



GLOBUS MARITIME LTD



2009 ANNUAL REPORT



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*George Karageorgiou receiving the QCA "International IPO of the Year" on January 30, 2008.*



## Full Year 2009 Financial and Operational Highlights

Globus Maritime Limited ("Globus" or the "Company") began operations on September 15, 2006.

At December 31, 2009 Globus owned four geared vessels totalling 212,789 deadweight tons (DWT) with a weighted average age of 10.5 years. Two of these four vessels, namely the Handymax vessels "Sea Globe" and "Coral Globe" were, at December 31, 2009, held for sale under Memorandum of Agreements (MOAs) signed in November 2009. Both vessels were delivered to their Buyers in February 2010 (see Post Balance Sheet Events). At December 31, 2008 Globus' fleet included seven vessels totalling 372,369 deadweight tons (DWT) with a weighted average age of 11.6 years.

All figures which follow are in United States Dollars (\$).

### Financial Highlights

The Company achieved:	During 2009	During 2008	Change
Gross Revenues:	\$52.8 million	\$98.6 million	-46%
Net Revenues:	\$49.1 million	\$91.9 million	-47%
Average TCE:	\$21,550 per day	\$32,736 per day	-34%
Adjusted EBITDA:	\$33.8 million	\$75.7 million	-55%
Impairment Charge:	\$28.4 million	\$20.2 million	+41%
EBITDA:	\$4.7 million	\$69.2 million	-93%
Net Profit (Loss):	(\$10.1 million)	\$42.8 million	-124%
Net Cash from Operations:	\$34.7 million	\$73.2 million	-53%
Debt at Year End:	\$70.6 million	\$157.6 million	-55%
Cash at Year End:	\$59.2 million	\$65.3 million	-9%
Net Debt at Year End:	\$11.4 million	\$92.3 million	-88%

### Operational Highlights

Ownership Days:	2,314	2,878	-20%
Available Days:	2,277	2,808	-19%
Operating Days:	2,246	2,781	-19%

### EBITDA Reconciliation

Net Profit (Loss):	(\$10.1 million)	\$42.8 million
+ Depreciation/Amortization	\$12.7 million	\$19.0 million
+ Net Interest Results	\$2.1 million	\$7.4 million
EBITDA:	\$4.7 million	\$69.2 million
+ Impairment Charge:	\$28.4 million	\$20.2 million
- (Gain) Loss from Sale of Vessel	\$0.8 million	(\$15.1 million)
- (Gain) Loss from Revaluing SWAP (\$0.1 million)	\$0.1 million	\$1.4 million
Adjusted EBITDA	\$33.8 million	\$75.7 million



## Chairman's Letter



Fellow shareholders,

Overview:

I am pleased to present the Company's Annual Report for the year 2009, which was a challenging year for the shipping industry as we weathered an economic slowdown combined with an unprecedented liquidity crunch.

Since the end of 2008, we swiftly adapted our strategy to the rapidly declining market conditions. In 2009 we took some decisive steps to shore up the balance sheet and, at the same time, to position our Company to take advantage of accretive fleet expansion opportunities that usually arise in periods of weak markets.

We anticipate the volatility in our market to continue in 2010 and 2011 as a record number of newbuilding vessels are scheduled to be delivered. Having reduced bank debt and increased our cash, we have positioned Globus to take advantage of what we believe will be opportunities to acquire modern vessels at attractive price levels during the coming two years. We have significant liquidity reserves to substantially increase our fleet size and composition.

We appreciate the support and patience of our shareholders and are working tirelessly to safeguard shareholder value and highlight the attractive valuation of our Company.

Board:

In view of the challenges ahead, the strength and breadth of the Board's expertise across shipping and financial services, is invaluable as we continue to implement our strategy to further develop and grow the Company.

On March 25, 2010, as a result of his family's relocation from the United Kingdom to Singapore, Mr. Arjun Batra resigned as a non-executive director of the Company. On behalf of the Board, I would like to thank Mr Batra for his contribution to the Company during the last three years. In order to maintain the proper composition of the Board, the nominations committee has commenced a search for a new non-executive director.

Colleagues:

The performance achieved in 2009 would not have been possible without our dedicated people. The Board of Directors understand and appreciate just how much effort, enterprise and initiative the employees put into making last year a successful one. I would like to take this opportunity on behalf of the directors to thank all our colleagues and crew for their hard work and the safe and efficient operation of the fleet during the year.

A handwritten signature in blue ink, appearing to read 'George Feidakis'.

George Feidakis  
**Chairman**

## **Chief Executive Officer's Statement**

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We are pleased to report that the Company is in a strong financial condition and managed to overcome the difficulties of the 2009 financial year. It was a challenging year as we weathered an economic recession and the liquidity crunch which had begun in the last quarter of 2008. The decline in demand for bulk carriers, coupled with the significant newbuilding orderbook did not leave much space for market optimism.

We are happy to report that for 2009 Net Income reached \$19.0 million after adjusting for the following items: (1) an impairment charge of \$28.4 million, (2) a loss on the sale of vessels of \$0.8 million, and (3) a non-cash unrealized gain on derivative financial instruments of \$0.1 million. We consider this a solid performance, produced against a backdrop of weaker charter rates and the global economic turmoil during the reporting year. Including the three items, the Company recorded a Net Loss of \$10.1 million, (2008: Net Income of \$42.8 million).

For dry bulk shipping, the balance between supply and demand is decisive. It is our view that the actual deliveries of newbuilding dry bulk vessels in 2010 and 2011 will not be easily offset and absorbed by the growth in demand, although demand is expected to be stronger than in the recent period. In this context we took proactive initiatives and measures to optimize our fleet composition so that Globus will weather the current storm and come out of this turmoil even stronger.

We sold our "older" vessels, all built in the mid-1990s, which enabled us to reduce bank debt and to enhance our cash position. As a result we are now in a position to take advantage of accretive fleet expansion opportunities as these may occur, and renew our fleet at a fraction of the cost compared to 2008.

We are confident that the market will present us with many attractive opportunities, given our strong balance sheet, and we will gradually seek to take advantage of these and grow the earnings capacity of Globus, and thus create value for our shareholders. In a year's time our fleet will have a much younger age profile compared to the age profile at the time of the Company's IPO in 2007.

Management remains committed to utilizing our strong liquidity to seek opportunities to take advantage of the current market weakness in the drybulk industry. In pursuing future growth, we will continue to adhere to a strict set of return criteria related to earnings and cash flow accretion as well as return on capital. Our strong balance sheet will allow us to grasp opportunities to grow, but shareholders should be aware that this growth will only occur if sensible opportunities arise. Our focus for acquisitions will continue to be on dry-bulk vessels.

### **Annual General Meeting**

We will be holding the Annual General Meeting at the offices of Globus Shipmanagement Corp., our wholly-owned Shipmanagement subsidiary, on the 3rd floor at 128 Vouliagmenis Avenue, in Glyfada, 166 74 Greece, at 12.00 noon UK time on July 28, 2010. We are looking forward to welcoming you to our AGM.

### **Auditors**

Ernst & Young who were re-appointed as auditors have indicated their willingness to continue in office, and a resolution for their reappointment will be proposed at the AGM.

George Karageorgiou  
**Chief Executive Officer**

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## Milestones and Major Events

July 2006:

Globus founded

September 2006 to January 2007:

With \$40 million of seed capital Globus took delivery of five sistership second-hand Handymax vessels

June 2007:

Globus admitted to trading on AIM, raising \$50 million

July 2007:

Delivery of second-hand Panamax "Island Globe"

December 2007:

Delivery of second-hand Panamax "Tiara Globe" and newbuilding Supramax "River Globe"

January 2008:

"International IPO of the Year" award received from the Quoted Company Alliance

May 2008:

Payment of final dividend for 2007 of GB 7.31 pence per share (\$4.1 million in total)

September 2008:

Payment of interim dividend for 2008 of GB 26.9 pence per share (\$14.3 million in total)

November 2008:

Sale of Handymax "Ocean Globe" for \$37 million

September 2009:

Sale of Panamax "Island Globe" for \$19.1 million

October 2009:

Sale of Handymax "Gulf Globe" for \$15.5 million

November 2009:

Sale of Handymax "Lake Globe" for \$16.5 million

February 2010:

Sale of Handymax "Sea Globe" and "Coral Globe" for \$34 million en block

May 2010:

Delivery of two sistership Supramax vessels "Sky Globe" and "Star Globe" (a newbuilding)





## **BUSINESS REVIEW AND DIRECTORS REPORT**

### **Dry bulk**

2009 was a challenging year as the shipping industry weathered an economic recession and the liquidity crunch that began in the last quarter of 2008. The decline in demand for dry bulk carriers, coupled with the significant newbuilding orderbook did not leave much space for market optimism at the beginning of 2009.

Despite the negative global GDP growth, demand for dry bulk cargoes during 2009 actually remained close to the same level as in 2008, due primarily to demand from China and India. Chinese iron ore imports increased which offset the reductions experienced in other countries, principally in Europe and USA. Charter rate volatility was certainly a key feature during 2009.

On the supply side, after allowing for the cargo capacity being sent for demolition and newbuilding cancellations and delivery delays, the dry bulk fleet grew by only 7% as compared to expectations of double digit growth. The number of vessels scheduled for delivery during 2010 still remains high, and it will be very important to see what the actual deliveries will be, as well as the number of vessels that will be scrapped, when considering the net growth of the world fleet.

For 2009, Net Income reached \$19.0 million after adjusting for the following items: (1) an impairment charge of \$28.4 million, (2) a loss on the sale of vessels of \$0.8 million, and (3) a non-cash unrealized gain on derivative financial instruments of \$0.1 million. Including these items the Company recorded a Net Loss of \$10.1 million, (2008: Net Income of \$42.8 million).

During 2009 the Company sold three vessels, all built in the mid-1990s, to unaffiliated third parties: the panamax vessel "Island Globe" and the handymax vessels "Gulf Globe" and "Lake Globe". These sales generated total cash proceeds of \$49.0 million after accounting for commissions and other related expenses.

### **Revenues**

Gross Revenues during 2009 amounted to \$52.8 million (2008: \$98.6 million) and Net Revenues reached \$49.1 million (2008: \$91.9 million). The main reasons include the decrease in the available days to 2,277 (2008: 2,808 days) due to the sales of vessels, and the weaker freight markets in 2009 compared to 2008.

### **Operating Expenses**

As a result of the decrease in the number of vessels in the Company's fleet, Operating Expenses during the year 2009 decreased by 19% to \$10.1 million, versus \$12.5 million in 2008. There were 2,314 ownership days in 2009, giving an average daily Operating Expense figure of \$4,381 per vessel per day, compared to 2,878 ownership days in 2008 and \$4,356 average Operating Expenses per vessel per day in 2008. We still maintain one of the lowest operating cost structures among the listed shipping companies which, we believe, is one of our advantages.

The breakdown of our Operating Expenses for the year is as follows: crew expenses 52%; repairs and spares 17%; stores 9%; insurances 11%; lubricants 9%; and other 2%. We continue to focus on controlling and reducing our costs while ensuring safe operations for our fleet.

### **Cash**

The Company began the year with cash balances \$65.3 million, generated \$34.7 million from Operations (2008: \$73.2 million), \$49.0 million from vessel sales (2008: \$36.7 million), repaid \$87.0 million of bank debt, and ended the year with cash balances of \$59.2 million.

Of this amount, at December 31, 2009, \$6.0 million (2008: \$21.4 million) was pledged in favour of Deutsche Schiffsbank ("DSB"), one of the Company's two lenders.

## Bank Debt

At December 31, 2008 the Company had Total Debt outstanding of \$157.6 million from the following banks:

- 1) \$95.0 million due to Credit Suisse, under an 8-year facility signed in November 2007 and maturing in November 2015, and
- 2) \$62.6 million due to Deutsche Schiffsbank ("DSB"), under an 8-year facility signed in March 2008 and maturing in March 2016.

The sharp correction of vessel values in 2008 had caused a breach of the collateral maintenance covenants in the two bank loans, for which the Company took the following actions during the first quarter of 2009 ensuring that it would not be affected during the year:

- 1) The Company obtained a waiver from Credit Suisse valid until January 31, 2010; and
- 2) The Company pledged an amount of \$21.4 million in favour of DSB.

Following the sales of vessels in 2009 the company repaid the following amounts to its two financing banks:

- A. \$18.5 million was repaid to Credit Suisse upon the sale of the "Island Globe";
- B. \$15.3 million was repaid to DSB upon the sale of the "Gulf Globe";
- C. \$14.0 million was repaid to DSB upon the sale of the "Lake Globe".

Scheduled instalments were also paid to the two financing banks and, as a result, the Company reduced its debt by approximately \$87.0 million during 2009, to \$70.6 million at December 31, 2009. Following each repayment, the amount of the pledged cash was reduced pro-rata.

The Credit Suisse loan facility is a revolving facility, and an amount up to \$36.4 million remains committed and available for the acquisition of additional bulk carriers. The availability to draw is valid until the maturity of the facility in November 2015, but the amount reduces every six months.

At the end of 2009, and on the date of this publication, the Company is in compliance with the covenants of the bank debt.

## Post Balance Sheet Events

In November 2009, the Company agreed the sale to an unaffiliated third party of the last two mid-1990s built vessels, the "Sea Globe" and the "Coral Globe" for a gross selling price of \$34.0 million en block.

Both vessels were delivered to their new owners in February 2010 generating net cash proceeds of \$33.0 million. Upon this sale, the bank debt of \$27.0 million to Deutsche Schiffsbank was fully repaid.

On March 26, 2010 the Group agreed to purchase from an unaffiliated third party two sistership Supramax Vessels for \$32.85 million each. The vessels were delivered to the Group in May 2010 and were named "Sky Globe" and "Star Globe" respectively. These two acquisitions were financed by drawing from the Credit Suisse facility and from the Company's cash.

The scheduled bank debt repayments in the second-half of 2010, 2011, and 2012 are \$4.5 million, \$9 million, and \$9 million respectively.

As of the date of this Annual Report, cash balances exceed \$36.1 million while outstanding bank debt is \$75.5 million to Credit Suisse.

## Risks and uncertainties

The risks inherent in the operation of the Company are well understood and control measures have been established to ensure that risks are adequately controlled both in terms of frequency and consequences.

The Company's management accounts, including profit and loss, balance sheet and cash flow, are reviewed at each Board meeting. Risks are reviewed by the Board on a regular basis, including those described below and in other parts of this document:

### **Foreign exchange risk**

The major trading currency of the Company is the US dollar. Movements in the US dollar relative to other currencies, particularly sterling, the euro, and the Japanese yen, can potentially impact our operating and administrative expenses and therefore our operating results.

### **Interest rate risk and credit risk of cash deposits**

The Company's borrowings are in US dollars and at variable rates of interest. In November 2008 in an effort to mitigate the exposure to interest rate movements, the Company entered into two interest rate SWAP agreements for \$25 million in total, which remain in place on the date of this publication.

The Company has adopted a low risk approach to treasury management. Cash balances are invested in term deposit accounts, with maturity dates to suit projected liquidity requirements. Credit risk is diluted by placing cash on deposit with a variety of institutions in Europe, including selected banks in Greece, which are selected based on their credit ratings. Globus has policies to limit the amount of credit exposure to any financial institution.

### **Liquidity risk and Going Concern**

The Directors are required to be satisfied that the Company has adequate resources to continue in business for the foreseeable future.

The Company's business activities, the financial position, its cash and liquidity position, and its bank facilities are described in the Business Review on pages 7 to 9 together with the factors likely to affect its future development, performance and position.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that Globus will be able to operate normally. A review of these forecasts has been conducted and the Directors believe that the generation of cash flow from the business, combined with the facilities drawn down and cash available in the balance sheet, fully support and validate the conclusion that the going concern basis is justified in the preparation of the financial statements despite the current uncertain economic outlook.





#### **Notes:**

(1) Average number of vessels is the number of vessels that constituted the fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of the fleet during the period divided by the number of calendar days in the period.

(2) Ownership days are the aggregate number of days in a period during which each vessel in the fleet has been owned. Ownership days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses that the Company records during a period.

(3) Available days are the number of ownership days less the aggregate number of days that the vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time spent positioning the vessels. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(4) Operating days are the number of available days in a period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels generate revenues.

(5) Fleet utilisation is measured by dividing the number of operating days during a period by the number of available days during the same period. The shipping industry uses fleet utilisation to measure a company's efficiency in finding suitable employment for its vessels and minimising the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

(6) Average daily vessel operating expenses, which include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses, are calculated by dividing vessel operating expenses by ownership days for the relevant period.

(7) TCE rates are defined as time and voyage charter revenues less voyage expenses during a period divided by the number of available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel oil and diesel oil) expenses, canal charges and commissions. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters are generally expressed in such amounts.

(8) EBITDA has been calculated as follows: Profit + Depreciation + Depreciation of dry-docking costs + interest expense – interest income + FX losses (gains).

(9) Net Debt is defined as bank debt net of unamortized fees less cash and cash equivalents and pledged and restricted deposits. Net Debt to Book Capitalization is defined as Net Debt divided by the sum of Net Debt and Total Equity.



# 2009 versus 2008

## Financial and Operating Highlights

(in thousands of US dollars)

### Income Statement Data:

	<b>For the 12- Months Ended</b>	
	31 December 2009 (audited)	31 December 2008 (audited)
Gross Revenue	52,812	98,597
Voyage expenses (incl. commissions)	(3,742)	(6,674)
Net Revenue	49,070	91,923
Vessels operating expenses	(10,137)	(12,537)
Administrative expenses	(5,030)	(4,108)
Other (expenses)/income	(106)	408
Depreciation	(11,204)	(17,407)
Amortization of dry-docking costs	(1,512)	(1,572)
<b>Operating income before Gain/(loss) from sale of vessels and impairment charge</b>	21,081	56,707
Gain/(loss) from Sale of Vessels	(802)	15,095
Impairment Loss	(28,429)	(20,224)
<b>Operating (loss)/income before finance costs</b>	(8,150)	51,578
Interest expense	(2,926)	(7,707)
Interest income	1,032	946
Gain/(loss) on Derivative financial instruments	143	(1,373)
Foreign exchange losses	(178)	(626)
<b>(Loss)/profit for the period</b>	(10,079)	42,818
<b>EBITDA<sup>(8)</sup></b>	4,709	69,184
Impairment Loss	28,429	20,224
(Gain)/loss from Sale of Vessel	802	(15,095)
(Gain)/loss on Derivative financial instruments	(143)	1,373
<b>ADJUSTED EBITDA</b>	33,797	75,686
Share based payments	1,754	770
Provision	13	-
Decrease/(increase) in working capital	(863)	(3,250)
<b>Net cash flow from operating activities</b>	34,701	73,206
Net cash flow from investing activities	59,118	24,254
Net cash flow used in financing activities	(74,496)	(72,857)
Net Debt <sup>(9)</sup> to Assets (at year end)	6%	32%
Net Debt to Book Capitalization <sup>(9)</sup> (at year end)	9%	43%

### FLEET OPERATING DATA

#### Fleet Data:

Average number of vessels <sup>(1)</sup>	6.3	7.9
Number of vessels at end of period	4.0	7.0
Ownership days <sup>(2)</sup>	2,314	2,878
Available days <sup>(3)</sup>	2,277	2,808
Operating days <sup>(4)</sup>	2,246	2,781
Fleet utilization <sup>(5)</sup>	98.6%	99.0%
<b>Average Daily Results:</b>		
Vessel operating expenses (U.S. dollars) <sup>(6)</sup>	4,381	4,356
Administrative Expenses (U.S. dollars)	2,174	1,427
Time Charter Equivalent rate (U.S. dollars) <sup>(7)</sup>	21,550	32,736

Notes appear on page 10



# our Company

## Our Company

We are a company incorporated in Jersey in 2006.

Our business is to provide international marine drybulk transportation services by operating vessels in the drybulk sector of the shipping industry.

We acquired six Handymax vessels and two Panamax vessels between September 2006 and December 2007, from unaffiliated third parties, and sold five Handymax vessels and one Panamax vessel between November 2008 and February 2010, to unaffiliated third parties.

We own and operate a fleet of dry-bulk vessels that transport iron ore, coal, grain, steel products, cement, alumina and other dry-bulk cargoes worldwide.

## our Board

### Our Board

During 2009 the Board comprised of two executive directors and three non-executive directors.

#### **George Karageorgiou (Age 45), Chief Executive Officer and Director**



Mr. Karageorgiou is our co-founder and has served as our Chief Executive Officer (CEO) since September 2006. Mr. Karageorgiou has 19 years of shipping experience (five years of which involved public company experience). He worked as a projects engineer for Kassos Maritime Enterprises from 1990-1992 and as a director and corporate secretary for the NYSE listed Stelmar Shipping Limited from 1992-2004. During his time at Stelmar Shipping Limited, Mr. Karageorgiou assisted with vessel acquisitions, financings and strategy and was involved with the company's public offerings. Mr. Karageorgiou was also a director of easyGroup Limited, easyJet Holdings Limited, easyInternetCafe Limited, easyCruise (UK) Limited and a number of other easyGroup subsidiaries from 1995 to 2005. Mr. Karageorgiou holds a BE in Mechanical Engineering and an ME in Ocean Engineering from Stevens Institute of Technology and an MSc in Shipping Trade and Finance from CASS Business School.

#### **Elias Deftereos (Age 49), Chief Financial Officer and Director**



Mr. Deftereos has served as our Chief Financial Officer (CFO) since April 2007. Mr. Deftereos has been involved in banking and the capital markets for more than 19 years, for ten of which he was active in the shipping industry. He has previously worked as an analyst for Olympic Maritime of the Onassis Group (1988-1991), as an account officer for ship financing for ABN AMRO Bank (1994-1996), and more recently as the chief financial officer of Konkar Shipping Agencies (2004-2005) and Astron Maritime (2005-2006) overseeing all finance and treasury functions. Mr. Deftereos has also worked as an investment manager for Lehman Brothers (1997-1998) and as the group treasurer of Mytilineos Holdings (1999-2001), a company listed on the Athens Stock Exchange. Mr. Deftereos holds a BA in Economics from the State University of New York and an MBA in Finance from the University of Chicago.



### **George Feidakis (Age 59), Chairman and Non-Executive Director**

Mr. Feidakis, our co-founder, is a major shareholder and chairman of FG Europe, a company listed on the Athens stock exchange. FG Europe is active in four lines of business and represents international brands in Greece, the Balkans and Italy. FG Europe is a market leader in the air-conditioning market in Greece and is active in electrical appliances, power generation from renewable sources of energy and mobile telephony. Mr. Feidakis is also active in real estate development. Mr. Feidakis turned his investment in shipping stocks into shipping assets and co-founded the Company.



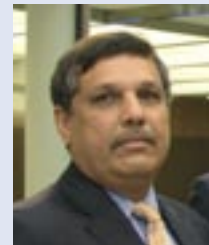
### **Amir Eilon (Age 59), Non-Executive Director**

Mr. Eilon is a non-executive director of the Company. Mr. Eilon is currently a director of Eilon & Associates Limited, which provides general corporate advice. Mr. Eilon was previously a non-executive director of easyJet plc and is currently, among other, a non-executive chairman of Spring plc, listed on the London Stock Exchange, and a director of Flamingo Holdings, a venture capital backed private company. Mr. Eilon has 30 years of investment banking experience. He was managing director of Morgan Stanley, London (1985-1990) where he was responsible for international equity capital markets, managing director of BZW (1990-1998) where he was head of global capital markets and managing director of Credit Suisse First Boston Private Equity (1998-1999).



### **Arjun Batra (Age 49), Non-Executive Director**

Mr. Batra is a non-executive director and has 30 years shipping experience. Mr. Batra is the Group managing director of Drewry Shipping Consultants Limited. Mr. Batra is also the managing director of North South International and North South Maritime Services, which are brokers and consultants specialising in the shipping industry. Mr. Batra also acts as a non-executive alternate director of Henschien Insurance Services A/S, an independent insurance broker in Norway specialising in all aspects of marine risk management services. Mr. Batra has previously acted as a finance director for Stelmar Tankers, was part of the core senior management team during the start up of easyJet (1992-1996), and was insurance manager for Troodos Shipping and Trading Ltd. (1989-1992). Mr. Batra is a fellow of the institute of Chartered Ship Brokers and a member of the Nautical Institute. He holds an MSc in Shipping, Trade and Finance from CASS Business School, London and is a Master Mariner (1st Class).



### **Post Balance Sheet Event**

On March 25, 2010, as a result of his family's relocation from the United Kingdom to Singapore, Mr. Arjun Batra resigned as a non-executive director of the Company. In order to maintain the proper composition of the Board, the Nominations Committee has commenced a search for a new non-executive director.



# our Fleet



## Fleet

Continuing the fleet renewal program that began with the sale of the 1995-built vessel "Ocean Globe" in November 2008, the Company sold three more vessels in 2009, namely the panamax "Island Globe" and the handymax vessels "Gulf Globe" and "Lake Globe", all sold to unaffiliated third parties:

- The 1995-built vessel "Island Globe" was delivered on September 2, 2009;
- The 1994-built vessel "Gulf Globe" was delivered on October 22, 2009;
- The 1994-built vessel "Lake Globe" was delivered on November 12, 2009.

On December 31, 2009 the Company's fleet comprised a total of four bulk carriers, consisting of three handymaxes and one panamax, with a weighted average age of approximately 10.5 years and a total carrying capacity of 212,789 DWT.

In November 2009, the company agreed the sale of the handymax vessels "Sea Globe" and "Coral Globe" for a selling price of \$34.0 million en block. Both vessels were delivered to their new owners in February 2010 generating net cash proceeds of \$33.0 million in total.

On March 26, 2010 the Group agreed to purchase two sistership Supramax Vessels for \$32.85 million each. The vessels were delivered to the Group in May 2010 and were named "Sky Globe" and "Star Globe" respectively.

On the date of this Annual Report therefore, Globus' fleet comprises a total of four bulk carriers, consisting of three supramaxes and one panamax, with a total carrying capacity of 240,152 DWT.

The following table presents information concerning the vessels in our fleet as on the date of this Annual Report:

Vessel	Year Built	Yard	Type <sup>(1)</sup>	Month/Yr Delivered	DWT	FLAG
River Globe	2007	Yangzhou Dayang	Handymax (Supramax)	Dec 2007	53,500	Marshall Is
Sky Globe	2009	Taizhou Kouan	Supramax	May 2010	56,855	Marshall Is
Star Globe	2010	Taizhou Kouan	Supramax	May 2010	56,868	Marshall Is
Tiara Globe	1998	Hudong Zhonghua	Panamax	Dec 2007	72,929	Marshall Is
W. Average Age	4.4 years	Years at 31 May 2010			240,152	

**Note** (1): All vessels are geared and fitted with grabs.



We own each of our vessels through separate, wholly-owned subsidiaries of the Company which are incorporated in the Marshall Islands. Our vessels are flagged in the Marshall Islands.

Our dry-bulk carriers transport a variety of major bulk cargoes (such as grain, coal and iron-ore) and minor bulk cargoes (such as bauxite, phosphate, sugar, cement, steel products and alumina) along worldwide shipping routes. None of our vessels operate in areas where European Union, United States or United Nations sanctions have been imposed nor in areas that are not covered by our insurance.

The "Gulf Globe" underwent her scheduled repairs during Q2-09, while the "Lake Globe" and the "Coral Globe" completed their scheduled repairs during Q3-09. The \$1.1 million cost of these scheduled repairs was funded with cash from operations.

We budget 20 days per dry docking per vessel. Actual length will vary based on the condition of each vessel, yard schedules, and other factors.

The following table presents information concerning the vessels which we owned in the past and have sold to unaffiliated third parties:

Vessel	Year Built	DWT	Type	Month/Year delivered to Globus	Month/Year delivered to new owners
M/V Ocean Globe	1995	43,189	Handymax	9/2006	11/2008
M/V Lake Globe	1994	43,216	Handymax	12/2006	11/2009
M/V Coral Globe	1994	43,189	Handymax	11/2006	2/2010
M/V Gulf Globe	1994	43,245	Handymax	1/2007	10/2009
M/V Sea Globe	1995	43,171	Handymax	9/2006	2/2010
M/V Island Globe	1995	73,119	Panamax	7/2007	9/2009



# our Fleet Employment

## Our Fleet Employment & Forward Coverage

### **Our customers**

We seek to fix charters with customers whom we perceive as blue-chip and thus creditworthy customers thereby minimizing the risk of default by our charterers. We also try to select charterers depending on the type of product they want to carry and the geographical areas in which they tend to trade.

We believe our customers who have been chartering our vessels since we started operating in 2006 enter into period time and spot charters with us because of the quality of our modern vessels and our record of safe and efficient operations.

Our assessment of a charterer's financial condition and reliability is an important factor in negotiating employment for our vessels. We generally charter our vessels to major operators, trading houses (including commodities traders), major shipping companies and major producers and government-owned entities rather than to more speculative or undercapitalised entities. Since our operations began in September 2006, our customers have included Atlas Shipping, COSCO, DS Norden, ED&F Man, STX Pan Ocean, Transgrain and Korea Lines. In addition, during the periods when some of our vessels were trading in the spot market, they have been chartered to charterers such as Cargill, Oldendorff, Western Bulk, Probulk, and others, thus expanding our customer base.

We monitor developments in the shipping industry on a regular basis and, subject to market demand, negotiate the charter hire periods for our vessels according to prevailing market conditions and our expectations of future market conditions.

We aim to deploy our vessels on a mix of time charters and spot charters according to our assessment of market conditions, adjusting the mix of these charters to take advantage of the relatively stable cash flow and high utilization rates associated with period time charters or to profit from attractive spot charter rates during periods of strong charter market conditions.

A time charter involves the hiring of a vessel from its owner for a period of time pursuant to a contract under which the vessel owner places its ship (including its crew and equipment) at the disposal of the charterer. Under a time charter, the charterer typically pays a fixed or variable daily charter rate and bears all voyage expenses, including the cost of bunkers (i.e. fuel) and port and canal charges. Subject to any restrictions specified and agreed in the contract, the charterer determines the type and quantity of cargo to be carried and the ports of loading and discharging. The technical operation and navigation of the vessel at all times remains our responsibility as the vessel owner. We are generally responsible for the vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the cost of spares and consumable stores, tonnage taxes and other miscellaneous expenses.

Since December 2007 the panamax vessel "Tiara Globe" was employed under a time charter to Korea Lines Corp at the gross rate of \$66,000 per day. The vessel completed this time charter without any renegotiation or



extension, and was redelivered to the Company on December 9, 2009. After working the vessel in the spot market for a few months, the Company utilised the strengthening in the bulk carrier market in February 2010 and entered into a new time charter agreement with Transgrain Shipping at the gross rate of \$20,000 per day for a minimum of 24 months.

Since July 2007 the panamax vessel "Island Globe" was employed under a time charter to DS Norden at the gross rate of \$30,000 per day. The vessel completed this time charter without any renegotiation or extension, and was redelivered to the Company just prior to its sale in September 2009.

On August 14, 2009 the Company had chartered the "Sea Globe" to COSCO at the gross rate of \$14,000 per day. The time charter commenced in early September 2009 and was concluded upon the delivery of the vessel to her new owners in February 2010.

During 2009 and up to the date of this report, the vessel "River Globe" has operated in the spot market.

An average of 6.3 vessels were owned and operated during the twelve months of 2009, earning an average daily Time Charter Equivalent (TCE) rate of \$21,550 per day, versus an average of 7.9 vessels owned and operated during the twelve months of 2008, earning an average TCE rate of \$32,736 per day.

As of the date of this Annual Report, our fleet has a balanced employment profile as one vessel is trading "spot" while the other three are on T/C ranging from 6 months to 2 years. Our time charter coverage for the remainder of 2010 stands at 61% taking into consideration the earliest expiration date (or 70% at the latest).



Vessel	Charterer	Charter Expiration Date (Earliest)	Charter Expiration Date (Latest) <sup>(1)</sup>	Gross Daily rate (\$)
River Globe	Eastern Bulk Carriers	9/2010	11/2010	25,000
Sky Globe	Currently on Spot			30,000
Star Globe	Transgrain	5/2011	7/2011	22,000
Tiara Globe	Transgrain	2/2012	5/2012	20,000

**Note:** (1) The latest charter expiration date represents the last day on which the charterer may redeliver the vessel upon the termination of the charter assuming that all options for additional hire periods under the charter are exercised, including taking into account expected off-hire days because of scheduled dry-dockings.

# our Dividend Policy

As the Company is a holding company, with no material assets other than the shares of its subsidiaries, its ability to pay dividends depends on the earnings and cash flow of those subsidiaries and their ability to pay dividends to the Company.

The Company has adopted a dividend policy which reflects its long-term net income and cash flow potential, maintaining an appropriate level of dividend cover taking into account the likely effects of the shipping cycle and the need to retain cash to reinvest in vessel acquisitions. The Company aims to maintain a dividend payment ratio in excess of 50% of its net income. The appropriate level of dividend payout is appraised by reference to the US dollar net profits of the Company every six months. However, the amount payable to investors is declared in US dollars but paid in pounds sterling, twice per annum.

Furthermore, the net income of the Company taken into account for the calculation of the dividend exclude any gain or loss on the sale of vessels and any unrealised gains or losses on derivatives. The use of any capital surpluses arising from vessel sales is considered in the light of, amongst other things, the return on capital available from reinvesting such proceeds in further ships and the most appropriate timing of any such reinvestment.

The Company intends to pay an interim dividend in or around September of each financial year in respect of the profits arising during the first six months of that financial year, and a final dividend in or around May in respect of the profits arising during the last six months of the prior financial year.

Based on the loss recorded in 2009, the Directors do not recommend a dividend for the fiscal year 2009. The elimination of the dividend for the year 2009 reinforces the Company's liquidity and is a step to optimize the use of the Company's cash by growing the fleet.



# Corporate Governance Statement

## **Combined Code**

The Directors support high standards of Corporate Governance. The Directors confirm that, (having regard to the Company's size and nature) we are in compliance, so far as we consider practicable and appropriate, with the Combined Code taking into account the recommendations of the Quoted Companies Alliance (QCA) referred to below.

The Combined Code is a code of desirable corporate governance practices and procedures for public companies trading on markets in the UK, and is based on recommendations made by a number of committees which have been set up from time to time to consider corporate governance best practice in the UK. On a strict interpretation of the Combined Code, it applies only to companies which are admitted to the Official List of the London Stock Exchange and it is therefore up to an AIM company's directors and its nominated adviser to decide the extent to which the AIM company will comply with the Combined Code.

The QCA has also published corporate governance guidelines for AIM listed companies. These guidelines acknowledge that compliance with certain of the provisions of the Combined Code will be inappropriate for, or take longer to implement by, AIM listed companies because of their nature and resources.

The QCA Guidelines recommend that there be a formal schedule of matters specifically reserved for the Board's decision and sets out a specimen list of such matters and that the board be supplied with information in a timely manner so as to enable it to discharge its duties. The QCA Guidelines also recommend that the roles of chairman and chief executive should not be exercised by the same individual and that a company have at least two independent non-executive directors. Furthermore, all directors should be submitted for re-election at regular intervals subject to continued satisfactory performance. The QCA Guidelines also recommend the establishment of Audit, Remuneration and Nomination Committees and that the Audit and Remuneration Committees should comprise at least two members all of whom should be independent non-executive directors.

We do not comply with the QCA Guidelines in all respects. In particular, since March 25, 2010 when Mr. Arjun Batra resigned as an independent non-executive director of the Company, our Committees do not have at least two independent non-executive directors. Additionally, our Remuneration and Nomination Committees do not comprise solely of independent non-executive directors.

## **Committees**

We have established an Audit Committee, a Remuneration Committee and a Nomination Committee.

During 2009 the Audit Committee comprised of our two non-executive directors. It is responsible for ensuring that our financial performance is properly reported on and monitored and reviewing internal control systems and the auditors' reports relating to our accounts. Following the resignation of Mr. Batra in March 2010 the Nominations Committee has commenced a search for a new non-executive director who will join the Audit Committee.

During 2009 the Remuneration Committee comprised of our two non-executive directors and Mr Feidakis, our non-executive Chairman. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Chief Executive Officer, all other executive directors, the Company Secretary and such other members of the executive management as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee also liaises with the Nomination Committee to ensure that the remuneration of newly appointed executives is within our overall policy. More details are set out in director's remuneration report on pages 21. Following the resignation of Mr. Batra in March 2010 the Nominations Committee has commenced a search for a new non-executive director who will join the Remuneration Committee.

During 2009 the Nomination Committee comprised of our two non-executive directors and Mr. Feidakis, our non-executive Chairman. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise. Following the resignation of Mr. Batra in March 2010 the Nominations Committee has commenced a search for a new non-executive director who will join the Nomination Committee.

The Company has adopted a share dealing code for directors and relevant employees and will take proper steps to ensure compliance by the directors and those employees.

### **Relations with shareholders and investors**

The Company communicates with shareholders through the annual report, interim report, quarterly trading updates, major transaction announcements and the Company's web site: [www.globusmaritime.gr](http://www.globusmaritime.gr)

Copies of the annual report and accounts and the interim statements are issued to shareholders and copies are available on the company's website. The Company makes full use of its website to provide timely information to shareholders and other interested parties. Directors receive copies of analyst research reports and of press clippings concerning the Company.

During the period, the C.E.O. and the C.F.O. met with the Company's institutional investors at numerous meetings arranged by the Company's brokers as well as the Company's financial PR advisers.

### **Re-Election of Directors**

In March 25, 2010 Mr. Arjun Batra resigned as an independent non-executive director of the Company.

In accordance with Article 38.1 of the Articles of Association 1/3 of the directors are required to retire by rotation at least every three years.

Elias Deftereos and Arjun Batra retired and were re-elected during the third AGM held on June 15, 2009.

George Feidakis and Amir Eilon offer themselves to be re-elected at the fourth AGM to be held on July 28, 2010.



# directors'

## Remuneration Report

### **Directors' Remuneration Report**

#### Non-executive directors' fees

All three of our non-executive directors have letters of appointment dated May 18, 2007 with provision for termination of 3 months' notice. The term for our non-executive chairman is for an initial period of three years, while the term for the two non-executive directors is for an initial period of two years. These contracts were renewed on the same terms in 2009.

As per their respective letters of appointment, our three non-executive directors were remunerated during 2009 by quarterly cash payments as well as by quarterly allotments of new shares, as follows:

	<b>Date</b>	<b>Cash (GBP)</b>	<b>New Shares</b>
Mr. George Feidakis	12 March 2009	10,000	
	16 June 2009	10,000	
	15 September 2009	10,000	
	9 December 2009	10,000	
Mr. Amir Eilon	9 April 2009	6,250	4,225
	16 June 2009	6,250	4,000
	15 September 2009	6,250	4,444
	9 December 2009	6,250	4,286
Mr. Arjun Batra	9 April 2009	6,250	4,225
	16 June 2009	6,250	4,000
	15 September 2009	6,250	4,444
	9 December 2009	6,250	4,286
<b>TOTAL</b>		<b>90,000</b>	<b>33,910</b>

### **Executive Directors and Executives of our Fleet Manager GSC**

#### Compensation philosophy and objectives

The Company believes that its executive compensation program should reward executives for enhancing the Company's long-term performance while delivering favourable annual operating results. The Remuneration Committee evaluates both performance and compensation so that the Company may attract and retain superior executives and maintain compensation competitive to that of our peer companies for similarly situated executives.

#### Elements of Compensation

Our executive officer compensation strategy has been designed to motivate and retain our executive officers and to align their interests with those of our Shareholders. Our primary objective in determining the compensation of our executive officers is to encourage them to build the Company in a way that will achieve our business goals of prudent growth,

generation of stable and predictable cash flows, dividend growth, and increased market valuation.

The Company's executive compensation packages include both cash and equity-based compensation to meet the objectives stated above. The principal components of compensation for our executives currently are salary, annual cash bonuses and equity awards in the form of awards over Ordinary Shares under the Globus Maritime Incentive Plan.

#### Annual Salary and Bonus

The two cash components of compensation provide our executives with immediately realizable rewards for performance on an annual basis. The salaries of our executive officers are reviewed on an annual basis. Adjustments in salary are based on the evaluation of individual performance, the Company's overall performance during a given financial year and the individual's contribution to our overall performance. With respect to determining bonuses, the Remuneration Committee considers the following factors:

- average operating expenses per ship per day;
- overall fleet utilisation;
- average overhead burden per ship per day (excluding corporate-related expenses);
- unplanned incidents;
- dry-docking budget performance; and
- growth in earnings before interest, taxes, depreciation and amortization (EBITDA).

In any financial year of the Company, an individual may not be granted a bonus in excess of 100% of his annual base salary.

During the period our two Executive Directors, namely our C.E.O. and our C.F.O., received in total the following amounts shown in Euro, net of contributions and taxes:

	<b>Salary and fees (in Euro)</b>	<b>Benefits (in Euro)</b>	<b>Cash bonus (in Euro)</b>	<b>New Shares as part of their bonus</b>
Total	480,000	6,000	78,448	256,812

#### **The Globus Maritime Incentive Plan (the "Plan")**

We allocate a significant portion of annual compensation to awards over Ordinary Shares ("Awards") under the Plan, as we believe that equity awards are important to align our executives' interests with those of our Shareholders.

The grant level of Awards to any executive under the Plan is subject to the performance condition as set out below. Awards vest in tranches over three years.

The Board believes that these Awards will keep our executive officers focused on the growth of the Company, as well as dividend growth and its impact on our share price, over an extended time period. In addition, the Board believes the gradual vesting schedule of these Awards will help us retain both our executive officers and key employees.

The Plan was adopted by the Board and is administered by the Remuneration Committee.



### Grant of Awards

Awards will be granted on an annual basis. Awards may generally only be granted in the period of four weeks commencing on the day following:

- the Plan being adopted;
- any amendment to the Plan taking effect; or
- an announcement by the Company of its results for any period, or the issue by the Company of a prospectus or similar document.

However, the grant of any Awards under the Plan will be subject to the following performance condition:

### Performance Condition

The Remuneration Committee will compare the Company's performance in terms of Total Shareholder Return ("TSR") relative to a peer group of publicly listed drybulk shipping companies. The peer group comprises of the following companies:

- United Kingdom: Hellenic Carriers Limited, Goldenport Holdings Inc; and
- United States: Diana Shipping Inc, Excel Maritime Carriers Ltd, Paragon Shipping Inc, DryShips Inc, Eagle Bulk Shipping Inc, Euroseas Ltd, FreeSeas Inc, Genco Shipping & Trading Limited, OceanFreight Inc, Seenergy Maritime Holdings Corp.

The Company believes that TSR, measured relative to the performance of comparable companies, is the best way of evaluating the Company's performance and measuring value creation for Shareholders.

If, on the purported date of grant, the Company ranks below the twentieth percentile within the Comparator Group, then no Awards may be granted. If the Company achieves or exceeds the twentieth percentile, the number of Ordinary Shares which may be made subject to an Award to a particular individual on the date of grant shall be restricted to a percentage of the "individual limit" referred to below.

This percentage shall be calculated on a straight-line basis from 17.5% of the individual limit (if the Company achieves the twentieth percentile) to 100% (if the Company achieves the hundredth percentile).

The above targets will be reviewed annually.

### Individual Limit

In any financial year of the Company, no participant may be granted Awards over Ordinary Shares with a market value (on the relevant date(s) of grant) in excess of 200% of the aggregate of the participant's annual salary and bonus.

### Vesting of Awards

Subject to what is set out below, Awards vest proportionally over a three-year period from their date of grant and vested Ordinary Shares subject to Awards will be delivered to participants within the 30 days that follow the first, second and third anniversaries of the date of grant of the relevant Award.

If the participant is summarily dismissed from his employment for cause, his Award in respect of vested and unvested Ordinary Shares will lapse in its entirety.

In all other circumstances of cessation of employment, the participant shall retain his vested Award but any unvested Award shall lapse. Vested Ordinary Shares subject to Awards in such circumstances will be delivered to participants within the 30 days that follow cessation of employment.

#### Overall Limit

Not more than 10% of the Company's issued share capital (including shares held in treasury) may be made subject to awards or options granted under the Plan or any other share-based employee incentive plan established by the Company in any ten-year period.

#### 2007 LTIP

On March 4, 2008, as the Company ranked second based on the TSR of the peer group, the Company granted a conditional award over 237,342 shares to the C.E.O., with a conditional right for the shares to be allotted and delivered to him at nil cost over the next 3 years. On March 5, 2009, being the first anniversary of the award under the 2007 LTIP, the Company allotted and delivered 85,760 new shares to the C.E.O.. On April 21, 2009 the C.E.O. agreed with the Company and released the 171,052 unvested shares granted to him under the 2007 LTIP. The lapse of this award accelerated the charge and the Company recognized the amount of \$1.4 million, a non-cash item, as an Administrative Expense.

#### 2008 LTIP

No share awards were made for the year ended December 31, 2008.

#### 2009 LTIP

On December 10, 2009, the Company granted to the two executive directors of the Company and a number of managers and staff of its 100% subsidiary Globus Shipmanagement Corp ("GSC") a conditional award over 575,199 shares of \$0.001 in total, with a conditional right for the shares to be allotted and delivered to them in the future at nil cost, as follows:

1. 255,536 ordinary shares of \$0.001 each were granted to Mr. George Karageorgiou, the Company's Chief Executive Officer;
2. 94,679 ordinary shares of \$0.001 each were granted to Mr. Elias Deftereos, the Company's Chief Financial Officer; and
3. 224,984 ordinary shares of \$0.001 each were granted to fourteen managers and staff of GSC.

According to the rules of the LTIP these shares will vest on a daily basis over the next three years, and 1/3 of these shares will be allotted and delivered to them at nil cost on each of the first, second, and third anniversaries subject to their continuing employment and performance. In addition, after issuance, these shares are subject to a one-year "lock-in" period.



## Directors' Interests

Listed below are our Directors and their beneficial interest in the share capital of the Company, as at December 31, 2008, December 31, 2009, and as of the date of this Annual Report:

Director	Number of shares at 31/12/08	Shares issued at nil cost	Shares bought	Number of shares at 31/12/09	Shares issued at nil cost on 16/03/10	Number of shares at 31/05/10	Percent at 31/05/10
George Feidakis <sup>(1)</sup>	17,897,900			17,897,900		17,897,900	61.80%
George Karageorgiou <sup>(1)</sup>	672,816	256,812	71,000	1,000,628		1,000,628	3.46%
Elias Deftereos	26,447		28,000	54,447		54,447	0.19%
Arjun Batra <sup>(3)</sup>	19,740	16,955 <sup>(2)</sup>		36,695	2,490 <sup>(2)</sup>	39,185	0.14%
Amir Eilon	17,740	16,955 <sup>(2)</sup>		34,695	2,490 <sup>(2)</sup>	37,185	0.13%
<b>TOTAL</b>	<b>18,634,643</b>	<b>290,722</b>	<b>99,000</b>	<b>19,024,365</b>	<b>4,980</b>	<b>19,029,345</b>	<b>65.72%</b>

### Notes:

- 1: through a company he controls.
- 2: on a quarterly basis as per their terms of appointment.
- 3: Mr. Batra resigned as a Director on March 25, 2010

This information appears and is regularly updated on [www.globusmaritime.gr/directors\\_dealings.html](http://www.globusmaritime.gr/directors_dealings.html)

# statement of Directors' Responsibilities

## **Statement of Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

GLOBUS MARITIME LTD

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We have audited the Group's financial statements for the year ended 31 December 2009 which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related 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 Article 110 of the Companies (Jersey) Law 1991. 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 are responsible for the preparation of the financial statements in accordance with applicable Jersey law as 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read all of the company's statements included in this annual report and detailed in the table of contents and consider the implications for our report if we become aware of any apparent misstatement within them.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing issued by the International Auditing and Assurance Standards 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 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 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 International Financial Reporting Standards, as adopted by the European Union, of the state of the Group's affairs as at 31 December 2009 and of its results for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Geraint Davies,  
For and on behalf of Ernst & Young LLP  
Jersey

June 5, 2010

GLOBUS MARITIME LIMITED  
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 As at December 31, 2009  
 (Expressed in thousands of U.S. Dollars, except share and per share data)

ASSETS	Note	December 31,	
		2009	2008
<b>NON-CURRENT ASSETS</b>			
Vessels, net	5	93,166	216,007
Office furniture and equipment		28	58
Other assets		10	10
<b>Total non-current assets</b>		<b>93,204</b>	<b>216,075</b>
<b>CURRENT ASSETS</b>			
Cash and bank balances and bank deposits	3	59,157	65,342
Trade receivables, net		336	830
Inventories	6	355	565
Prepayments and other assets	7	1,488	1,634
		<b>61,336</b>	<b>68,371</b>
Non-current assets held for sale	5	33,030	-
<b>Total current assets</b>		<b>94,366</b>	<b>68,371</b>
<b>TOTAL ASSETS</b>		<b>187,570</b>	<b>284,446</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS</b>			
Share capital	10	29	29
Share premium	10	88,516	87,600
Retained earnings		24,913	34,154
<b>Total shareholders' equity</b>		<b>113,458</b>	<b>121,783</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings, net of current portion	12	36,175	79,705
Provision	2.19	43	30
<b>Total non-current liabilities</b>		<b>36,218</b>	<b>79,735</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term borrowings	12	33,900	77,278
Trade accounts payable	8	1,158	2,212
Accrued liabilities and other payables	9	1,095	707
Derivative financial instruments	18, 23	1,230	1,373
Deferred revenue		511	1,358
<b>Total current liabilities</b>		<b>37,894</b>	<b>82,928</b>
<b>TOTAL LIABILITIES</b>		<b>74,112</b>	<b>162,663</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>187,570</b>	<b>284,446</b>

The accompanying notes on pages 33 to 58 are an integral part of these consolidated financial statements

GLOBUS MARITIME LIMITED  
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 For the year ended December 31, 2009  
 (Expressed in thousands of U.S. Dollars, except share and per share data)

	Note	For the year ended December 31,	
		2009	2008
<b>REVENUE:</b>			
Time charter revenue		52,812	98,597
<b>EXPENSES &amp; OTHER OPERATING INCOME:</b>			
Voyage expenses	14	(3,742)	(6,674)
Vessels operating expenses	14	(10,137)	(12,537)
Depreciation	5	(11,204)	(17,407)
Depreciation of dry docking costs	5	(1,512)	(1,572)
Administrative expenses	15	(2,004)	(2,122)
Administrative expenses payable to related parties	4	(1,272)	(1,216)
Share based payments	13	(1,754)	(770)
Impairment loss	5	(28,429)	(20,224)
(Loss)/gain on sale of vessel	19	(802)	15,095
Other (expenses)/income, net		(106)	408
<b>Operating (loss)/profit before finance costs</b>		<b>(8,150)</b>	<b>51,578</b>
Interest income from bank balances & deposits		1,032	946
Interest expense and finance costs	16	(2,926)	(7,707)
Gain/(loss) on derivative financial instruments	18	143	(1,373)
Foreign exchange losses, net		(178)	(626)
<b>Total finance costs, net</b>		<b>(1,929)</b>	<b>(8,760)</b>
<b>TOTAL (LOSS)/PROFIT FOR THE YEAR</b>		<b>(10,079)</b>	<b>42,818</b>
Other Comprehensive (Loss)/Income		-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<b>(10,079)</b>	<b>42,818</b>
<b>Attributable to:</b>			
Globus Maritime Limited shareholders		<b>(10,079)</b>	<b>42,818</b>
<b>(Loss)/earnings per share (U.S. \$):</b>			
- Basic (LPS)/EPS for the year	11	(0.35)	1.495
- Diluted (LPS)/EPS for the year	11	(0.35)	1.481

The accompanying notes on pages 33 to 58 are an integral part of these consolidated financial statements

GLOBUS MARITIME LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended December 31, 2009  
(Expressed in thousands of U.S. Dollars, except share and per share data)

	Ordinary shares				Retained Earnings	Total Shareholders' Equity
	Number of Shares	Par Value	Issued Share Capital	Share Premium		
	(note 10)		(note 10)			
<b>Balance at January 1, 2008</b>	<b>28,636,153</b>	<b>0.001</b>	<b>29</b>	<b>87,411</b>	<b>9,237</b>	<b>96,677</b>
Profit for the year	-	-	-	-	42,818	42,818
Other comprehensive (loss)/income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	42,818	42,818
Share based payment (note 13)	29,297	0.001	-	189	581	770
Dividends paid (note 17)	-	-	-	-	(18,482)	(18,482)
<b>Balance at December 31, 2008</b>	<b>28,665,450</b>	<b>0.001</b>	<b>29</b>	<b>87,600</b>	<b>34,154</b>	<b>121,783</b>
Loss for the year	-	-	-	-	(10,079)	(10,079)
Other comprehensive (loss)/income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(10,079)	(10,079)
Share based payment (note 13)	290,722	0.001	-	916	838	1,754
<b>Balance at December 31, 2009</b>	<b>28,956,172</b>	<b>0.001</b>	<b>29</b>	<b>88,516</b>	<b>24,913</b>	<b>113,458</b>

The accompanying notes on pages 33 to 58 are an integral part of these consolidated financial statements

GLOBUS MARITIME LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended December 31, 2009  
(Expressed in thousands of U.S. Dollars, except share and per share data)

	Note	For the year ended December 31,	
		2009	2008
<b>Cash Flows from Operating Activities:</b>			
(Loss)/profit for the year		(10,079)	42,818
Adjustments for:			
Depreciation	5	11,204	17,407
Depreciation of deferred dry docking costs	5	1,512	1,572
Loss/(gain) on sale of vessel	19	802	(15,095)
Impairment loss	5	28,429	20,224
Provision	2.19	13	-
(Gain)/loss on derivative financial instruments	18	(143)	1,373
Interest expense and finance costs	16	2,926	7,707
Interest income		(1,032)	(946)
Foreign exchange losses, net		178	626
Share based payment	13	1,754	770
(Increase)/Decrease in:			
Trade receivables, net		494	(795)
Inventories	6	210	(12)
Prepayments and other assets	7	(46)	(591)
Increase/(Decrease) in:			
Trade accounts payable		(1,054)	(881)
Accrued liabilities and other payables	9	380	110
Deferred revenue		(847)	(1,081)
<b>Net cash generated from operating activities</b>		<b>34,701</b>	<b>73,206</b>
<b>Cash Flows from Investing Activities:</b>			
Vessels improvements	5	-	(307)
Deferred dry docking costs	5	(1,135)	(2,823)
Time deposits with maturity of three months or more	3	10,000	(10,000)
Net proceeds from sale of vessels	5, 19	49,031	36,752
Fixed asset purchase (office furniture and equipment)		(2)	(24)
Interest received		1,224	656
<b>Net cash generated from investing activities</b>		<b>59,118</b>	<b>24,254</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of long-term debt		-	95,000
Repayment of long-term debt		(87,038)	(120,635)
Pledged Bank deposits	3	15,400	(21,400)
Restricted cash		-	732
Payment of financing costs		-	(284)
Dividends paid		-	(18,482)
Interest paid		(2,858)	(7,788)
<b>Net cash used in financing activities</b>		<b>(74,496)</b>	<b>(72,857)</b>
<b>Net increase in cash and cash equivalents</b>		<b>19,323</b>	<b>24,603</b>
Foreign exchange losses on cash and bank deposits		(108)	(2)
<b>Cash and cash equivalents at the beginning of the year</b>	3	<b>33,942</b>	<b>9,341</b>
<b>Cash and cash equivalents at the end of the year</b>	3	<b>53,157</b>	<b>33,942</b>

The accompanying notes on pages 33 to 58 are an integral part of these consolidated financial statements

## 1. General Information

The consolidated financial statements of Globus Maritime Limited (the "Company" or "Globus") and its subsidiaries (the "Group") include the financial statements of the following companies:

Company	Country of Incorporation	Date of Incorporation	Activity
Globus Maritime Limited	Jersey	July 26, 2006	Holding Co.
Globus Shipmanagement Corp.	Marshall Islands	July 26, 2006	Management Co.

Globus Shipmanagement Corp. is a wholly owned subsidiary of the Company.

The consolidated financial statements also include the financial statements of the following vessel-owning subsidiaries, all wholly owned as at December 31, 2009 and 2008:

Company	Country of Incorporation	Vessel Delivery Date	Vessel Owned
Chantal Maritime Co.	Marshall Islands	September 15, 2006	Ocean Globe (sold in November 2008)
Sibelle Marine Inc.	Marshall Islands	September 26, 2006	Sea Globe (Delivered to its new owners in February 2010 see note 25)
Supreme Navigation Co.	Marshall Islands	November 14, 2006	Coral Globe (Delivered to its new owners in February 2010 see note 25)
Adagio Marine S. A.	Marshall Islands	December 6, 2006	Lake Globe (sold in November 2009)
Abrosa Shipping Inc.	Marshall Islands	January 11, 2007	Gulf Globe (sold in October 2009)
Eleanor Maritime Limited	Marshall Islands	July 9, 2007	Island Globe (sold in September 2009)
Devocean Maritime Ltd.	Marshall Islands	December 18, 2007	River Globe
Elysium Maritime Limited	Marshall Islands	December 18, 2007	Tiara Globe

The principal business of the Group is the ownership and operation of a fleet of dry bulk vessels, providing maritime services for the transportation of dry cargo products on a worldwide basis. The Group conducts its operations through its vessel-owning companies.

On June 1, 2007, Globus Maritime Limited concluded its initial public offering in the United Kingdom and its shares were admitted for trading on AIM (Admission).

## 1. General Information (continued)

The address of the registered office of the Company is: Walker House, PO Box 498, 28-34 Hill Street, St Helier, Jersey, JE4 5TF, Channel Islands.

The operations of the vessels are managed by Globus Shipmanagement Corp. (the "Manager"), a wholly owned Marshall Islands corporation. The Manager has an office in Greece, located at 128 Vouliagmenis Avenue, 166 74 Glyfada, Greece and provides the commercial, technical, cash management and accounting services necessary for the operation of the fleet in exchange for a management fee. The management fee is eliminated on consolidation.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors dated on June 4, 2010.

## 2. Basis of Preparation and Significant Accounting Policies

**2.1 Basis of Preparation:** The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$ 000s) except when otherwise indicated.

**Statement of Compliance:** The consolidated financial statements of Globus Maritime Limited and all its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

**Basis of consolidation:** The consolidated financial statements comprise the financial statements of the Company and its subsidiaries listed in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances and transactions have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

### 2.2 Standards amendments and interpretations:

#### IFRS and IFRIC Interpretations that became effective in the year ended December 31, 2009:

The following Standards and Interpretations became effective within the year ended December 31, 2009. None of the Standards and Interpretations had an impact in the consolidated financial statements of the Group.

- IFRS 8, "Operating Segments" This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group has previously determined that it operates under one reportable segment and, accordingly, this standard had no impact on its consolidated financial statements.
- IAS 1, "Presentation of Financial Statements" (Revised). The main requirements are: that the statement of changes in equity includes only transactions with shareholders; the introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" either in one single statement or in two linked statements. The Group has elected to present one statement.
- IAS 23, "Borrowing Costs" (Revised)
- IFRIC 13, "Customer Loyalty Programs".
- IFRIC 15, "Agreements for the Construction of Real Estate".
- IFRIC 16, "Hedges of a net investment in a foreign operation".
- IFRIC 9 "Remeasurement of Embedded Derivatives" (Amended) and IAS 39 "Financial Instruments: Recognition and Measurement" (Amended).
- IFRS 2, "Share-based Payments" vesting conditions and cancellations (Amended).
- IAS 32, "Financial instruments: Presentation" (Amended) and IAS 1, "Puttable Financial Instruments and obligations arising on liquidation" (Amended).
- IFRS 7, "Financial Instruments: Disclosures" (Amended).
- IFRS 1, "First time adoption of International Financial Reporting Standards" (Amended) and IAS 27, "Consolidated and Separate Financial Statements" (Amended)
- IFRIC 18 "Transfers of Assets from Customers"

## 2. Basis of Preparation and Significant Accounting Policies (continued)

### 2.2 Standards amendments and interpretations (continued):

- Improvements to IFRS: In May 2008 the IASB issued its first omnibus of amendments to its standards, primarily with a view to remove inconsistencies and clarifying wording.
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 16 Property, Plant and Equipment
- IAS 18 Revenue
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 Borrowing Costs
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investment in Associates
- IAS 29 Financial Reporting in Hyperinflationary Economies
- IAS 31 Interest in Joint ventures
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of assets
- IAS 38 Intangible Assets
- IAS 39 Financial instruments recognition and measurement
- IAS 40 Investment property
- IAS 41 Agriculture

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

- IFRIC 17, "Distributions of Non-cash Assets to Owners". This interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. The interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets and when to derecognize the asset and liability. The Group does not expect IFRIC 17 to have an impact on its consolidated financial statements as it has not made any non-cash distributions to shareholders in the past.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments". The interpretation is effective for annual periods beginning on or after July 1, 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. This interpretation has not yet been endorsed by the EU. The Group does not expect that the amendment will have impact on its financial position or performance.
- IFRIC 14, "Prepayments of a Minimum Funding Requirement" (Amended). The amendment is effective for annual periods beginning on or after January 1, 2011. The purpose of this amendment was to permit entities to recognise as an asset some voluntary prepayments for minimum funding contributions. Earlier application permitted and must be applied retrospectively. This amendment has not yet been endorsed by the EU. The Group does not expect that the amendment will have impact on its financial position or performance.
- IFRS 3, "Business Combinations" (Revised) and IAS 27, "Consolidated and Separate Financial Statements" (Amended). The revision and amendment is effective for annual periods beginning on or after July 1, 2009. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the income statement (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary

## 2. Basis of Preparation and Significant Accounting Policies (continued)

### 2.2 Standards amendments and interpretations (continued):

is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3 (Revised) and IAS 27 (Amendment) must be applied prospectively and will affect future acquisitions and transactions with minority interests.

- IAS 39, "Financial Instruments: Recognition and Measurement" (Amended) – eligible hedged items. The amendment is effective for annual periods beginning on or after July 1, 2009. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group does not expect that the amendment will have any impact on its financial position or performance.
- IFRS 9, "Financial Instruments" – Phase 1 financial assets, classification and measurement. The new standard is effective for annual periods beginning on or after January 1, 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on its financial position or performance.
- IFRS 2, "Group Cash-settled Share-based Payment Transactions" (Amended). The amendment is effective for annual periods beginning on or after January 1, 2010. This amendment clarifies the accounting for group cash-settled share-based payment transactions and how such transactions should be arranged in the individual financial statements of the subsidiary. This interpretation has not yet been endorsed by the EU. The Group does not expect that the amendment will have any impact on its financial position or performance.
- IAS 32, "Classification on Rights Issues" (Amended). The amendment is effective for annual periods beginning on or after February 1, 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively. The Group does not expect that this amendment will have an impact on its financial position or performance.
- IAS 24, "Related Party Disclosures" (Revised). The revision is effective for annual periods beginning on or after January 1, 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on its financial position or performance.
- IFRS 1, "Additional Exemptions for First-time Adopters (Amended)". The amendment is effective for annual periods beginning on or after January 1, 2010. This interpretation has not yet been endorsed by the EU. The Group does not expect that this amendment will have an impact on its financial position or performance.
- IFRS 1, "Limited Exemption from Comparative", IFRS 7, "Disclosures for first time adopters" (Amended). The amendment is effective for annual periods beginning on or after 1 July 2010. This interpretation has not yet been endorsed by the EU.

In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning July 1, 2009. This annual improvements project has not yet been endorsed by the EU.

- IFRS 2 Share-based Payment, effective for annual periods beginning on or after July 1, 2009. This amendment clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of IFRS 2 even though they are out of scope of IFRS 3 (revised). If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, effective for annual periods beginning on or after January 1, 2010. This amendment clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 8 Operating Segment Information, effective for annual periods beginning on or after January 1, 2010. This amendment

## 2. Basis of Preparation and Significant Accounting Policies (continued)

### 2.2 Standards amendments and interpretations (continued):

clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- IAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after January 1, 2010. The terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.
- IAS 7 Statement of Cash Flows, effective for annual periods beginning on or after January 1, 2010. Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2009 upon cash settlement.
- IAS 17 Leases, effective for annual periods beginning on or after January 1, 2010. The amendment removes the specific guidance on classifying land as a lease so that only the general guidance remains.
- IAS 18 Revenue, The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:
  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk
- IAS 36 Impairment of Assets, effective for annual periods beginning on or after January 1, 2010. The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- IAS 38 Intangible Assets, effective for annual periods beginning on or after July 1, 2009. This amendment clarifies that if an intangible asset acquired in business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.
- IAS 39 Financial Instruments: Recognition and Measurement, effective for annual periods beginning on or after January 1, 2010. The amendment clarifies that:
  - A prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
  - The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken (Applicable to all unexpired contracts for annual periods beginning on or after January 1, 2010)
  - Gains and losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss (Applicable to all unexpired contracts for annual periods beginning on or after January 1, 2010)
- IFRIC 9 Reassessment of Embedded Derivatives, effective for annual periods beginning on or after July 1, 2009. The Board amended the scope paragraph of IFRIC 9 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or business under common control or the formation of a joint venture. If an entity applies IFRS 3 (revised) for an earlier period, the amendment shall also be applied for that earlier period.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective for annual periods beginning on or after July 1, 2009. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

## 2. Basis of Preparation and Significant Accounting Policies (continued)

**2.3 Significant accounting Judgments, estimates and assumptions:** The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**Judgments:** In the process of applying the Group's accounting policies, management has made the following judgements that had a significant effect on the amounts recognised in the financial statements.

➤ **Non-current assets held for sale:** On November 11, 2009 the Group entered into a memorandum of agreement for the sale of two vessels, namely M/V Sea Globe and M/V Coral Globe. The Group considered the vessels met the criteria to be classified as held for sale at that date for the following reasons:

- The sale was considered highly probable and the vessels were available for immediate sale in their present condition.
- The delivery was expected to take place during February 2010. The actual delivery of the vessels took place on February 17, 2010 (see note 25)

For more details on non-current assets held for sale refer to note 5.

**Estimates and assumptions:** The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a significant adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

➤ **Carrying amount of Vessels, net:** Vessels are stated at cost, less accumulated depreciation and accumulated impairment losses. The estimates and assumptions that have the most significant effect on the vessels carrying amount are estimations in relation to useful lives of vessels, their salvage value and estimated dry docking dates. The key assumptions used are further explained in notes 2.10 to 2.12.

➤ **Impairment of Non-Financial Assets:** The Group's impairment test for non-financial assets is based on the assets' recoverable amount, where the recoverable amount is the greater of fair value less costs to sell and value in use. The Group engaged independent valuation specialists to determine the fair value of non-financial assets as at December 31, 2009. The value in use calculation is based on a discounted cash flow model. The value in use calculation is most sensitive to the discount rate used for the discounted cash flow model as well as the expected net cash flows and the growth rate used for extrapolation (refer to note 5).

**2.4 Accounting for Revenue and Related Expenses:** The Group generates its revenues from charterers for the charter hire of its vessels. Vessels are chartered using time charters, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charter hire rate. If a time charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognised on a straight line basis over the period of the time charter. Such revenues are treated in accordance with IAS 17 as lease income as explained in note 2.23 below. Associated voyage expenses, which primarily consist of commissions, are recognised on a pro-rata basis over the duration of the period of the time charter.

Deferred revenue relates to cash received prior to the financial position date and is related to revenue earned after such date. Deferred revenue also includes the value ascribed to time charter agreements assumed upon the purchase of a vessel, if any. This ascribed amount is amortised over the remaining term of the time charter and the amortised portion for the period is included in revenue for the period. During the years ended December 31, 2009 and 2008, no vessels were purchased with a time charter agreement attached.

**Interest income:** Revenue is recognised as interest accrues (using the effective interest method).

**Voyage expenses:** primarily consisting of port expenses and owners expenses paid by the charterer, canal and bunker expenses that are unique to a particular charter under time charter arrangements or by the Group under voyage charter arrangements. Furthermore, voyage expenses include commission on income paid by the Group. The Group defers bunker expenses under voyage charter agreements and amortises them over the related voyage.

**Vessel operating expenses:** are accounted for on an accruals basis.

## 2. Basis of Preparation and Significant Accounting Policies (continued)

**2.5 Foreign Currency Translation:** The functional currency of the Company and its subsidiaries is the U.S. dollar, which is also the presentation currency of the Group, because the Group's vessels operate in international shipping markets, whereby the U.S. dollar is the currency used for transactions. Transactions involving other currencies during the period are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the financial position dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. dollar, are translated into the functional currency using the period-end exchange rate. Gains or losses resulting from foreign currency transactions are included in foreign currency gain or loss in the consolidated statement of comprehensive income.

**2.6 Cash and Cash Equivalents:** The Group considers highly liquid investments such as time deposits and certificates of deposit with original maturity of three months or less to be cash and cash equivalents.

**2.7 Restricted Cash:** The loan agreements require the vessel-owning companies to fund loan retention accounts in their name. Each month, an amount equivalent to one third of the loan instalments payable on the next instalment date (based on the frequency of the repayment, i.e. quarterly) plus interest for the month, must be deposited into the loan retention account. The funds may only be used for the purpose of loan repayment and are classified as restricted cash under current assets.

**2.8 Trade Receivables, net:** The amount shown as trade receivables at each financial position date includes estimated recoveries from charterers for hire, freight and demurrage billings, net of an allowance for doubtful accounts. Trade receivables are measured at amortised cost less impairment losses, which are recognized in the consolidated statement of comprehensive income. At each financial position date, all potentially uncollectible accounts are assessed individually for the purpose of determining the appropriate allowance for doubtful accounts. There is no provision for doubtful accounts at December 31, 2009 and 2008.

**2.9 Inventories:** Inventories consist of lubricants and gas cylinders and are stated at the lower of cost or net realisable value. The cost is determined by the first-in, first-out method.

**2.10 Vessels, net:** Vessels are stated at cost, less accumulated depreciation and accumulated impairment losses. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon acquisition (initial repairs, improvements and delivery expenses, interest and on-site supervision costs incurred during the construction periods).

Any seller's credit, i.e. amounts received from the seller of the vessels until date of delivery is deducted from the cost of the vessel. Subsequent expenditures for conversions and major improvements are also capitalised when the recognition criteria are met. Otherwise these amounts are charged to expenses as incurred. When the Group acquires a vessel with a time charter agreement assumed, the cost of acquisition is allocated between the individual assets and / or liabilities assumed based on their relative fair values at the time of acquisition. The time charter agreement assumed can be assigned a positive value (asset) or a negative value (deferred revenue) or zero value. During the years ended December 31, 2009 and 2008, no vessels were purchased with a time charter agreement attached.

**2.11 Deferred Dry-Docking Costs:** Vessels are required to be dry-docked for major repairs and maintenance that cannot be performed while the vessels are operating. Dry-dockings occur approximately every 2.5 years. The costs associated with the dry-dockings are capitalised and depreciated on a straight-line basis over the period between dry-dockings, to a maximum of 2.5 years. At the date of acquisition of a second-hand vessel, management estimates the component of the cost that corresponds to the economic benefit to be derived until the first scheduled dry-docking of the vessel under the ownership of the Group and this component is depreciated on a straight-line basis over the remaining period through the estimated dry-docking date.

**2.12 Depreciation:** The cost of each of the Group's vessels is depreciated on a straight-line basis over each vessel's remaining useful economic life, after considering the estimated salvage value of each vessel, beginning when the vessel is ready for its intended use. Management estimates that the useful life of new vessels is 25 years, which is consistent with industry practice. The salvage value of a vessel is the product of its lightweight tonnage and estimated scrap value per lightweight ton.

## 2. Basis of Preparation and Significant Accounting Policies (continued)

**2.13 Impairment of Long-Lived Assets:** The Group assesses at each reporting date whether there is an indication that a vessel may be impaired. The vessel's recoverable amount is estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

If such indication exists and where the carrying value exceeds the estimated recoverable amounts, the vessel is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the vessel. Impairment losses are recognised in the consolidated statement of comprehensive income. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**2.14 Long-Term Debt:** Long-term debt is initially recognised at the fair value of the consideration received net of financing costs directly attributable to the borrowing. After initial recognition, long-term debt is subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any financing costs and any discount or premium on settlement. Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

**2.15 Financing costs:** Fees incurred for obtaining new loans or refinancing existing loans are deferred and amortized over the life of the related debt, using the effective interest rate method. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in the period the repayment or refinancing is made.

**2.16 Borrowing Costs:** Borrowing costs are expensed to the income statement component of the consolidated statement of comprehensive income as incurred except borrowing costs that relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs that relate to qualifying assets are capitalised. For the year ended December 31, 2009, and 2008, the Group had no qualifying assets.

**2.17 Operating Segment:** The Group reports financial information and evaluates its operations by charter revenues and not by length of ship employment for its customers i.e. spot or time charters. The Group does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus the Group has determined that it operates under one operating segment. Furthermore, when the Group charters a vessel to a charterer, the charterer is free to trade the vessel world-wide and, as a result, the disclosure of geographical information is impracticable.

**2.18 Provisions and Contingencies:** Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, in which case there is no disclosure. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

**2.19 Pension and Retirement Benefit Obligations:** The ship-owning companies included in the Group employ the crew on board, under short-term contracts (usually up to nine months) and, accordingly, they are not liable for any pension or post retirement benefits.

## 2. Basis of Preparation and Significant Accounting Policies (continued)

### 2.19 Pension and Retirement Benefit Obligations (continued)

**Provision for Employees' Severance Compensation:** The Greek employees, except for crews, of the Group are bound by the Greek Labour law. Accordingly, compensation is payable to such employees upon dismissal or retirement. The amount of compensation is based on the number of years of service and the amount of remuneration at the date of dismissal or retirement. If the employees remain in the employment of the Group until normal retirement age, they are entitled to retirement compensation which is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Group until retirement age is not known.

The Group has provided for the employees' retirement compensation liability, amounting to \$43 as at December 31, 2009 (2008:\$30), calculated by using the Projected Unit Credit Method and disclosed under non-current liabilities in the consolidated statement of financial position.

**2.20 Offsetting of Financial Assets and Liabilities:** Financial assets and liabilities are offset and the net amount is presented in the consolidated financial position only when the Group has a legally enforceable right to set off the recognised amounts and intend either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

### 2.21 Derecognition of Financial Assets and Liabilities:

- (i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired;
  - the Group retains the right to receive cash flows from the asset, but have assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
  - the Group has transferred their rights to receive cash flows from the asset and either (a) have transferred substantially all the risks and rewards of the assets, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred their rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay

- (ii) Financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and, the difference in the respective carrying amounts is recognised in profit or loss.

**2.22 Leases – where the Group is the lessee:** Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement component of the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

**2.23 Leases – where a Group entity is the lessor:** Leases of vessels where the Group does not transfer substantially all the risks and benefits of ownership of the vessel are classified as operating leases. Lease income on operating leases is recognised on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

(continued)

## 2. Basis of Preparation and Significant Accounting Policies (continued)

**2.24 Insurance:** The Group recognizes insurance claim recoveries for insured losses incurred on damage to vessels. Insurance claim recoveries are recorded, net of any deductible amounts, at the time the Group's vessels suffer insured damages. They include the recoveries from the insurance companies for the claims, provided there is evidence the amounts are virtually certain to be received.

**2.25 Share Based Compensation:** The Group operates an equity-settled, share-based compensation plan. The value of the service received in exchange of the grant of shares is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards at the grant date. The relevant expense is recognized in the income statement component of the consolidated statement of comprehensive income, with a corresponding impact in equity.

**2.26 Share Capital:** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction from the proceeds.

**2.27 Dividends:** Dividends to shareholders are recognised in the period in which the dividends are declared and appropriately authorised and are accounted for as dividends payable until paid.

**2.28 Derivative Financial Instruments at Fair Value through profit and loss:** Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of these derivative instruments are recognised immediately in the income statement component of the consolidated statement of comprehensive income.

**2.29 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 Group recognizes a loss under impairment 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. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

**2.30 Comparatives:** Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. An amount of \$202 relating to non-executive director's compensation for the year ended December 31, 2008, which was included in administrative expenses was reclassified to share based compensation (\$44) to administrative expenses payable to related parties (\$158). In addition, an amount of \$726 relating to share based compensation to executive directors for the year ended December 31, 2008, which was included in administrative expenses payable to related parties was reclassified to share based compensation to conform to changes in presentation in the current year.

## 3. Cash and bank balances and bank deposits

For the purpose of the consolidated statement of financial position, cash and bank balances and bank deposits comprise the following:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash on hand	8	9
Bank balances	1,315	939
Bank deposits	57,834	64,394
<b>Total</b>	<b>59,157</b>	<b>65,342</b>

### 3. Cash and bank balances and bank deposits (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Bank 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 bank deposit rates. The fair value of cash and bank balances and bank deposits is \$59,157 (2008: \$65,342).

At December 31, 2009, the Group had available \$36,445 (2008:\$nil) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Group has pledged a part of its bank deposits in order to fulfil collateral requirements. Refer to note 12 for further details.

For the purpose of the consolidated statement of cash flow, the following reconciliation with cash and cash equivalents at December 31 is provided:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash and bank balances and bank deposits	59,157	65,342
Less: bank deposits with maturity of three months or more	-	(10,000)
Less: pledged bank deposits (note 12)	(6,000)	(21,400)
<b>Cash and cash equivalents</b>	<b>53,157</b>	<b>33,942</b>

### 4. Transactions with Related Parties

The Group is controlled by Firmert Trading Limited (incorporated in Cyprus), which owns 61.8% of the Company's shares. The remaining 38.2% of the shares are widely held. The ultimate controlling party of the Group is Mr. George Feidakis. The following are the major transactions, which have been entered into with related parties during the year ended December 31, 2009 and 2008:

On August 20, 2006, Globus Shipmanagement Corp. entered into a rental agreement for 350 square metres of office space for its operations within a building owned by Cyberonica S.A. (a company related through common control). Rental expense is Euro 14 (\$20) per month up to August 20, 2009. The rental agreement provides for a yearly increase in rent of 2% above the rate of inflation as set by the National Bank of Greece. The Contract runs for 9 years and can be terminated by the Group with 6 months notice. During the year ended December 31, 2009 rent expense was \$ 239 (2008: \$ 242).

In November 2009, the Group entered in memorandum of agreements for the sale of M/V Sea Globe and M/V Coral Globe for an aggregate price of \$34,000. North South Maritime Ltd offered brokerage services on the aforementioned agreements. The Managing director of North South Maritime Ltd is currently a non-executive director of the Company's Board of Directors. On the completion of the sale that took place in February 2010 (note 25), the related party company received brokerage commission fees of 2.5% on the total sale price namely, \$850.

#### Compensation of Key Management Personnel of the Group:

In May 2007, the Company agreed to pay its three non-executive directors a total of GBP90 (\$:143) cash in total and additionally GBP24 (\$:38) in total to two of the non-executive directors, in ordinary shares in the Company per annum, less any tax and/or National Insurance contributions payable, quarterly from the date of Admission in arrears. The relevant number of shares is to be calculated based on the Company's share price published in the Financial Times on the date of issue. During the year ended December 31, 2009, total compensation to the Company's non-executive directors amounted to \$181 (2008:\$202).

Compensation to the Company's executive directors is analysed as follows:

	<b>For the year ended December 31,</b>	
	2009	2008
Executive directors' remuneration	849	752
Executive directors employer's contributions	33	30
Share based payments (note 13)	307	726
Other benefits	8	34
<b>Total</b>	<b>1,197</b>	<b>1,542</b>

(continued)

## 5. Vessels, net

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

Vessel Cost	Cost	Accumulated Depreciation	Net Book Value
<b>Balance at January 1, 2008</b>	283,455	(11,449)	272,006
Vessel improvements	307	-	307
Vessel disposals (note 19)	(24,817)	3,319	(21,498)
Impairment loss	-	(20,224)	(20,224)
Depreciation for the year	-	(17,390)	(17,390)
<b>Balance at December 31, 2008</b>	<b>258,945</b>	<b>(45,744)</b>	<b>213,201</b>
Vessel disposals (note 19)	(63,032)	14,545	(48,487)
Impairment loss	-	(28,429)	(28,429)
Depreciation for the year	-	(11,172)	(11,172)
Vessels held for sale	(42,761)	10,404	(32,357)
<b>Balance at December 31, 2009</b>	<b>153,152</b>	<b>(60,396)</b>	<b>92,756</b>

Dry docking Cost	Cost	Accumulated Depreciation	Net Book Value
<b>Balance at January 1, 2008</b>	2,880	(1,166)	1,714
Dry docking additions	2,823	-	2,823
Disposals (note 19)	(406)	247	(159)
Depreciation for the year	-	(1,572)	(1,572)
<b>Balance at December 31, 2008</b>	<b>5,297</b>	<b>(2,491)</b>	<b>2,806</b>
Dry docking additions	1,135	-	1,135
Disposals (note 19)	(3,104)	1,758	(1,346)
Depreciation for the year	-	(1,512)	(1,512)
Vessels held for sale	(1,947)	1,274	(673)
<b>Balance at December 31, 2009</b>	<b>1,381</b>	<b>(971)</b>	<b>410</b>

<b>Vessel Net Book Value at December 31, 2008</b>	<b>264,242</b>	<b>(48,235)</b>	<b>216,007</b>
<b>Vessel Net Book Value at December 31, 2009</b>	<b>154,533</b>	<b>(61,367)</b>	<b>93,166</b>

For the purpose of the consolidated statement of comprehensive income, Depreciation comprises the following:

	For the year ended December 31,	
	2009	2008
Depreciation on vessel cost	11,172	17,390
Depreciation on office furniture and equipment	32	17
<b>Total</b>	<b>11,204</b>	<b>17,407</b>

During the year ended December 31, 2009, the Group sold and delivered to their new owners the vessels M/V Island Globe, M/V Gulf Globe and M/V Lake Globe for a selling price of \$19,100, \$15,500 and \$16,500, respectively.

## 5. Vessels, net (continued)

These vessels were measured at the lower of carrying amount and fair value less costs to sell once the conditions described in note 2.29 were satisfied. In this respect, the Group recognised an impairment loss of \$22,325. During November 2009, the Group entered into a memorandum of agreement for the sale of M/V Sea Globe and M/V Coral Globe for a selling price of \$17,500 and \$16,500, respectively. Since the conditions described in Note 2.29 were satisfied and the vessels were classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sale. The Group recognised an impairment loss of \$6,104. Both vessels were delivered to their new owners in February 2010 (note 25).

The Group assesses at each reporting date whether there is an indication that its vessels may be impaired. The vessels' recoverable amount is estimated when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amounts, the vessel is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the vessel. Impairment losses are recognised in the consolidated statement of comprehensive income. Since mid-August 2008, the charter rates in the dry bulk charter market have declined significantly and dry bulk vessel values have also declined both as a result of a slowdown in the availability of global credit and the significant deterioration in charter rates; conditions that the Group considered indicators of impairment as at December 31, 2008. Discounted future cash flows for each vessel were determined and compared to the vessel's carrying value. The projected net discounted future cash flows were determined by considering an estimate daily time charter equivalent (based on the most recent blended (for modern and older vessels) average historical one-year time charter rates available for each type of vessel) over the remaining estimated life of each vessel, net of brokerage commissions, expected outflows for scheduled vessels maintenance and vessel operating expenses assuming an average annual inflation rate of 4%. Historical ten-year blended average one-year time charter rates used in the impairment test exercise were in line with the overall chartering strategy, especially in periods/years of depressed charter rates; reflecting the full operating history of vessels of the same type and particulars with the Group's operating fleet (Handymax and Panamax vessels with dwt over 40,000 and 70,000, respectively) and they covered at least a full business cycle. The average annual inflation rate applied on vessels' maintenance and operating costs approximated current projections for global inflation rate for the remaining useful life of the Group's vessels. Effective fleet utilization was assumed at 90%, taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry-docking and special surveys), as well as an estimate of the period(s) needed for finding suitable employment and off-hire for reasons other than scheduled maintenance, assumptions in line with the Group's expectations for future fleet utilization under the current fleet deployment strategy. From the analysis it was concluded that the recoverable amount for two of the vessels namely, Tiara Globe and River Globe, was lower than their carrying values. Subsequently, the Group recognized an impairment loss of \$20,224 in 2008.

At December 31, 2009, none of the aforementioned assumptions have changed significantly and no indication for further impairment existed.

## 6. Inventories

Inventories in the consolidated statement of financial position are analysed as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Lubricants (at cost)	314	502
Gas cylinders (at cost)	41	63
<b>Total</b>	<b>355</b>	<b>565</b>

(continued)

## 7. Prepayments and other assets

Prepayments and other assets in the consolidated statement of financial position are analysed as follows:

	December 31,	
	2009	2008
Insurance claims	26	-
Interest receivable	106	298
Bunkers prepaid	1,155	988
Other prepayments	201	348
<b>Total</b>	<b>1,488</b>	<b>1,634</b>

## 8. Trade accounts payable

Trade accounts payable in the consolidated statement of financial position amounted to \$1,158 at December 31, 2009, (2008: \$2,212). Trade accounts payable are non-interest bearing and are normally settled on 60-day terms.

## 9. Accrued liabilities and other payables

Accrued liabilities and other payables in the consolidated statement of financial position are analysed as follows:

	December 31,	
	2009	2008
Accrued interest	161	153
Accrued audit fees	80	52
Other accruals	739	334
Other payables	115	168
<b>Total</b>	<b>1,095</b>	<b>707</b>

- Interest is normally settled quarterly throughout the year
- Other payables are non-interest bearing and are normally settled on monthly terms

## 10. Share Capital and Share Premium

The share capital of Globus Maritime Limited consisted of the following:

	December 31,	
	2009	2008
	USD	USD
<b>Authorised</b>		
100,000,000 Ordinary Shares of \$0.001 each	100,000	100,000
<b>Ordinary shares issued and fully paid</b>	<b>Number of shares</b>	<b>USD</b>
<b>At January 1, 2008</b>	28,636,153	28,636
Issued during the year as part of share based compensation (note 13)	29,297	29
<b>At December 31, 2008</b>	<b>28,665,450</b>	<b>28,665</b>
Issued during the year as part of share based compensation (note 13)	290,722	291
<b>At December 31, 2009</b>	<b>28,956,172</b>	<b>28,956</b>

During the year ended December 31, 2009, the Company issued 290,722 (2008: 29,297) ordinary shares as share based payments (note 13). Accordingly at December 31, 2009, the Company's issued share capital amounted to \$29.

## 10. Share Capital and Share Premium (continued)

Share premium includes the contribution of the Group's shareholders to the acquisition of the Group's vessels. Firmant Trading Limited contributed \$1,275 in connection with the purchase of M/V Gulf Globe and \$0.3 in connection with the advance payment for the purchase of M/V Island Globe. Another party, related through common control, contributed \$4,000 to the purchase price of M/V Gulf Globe. Additionally, share premium includes the effects of the acquisition of minority interest, the effects of the Company's initial public offering and the effects of the share based payments described in note 13. According to at December 31, 2009, the Company's share premium amounted to \$88,516 (2008:\$87,600).

## 11. (Loss)/ Earnings per Share

Basic (loss)/ earnings per share ("LPS"/ "EPS") are calculated by dividing the (loss)/ profit for the year attributable to Globus Maritime Limited shareholders by the weighted average number of shares issued, paid and outstanding.

Diluted earnings per share amounts are calculated by dividing the net (loss)/ profit attributable to ordinary equity holders of the parent by the weighted average shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the (loss)/profit and share data used in the basic and diluted earnings per share computations:

	<b>For the year ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Net (loss)/profit attributable to ordinary equity holders	(10,079)	42,818
Weighted average number of shares for basic EPS	28,769,477	28,650,255
<b>Effect of dilution:</b>		
Effect of shares awarded treated as options "LTIP" (note 13)	-	256,811
Weighted average number of shares adjusted for the effect of dilution	<b>28,769,477</b>	<b>28,907,066</b>

## 12. Long-Term Debt, net

Long-term debt in the consolidated statement of financial position is analysed as follows:

<b>Borrower</b>	<b>Loan Balance</b>	<b>Unamortised Debt Discount</b>	<b>Total Borrowings</b>
(a) Globus Maritime Limited	43,555	(295)	43,260
(b) Globus Maritime Limited	27,007	(192)	26,815
<b>Total at December 31, 2009</b>	70,562	(487)	70,075
<b>Less: Current Portion</b>	34,157	(257)	33,900
<b>Long-Term Portion</b>	<b>36,405</b>	<b>(230)</b>	<b>36,175</b>
<b>Total at December 31, 2008</b>	157,600	(617)	156,983
<b>Less: Current Portion</b>	77,600	(322)	77,278
<b>Long-Term Portion</b>	<b>80,000</b>	<b>(295)</b>	<b>79,705</b>

- (a) In November 2007, the Company entered into a secured reducing revolving credit facility for \$120,000 with a bank in order to: (i) refinance the existing indebtedness on M/V Island Globe (ii) finance part of the purchase price of M/V Tiara Globe and M/V River Globe and, (iii) to provide general working capital to the Group. The \$120,000 facility is in the name of Globus Maritime Limited as borrower and was guaranteed by the vessel owning subsidiaries of M/V Island Globe, M/V Tiara Globe and M/V River Globe collateralized by first preferred mortgages over their vessels. The reducing revolving credit facility bears interest at LIBOR plus a margin of 0.95% per annum if the market values of the mortgaged vessels are less than 200% of the outstanding loan and 0.75% per annum if the market values of the mortgaged vessels are more than 200% of the outstanding loan.

## 12. Long-Term Debt, net (continued)

On September 2, 2009, following the sale of M/V Island Globe, an amount of \$18,500 was repaid. The balance outstanding as at December 31, 2009 was \$43,555 (2008:\$95,000).

Following the sale of M/V Island Globe in September 2009, the loan is secured as follows:

- First preferred mortgage over, M/V Tiara Globe and M/V River Globe.
- Guarantees from the owning companies of the vessels.
- First preferred assignment of all insurances and earnings of the mortgaged vessels.
- General pledge of earnings account or any other accounts to be held with the lender.

The loan agreement contains various covenants, including, amongst others, restrictions as to (a) no changes in management and ownership of the mortgaged vessel without prior written consent of the lender, (b) the incurrence of additional indebtedness other than in the normal course of business without the prior written consent of the lender, (c) mortgaging the vessel and payment of dividends that exceed 75% of the net income recorded for the preceding financial year without the bank's prior consent, (d) minimum requirements for the vessel's market value and insured value in relation to the loan's outstanding balance and, (e) to maintain at the end of each accounting period and all other times during the security period, cash and bank balances and bank deposits of at least \$10,000. The global economic conditions during the fourth quarter of the fiscal year 2008, including the significant disruptions in global trade and the slowdown in the availability of credit, had broad effects on the industry. Since mid-August 2008, the spot and time charter rates in the dry bulk market fell significantly and as a result the market values of dry bulk vessels also declined. This correction of vessel values caused a breach of the relevant covenants as at December 31, 2008, for which the Company obtained a waiver from the bank, which is valid until January 31, 2010. As at December 31, 2009, all breaches of covenants have been remediated.

- (b) In March 2008, the Company entered into a credit facility of up to \$85,000 with a bank in order to: (i) refinance the existing indebtedness on M/V's Coral Globe, Gulf Globe, Lake Globe, Ocean Globe, and Sea Globe and (ii) to provide general working capital to the Group. The \$85,000 facility is in the name of Globus Maritime Limited as borrower and was guaranteed by the vessel owning subsidiaries of M/V's Coral Globe, Gulf Globe, Lake Globe, Ocean Globe, and Sea Globe collateralized by first preferred mortgages over their vessels. The credit facility bears interest at Libor plus a margin of 0.80% per annum if the ratio of the outstanding loan less cash deposits to the market value of the mortgage vessels is less than 30% and 0.85% over Libor per annum at all other times. Following the sale of M/V Gulf Globe in October 22, 2009 and of M/V Lake Globe in November 12, 2009, an amount of \$15,301 and \$14,014 was repaid, respectively. The balance outstanding as at December 31, 2009, was \$27,007 (2008: \$62,600).

Following the sale of M/V Gulf Globe and M/V Lake Globe the loan is secured as follows:

- First preferred mortgage over M/V's Coral and Sea Globe (M/V Ocean Globe was sold during November 2008).
- Guarantees from the owning companies of the vessels.
- First specific assignment of time charters in excess of 12 months
- First preferred assignment of all insurances and earnings of the mortgaged vessels.

The loan agreement contains various covenants, including, amongst others, restrictions as to (a) no changes in management and ownership of the mortgaged vessel without prior written consent of the lender (b) the incurrence of additional indebtedness other than in the normal course of business without the prior written consent of the lender, (c) mortgaging the vessel and payment of dividends that exceed 75% of the net income recorded for the preceding financial year without the bank's prior consent, (d) minimum requirements for the vessel's market value and insured value in relation to the loan's outstanding balance and (e) to maintain freely available cash deposits of an amount in aggregate not less than \$1,000 in respect of each vessel of the fleet. The global economic conditions during the fourth quarter of the fiscal year 2008, including the significant disruptions in global trade and the slowdown in the availability of credit, had broad effects on the industry. Since mid-August 2008, the spot and time charter rates in the dry bulk market fell significantly and as a result the market values of dry bulk vessels also declined. This correction of vessel values caused a breach of the relevant covenant as at December 31, 2008, and, as agreed with the bank, the Company pledged an amount of \$21,400 in favor of the bank. As at December 31, 2009, and following the sale of M/V Gulf Globe and M/V Lake Globe the bank agreed to release \$15,400 and retained the amount of \$6,000 as a pledge (note 3). Following the sale of M/V Sea Globe and M/V Coral Globe in February 2010 the outstanding debt of \$27,007 as at December 31, 2009 was fully repaid (note 25).

## 12. Long-Term Debt, net (continued)

The contractual annual loan principal payments per bank loan to be made subsequent to December 31, 2009, are as follows:

<b>December 31</b>	<b>Bank Loan (a)</b>	<b>Bank Loan (b)</b>	<b>Total</b>
2010	7,150	3,510	10,660
2011	7,150	3,510	10,660
2012	7,150	3,510	10,660
2013	7,150	3,510	10,660
2014	7,150	3,510	10,660
2015 and thereafter	7,805	9,457	17,262
<b>Total</b>	<b>43,555</b>	<b>27,007</b>	<b>70,562</b>

During November 2009, the Group entered into memorandum of agreements for the sale of M/V Sea Globe and M/V Coral Globe which were delivered to their new owners in February 2010. The balance outstanding as at December 31, 2009, for loan (b) therefore, is classified under current portion of long-term borrowings in the statement of financial position. The outstanding amount of \$27,007 was fully repaid in February 2010 (note 25).

The contractual annual loan principal payments to be made subsequently to December 31, 2008, were as follows:

<b>December 31,</b>	<b>Bank Loan (a)</b>	<b>Bank Loan (b)</b>	<b>Total</b>
2009	15,000	7,200	22,200
2010	9,000	7,200	16,200
2011	9,000	7,200	16,200
2012	9,000	7,200	16,200
2013	9,000	7,200	16,200
2014 and thereafter	44,000	26,600	70,600
<b>Total</b>	<b>95,000</b>	<b>62,600</b>	<b>157,600</b>

## 13. Share Based Payment

Share based payment comprise the following:

	<b>For the year ended December 31, 2008</b>		
	<b>USD\$ 000's</b>		
	<b>Ordinary Shares</b>	<b>Share Premium</b>	<b>Retained earnings</b>
Non executive directors payment	12,400	44	-
Extra payment	16,897	145	-
"LTIP" accrued current year	-	-	581
<b>Total</b>	<b>29,297</b>	<b>189</b>	<b>581</b>

(continued)

### 13. Share Based Payment (continued)

	For the year ended December 31, 2009		
	USD\$ 000's		
	Ordinary Shares	Share Premium	Retained earnings
Non executive directors payment	33,910	38	-
Extra payment	171,052	175	-
"LTIP" shares issued	85,760	703	-
"LTIP" reversal of prior year accrual	-	-	(581)
"LTIP" accrued current year	-	-	17
"LTIP" portion cancelled	-	-	1,402
<b>Total</b>	<b>290,722</b>	<b>916</b>	<b>838</b>

In May 2007, the Company agreed to pay two of its non-executive directors GBP12 (\$:22) each in ordinary shares in the Company per annum, less any tax and/or National Insurance contributions payable, quarterly from the date of Admission in arrears.

The relevant number of shares is to be calculated based on the Company's share price published in the Financial Times on the date of issue.

For the year ended December 31, 2009, the Company recognised an expense of \$38 (2008: \$44) in the consolidated statement of comprehensive income with a corresponding increase in equity under share capital and share premium.

By a remuneration committee resolution dated April 15, 2008, it was decided to allot 16,897 ordinary shares of Globus Maritime Limited to the Chief Financial Officer of the Company as an extra payment for services rendered. The Company recorded an expense of \$145 equal to the fair (market) value of the shares on April 21, 2008 ("the grant date"), which amount is included in the consolidated statement of comprehensive income, under share based payments, with a corresponding increase in equity under share capital and share premium. All shares were issued on May 1, 2008.

By a remuneration committee resolution dated November 12, 2009, it was decided to allot 171,052 ordinary shares of the Company to the Chief Executive Officer of the Company as an extra payment for services rendered. The Company recorded an expense of \$175 equal to the fair (market) value of the shares as at November 12, 2009 ("the grant date"), which amount is included in the consolidated statement of comprehensive income, under share based payments, with a corresponding increase in equity under share capital and share premium. All shares were issued and allotted on November 19, 2009.

By a remuneration committee resolution dated March 4, 2008, it was decided to grant a conditional award to the Chief Executive Officer of the Company of 237,342 ordinary shares of the Company under the Long Time Incentive Plan ("LTIP") adopted by the Company on Admission, with the conditional right for the shares to be allotted and delivered to him in the future at nil cost. According to the rules of the LTIP, subject to the executives continuing service, these shares will vest on a daily basis over the next three years and, one third of these shares will be allotted and delivered to the executive at nil cost on each of the first, second and third anniversaries of the grant date. If a cash dividend is paid during the vesting period, additional shares will be granted calculated in accordance with the rules of the LTIP. Relevant to the cash dividends paid from the date of grant (note 17), an additional 19,469 ordinary shares of the Company were added to the initially granted shares. For the year ended December 31, 2009, the Company accrued an expense of \$122 (2008:\$581) in the consolidated statement of comprehensive income with a corresponding increase in equity under retained earnings. On March 5, 2009, on the first anniversary of the LTIP, 85,760 ordinary shares of the Company were issued and allotted to the Company's Chief Executive Officer. The fair (market) value as at March 4, 2008 (grant date) of the shares issued and allotted to the director on March 5, 2009 was \$703. On April 21, 2009, the board of directors in agreement with the Company's Chief Executive Officer decided to release the unvested 171,052 ordinary shares awarded to him under the "LTIP" on March 4, 2008.

### 13. Share Based Payment (continued)

The Company accounted for the cancellation of the award as an acceleration of vesting and therefore recognised immediately the amount that otherwise would have been recognised for services received over the remaining of the vesting period to March 4, 2011. The amount recognised due to the cancellation of the unvested award was \$1,402 and is included in the income statement component of the consolidated statement of comprehensive income under share based payments with a corresponding increase in equity under retained earnings.

By a board of directors resolution dated December 10, 2009 it was decided to grant a conditional award to all employees of the Group existing at that date, of 575,199 ordinary shares, in total, of the Company under the Long Time Incentive Plan ("LTIP") adopted by the Company on admission, with the conditional right for the shares to be allotted and delivered to them in the future at nil cost. According to the rules of the LTIP, subject to the employees continuing service, these shares will vest on a daily basis over the next three years, and one third of these shares will be allotted and delivered to them at nil cost on each of the first, second and third anniversaries of the grant date subject to i) The employee to be in employment on the date of vesting (vesting-service condition) and ii) The Company be listed on NASDAQ or have raised more than \$30,000 from third parties or both (non-vesting conditions) by the year ending December 31, 2010. For the year ended December 31, 2009, the Company recognised an expense of \$17 in the consolidated statement of comprehensive income with a corresponding increase in equity under retained earnings.

### 14. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses in the consolidated statement of comprehensive income consist of the following:

#### Voyage expenses consist of:

	<b>For the year ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Commissions	2,717	4,788
Bunkers expenses	521	1,597
Other voyage expenses	504	289
<b>Total</b>	<b>3,742</b>	<b>6,674</b>

#### Vessel operating expenses consist of:

	<b>For the year ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Crew wages and related costs	5,268	5,930
Insurance	1,114	1,523
Spares, repairs and maintenance	1,753	2,080
Lubricants	949	1,174
Stores	868	1,595
Other	185	235
<b>Total</b>	<b>10,137</b>	<b>12,537</b>

(continued)

## 15. Administrative Expenses

The amount shown in the consolidated statement of comprehensive income is analysed as follows:

	For the year ended December 31,	
	2009	2008
Personnel expenses	1,556	1,435
Audit fees	78	96
Travelling expenses	12	44
Consulting fees	89	149
Communication	74	70
Stationery	7	14
Other	188	314
<b>Total</b>	<b>2,004</b>	<b>2,122</b>

## 16. Interest Expense and Finance Costs

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

	For the year ended December 31,	
	2009	2008
Interest payable on long-term borrowings	2,669	6,872
Commitment fees payable on long-term borrowings	71	37
Bank charges	40	38
Amortisation of debt discount	130	386
Other finance expenses	16	374
<b>Total</b>	<b>2,926</b>	<b>7,707</b>

## 17. Dividends paid

No dividends declared or paid during the year ended December 31, 2009 (2008:\$18,482)

## 18. Derivative financial instruments

	As at December 31,			
	2009		2008	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	-	1,220	-	1,373
Foreign exchange forward contracts	-	10	-	-
<b>Total</b>	<b>-</b>	<b>1,230</b>	<b>-</b>	<b>1,373</b>

During November 2008, the Group entered into an interest rate swap agreement of a notional amount of \$10,000 effective from November 28, 2008 to November 29, 2013. For the period from November 28, 2008 to November 23, 2010 the Group will exchange 6 month Libor interest rate with a fixed interest rate of 2.40%.

At November 23, 2010, the swap counterparty has the option to select either (a) to exchange 6 month Libor interest rate with a fixed interest rate of 3.60% or (b) to exchange 6 month Libor interest rate with 6 month Libor interest rate minus 20 basis points for the remaining period to maturity. As at December 31, 2009, the aforementioned interest rate swap had a fair value of \$430 in favor of the swap counterparty.

During November 2008, the Group entered into an interest rate swap agreement of a notional amount of \$15,000 effective from November 28, 2008 to November 28, 2013. For the period from November 28, 2008 to November 29, 2010, the Group

## 18. Derivative financial instruments (continued)

will exchange 3 month Libor interest rate with a fixed interest rate of 2.45%. At November 29, 2010, and for the remaining period to maturity the swap counterparty has the option to select either (a) to exchange 3 month Libor interest rate with a fixed interest rate of 3.64% or (b) to exchange 3 month Libor interest rate with 3 month Libor interest rate minus 20 basis points. As at December 31, 2009 the aforementioned interest rate swap had a fair value of \$790 in favor of the swap counterparty. Gains and losses on interest rate swap contracts are recognized in the income statement component of the consolidated statement of comprehensive income in finance costs.

## 19. (Loss)/gain on sale of vessel

During the year ended December 31, 2009, the Group sold M/V Island Globe, M/V Gulf Globe and M/V Lake Globe for a selling price of \$19,100, \$15,500 and \$16,500 respectively. The (loss)/gain on the sale of the vessels was calculated as follows:

	<b>For the year ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
Proceeds (note 5)	51,100	37,000
Carrying amount of vessel sold (note 5)	(49,833)	(21,657)
Other selling expenses	(2,069)	(248)
<b>Net (loss) / gain on sale</b>	<b>(802)</b>	<b>15,095</b>

## 20. Contingencies

Various claims, suits and complaints, including those involving government regulations, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, environmental claims, agents, and insurers and from 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 are material for disclosure.

## 21. Commitments

The Group enters into time charter arrangements on its vessels. These non-cancellable arrangements have remaining terms between ten days to five months as of December 31, 2009, assuming redelivery at the earliest possible date.

Future gross minimum lease revenues receivable upon non-cancellable operating leases as at December 31, 2009, 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):

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Within one year	2,925	26,380
After one year but not more than five years	-	-
More than five years	-	-
<b>Total</b>	<b>2,925</b>	<b>26,380</b>

These amounts include consideration for other elements of the arrangement apart from the right to use the vessel such as maintenance and crewing and its related costs.

At December 31, 2009, the Group was a party to an operating lease agreement as lessee. The operating lease relates to the office premises of the Group (expiring in August 2015).

(continued)

## 21. Commitments (continued)

The future minimum lease payments under this agreement as at December 31, 2009, are as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Within one year	247	252
After one year but not more than five years	1,236	1,144
More than five years	-	545
<b>Total</b>	<b>1,483</b>	<b>1,941</b>

Total rent expense under operating leases for the year ended December 31, 2009 amounted to \$239 (2008: \$242).

## 22. Income Tax

Under Article 123A of the Income Tax (Jersey) law 1961, as amended, the Company has obtained Jersey exempt company status for the year and is therefore exempt from Jersey income tax on non Jersey source income and bank interest (by concession). A GBP600 annual exempt fee was payable by the Company. As from January 1, 2009 the exempt company regime no longer applies. The general rate of corporation tax for companies resident in Jersey will be 0% from this date. Also, under the laws of the respective jurisdictions of the consolidated subsidiaries of the Group, the Group is not subject to tax on international shipping income.

Instead, a tax is levied based on the tonnage of the vessels, which is included in operating expenses in the consolidated income statement.

Pursuant to the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operations of ships is generally exempt from U.S. tax if the company operating the ships meets both of the following requirements, (a) the company is incorporated in a foreign country that grants an equivalent exception to corporations incorporated in the United States and (b) either (i) more than 50% of the value of the company's stock is owned, directly or indirectly, by individuals who are "residents" of the company's country of incorporation or of another foreign country that grants an "equivalent exemption" to corporations incorporated in the United States (50% Ownership Test) or (ii) the company's stock is "primarily and regularly traded on an established securities market" in its country of incorporation, in another country that grants an "equivalent exemption" to United States corporations, or in the United States (Publicly-Traded Test). Under the regulations, company's stock will be considered to be "regularly traded" on an established securities market if (i) one or more classes of stock representing 50% or more of its outstanding shares, by voting power and value, is listed on the market and is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year; and (ii) the aggregate number of shares of stock traded during the taxable year is at least 10% of the average number of shares of the stock outstanding during the taxable year. Notwithstanding the foregoing, the regulations provide, in pertinent part, that each class of the company's stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of the company's outstanding stock ("5 Percent Override Rule").

The Group anticipates its income will continue to be exempt in the future, including U.S. federal income tax. However, in the future, the Group may not continue to satisfy certain criteria in the U.S. tax laws and as such, may become subject to the U.S. federal income tax on future U.S. source shipping income.

## 23. Financial risk management objectives and policies

The Group's financial liabilities are bank loans, trade and other payables. The main purpose of these financial liabilities is to assist in the financing of Group's operations and the acquisition of vessel's. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk.

## 23. Financial risk management objectives and policies (continued)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specific intervals, the difference between fixed and variable interest rate. Interest amounts are calculated by reference to an agreed upon notional principal amount. At December 31, 2009, after taking into account the effect of interest rate swaps, approximately 35% of the Group's borrowings are at a fixed rate of interest (2008: 16%).

### Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit. There is no impact on the Group's equity.

	Increase/Decrease in basis points	Effect on profit
<b>2009</b>		
<b>US\$ Libor</b>	+15	(219)
	-20	292
<b>2008</b>		
<b>US\$ Libor</b>	+15	(257)
	-20	343

### Foreign currency risk

The majority of Group's transactions are denominated in US dollars therefore, its exposure to foreign currency risk is minimal.

### Credit risk

The Group operates only with recognised, creditworthy third parties including major charterers, commodity traders and government owned entities. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment on trade receivable is not significant. The maximum exposure is the carrying value of trade receivable as indicated in the consolidated statement of financial position. With respect to the credit risk arising from other financial assets of the Group such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter parties, which are recognised financial institutions. The Group performs annual evaluations of the relative credit standing of these counter parties. The exposure of these financial instruments is equal to their carrying amount as indicated in the consolidated statement of financial position.

### Concentration of credit risk table:

The following table provides information with respect to charterers who individually, accounted for more than 10% of the Group's revenue for the year ended December 31, 2009:

	for the year ended December 31,	
	2009	2008
Cosco Bulk Carrier Co. Ltd.	-	15,756
D/S Norden A/S	7,373	10,371
Korean Line Corp.	23,162	21,553
Other	22,277	50,917
<b>Total</b>	<b>52,812</b>	<b>98,597</b>

(continued)

## 23. Financial risk management objectives and policies (continued)

### Liquidity risk

The Group mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets appropriately. The vessels are normally chartered under time-charter agreements where, as per the industry practice, the charterer pays for the transportation service 15 days in advance, supporting the management of cash generation. Vessel acquisitions are carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process. In this way, the Group maintains a good credit rating to facilitate fund raising. In its funding strategy, the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Excess cash used in managing liquidity is only invested in financial instruments exposed to insignificant risk of changes in market value, being placed on interest bearing deposits with maturities fixed at no more than 3 months. The Group monitors its risk to shortage of funds by considering the maturity of its financial liabilities and its projected cash flows from operations.

The table below summarises the maturity profile of the Group's financial liabilities at December 31, 2009, based on contractual undiscounted cash flows.

Year ended December 31, 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term debt	-	949	10,522	56,222	5,964	73,657
Interest rate swap, net	-	44	615	2,340	-	2,999
Accrued liabilities and other payables	-	1,095	-	-	-	1,095
Trade payables	-	1,158	-	-	-	1,158
<b>Total</b>	<b>-</b>	<b>3,246</b>	<b>11,137</b>	<b>58,562</b>	<b>5,964</b>	<b>78,909</b>

Year ended December 31, 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term Debt	-	2,140	23,715	93,599	55,751	175,205
Interest rate swap, net	-	25	177	1,796	-	1,998
Accrued liabilities and other payables	-	707	-	-	-	707
Trade payables	-	2,212	-	-	-	2,212
<b>Total</b>	<b>-</b>	<b>5,084</b>	<b>23,892</b>	<b>95,395</b>	<b>55,751</b>	<b>180,122</b>

### Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2009 and 2008.

The Group monitors capital using the ratio of net debt to book capitalisation adjusted for the market value\* of the Group's vessels plus net debt. The Group includes within net debt, interest bearing loans gross of unamortized debt discount, less cash and bank balances and bank deposits and restricted cash.

Adjusted book capitalization refers to total equity adjusted for the market value of the Group's vessels plus net debt. The Group's policy is to keep the ratio described above, below 60%.

## 23. Financial risk management objectives and policies (continued)

### Capital management (continued)

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Interest bearing loans	70,562	157,600
Cash and bank balances and bank deposits	(59,157)	(65,342)
<b>Net debt</b>	<b>11,405</b>	<b>92,258</b>
Equity	113,458	121,783
Adjustment for the market value of vessels (charter-free)	(36,696)	(92,507)
<b>Book capitalization</b>	<b>76,762</b>	<b>29,276</b>
<b>Adjusted book capitalization plus net debt</b>	<b>88,167</b>	<b>121,534</b>
<b>Ratio</b>	<b>13%</b>	<b>76%</b>

(\* Market value of the vessels was provided by independent internationally recognised firms of shipbrokers.)

Net debt as calculated above is not consistent with the International Financial Reporting Standards ("IFRS") definition of debt. The following reconciliation is provided:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Debt in accordance with IFRS</b>	70,075	156,983
<b>Add: Unamortized debt discount</b>	487	617
	70,562	157,600
<b>Less: Cash and bank balances and bank deposits</b>	(59,157)	(65,342)
<b>Net debt</b>	<b>11,405</b>	<b>92,258</b>

## 24. Financial Instruments

### Fair values

Derivative financial instruments are recorded at fair value while all other financial assets and financial liabilities are recorded at amortised cost which approximates fair value at December 31, 2009.

### Fair value hierarchy

As at December 31, 2009, the Group held the following financial instruments measured at fair value:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(continued)

## 24. Financial Instruments (continued)

Liabilities at fair value	December 31, 2009	Level 1	Level 2	Level 3
Interest rate swaps	1,220	-	1,220	-
Foreign exchange forward contracts	10	-	10	-
<b>Total</b>	<b>1,230</b>	<b>-</b>	<b>1,230</b>	<b>-</b>

Liabilities at fair value	December 31, 2008	Level 1	Level 2	Level 3
Interest rate swaps	1,373	-	1,373	-
<b>Total</b>	<b>1,373</b>	<b>-</b>	<b>1,373</b>	<b>-</b>

## 25. Events after the balance sheet date

### Delivery of Vessels sold.

At February 17, 2010 the vessels M/V Sea Globe and M/V Coral Globe were delivered to their new owners (note 5).

### Debt repayment.

At February 17, 2010 following the delivery of the aforementioned vessels the relevant outstanding debt of \$27,007 was fully repaid (note 12).

### Vessels acquisition

On March 26, 2010 the Group entered into memorandum of agreements for the purchase of two sister vessels, the M/V Sky Globe and M/V Star Globe, for a total purchase price of \$65,650. Both vessels were delivered to the Group on May 19, 2010 and May 25, 2010 respectively. The acquisition of these vessels was financed partly by the \$35,520 undrawn committed borrowing facility (note 3) and the remaining balance from the Group's available cash.



## Substantial Shareholders

In addition to the information above, the Directors are aware that the following investors hold the Company's shares as of the date of this Annual Report :

<b>Shareholder</b>	<b>Number of shares</b>	<b>Percent</b>
Lipati Shipping Company Limited	1,715,714	5.92%
Credit Agricole Cheuvreux	1,266,667	4.37%
Jupiter Asset Management	715,332	2.47%
Kairos Fund Limited	707,500	2.44%
Henderson	319,333	1.10%

This information appears and is regularly updated on  
[http://www.globusmaritime.gr/major\\_shareholders.html](http://www.globusmaritime.gr/major_shareholders.html)

## Financial Calendar

July 28, 2010 at noon UK time: Annual General Meeting

## Analyst Coverage

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Globus Maritime Limited is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Globus Maritime Limited performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Globus Maritime Limited or its management. Globus Maritime Limited does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.





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