



Hellenic Carriers Limited

Unaudited interim condensed
consolidated financial statements

30 June 2008

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**Report on review of interim condensed consolidated financial statements
to the shareholders of
HELLENIC CARRIERS LIMITED**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Hellenic Carriers Limited and its subsidiaries (“the Group”) as at 30 June 2008, comprising of the interim consolidated balance sheet as at 30 June 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and apply to *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Ernst & Young**27 August 2008****Athens**

Hellenic Carriers Limited

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

	Notes	For the six months ended	
		30 June	
		2008	2007
		Unaudited	Unaudited
		U.S.\$'000	U.S.\$'000
Revenue		34,086	12,792
Expenses and other income			
Voyage expenses	3	(1,140)	(599)
Voyage expenses – related party	3, 6	-	(44)
Vessel operating expenses	3	(4,494)	(2,485)
Management fees – related party	6	(552)	(300)
Depreciation	7	(4,539)	(1,361)
Depreciation of dry-docking costs	7	(441)	(228)
General and administrative expenses		(1,097)	-
Operating profit		21,823	7,775
Finance expense		(2,442)	(945)
Finance income		781	122
Foreign currency gain, net		19	-
		(1,642)	(823)
Profit for the period		20,181	6,952
Earnings per share (U.S.\$):			
Basic and diluted EPS for the year	4	0.44	-
Weighted average number of shares		45,616,851	-

The accompanying notes 1 to 13 are an integral part of the interim condensed consolidated financial statements.

Hellenic Carriers Limited

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

(Expressed in thousands of U.S. Dollars)

		30 June 2008	31 December 2007
		Unaudited	Audited
	Notes	U.S.\$'000	U.S.\$'000
ASSETS			
Non-current assets			
Vessels	7	202,938	74,416
Advances for vessel acquisitions		-	13,200
		<u>202,938</u>	<u>87,616</u>
Current assets			
Inventories		442	314
Trade receivables		536	120
Due from related parties	6	1,890	1,930
Prepaid expenses and other assets		757	357
Financial Instruments	11	369	-
Restricted cash	9	511	1,032
Cash and cash equivalents	8	43,800	47,245
		<u>48,305</u>	<u>50,998</u>
TOTAL ASSETS		<u>251,243</u>	<u>138,614</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Hellenic Carriers Limited			
Issued share capital	10	46	46
Share premium	10	54,355	54,355
Capital contributions		10,826	10,826
Other Reserves	11	369	-
Retained earnings		21,155	1,985
Total equity		<u>86,751</u>	<u>67,212</u>
Non-current liabilities			
Long-term debt	11	137,550	58,900
Other non current liabilities		-	38
		<u>137,550</u>	<u>58,938</u>
Current liabilities			
Trade payables		1,638	1,056
Current portion of long-term debt	11	20,441	7,666
Accrued liabilities and other payables		1,232	1,010
Deferred revenue		3,299	2,129
Due to related parties	6	332	603
		<u>26,942</u>	<u>12,464</u>
Total Liabilities		<u>164,492</u>	<u>71,402</u>
		<u>251,243</u>	<u>138,614</u>

The interim condensed consolidated financial statements on pages 2 to 15 were approved by the Board of Directors on 27 August 2008, and were signed on its behalf by:

Fotini Karamanlis
Chief Executive Officer

Dimitris Sfakianakis
Chief Financial Officer

The accompanying notes 1 to 13 are an integral part of these interim condensed consolidated financial statements.

Hellenic Carriers Limited

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

	Number of shares	Par value U.S.\$	Issued share capital U.S.\$'000	Share premium U.S.\$'000	Capital Contributions U.S.\$'000	Retained earnings U.S.\$'000	Other Reserves U.S.\$'000	Total equity U.S.\$'000
At 1 January 2007	-	-	-	-	15,326	360	-	15,686
Profit for the period	-	-	-	-	-	6,952	-	6,952
Dividends to equity shareholders	-	-	-	-	-	(5,200)	-	(5,200)
At 30 June 2007 (unaudited)	-	-	-	-	15,326	2,112	-	17,438
At 1 January 2008	45,616,851	0.001	46	54,355	10,826	1,985	-	67,212
Net gain on cash flow hedges (Note 11)	-	-	-	-	-	-	369	369
Profit for the period	-	-	-	-	-	20,181	-	20,181
Dividends to equity shareholders (Note 5)	-	-	-	-	-	(1,011)	-	(1,011)
At 30 June 2008 (unaudited)	45,616,851	0.001	46	54,355	10,826	21,155	369	86,751

The accompanying notes 1 to 13 are an integral part of these interim condensed consolidated financial statements.

Hellenic Carriers Limited

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars)

	Notes	For the six months ended 30 June	
		2008	2007
		Unaudited U.S.\$'000	Unaudited U.S.\$'000
Operating activities			
Profit for the period		20,181	6,952
<i>Adjustments to reconcile profit to net cash flows:</i>			
Depreciation	7	4,539	1,361
Depreciation of dry-docking costs	7	441	228
Amortisation of deferred income		(341)	-
Finance expense		2,442	945
Finance income		(781)	(122)
Foreign currency gain, net		(19)	-
		26,462	9,364
Increase in inventories		(128)	(100)
(Increase)/decrease in trade receivables, prepaid expenses and other assets		(816)	127
Decrease/(increase) in due from related parties	6	40	(2,577)
Increase in trade payables, accrued liabilities and other payables		1,069	182
Increase in deferred revenue		1,511	194
Decrease in due to related parties	6	(271)	-
Net cash flows from operating activities		27,867	7,190
Investing activities			
Acquisition/ improvement of vessels		(118,665)	-
Dry-docking costs	7	(1,637)	-
Advances for vessel acquisitions		-	-
Interest received		781	122
Net cash flows (used in)/provided by investing activities		(119,521)	122
Financing activities			
Proceeds from issue of long -term debt, net of debt discount		109,391	-
Repayment of long-term debt		(18,050)	(1,800)
Restricted cash	9	521	37
Interest paid		(2,642)	(955)
Dividends paid	5	(1,011)	(5,200)
Net cash flows provided by/(used in) financing activities		88,209	(7,918)
Net decrease in cash and cash equivalents		(3,445)	(606)
Cash and cash equivalents at 1 January		47,245	4,867
Cash and cash equivalents at 30 June	8	43,800	4,261

The accompanying notes 1 to 13 are an integral part of these interim condensed consolidated financial statements.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

1. Formation, Basis of Presentation and General Information

Hellenic Carriers Limited (“HCL”, “Hellenic” or the “Company”) was incorporated under the laws of Jersey on 26 September 2007. On 30 November 2007, Hellenic Carriers Limited was admitted and started trading on AIM at a price of GBP 2.12 per share. In total, the Company received from its listing on AIM an amount of U.S.\$58.9 million with the intention to fund further fleet expansion.

The address of the registered office of the Company is Walker House, 28-34 Hill Street, St. Helier, JE4 8PN, Jersey.

Pursuant to an exchange agreement, HCL became immediately prior to Admission to AIM, the holding company for five companies (altogether the “Contributed Companies”). These five companies are: Hellenic Shipmanagement Co. (“HSC”) and four vessel owning companies, namely, Patmos Shipping Co. Ltd., Thasos Shipping Company Ltd., Nestos Shipping Corporation S.A. and Arkadia Maritime Corporation S.A. Prior to the reorganisation, HCL and the Contributed Companies (hereinafter the “Group”) were wholly owned by Faith Holdings Inc., Corpus Holdings Inc. and Bedat Holdings Inc. who in turn were wholly owned by Ms. Fotini Karamanlis and Mr. Konstantinos Karamanlis, respectively. Ms. Fotini Karamanlis and Mr. Konstantinos Karamanlis are siblings acting together in such a manner so as to collectively control all entities. The reorganisation involved the contribution of Faith Holdings Inc., Corpus Holdings Inc. and Bedat Holdings Inc. shares in the Contributed Companies to the Company, in exchange of shares of common stock of the Company. The incorporation of HCL represents a reorganisation of entities under common control and has been accounted for in a manner akin to a pooling of interests for the years presented. Accordingly, the financial information of the Group has been presented using the historical carrying costs of the Contributed Companies. The accompanying interim condensed consolidated financial statements have also been prepared on the basis that the Company existed for all years and periods presented and was the parent company of the Contributed Companies in all such years and periods.

HCL as of 30 June 2008 is the holding company of HSC and of six vessel-owning companies, as listed in the table below. HCL is also the holding company of Axios Maritime Corp. which will be the vessel-owning company of M/V Furness Timika (to be renamed), upon delivery of the vessel (expected to take place between 15 September and 15 November 2008).

HSC was incorporated under the laws of Marshall Islands on 17 September 2007 to serve as the management company of the Group. The address of the management Company is 51 Akti Miaouli, Piraeus, Greece.

Each of the vessel-owning companies, listed below, operate dry bulk carriers providing maritime services for the transportation of dry cargo products on a worldwide basis.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 August 2008. It includes the financial statements of the Company and the following wholly owned subsidiaries (altogether the “Group”):

Company	Country of Incorporation	Date of Incorporation	Activity
Hellenic Shipmanagement Corp.	Marshall Islands	17 September 2007	Management Company

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

Company	Country of Incorporation	Vessel Delivery Date	Vessel Owned
Patmos Shipping Company Ltd.	Malta	27 March 2002	Hellenic Sea
Thasos Shipping Company Ltd.	Malta	14 July 2003	Hellenic Sky
Nestos Shipping Corp.	Marshall Islands	25 May 2006	Hellenic Breeze
Arkadia Maritime Corp.	Marshall Islands	8 November 2007	Hellenic Horizon
Vergina Shipping Ltd.	Marshall Islands	26 March 2008	Konstantinos D
Lakonia Shipping Ltd.	Marshall Islands	12 May 2008	Hellenic Wind
Axios Maritime Corp.	Marshall Islands	(1)	(1)

(1) On 8 July 2008 the Group entered into an agreement to acquire M/V Furness Timika (to be renamed), 52,508 DWT dry-bulk carrier built in 2001 that is expected to be delivered to the Group between 15 September and 15 November 2008 for a total consideration of U.S.\$69,700.

The principal business of the Group is the ownership and operation of a fleet of dry bulk vessels. The Group conducts its operations through its vessel owning companies.

2. Summary of significant accounting policies

- (a) **Basis of preparation:** These interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared by management in accordance with IAS 34 Interim Financial Reporting. The accounting policies adopted in the preparation of the interim condensed consolidated statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2007, except for the adoption of new Standards and Interpretations noted below:
- (i). **IFRIC 11, IFRS 2, Group and Treasury Share Transactions** (effective for financial years beginning on or after 1 March 2007). The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.
 - (ii). **IFRIC 12, Service Concession Arrangements.** (effective for financial years beginning on or after 1 January 2008). The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.
 - (iii). **IFRIC 14, IAS 19, The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.** (effective for financial years beginning on or after 1 January 2008). The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.
- (b) **New IFRS and IFRIC Interpretations:** The following Standards and Interpretations were issued but have not yet become effective within the period ended 30 June 2008. None of these Standards and Interpretations is expected to have a significant impact in the consolidated financial Statements of HCL.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

2. Summary of significant accounting policies (continued)

- (i). **IFRIC 15, "Agreements for the Construction of Real Estate"**, was issued on 3 July, 2008 and is effective for annual periods beginning on or after 1 January 2009 and must be applied retrospectively. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognised. This Interpretation has not yet been endorsed by the EU.
- (ii). **IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"**, was issued on 3 July, 2008 and is effective for annual periods beginning on or after 1 October, 2008 and can be applied retrospectively or prospectively. IFRIC 16 clarifies three main issues, namely:
- A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
 - Hedging instrument(s) may be held by any entity or entities within the group.
 - While IAS 39, 'Financial Instruments: Recognition and Measurement', must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 'The Effects of Changes in Foreign Exchange Rates' must be applied in respect of the hedged item. This Interpretation has not yet been endorsed by the EU.
- (c) **Statement of compliance:** The interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.
- (d) **Derivative financial instruments and hedging:** The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value using mid-market prices on each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.
- The Group's derivatives obtained in 2008 (Note 11) have been designed as hedging instruments, therefore gains or losses arising from changes in the fair value of the derivatives are taken to shareholders' equity.
- (e) **Reclassification:** Certain prior period amounts have been reclassified for presentation purposes.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

3. Voyage & vessel operating expenses

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

Voyage expenses

	For the six months ended 30 June	
	2008	2007
	U.S.\$'000	U.S.\$'000
Voyage expenses	1,140	599
Voyage expenses– related party	-	44
	<u>1,140</u>	<u>643</u>

	For the six months ended 30 June	
	2008	2007
	U.S.\$'000	U.S.\$'000
Voyage expenses consist of:		
Port charges	180	18
Bunkers (fuel costs)	(855)	(62)
Commissions	1,815	687
Total voyage expenses:	<u>1,140</u>	<u>643</u>

Vessel operating expenses

	For the six months ended 30 June	
	2008	2007
	U.S.\$'000	U.S.\$'000
Crew wages and related costs	1,904	980
Other crew expenses	254	139
Deck stores	305	194
Crew victualling	160	71
Repairs & maintenance	246	33
Spares	336	249
Engine stores	67	34
Lubricants	614	282
Insurance	592	324
Other operating expenses	16	179
Total vessel operating expenses:	<u>4,494</u>	<u>2,485</u>

4. Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the profit for the period attributable to the shareholders of Hellenic Carriers Limited (U.S.\$20,181 for the six months ended 30 June 2008) by the weighted average number of shares outstanding (45,616,851 at 30 June 2008). The weighted average number of shares outstanding reflects the issuance of shares during the reorganisation described in note 1. The Company was incorporated in the second half of 2007, consequently, no share or per share information existed as of 30 June 2007.

Diluted EPS reflects the potential dilution that could occur if share options or other contracts to issue shares were exercised or converted into shares. Since no such options or contracts existed as at 30 June 2008, the numerator and denominator used to calculate diluted EPS are the same with those used to calculate basic EPS, as disclosed above.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

5. Dividends

Dividend rights: Under the Company's Articles of Incorporation, each ordinary share is entitled to dividends if and when dividends are declared by the Board of Directors. There are no restrictions on the Company's ability to transfer funds in and out of Jersey. The payment of final dividends is subject to the approval of the Annual General Meeting of Shareholders. The proposal by the Board of Directors for the final dividend of GBP 502 (1.10 pence per share) or U.S. \$1,011 for 2007, was approved by the AGM held on 21 May 2008. The payment of dividend was made on 23 May 2008. An interim dividend of GBP 4,379 (9.6 pence per share) was recommended, by the Board of Directors' resolution dated 27 August 2008 and is payable on 24 October to the shareholders on record on 26 September 2008.

6. Related party transactions

Transactions with related parties consisted of the following :

	<i>30 June 2008</i> <i>U.S.\$'000</i>	<i>30 June 2007</i> <i>U.S.\$'000</i>
Voyage expenses – related party		
Hellenic Carriers Corporation S.A.	-	44
	-	44
Management fees – related party		
Hellenic Carriers Corporation S.A.	-	300
Mantinia Shipping Co. S.A.	552	-
	552	300
Total related party transactions	<u>552</u>	<u>344</u>

Balances due from related parties comprise the following:

	<i>30 June 2008</i> <i>U.S.\$'000</i>	<i>31 December 2007</i> <i>U.S.\$'000</i>
Due from related parties		
Hellenic Carriers Corporation S.A.	1,890	1,930
Total	<u>1,890</u>	<u>1,930</u>
	<i>30 June 2008</i> <i>U.S.\$'000</i>	<i>31 December 2007</i> <i>U.S.\$'000</i>
Due to related parties		
Mantinia Shipping Co. S.A.	332	603
Total	<u>332</u>	<u>603</u>

Hellenic Carriers Corporation S.A.: All vessel-operating companies included in the consolidated financial statements used to have until November 2007 a management agreement with Hellenic Carriers Corporation S.A., a Liberian corporation under common control with the vessel-operating companies, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee of U.S.\$16.67 thousand per vessel per month (U.S.\$200 per year).

In addition, Hellenic Carriers Corporation S.A. used to charge until November 2007 a commission equal to 0.5% of time and voyage revenues relating to charters it organised for the vessels Hellenic Sea and Hellenic Breeze. For the six months ended 30 June 2007 commission charged by Hellenic Carriers Corporation S.A. amounted to U.S.\$44, and was included in Voyage expenses-related party.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

6. Related Party Transactions (continued)

In November 2007 all the vessel owning companies entered in new management agreements with HSC, to provide, in the normal course of business, a wide range of shipping managerial and administrative services, such as commercial operations, chartering, technical support and maintenance, engagement and provision of crew, financial and accounting services and cash handling in exchange for a management fee of U.S.\$29.83 per vessel per month. The transactions are eliminated in the consolidation.

Additionally, HSC has subcontracted to Mantinia Shipping Company S.A., a related party, under common control with the Group, the technical management of the vessels for a monthly fee of U.S.\$19.17 per month per vessel. For the six months ended 30 June 2008, sub-management fees charged by Mantinia amounted U.S.\$552 and were included in Management fees – related party.

The amounts paid to Directors and management team for the six months ended 30 June 2008, amounting U.S. \$403 and are included in General and Administrative Expenses.

7. Vessels

Vessels consisted of the following at 30 June:

	<i>30 June 2008</i>	<i>31 December 2007</i>
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Vessel Cost		
At beginning of period/year	82,777	42,747
Additions (including transfer from advances paid in prior periods)	131,865	40,030
At end of period/year	<u>214,642</u>	<u>82,777</u>
Accumulated Depreciation		
At beginning of period/year	(8,735)	(5,539)
Depreciation charge for the period/year	(4,539)	(3,196)
At end of period/year	<u>(13,274)</u>	<u>(8,735)</u>
Net carrying amount of vessels at end of period/year	<u>201,368</u>	<u>74,042</u>
Dry-docking cost		
At beginning of period/year	3,097	2,931
Additions	1,637	166
At end of period/year	<u>4,734</u>	<u>3,097</u>
Accumulated Depreciation		
At beginning of period/year	(2,723)	(2,269)
Depreciation charge for the period	(441)	(454)
Accumulated depreciation	<u>(3,164)</u>	<u>(2,723)</u>
Net carrying amount of deferred dry-docking costs at end of period/year	<u>1,570</u>	<u>374</u>
Net carrying amount of vessels at end of period/year	<u>202,938</u>	<u>74,416</u>

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

7. Vessels (continued)

Acquisitions

On 26 March 2008, M/V Konstantinos D (ex Aegean Hawk) was acquired, a dry bulk vessel of 50,326 DWT built in 2000 for U.S.\$62,000 (including U.S.\$302 of unamortised dry-docking component).

On 12 May 2008, M/V Hellenic Wind (ex Orchid Star) was acquired, a dry bulk vessel of 74,000 DWT built in 1997 for U.S.\$70,000 (including U.S.\$325 of unamortised dry-docking component).

As of 31 December 2007, a 10% advance (amounting U.S. \$13,200) was paid for the acquisition of the two vessels.

8. Cash and cash equivalents

	<i>30 June 2008</i>	<i>31 December 2007</i>
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Cash at bank	14,850	6,376
Short term deposits	28,950	40,869
Total	<u>43,800</u>	<u>47,245</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Interest earned during the six months ended 30 June 2008 and 2007, amounted to U.S.\$781 and U.S.\$122 respectively, and is included in the accompanying interim condensed consolidated income statement.

9. Restricted Cash

	<i>30 June 2008</i>	<i>31 December 2007</i>
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Restricted cash	511	1,032
Total	<u>511</u>	<u>1,032</u>

The restricted cash concerns the amounts held in bank accounts of the vessel owning companies that were retained for the payment of future instalment of Group's loans.

10. Share capital and share premium

Share capital consisted of the following:

	<i>30 June 2008</i>	<i>31 December 2007</i>
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Authorised		
100,000,000 shares of \$ 0.001 each	100	100
Issued and paid		
45,616,851 shares of \$0.001 each	46	46
Total issued share capital	<u>46</u>	<u>46</u>

The Company was incorporated under the laws of Jersey on 26 September 2007, with an authorised share capital of GBP 10 divided into 10,000 ordinary shares of GBP 1.00 each. By a special resolution dated 20 November 2007, the Company converted its authorised share capital from pounds sterling to U.S. dollars at an exchange rate of GBP 1=U.S.\$2.070 so that the existing share capital was converted to U.S.\$20.7 divided into 10,000 ordinary shares of U.S.\$2.070 each.

Hellenic Carriers Limited

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

10. Share capital and share premium (continued)

By a special resolution also dated 20 November 2007, the authorised share capital of U.S.\$20.7 was subdivided into 20,700,000 ordinary shares of U.S.\$0.001 each. By a special resolution also dated 20 November 2007, the Company increased its authorised share capital by additional 79,300,000 ordinary shares after which the Company's authorised share capital was U.S.\$100 divided into 100,000,000 ordinary shares of U.S.\$0.001 each.

On 30 November 2007 the Company was admitted to the AIM, issuing 13,684,970 ordinary shares with par value U.S.\$0.001 (in addition to 31,931,881 Ordinary Shares with par value of U.S.\$0.001 issued on 27 November 2007) at a premium of U.S.\$4.30 per ordinary share thereby increasing the share capital by U.S.\$0.046 million and increasing share premium by U.S.\$58.9 million. Issuance costs directly attributable to the Placing amounted to U.S.\$4.5 million.

11. Long-term Debt

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

			30 June 2008		31 December 2007	
			U.S.\$'000		U.S.\$'000	
			Amount	Period end rate %	Amount	Year end rate %
	Bank Loan	Vessel(s)				
a.	Issued 29 March 2002, maturing 22 November 2013	Hellenic Sea	-	-	3,150	6.37%
b.	Issued 22 May 2006, maturing 24 November 2013	Hellenic Breeze	-	-	11,900	6.43%
c.	Issued 6 November 2007, maturing 8 May 2015	Hellenic Sky & Hellenic Horizon	48,650	4.99%	51,650	5.90%
d.	Issued 17 March 2008, maturing 7 May 2016	Hellenic Sea Hellenic Breeze Konstantinos D Hellenic Wind	110,000	4.25%	-	-
	Total		<u>158,650</u>		<u>66,700</u>	
	Less: current portion		<u>(20,441)</u>		<u>(7,666)</u>	
	Less: unamortised debt discount		<u>(659)</u>		<u>(134)</u>	
	Long-term portion		<u>137,550</u>		<u>58,900</u>	

The upcoming repayment terms of loans with balances outstanding at 30 June 2008 are:

Loan c: The loan is repayable by ten quarterly instalments of U.S.\$1,500 each, seventeen quarterly instalments of U.S.\$1,000 each and one instalment of U.S.\$1,155. The first instalment is due on 8 August 2008 and the final one is due on 8 May 2015, along with a balloon payment of U.S.\$15,495, being due on 8 May 2015.

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For the six months ended 30 June 2008

(Expressed in thousands of U.S. Dollars, except share and per share data)

11. Long-term debt (continued)

Loan d: On 17 March 2008, the Group entered in a new loan facility agreement for up to U.S. \$190,000. The new loan facility was made available for the purposes of (i) refinancing in full the existing indebtedness of loan a, (ii) refinancing in full the existing indebtedness of loan b, (iii) financing part of the acquisition cost of M/V Konstantinos D, (iv) financing part of the acquisition cost of M/V Hellenic Wind, (v) provide working capital and (vi) provide financing for future dry-bulk vessel acquisition. The amount of U.S.\$ 110,000 has been drawn as at 30 June 2008, while the amount of U.S.\$ 80,000 is intended to be drawn upon future acquisitions of new vessels. The existing outstanding loan is repayable by eight quarterly instalments of U.S.\$3,775 each, twenty four quarterly instalments of U.S.\$2,200 each, the first one being due on 7 August 2008 and the final one being due on 7 May 2016, along with a balloon payment of U.S.\$27,000, being due on 7 May 2016.

All loans are denominated in U.S. dollars. The bank loans denominated in U.S. dollars bear interest at LIBOR plus a margin payable quarterly.

During the six months period ended 30 June, 2008, the Company entered into two new interest rate swap agreements that are accounted for as a hedge of the Company's variable interest rate payments on the bank loans c and d. The fair value of such financial instruments as of 30 June 2008 in aggregate amounted to U.S. \$369 and is reflected directly in other reserves in Shareholders' Equity.

All loans are secured by a first preferred mortgage on the respective vessel as well as general assignment of the earnings, insurances and requisition compensation of the respective vessel. The Group weighted average interest rate for the six months ended 30 June, 2008 was 4.43%. Total interest paid was U.S.\$2,642 and U.S.\$955 for the six months period ended 30 June, 2008 and 2007 respectively.

The loan agreements contain covenants including restrictions as to changes in management and ownership of the vessels, additional indebtedness and mortgaging of vessels without the bank's prior consent as well as minimum requirements regarding hull cover ratio. The restricted net assets of the vessel-owning subsidiary companies at 30 June 2008 consisted of restricted cash of U.S.\$511.

Hellenic Carriers Limited has issued a corporate guarantee in favour of the banks as a further security for the aforementioned loan c.

12. Commitments and contingencies

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

Operating lease commitments – Group as lessor: The Group has entered into time charter arrangements on some of its vessels. These arrangements have remaining terms between 5 to 36 months as of 30 June 2008, and one to 16 months as of 30 June 2007.

Future minimum charters (based on latest delivery dates) receivable upon time charter arrangements as at 30 June 2008 and 2007 are as follows (it is noted that the vessel off-hires and dry-docking days that could occur but are not currently known are not taken into consideration; in addition early delivery of the vessels by the charterers is not accounted for):

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(Expressed in thousands of U.S. Dollars, except share and per share data)

12. Commitments and contingencies (continued)

	30 June 2008	30 June 2007
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Within one year	98,405	22,720
After one year but not more than five years	81,302	2,852
More than five years		
Total	<u><u>179,707</u></u>	<u><u>25,572</u></u>

13. Events after the balance sheet date

On 8 July 2008 the Group entered into an agreement to acquire M/V Furness Timika (to be renamed), a 52,508 DWT dry-bulk carrier built in 2001 that is expected to be delivered to the Group between 15 September and 15 November 2008 for a total consideration of U.S.\$69,700. On 9 July 2008 under the terms of the agreement, the Group paid U.S.\$6,970 representing the 10% deposit on the purchase price of the vessel.