,285
		<u>57,279,483</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>6,032,118</u>
<b>NET CURRENT ASSETS</b>		<u>51,247,365</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51,247,369
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>12,950,000</u>
<b>NET ASSETS</b>		<u>38,297,369</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	17	106
Share premium account	18	44,832,697
Profit and loss account	18	<u>(6,535,434)</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	19	<u>38,297,369</u>

These financial statements were approved by the board of directors on 6 October 2006.

Signed on behalf of the board of directors

Michael P Tartsinis  
Director and chief executive officer

CONSOLIDATED CASH FLOW STATEMENT

Period ended 31 May 2006

	<b>Note</b>	Period ended 31 May 2006 \$
<b>Net cash inflow from operating activities</b>	20	7,903,455
<b>Returns on investments and servicing of finance</b>	21	(1,083,849)
<b>Capital expenditure and financial investments</b>	21	(65,058,400)
<b>Management of liquid resources</b>	21	(119,476)
<b>Cash outflow before financing</b>		(58,358,270)
<b>Financing</b>	21	63,257,803
<b>Increase in cash in the period</b>		<u>4,899,533</u>
 <b>Reconciliation of net cash flow to movement in net debt</b>		
Increase in cash in the period		4,899,533
Cash outflow from increase in liquid resources		119,476
Cash inflows from debt		(18,425,000)
Movement in net debt during the period		(13,405,991)
Net debt at 21 December 2004		-
<b>Net debt at 31 May 2006</b>	22	<u>(13,405,991)</u>

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

The particular accounting policies adopted are described below and have been consistently applied throughout the period.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries.

**Turnover**

Turnover, including charter income, is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Turnover is recognised over the life of the vessel charters and turnover is deferred where the life of a charter extends beyond a period-end.

**Tangible fixed assets and depreciation**

Depreciation is calculated to write down the cost of tangible fixed assets by equal annual instalments over their estimated useful economic lives, after considering the estimated salvage value. Management estimates the useful life of the vessels to be 30 years. Each vessels' salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. All vessels were acquired second hand and the rates of depreciation are as follows:

Vessels

Go Faith	Straight line over 9 years
Go Pride	Straight line over 7 years
Go Public	Straight line over 18 years
Special Survey costs	Straight line over 2.5 and 5 years

Management's estimation of the useful life of the vessels as 30 years is based on management's industry knowledge and industry norms.

**Dry docking and special survey costs**

The Group's vessels are required to undertake dry docking/special surveys at approximately every two and a half years. Costs incurred in relation to dry docking and special surveys have been capitalised and are written off on a straight line basis over the period until the next dry docking or special survey falls due.

**Stock**

Stock is stated at the lower of cost and net realisable value.

**Foreign currency transactions**

Each asset, liability, revenue or cost arising from a transaction denominated in a foreign currency is translated into US dollars at the exchange rate in operation on the date on which the transaction occurred.

At the balance sheet date, each monetary asset and liability denominated in foreign currency is translated using the exchange rate prevailing at that date.

**Taxation**

The Company is a registered Jersey Company and is out with the scope of UK taxation.

**Financial instruments**

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**1. ACCOUNTING POLICIES (CONTINUED)**

Financial liabilities are initially stated at the amount of net proceeds after the deduction of issue costs.

Income and expenditure of financial instruments are recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

**Financing costs**

Fees paid to lenders for obtaining new loans or refinancing existing ones are deferred. These fees are amortised over the life of the related debt on a constant basis on the carrying amount.

**Share issue costs**

Costs incurred directly relating to issue of new shares have been included within the share premium account.

**2. TURNOVER**

The turnover and profit before tax are attributable to the principal activity of the group. An analysis of turnover by origin is given below:

	Period ended 31 May 2006 \$
International	<u>20,854,164</u>

**3. OPERATING PROFIT**

	Period ended 31 May 2006 \$
<b>Operating profit is after charging/(crediting)</b>	
Depreciation on tangible fixed assets:	
Owned assets	4,675,610
Auditors' remuneration	52,251
- Group and Company audit fees	
- non-audit services	49,598
Foreign exchange loss	<u>(442)</u>

In addition, remuneration paid to Grant Thornton UK LLP in respect of the flotation, totalling \$225,793 has been included within the share premium account.

**4. EXCEPTIONAL ITEM**

The group had initially agreed to purchase a fourth vessel, Go Trader, and costs of \$3,202,266 were incurred in order to withdraw from this agreement.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Period ended  
31 May  
2006  
\$

Staff costs during the period were as follows:

Wages and salaries	2,269,691
Social and security costs	-
Other pension costs	-
	<u>2,269,691</u>

The average number of employees of the Group during the period, analysed by category was as follows:

	Number
Ship crew	73
Management	3
	<u>76</u>

Period ended  
31 May  
2006  
\$

**Directors' emoluments**

Executive directors	<u>576,987</u>
Non-executive directors	<u>48,047</u>

No pension benefits are provided for any director.

	Salary \$	Fees \$	Total \$
V Vintiadis	288,494	-	288,494
D Kearney	180,308	-	180,308
K Dimitrou	108,185	-	108,185
C Campbell (Non Executive)	-	19,840	19,840
P St George (Non Executive)	-	28,207	28,207
A W Moloney (Non Executive)	-	-	-
	<u>576,987</u>	<u>48,047</u>	<u>625,034</u>

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**6. NET INTEREST**

	Period ended 31 May 2006 \$
<b>Investment income:</b>	
Bank interest receivable	365,017
<b>Interest payable:</b>	
Bank overdraft and loans	<u>(1,448,866)</u>
Net interest	<u><u>(1,083,849)</u></u>

**7. LOSS OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period before dividends was \$6,535,434.

**8. EARNINGS PER ORDINARY SHARE**

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	Period ended 31 May 2006 \$
Profit for the financial period	<u>2,382,599</u>
	<b>No</b>
	<b>000</b>
Weighted average number of ordinary shares	<u>13,798,963</u>
Basis earnings per share	<u><u>17.27 cents</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

9. TANGIBLE FIXED ASSETS

The Group	Vessels \$	Special Survey Costs \$	Total \$
<b>Cost</b>			
At 21 December 2004	-	-	-
Additions in the period	63,941,560	1,116,840	65,058,400
At 31 May 2006	63,941,560	1,116,840	65,058,400
<b>Accumulated depreciation</b>			
At 21 December 2004	-	-	-
Charge for the period	4,408,902	266,708	4,675,610
At 31 May 2006	4,408,902	266,708	4,675,610
<b>Net book value</b>			
At 31 May 2006	59,532,658	850,132	60,382,790
At 21 December 2004	-	-	-

The net book value of the Group's tangible fixed assets does not include any amounts in respect of assets held under finance leases.

10. INVESTMENTS HELD AS FIXED ASSETS

The Company	Shares in subsidiary undertakings \$
<b>Cost</b>	
As at 21 December 2004	-
Additions during the period	4
At 31 May 2006	4
<b>Provision</b>	
At 21 December 2004	-
Written back in period	-
At 31 May 2006	-
<b>Net book value</b>	
At 31 May 2006	4
At 21 December 2004	-

All of the above investments are unlisted.

The following subsidiaries have been consolidated in the Group financial statements.

	<u>Country of incorporation</u>	<u>Nature of business</u>	<u>Proportion held</u>	<u>Class of share</u>
Faith Maritime Company SA	Marshall Islands	Vessel charter	100%	ordinary shares
Go Public Company SA	Marshall Islands	Vessel charter	100%	ordinary shares
Pride Navigation Company SA	Marshall Islands	Vessel charter	100%	ordinary shares
Trade Marine Company SA	Marshall Islands	Dormant	100%	ordinary shares

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

11. STOCK

	2006 \$
<b>The Group</b>	
Stock	182,834
	<u>182,834</u>
<b>The Company</b>	
Stock	-
	<u>-</u>

12. DEBTORS

	2006 \$
<b>The Group</b>	
Other debtors	959,502
Prepayments and accrued income	1,134,738
	<u>2,094,240</u>
<b>The Company</b>	
Due in less than 1 year:	
Prepayments	468,967
Due in greater than 1 year:	
Amounts owed by subsidiary undertakings	54,493,231
	<u>54,962,198</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 \$
<b>The Group</b>	
Bank loan (note 15)	5,475,000
Trade creditors	911,694
Accruals and deferred income	1,126,777
	<u>7,513,471</u>
<b>The Company</b>	
Bank loan (note 15)	5,475,000
Trade creditors	413,403
Accruals and deferred income	143,715
	<u>6,032,118</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 \$
<b>The Group</b>	
Bank loan (note 15)	12,950,000
	<u>12,950,000</u>
<b>The Company</b>	
Bank loan (note 15)	12,950,000
	<u>12,950,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**15. BORROWINGS**

	2006 \$
<b>The Group</b>	
Bank loan	<u>18,425,000</u>

The bank loan is secured by floating charges over all the assets of the company and each of its subsidiaries and by cross guarantees by all Group companies and is repayable as follows:

Due within one year	5,475,000
Due between one and two years	3,000,000
Due between two and five years	6,800,000
Over five years	3,150,000
	<u>18,425,000</u>

The bank loan bears interest at a fixed rate of 6.485%.

**16. FINANCIAL INSTRUMENTS**

The Group finances its operation by raising finance through equity and bank borrowings and uses financial instruments comprising cash, debtors and trade creditors, which arise directly from its operations. The main purpose of these instruments is to further the Group's operations. Short term debtors and creditors have been excluded from all of the disclosures other than currency risk.

	<b>2006</b> <b>\$'000</b>
<b>Financial assets</b>	
The group's financial assets and their maturity profile are:	
Cash at bank and in hand	5,019
<b>Maturing</b>	
One year or less on demand	5,019
<b>Financial liabilities</b>	
The group's financial liabilities and their maturity profile are:	
Bank loan - floating rate	18,425

An analysis of the maturity of group debt is given in note 15

**Liquidity Risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Loan repayments are met by cashflows generated through the charter of the Group's vessels.

**Interest Rate Risk**

The interest rate on the Group's loan is fixed at 6.485% and the interest rate on the cash at bank is determined by reference to the base rate.

**Currency Risk**

The Group retranslates foreign assets and liabilities at the balance sheet date and foreign exchange differences are taken to the profit and loss account. The Group does not consider there to be a significant currency risk. The Group's cash flows are substantially denominated in US dollars.

**Fair Values**

The fair values of the Group's financial instruments are not materially different to their book value.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

17. SHARE CAPITAL

The Company	Ordinary shares of 0.0003p each	
	Number of shares	\$
<b>Authorised</b>		
At 31 May 2006	<u>66,666,666,666,666</u>	<u>200,000,000</u>
	Number of shares	\$
<b>Called up, allotted and fully paid</b>		
Issued in period	<u>20,016,396</u>	<u>106</u>
At 31 May 2006	<u>20,016,396</u>	<u>106</u>

The market value of shares at 31 May 2006 was 60.55 pence. The average throughout the period was 78.91 pence.

Since the incorporation of the Company, there have been the following changes in the authorised and issued share capital:

- (i) On 4 February 2005 the shareholders of the Company passed a special resolution amending the share capital of the Company from £200,000,000 divided into 200,000,000 shares of £1 each to £200,000,000 divided into 200,000,000,000,000 shares of 0.0001 pence each.
- (ii) By resolutions passed on 4 February 2005, 10 February 2005, 24 February 2005, 25 February 2005, 28 February 2005 and 1 March 2005, 38,661,819 ordinary shares of 0.0001 pence were allotted at various prices.
- (iii) On 27 April 2005 the shareholders of the Company passed a special resolution amending the share capital of the Company from 200,000,000,000,000 shares of 0.0001 pence each to 66,666,666,666,666 shares of 0.0003 pence each. Following the passing of this resolution, 12,887,273 ordinary shares of 0.0003 pence were then in issue.
- (iv) On 13 May 2005 the shareholders of the Company passed a special resolution purchasing 11,342,603 Ordinary Shares then in issue, from the shareholders, at par value per Ordinary Share, pursuant to Article 57 of the Companies Law. Following these purchases, 1,544,670 Ordinary Shares of 0.0003 pence each are in issue.
- (v) On 26 May 2005 the Company undertook a placement on the Alternative Investment Market. 16,052,409 Ordinary Shares of 0.0003 pence were placed at a price of 140 pence.
- (vi) By resolution passed on 26 May 2005, 945,477 Ordinary Shares of 0.0003 pence were allotted at various prices.
- (vii) By resolution passed on 15 December 2005, 1,473,840 Ordinary Shares of 0.0003 pence each were allotted at various prices.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**18. STATEMENT OF MOVEMENT OF RESERVES**

	<b>Share premium account \$</b>	<b>Profit and loss account \$</b>
<b>The Group</b>		
Profit for the financial period	-	2,382,599
Premium on allotment of shares in the period net of expenses totalling £4,590,501	44,832,697	-
	<u>44,832,697</u>	<u>2,382,599</u>
As at 31 May 2006	<u>44,832,697</u>	<u>2,382,599</u>
<b>The Company</b>		
Profit for the financial period	-	(6,535,434)
Premium on allotment of shares in the period net of expenses totalling £4,590,501	44,832,697	-
	<u>44,832,697</u>	<u>(6,535,434)</u>
As at 31 May 2006	<u>44,832,697</u>	<u>(6,535,434)</u>

**19. MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>Period ended 31 May 2006 \$</b>
<b>The Group</b>	
Profit for the financial period	2,382,599
Net proceeds of shares issued	44,832,803
	<u>47,215,402</u>
Closing shareholders' funds	<u>47,215,402</u>
<b>The Company</b>	
Loss for the financial period	(6,535,434)
Net proceeds of shares issued	44,832,803
	<u>38,297,369</u>
Closing shareholders' funds	<u>38,297,369</u>

**20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Period ended 31 May 2006 \$</b>
Operating profit	3,466,448
Depreciation	4,675,610
Increase in stock	(182,834)
Increase in debtors	(2,094,240)
Increase in creditors	2,038,471
	<u>7,903,455</u>
<b>Net cash inflow from operating activities</b>	<u>7,903,455</u>

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	<b>Period ended 31 May 2006 \$</b>
<b>Returns on investments and servicing of finance</b>	
Interest receivable	365,017
Bank overdraft and loans	(1,448,866)
	<u>(1,083,849)</u>
<b>Capital expenditure and financial investment</b>	
Payments to acquire tangible fixed assets	(65,058,400)
	<u>(65,058,400)</u>
<b>Management of liquid resources</b>	
Cash held on term deposit	(119,476)
	<u>(119,476)</u>
<b>Financing</b>	
Issue of ordinary shares	49,423,304
Professional fees in connection with share issue	(4,590,501)
Bank loan	36,000,000
Repayment of bank loan	(17,575,000)
	<u>63,257,803</u>

**22. ANALYSIS OF CHANGE IN NET DEBT**

	<b>Cash flow \$</b>	<b>Period ended 31 May 2006 \$</b>
Cash at bank and in hand	4,899,533	4,899,533
Cash on term deposit	119,476	119,476
Bank loan	(18,425,000)	(18,425,000)
	<u>(13,405,991)</u>	<u>(13,405,991)</u>
Net debt	<u>(13,405,991)</u>	<u>(13,405,991)</u>

**23. RELATED PARTY TRANSACTIONS**

During the period, St George Financial Services Limited provided administration and secretarial services to the Group amounting to \$35,338. At 31 May 2006 the Group was due \$2,632 to St George Financial Services Limited. Peter St George is a director and shareholder of the Company and St George Financial Services Limited.

John J Rigos Marine Enterprises SA is a related party due to their share ownership. During the period, John J Rigos Marine Enterprises SA provided ship management to the Group with costs amounting to \$7,106,319. At 31 May 2006 the Group was due \$274,608 to John J Rigos Marine Enterprises SA and correspondingly John J Rigos Marine Enterprises were due the Group \$959,502.

Niva Shipping Limited is a related party due to their share ownership. During the period the Group paid commission to Niva Shipping amounting to \$46,441. At 31 May 2006 the Group was due \$13,794 to Niva Shipping Limited.

**24. EXCHANGE RATES**

The group used the following exchange rates to convert to US dollars at 31 May 2006.

One Euro translated into 1.2826 US dollars  
One UK pound translated into 1.8661 US dollars

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2006

**25. NON ADJUSTED POST BALANCE SHEET EVENTS**

Since the period end the Company has decided to change the ship management arrangements and will be using Antares Shipmanagement S.A. to look after its fleet.

The Company's nominee has entered into a purchase agreement dated 11 August 2006 with Leadway Shipping Pte. Ltd to purchase the 1991-build 150,000 deadweight ton Capesize vessel *M/V Welfair* for US\$36,200,000. The Company has paid a 10 percent deposit on the vessel, with the balance of the purchase price to be paid by the Company upon delivery of the vessel, such delivery to take place by 31 October 2006, subject to certain provisions in the contract entitling the seller to defer delivery in certain circumstances. Upon delivery, the vessel will continue on its current charter with SK Shipping, London through April 2007 at US\$25,500 per day. Thereafter, the charter has already been extended with SK Shipping on the following terms: US\$32,000 per day from April 2007 to April 2008, US\$27,000 per day from April 2008 to April 2009, and US\$23,000 per day from April 2009 to April 2010 with a further option to the charterer to extend to April 2011 at the same rate.

The Company's nominee has entered into a purchase agreement dated 17 August 2006 with K/S Danskib 47 to purchase the 1996-build 46,000 deadweight ton Handymax vessel *M/V Talisman* for US\$27,500,000. The Company has paid a 10 percent deposit on the vessel, with the balance of the purchase price to be paid by the Company upon delivery of the vessel, such delivery to take place by 20 January 2007, subject to certain provisions in the contract entitling the seller to defer delivery in certain circumstances. Upon delivery, the vessel will continue on its current charter with EDF MAN through December 2006 at US\$16,000 per day. Thereafter, the charter has already been extended with EDF MAN for a further two years at a rate of US\$19,250 per day.