

Hellenic Carriers Limited

2008 Financial Results

HELLENIC CARRIERS REPORTS FINAL RESULTS FOR YEAR ENDED 31 DECEMBER 2008

Press Release 16 March 2009

Hellenic Carriers Limited, (“Hellenic” or the “Company”) (AIM: HCL), **an international provider of marine transportation services, which owns and operates through its wholly owned subsidiaries a fleet of six dry bulk vessels that transport iron ore, grain, steel products and minor bulk cargoes**, is pleased to report today its Full Year Audited Results for the period ended 31 December 2008.

The Company’s management has scheduled a conference call and webcast on Wednesday 18 March 2009, at 3.00pm (London), 5.00pm (Athens) and 11.00am (EDT) to discuss the Results.

2008 Highlights

- Revenue increased to US\$85m by approximately 159% for 2008 over full year 2007 (US\$32.8m)
- EBITDA increased to US\$68.2m by approximately 175% for 2008 over full year 2007 (US\$24.8m)
- Operating Income increased to US\$36.5m by approximately 73% for 2008 over full year 2007 (US\$21.1m)
- Net Income increased to US\$31.1m by approximately 61% for 2008 over full year 2007 (US\$19.3m)
- Basic and diluted Earnings per Share for 2008 of US\$0.68 calculated on 45,616,851 shares
- Final dividend for 2008 of 2.30 pence per share recommended by the Board of Directors subject to AGM’s approval on 20 May 2009. Including interim dividend of 9.60 pence per share, total dividend for 2008 will amount to 11.90 pence per share
- Delivery in H1 2008 of two newly acquired second hand ships, thereby increasing the fleet to a total of six vessels
- Operation in 2008 of an average of 5.4 vessels earning a daily average Time Charter Equivalent (TCE) of US\$41,532 compared to an average of 3.1 vessels earning a daily TCE rate of US\$27,311 in 2007
- Fleet utilization in 2008 (number of operating days in the year divided by available days in the year) of 98.2%

Management Commentary

Fotini Karamanlis, Chief Executive Officer, commented: “Hellenic went through its first full year of operation as a listed Company during very turbulent times for the world economy. Nevertheless, I am pleased to report our Company’s significant growth in earnings and asset base.

The fleet has expanded by two vessels, one Supramax and one Panamax, partly by utilizing the proceeds from our initial public offering. Our revenue more than doubled and our operating profit almost doubled in 2008 as compared to the same period in 2007, since we took advantage of the historically high levels of the freight market by fixing most of our vessels under medium to longer term charters during H1 2008.

Since the last quarter of 2008, the dry bulk shipping market has suffered a dramatic decline as the result of the crisis in the global financial markets and the credit crunch, which virtually eliminated financing for global trade.

Adapting our strategy to the rapidly changing market conditions, we took a number of proactive initiatives aimed at steering our Company through the current turmoil. We optimized the charter coverage of our fleet by restructuring some of our time charters, reduced our capital expenditures by cancelling the acquisition of a vessel and reinforced our liquidity by restructuring our loan repayments and reducing our final dividend for 2008.

In particular, opting for higher visibility and cash flow stability, we restructured some of our charters extending their original duration for a longer period of time – into 2009 and 2010 – at a reduction of their original time charter rate.

In order to reduce our capital expenditure commitments and to avoid investing in an asset whose market value had declined significantly, the acquisition of a Supramax vessel contracted in July 2008 was cancelled. In February 2009, we restructured the repayment instalments due in 2009 and 2010 under our existing loan facilities, a step which will optimize the use of our cash flow. The reduction of our final dividend for 2008 to 2.30 pence per share or a total amount of GBP 1,049,188 further reinforces our liquidity. Taking into account the interim dividend of 9.60 pence per share or a total amount of GBP 4.38 million paid in October 2008, the full dividend for year 2008 represents more than 30% of the Company’s net profit, equivalent to an annualized dividend yield of 21.6% based on Hellenic’s closing share price of 55 pence as at 13 March 2009.

We believe that Hellenic is currently well positioned to face the volatility, which will probably continue to be a significant feature of the market, creating challenges but also offering attractive opportunities on the acquisition

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front. Our strategy will continue to focus on maintaining stable cash flows through the employment of our vessels, managing the fleet in a safe and cost efficient manner, making prudent use of debt and seeking accretive fleet expansion opportunities.”

Full Year 2008 Results

For the full year 2008, Hellenic reported total revenues of US\$85 million compared to US\$32.8 million for 2007, an increase of 159.1%. EBITDA increased by 175% to US\$68.2 million in 2008 from US\$24.8 million in 2007. Net income increased by approximately 61% to US\$31.1 million in 2008 from US\$19.3 million in 2007.

Basic and diluted earnings per share calculated on 45,616,851 weighted average number of shares were US\$0.68 for the full year ended 31 December 2008 compared to earnings per share of US\$0.42 for the full year of 2007.

In 2008, the Company owned 5.4 vessels on average, earning US\$41,532 per day compared to 3.1 vessels and average earnings of US\$27,311 per day in 2007.

In 2008 the vessel operating expenses increased by US\$4.3 million to a total of US\$9.7 million. The rise is mainly attributed to the addition of two further vessels in the fleet, higher crew wages, higher insurance costs resulting from the increase in vessel values at the time of renewal and higher lubricant costs. The decline of the US Dollar against foreign currencies in the first half of 2008 also had a negative impact on the operating expenses, however, on a daily basis they increased by only 3.3% evidencing an effective cost control.

The Company’s general and administrative expenses for the post IPO period amounted to approximately US\$2 million for the whole of 2008 (including the costs of Hellenic Shipmanagement Corp.), while in 2007 were US\$0.3 million. Management fees charged by Mantinia, a related third party, increased by US\$0.6million due to the increase in the fleet by two vessels compared to 2007.

The 2008 operating results were burdened by an amount of US\$8.6 million relating to the cancellation of the acquisition of the M/V Furness Timika by Axios (Hellenic’s fully owned subsidiary). In addition to that, according to IAS 36, Hellenic Carriers assesses at each reporting date whether there is an indication that the assets owned by its shipowning subsidiaries may be impaired. For the year ended 2008, Hellenic Carriers recognized an impairment loss of US\$10.4 million relating to two of its subsidiaries’ vessels, representing the difference between their book value and recoverable amount.

The unrealised loss of approximately US\$6.6 million as at 31 December 2008 from the interest rate swaps burdened the Company’s Shareholders Equity and Reserves but not the Profit & Loss account as the respective swaps were designated as hedge effective. However, due to the restructuring of the loan repayment instalments that took place in early 2009, part of the unrealised gains/losses on future balance sheet dates may also be recorded in the Profit & Loss account increasing/reducing respectively retained earnings.

Selected Financial Data:

(US\$ in 000's except per share data)	2008	2007
Revenue	85,007	32,804
EBITDA ⁽¹⁾	68,171	24,798
Profit for the year	31,112	19,325
Weighted average shares (basic & diluted)	45,616,851	45,616,851
Earnings per share (basic & diluted)	0.68	0.42
Total assets	243,150	138,614
Long-term debt, net of unamortized arrangement fees	147,521	66,566
Total equity	82,617	67,212
Cash flows from operating activities	68,173	29,483
Cash flows used in investing activities	(127,739)	(52,843)
Cash flows from financing activities	66,303	65,738

(1) EBITDA has been calculated as follows: Operating profit + Depreciation + Depreciation of dry-docking costs + Loss on cancellation of vessel acquisition + impairment charges.

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Dividends

The Board of Directors of the Company approved an interim dividend for 2008 of 9.60 pence per share or total GBP 4,379,218. The dividend was paid on 24 October 2008. The Board of Directors recommends a final dividend of 2.30 pence per share (subject to shareholders' approval at the next AGM to take place in Athens on 20 May 2009) to shareholders on record as of 24 April 2009, with the ex-dividend date being 22 April 2009.

Capital Structure / Debt restructuring

On December 31, 2008, debt (debt, net of deferred financing fees) to total capitalization (debt and stockholders' equity) was 64.1% and net debt (debt less cash and cash equivalents) to total capitalization was 52.9%. Debt includes the bank financing for the vessels (Konstantinos D and Hellenic Wind), which Hellenic's subsidiaries took delivery of in 2008.

In February 2009, Hellenic and its subsidiaries restructured the repayment instalments due in 2009 and 2010 under the existing loan facilities with National Bank of Greece and Piraeus Bank in order to preserve liquidity. As a result, the anticipated breakeven levels during those years (defined as operating expenses plus general & administrative expenses plus management fees plus anticipated dry-docking expenses plus principal and interest repayments divided by the number of available days) have been reduced, enabling the Company and its subsidiaries to weather adverse developments in the dry bulk market and take advantage of possible acquisition opportunities.

Fleet Operating Data:

	<u>2008</u>	<u>2007</u>
Fleet data:		
Average number of vessels	5.4	3.1
Number of vessels at year end	6	4
Total dwt at year end	372,761	248,435
Ownership days ⁽¹⁾	1,979	1,148
Available days ⁽²⁾	1,953	1,140
Operating days ⁽³⁾	1,917	1,136
Fleet utilization ⁽⁴⁾	98.2%	99.6%
Average daily results (in US\$):		
Time Charter Equivalent (TCE) rate ⁽⁵⁾	\$41,532	\$27,311
Average daily vessel operating expenses ⁽⁶⁾	\$4,920	\$4,761

- (1) Ownership days are the cumulative days in a period during which each vessel is owned by the respective vessel owning company.
- (2) Available days are ownership days less the days that the vessels are at scheduled off-hire for maintenance or vessel repositioning.
- (3) Operating days are the available days less all unforeseen off-hires.
- (4) Fleet utilisation is measured by dividing the vessels' operating days by the vessels' available days.
- (5) TCE is defined as vessels' total revenues less voyage expenses divided by the number of the available days for the period.
- (6) Average daily vessel operating expenses is defined as vessel operating expenses divided by ownership days.

Latest Fleet Developments

The M/V Hellenic Breeze time charter to Rizzo Bottiglieri De Carlini Armatori SpA, which would have expired on 28 April 2009, was extended for a minimum period of 2 years as of 1 January 2009 with maximum charter expiry on 15 March 2011, at the gross daily rate of US\$24 thousand. M/V Hellenic Breeze was time chartered in May 2008 for a period of 11-13 months to Rizzo Bottiglieri De Carlini Armatori SpA at a gross daily rate of US\$71 thousand.

On 9 February 2009, the Company announced that the M/V Konstantinos D time charter to Korea Line Corporation, which would have expired on 27 March 2010, was extended until 25 January 2011, at the gross daily rate of US\$35 thousand as of 5 February 2009. M/V Konstantinos D was time chartered in November 2007 for a period of minimum 24 months to Korea Line Corporation at a gross average daily rate of US\$56.25 thousand.

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In May 2008, Arkadia Maritime Corporation (“Arkadia”) had entered into a time-charter contract with Samsun Logix Corporation (“Samsun Logix”) for a period of two years with earliest expiry on 19 July 2010. Arkadia understands that Samsun Logix has filed for rehabilitation proceedings in South Korea. Charter hire for the M/V Hellenic Horizon at US\$45 thousand per day has been received until 30 January 2009. In February 2009, Arkadia managed to collect part of the unpaid hire from the sub-charterers of the M/V Hellenic Horizon, while it has initiated arbitration proceedings in London against Samsun Logix and is exploring further options to collect amounts due from the charterers.

Fleet Profile and Deployment

Excluding the time charter of the vessel M/V Hellenic Horizon, the estimated time charter coverage for the whole of 2009 is approximately 57% and 49% for the whole of 2010.

The Fleet Deployment is as follows:

Vessel	Type	Year Built	Yard	Carrying Capacity (dwt)	Charter Type	T/C Expiration Date (1)	Daily Charter Rate US\$ (Gross)
M/V Hellenic Breeze	Panamax	1993	Tsuneishi Shipbuilding, Japan	69,601	T/C	01/01/2011	24,000
M/V Hellenic Sky	Panamax	1994	Sasebo Heavy Industries, Japan	68,591	-	-	Trading spot
M/V Hellenic Sea	Panamax	1991	Jiangnan Shipyard, China	65,434	T/C	31/03/2009	37,500
M/V Hellenic Horizon	Handymax	1995	Halla Engineering & Heavy Industries, Korea	44,809	-	-	Trading spot (2)
M/V Konstantinos D	Supramax	2000	Mitsui Engineering & Shipbuilding, Japan	50,326	T/C	25/01/2011	35,000
M/V Hellenic Wind	Panamax	1997	Tsuneishi, Shipbuilding, Japan	74,000	T/C	14/05/2011	54,000

- (1) The earliest charter expiration date represents the first day on which the charterer may redeliver the vessel to the shipowning companies.
- (2) The M/V Hellenic Horizon was on time-charter to Samsun Logix from 19/07/2008 until 05/03/2009 at which time the Owners withdrew the vessel from Samsun’s service as a result of the repudiation of the charter by Samsun Logix.

Conference Call details:

Participants should dial into the call 10 minutes prior to the scheduled time using the following numbers: 0800-953-0329 (UK Toll Free Dial-in), 00800-4413-1378 (Greece Toll Free Dial-in), 1-866-819-7111 (US Toll Free Dial-in), or +44 (0)1452-542-301 (Standard International Dial-in). **Please quote “Hellenic Carriers”.**

In case of any problems with the above numbers, please dial 0800-694-1503 (UK Toll Free Dial-in), 00800-127-011 (Greece Toll Free Dial-in), 1-866-223-0615 (US Toll Free Dial-in), or +44 (0)1452-586-513 (Standard International Dial-in). **Please quote “Hellenic Carriers”.**

A telephonic replay of the conference call will be available until 25 March, 2009 by dialling 0800-953-1533 (UK Toll Free Dial-in), 1-866-247-4222 (US Toll Free Dial-in), or +44 (0)1452-550-000 (Standard International Dial-in). **Access Code: 36347958#**

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Slides and audio webcast:

There will also be a live and then archived webcast of the conference call, accessible through the Hellenic Carriers website (www.hellenic-carriers.com). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

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CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2008

	31 December	
	2008	2007
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Revenue	<u>85,007</u>	<u>32,804</u>
Expenses and other income		
Voyage expenses	(3,885)	(1,570)
Voyage expenses – related party	-	(100)
Vessel operating expenses	(9,736)	(5,466)
Management fees – related party	(1,242)	(643)
Depreciation	(11,769)	(3,196)
Depreciation of dry-docking costs	(984)	(454)
Loss on termination of purchase agreement	(8,553)	-
Impairment loss	(10,377)	-
General and administrative expenses	(1,973)	(264)
Other income	-	37
Operating profit	<u>36,488</u>	<u>21,148</u>
Finance expense	(6,154)	(2,309)
Finance income	1,406	553
Foreign currency loss, net	(628)	(67)
	<u>(5,376)</u>	<u>(1,823)</u>
Profit for the year	<u><u>31,112</u></u>	<u><u>19,325</u></u>
Earnings per share (U.S.\$):		
Basic and diluted EPS for the year	0.68	0.42
Weighted average number of shares	45,616,851	45,616,851

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CONSOLIDATED BALANCE SHEET As at 31 December 2008

	31 December	
	2008	2007
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
ASSETS		
Non-current assets		
Vessels	185,063	74,416
Advances for vessel acquisitions	-	13,200
Office furniture and equipment	15	-
	<u>185,078</u>	<u>87,616</u>
Current assets		
Inventories	492	314
Trade receivables	312	120
Due from related parties	2,215	1,930
Prepaid expenses and other assets	433	357
Restricted cash	638	1,032
Cash and cash equivalents	53,982	47,245
	<u>58,072</u>	<u>50,998</u>
TOTAL ASSETS	<u>243,150</u>	<u>138,614</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of Hellenic Carriers Limited		
Issued share capital	46	46
Share premium	54,355	54,355
Capital contributions	10,826	10,826
Other reserves	(6,596)	-
Retained earnings	23,986	1,985
Total equity	<u>82,617</u>	<u>67,212</u>
Non-current liabilities		
Long-term debt	126,562	58,900
Other non-current liabilities	6,596	38
	<u>133,158</u>	<u>58,938</u>
Current liabilities		
Trade payables	1,427	1,056
Current portion of long-term debt	20,959	7,666
Accrued liabilities and other payables	1,559	1,010
Deferred revenue	3,430	2,129
Due to related parties	-	603
	<u>27,375</u>	<u>12,464</u>
Total Liabilities	<u>160,533</u>	<u>71,402</u>
TOTAL EQUITY AND LIABILITIES	<u>243,150</u>	<u>138,614</u>

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CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 2008

	31 December	
	2008	2007
	<i>U.S.\$'000</i>	<i>U.S.\$'000</i>
Operating activities		
Profit for the year	31,112	19,325
<i>Adjustments to reconcile profit to net cash flows:</i>		
Depreciation	11,769	3,196
Depreciation of dry-docking costs	984	454
Amortisation of deferred income	(406)	(159)
Impairment loss	10,377	-
Loss on termination of purchase agreement	8,553	-
Finance expense	6,154	2,309
Finance income	(1,406)	(553)
	<u>67,137</u>	<u>24,572</u>
Increase in inventories	(178)	(108)
Increase in trade receivables, prepaid expenses and other assets	(268)	(270)
(Increase) / Decrease in due from related parties	(285)	1,940
Increase in trade payables, accrued liabilities and other payables	663	818
Increase in deferred revenue	1,707	1,928
(Decrease) / Increase in due to related parties	(603)	603
Net cash flows from operating activities	<u>68,173</u>	<u>29,483</u>
Investing activities		
Acquisition/ improvement of vessels	(118,937)	(40,030)
Dry-docking costs	(1,638)	(166)
Advances for vessel acquisitions	-	(13,200)
Payment for termination of purchase agreement	(8,553)	-
Purchase of fixed assets	(17)	-
Interest received	1,406	553
Net cash flows used in investing activities	<u>(127,739)</u>	<u>(52,843)</u>
Financing activities		
Proceeds from issue of long -term debt	109,391	57,732
Repayment of long-term debt	(28,600)	(21,500)
Proceeds from initial public offering	-	58,943
Issuance costs	-	(4,542)
Restricted cash	394	(809)
Interest paid	(5,771)	(1,886)
Dividends paid	(9,111)	(22,200)
Net cash flows provided by financing activities	<u>66,303</u>	<u>65,738</u>
Net increase in cash and cash equivalents	<u>6,737</u>	<u>42,378</u>
Cash and cash equivalents at 1 January	<u>47,245</u>	<u>4,867</u>
Cash and cash equivalents at 31 December	<u>53,982</u>	<u>47,245</u>