



Green Reefers

Green Reefers ASA

Consolidated report 1st quarter 2010

- EBITDA at USDM 2.5 (USDM 8.2) in 1Q.
- Operating expenses showing a decreasing trend.
- Traditionally high season in 1Q failed.
- Significant capacity reduction in the segment throughout extensive scrapping.

Results 1st Quarter 2010

The group experienced a pre-tax result of USDM -4.2 in 1Q 2010 (USDM 0.5).

The gross operating income was USDM 55.4 in 1Q 2010 (USDM 58.1). Operating result before depreciation (EBITDA) was USDM 2.5 (USDM 8.2). The gross operating income is down USDM 1.4 compared to last year. The voyage related expenses increased with MUSD 6.4 mainly due to increased bunkers costs. Other operating expenses shows a decreased trend.

The vessels contributed USDM 2.1 (USDM 7.5) to the EBITDA, whilst the terminals contributed USD 0.4 (USD 0.7) before the elimination of internal transactions.

The development for 1Q 2010 was disappointing for the conventional reefer fleet. Spot rates fell below last year, and no significant peak season materialised in 2010. By the end of 1Q there was a slight increase in the market, but developments soon adjusted back down again.

The cold winter in Europe reduced demand for fruit and bananas from South and Central America. The ongoing and unresolved ban on imports of American poultry to Russia, also contributed strongly to a lower demand for conventional reefer tonnage from the Mexican Gulf. Additionally, aggressive competition from the container lines, contributed to the further transfer of fruit volumes away from conventional reefer vessels.

There was a slight reduction in transport of fish and seafood from the North Sea and Northern Europe to the Baltic, Black Sea and West Africa, but volumes were on even level from 1Q 2009. Similarly, the demand was stable for open sea transshipment of fish along the coast of West Africa. The important 2010 squid season from the South Atlantic was unfortunately very disappointing.

As a consequence of reduced harvests and a colder climate, there was also a reduction in the transport volume of fruit and vegetables from the Mediterranean region to Northern Europe at the end of the quarter.

Technical off-hire (5,6%) was lower this quarter compared with the same period last year (7,6%). 1Q operational cost for the vessels (USD 5.731 per day) is also down compared with last quarter and same period last year (USD 6,300 per day). 2 planned dockings were completed in 1Q 2010, as compared with 3 dockings during the same period last year.

Activities

By the end of 1Q 2010, the group operated 45 vessels of which 32 were fully owned and 3 partially owned. The remaining vessels were bareboat chartered (4) and time chartered (6).

The Company has sold MV Green Autumn for recycling at a price approximately the same as book value at the end of 1Q. The cash effect of the scrapping is USDM 0,5.

Green Reefers is owner/part owner of 6 cold stores. The cold stores in Norway (2) and the Baltic region (3) are all linked to the group's involvement in the East European fish- and meat trades. The terminal in Guatemala will be closed down.

Finance and capital structure

Interest-bearing debt totals USDM 154.1 as of 31 March 2010 (USDM 178.0). Of the group's debt, 81 % is in USD, 18 % in EUR and 1 % in NOK. Cash deposit was USDM 10.3 (USDM 17.4).

Book equity 31 March 2010 was USDM 90.7 (USDM 125.2), which translates into USD 0.29 (USD 0.55) per share. Equity ratio was 34 % (39 %).

By end of November Green Reefers ASA completed a private placing of NOKM 60. Following this a subsequent offering was completed in February 2010 to ensure equal opportunities for all shareholders. The subsequent offering gave a return on NOKM 2.1.

The Company are still working to strengthen the cash situation due to the market situation so far this year.

The Market and prospects

Green Reefers maintains the expectation of a market improvement within this year. The prospects for market growth in reefer products are positive; transport capacity, conventional as well as containerised, is considerably reduced through scrapping and equipment shortage; and initiatives are proposed for rationalisation within the Green Reefers vessel segment as well as the reefer market as a whole.

For the first time in recent years, 2009 showed a reduction in traded volume of

reefer products. Market participants however, expect a return to growth this year. This includes the export of bananas and fruit from the Southern hemisphere as well as fish and seafood from the Atlantic basin and the South Pacific. The present financial turmoil in Europe however, will influence developments in transport volumes.

An extensive scrapping of older reefer vessels is currently underway. 19 vessels (7,362 m cbft) were sold for recycling by the end of April, an increase of more than 340% from same period last year (4 vsls - 2,154 m cbft). This tendency is expected to continue throughout the year as a significant number of vessels are due for costly class renewals in 2010.

Container operators are presently also announcing a considerable shortage in reefer equipment. This was predicted already last fall, and comes as a consequence of very limited investment in new reefer containers at the onset of the financial crisis.

The effect of reduced transport capacity is expected to materialize at the end of the 3rd quarter, a time where transports of reefer products begin a new season.

With effect from the 1st of May Seatrade and Alfa Reefer Transport initiated an extensive commercial cooperation in the reefer tonnage segment from 140-360.000 cbft. It is expected that this consolidation will contribute positively to this fleet segment through rationalisation of port, operation, waiting and ballast costs.

Green Reefers is presently experiencing a very challenging market situation. The company has however, initiated an extensive efficiency improvement program, from which positive results are currently realised. Should the reefer industry succeed with the ongoing efforts, Green Reefers is well positioned to benefit from developments.

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