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This AR is sponsored by Gail Cummings / Wolfgang Witt, Seaboard Overseas Ltd., Isle of Man

With the exception of African Juniper, our ‘African’ vessels are older than 30 years and they have not only exceeded their economic lifespan, but the freight cost of the remaining 9,000 mt dwt ‘African’ vessels is also no longer competitive. The African Azalea, African Begonia and African Camellia have already been sold, leaving us currently with four 9,000 mt dwt ‘African’ vessels, namely African Dahlia, African Evergreen, African Fern and African Gardenia. In addition we are operating the 34 year old African Iris (23,442 mt dwt) and the 7 year old African Juniper (18,849 mt dwt).

We propose selling the African Evergreen and African Fern soonest possible and replacing these two ships with the purchase of the Adriatic ID (see Adriatic ID A/R for further details).

Based on the current scrap values we expect that we can achieve a net price of about $1.0-1.2 million each for the African Evergreen and African Fern. The Egyptian buyer of the African Azalea, Begonia and Camellia has indicated that they might be willing to pay about $1.25 million gross for African Fern. We estimate that they are willing to pay the same for the African Evergreen.

The freight cost of the African Evergreen and African Fern is about $20 - $40 per metric ton higher than the freight cost of the Adriatic ID, African Iris and African Juniper. See attached freight cost comparison. By selling the African Evergreen and African Fern and replacing those two ships with the Adriatic ID, Seaboard will enjoy an immediate freight cost benefit of about $3 - $4 million per year.

Prior to the sale we will be removing as many engine spare parts as possible from African Evergreen and African Fern and transfer those engine spare parts to African Gardenia, which has the same engine.

After selling the African Evergreen and African Fern we will continue to operate the African Dahlia and the African Gardenia for a while longer until our new 28,000 mt dwt bulk carriers are delivered. Whenever possible the African Dahlia and African Gardenia will be used for millfeed/wheat round-trip voyages in order to keep the ballast legs short and the freight cost as low as possible.