

BOARD OF DIRECTORS' REPORT in accordance with article 289 of the ATHEX Regulations.

During its meeting on December 20<sup>th</sup>, 2007, the company's Board of Directors, having the relevant powers by virtue of the decision dated October 30<sup>th</sup>, 2006 by the 2<sup>nd</sup> repetitive General Meeting of Shareholders (Government Gazette Companies Issue 12836/24.11.2006), has decided on the increase of the company's share capital in favour of existing shareholders by 14,179,480.50 € upon issuance of 47,264,935 new nominal shares of 0.30 € value per share and with an issue price of 0.70 € per share. The total proceeds from the increase shall amount to 33,085,454.50 € of which 14,179,480.50 € corresponds to an increase of share capital and the amount of 18,905,974.00 € shall be charged to the account as a difference following the issue of shares above par.

**1. Report on the use of proceeds from the previous share capital increase**

The previous increase of the Company's share capital in favour of existing shareholders through cash payment amounting to EURO 19,121,870.10, through the issue of 63,739,567 shares of nominal value and an issue price of EURO 0.30 per share, that was decided by the Extraordinary General Meeting of Shareholders of 10.7.2005, was completed in December of 2005.

The funds raised amounted to 19,121,870.10 and were allotted as follows:

EXPENSE TYPE	As per the Prospectus	As per the capital certification by the Board dated 09.12.2005	As per the approval of the Extraordinary / Ordinary General Meeting dated 26/02/06 and 21/6/06 resp.	Date of use		used by 31.12.2005	used by 31.03.2006	used by 30.06.2006	remaining amount
				2005	2006				
payment of short-term obligations	23,864,370.40	18,936,358.19	15,406,358.19	10,900,000.00	4,506,358.19	11,261,571.05	4,144,787.14		0
Purchase of vessel engines			2,530,000.00		2,530,000.00		2,530,000.00		0
maintenance upgrade of vessels			634,922.93		634,922.93		634,922.93		0
Payment of loan obligations			365,077.07		365,077.07			365,077.07	0
Total	23,864,370.40	18,936,358.19	18,936,358.19	10,900,000.00	8,036,358.19	11,261,571.05	7,309,710.07	365,077.07	0

Amendments were made in the allotment of funds raised in reference to those stipulated in the Prospectus which were approved by the Extraordinary General Meeting of Shareholders on 26.2.2006 and the Ordinary General Meeting of 21.6.2006.

**Other information:**

Exercise of pre-emptive rights period: 24.11.2005 to 8.12.2005

Date of confirmation of the share capital increase: 09.12.2005.

Number of new shares issued: 63,739,567

Date of listing of the new shares on the Athens Exchange: 30.12.2005.

**2. INVESTMENT PLAN**

The funds to be raised as proposed by the Board of Directors, amounting to 33.08 million euros, after the deduction of expenses connected to the share capital increase

estimated to be 0.33 million €, i.e. will amount to a total of 32.75 million euros shall be used within a year following the date of completion of the share capital increase as follows:

<b>Allotment of funds to be raised</b>	<b>AMOUNTS</b>	
	(In million Euros)	%
Share capital increase expenses	0.33	1.00%
Purchase of vessel and / or participation in similar businesses	30.00	90.69%
Reduction of bank loans / working capital	2.75	8.31%
<b>TOTAL</b>	<b>33.08</b>	<b>100.00%</b>

The proposed plan for purchase of a secondary vessel and its respective upgrade amounts to €30.00 m.

Funds amounting to € 2.75 million shall be used for the reduction of the current bank loans.

In case of partial coverage of the increase and if the funds raised are not sufficient for the aforementioned purposes of the increase, the share capital increase expenses will be covered first and the purchase of a vessel will follow. In case the purchase of vessel is not possible, the funds will be used for the participation in similar businesses and the reduction of bank loans.

The funds raised shall be deposited in a special account until used, expected to be completed within 2008.

In view of the fact that the subscription of the increase amount is unknown, the above figures cannot be stated with accuracy for the time-being.

### **3. ISSUE PRICE**

The Board of Directors has decided on an increase of the company's share capital in favour of the existing shareholders amounting to 14.18 million euros at a ratio of four (4) new common shares for every ten (10) existing shares at an issue price of 0.70 euro per share. The issue price may be higher than the market price at the ex-rights date.

### **4. COMMITMENTS**

The main shareholder EDGEWATER HOLDINGS INC. has stated that no reduction in the number of shares that are held up to the completion of the increase and the listing of the new shares will take place and that its intention is, under the present circumstances, not to proceed with any significant change regarding the number of shares held in the Company for a period of 6 months from the listing of the new shares.

### **5. MISCELLANEOUS**

The newly issued shares will have the right to receive dividends from the profits of the fiscal year 2007, if any, i.e. dividends approved by the Ordinary General Meeting convened within 2008.

It is noted that, according to article 13a, par.1, of the Codified Law 2190/20, if the the share capital increase amount is not fully subscribed, the share capital shall increase up to the amount of the subscription.

In order to achieve its goals, the company shall adhere to the provisions of the codified law 2190/20 and the ATHEX Regulations. In any case, the company agrees to inform the

investors, without delay, as to any actions, according to the provisions of the ATHEX regulations.