

NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION  
IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN



*Green Reefers*

**Green Reefers ASA**

### **Consolidated report 2nd quarter and 1st half year 2010**

- Completed consolidation and restructuring of the fleet during and after the quarter.
- EBITDA at USDM -5.4 (USDM -0.6) in 2Q.
- Spot rates in the quarter down 14% compared to same period last year.
- Operating expenses showing a decreasing trend.
- Right Issue commenced in August.
- Green Autumn sold for recirculation.

#### **Results 2nd Quarter 2010**

The group experienced a pre-tax result of USDM -13.2 in 2Q 2010 (USDM -11.0).

The gross operating income was USDM 43.1 in 2Q 2010 (USDM 43.5). Operating result before depreciation (EBITDA) was USDM -5.4 (USDM -0.6). The gross operating income was down USDM 0.4 compared to second quarter last year. The voyage related expenses increased by USDM 7.3 mainly due to increased bunkers costs. Other operating expenses show a decreasing trend.

The vessels contributed USDM -5.6 (USDM 0.8) to the EBITDA, whilst the terminals contributed USD 0.2 (USD 0.2) before the elimination of internal transactions.

The development for the conventional reefer fleet continued to be very disappointing in second quarter 2010. Spot rates fell below last year, and no significant peak season materialised.

The shipments of frozen poultry products from the USA to Russia continued to be a stand still drama, in spite of several positive signals from all parties involved. The reefer market carried some chicken loads, but to non Russian destinations only. The trade of poultry products will normally employ around 30 vessels. The traditional summer slow down did as usual create a number of ships idle waiting for employment.

The results are influenced by high bunker prices, and the increased costs have mainly been carried by the operators without being transported on, as should normally happen in the spot market. After a very poor squid activity in the South Atlantic, the fishing fleet moved towards the South Pacific fishing grounds, where catches also have been low. The financial crisis had a negative impact on some of the regular receiving countries of the Norwegian fish. A number of cargo movements from Norway to the Black Sea did, as a consequence, not materialize.

The South Africa Citrus program had a slow start, but picked up towards the end of the second quarter. The South American Citrus had an even tougher start due to severe frost in many of the production areas dramatically reducing the harvest.

Technical off-hire (5.9%) including lay-up was lower this quarter compared to the same period last year (7.5%). Second quarter operational cost for the vessels (USD 5.845 per day) was also down compared with first quarter and the same period last year (USD 6,300 per day). Four planned dockings were completed in second quarter 2010, as compared to three dockings during the same period last year.

### **Results 1st half year 2010**

Pre-tax result for the first half year 2010 was USDM -17.4 (USDM -10.5). The gross operating income reached USDM 98.5 (USDM 101.6). The EBITDA was USDM -2.9 (USDM 7.6).

The vessel contributed USDM -3.5 (USD 6.8) to the EBITDA, whilst the terminals contributed USDM 0.6 (USDM 0.8).

The average spot market rates for the first half year of 2010 are reported 10 percent lower than comparable period 2009. Operating costs so far in 2010 are on average USD 5.788 per day, and the trend is downwards.

### **Activities**

At the end of second quarter 2010, the group operated 43 vessels of which 31 were fully owned and 3 partially owned. The remaining vessels were bareboat chartered (4) and time chartered (5).

One vessel "Green Autumn" was scrapped in May, while "Green Atlantic" was redelivered in June upon completion of the TC-contract. Two vessels have been laid up during the second quarter.

The Group joined the Seatrade Reefer Pool in June, where Seatrade will handle the commercial and operating activity of six vessels of 375,000 cbft. At the end of the quarter three vessels had entered the pool, while the remaining entered in July.

In July the group redelivered three chartered vessels on completion of TC contracts.

A joint venture company, Silver Green AS, was founded and started operation 1st July 2010. Silver Green AS is established on a 50/50 basis together with Silver Sea AS and will operate a fleet of 14 vessels including six vessels chartered from Green Reefers on TC agreements.

With effect from 1st August 2010 the Group signed an agreement with Seatrade Group N.V. and Alpha Reefer Transport GmbH to join the Hamburg Reefer Pool. The agreement comprises 27 of the groups' vessels in the range of 263,000 to 310,000 cbft. The vessels will enter the pool as soon as they complete ongoing contracts commenced before joining the pool.

Green Reefers is owner/part owner of six 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 150.5 as of 30 June 2010 (USDM 167.1). Of the group's debt, 80 % is in USD, 19 % in EUR and 1 % in NOK. Cash deposit was USDM 13.4 (USDM 11.7).

Book equity 30 June 2010 was USDM 77.7 (USDM 114.2), which translates into USD 0.25 (USD 0.45) per share. Equity ratio was 30 % (36.3 %).

Green Reefers has also negotiated renewed terms with lenders to improve the Company's financial standing. All installments under its current bank facility will be postponed throughout 2011 while the interest margin is increased from 2.75% to 3.5%. New financial covenants include the implementation of a cash sweep effective throughout 2011 and minimum cash holdings of MUSD 5.

As a part of the refinancing of the Company a right issue is carried out during August. Through the right issue the company will receive minimum MNOK 160 and maximum MNOK 200. The minimum proceed is guaranteed by an underwriting syndicate consisting of existing and new investors to ensure the completion of the transaction. A complete prospectus is prepared in connection with the right issue.

### **The Market and prospects**

The expectations for market improvements in 2010 have so far not come true, and we are facing the lowest spot rates for many years. The low rates can be explained by a combination of several factors occurring simultaneously; reduced banana harvest, import ban from Russia for US poultry, financial challenges in the Euro-zone and in Russia, and less fishing activities in both South Atlantic and South Pacific. The question is whether there is reason to believe that all these circumstances will take place in the same time in the future?

As a consequence of the low spot market the scrapping has been on a record high level. 27 vessels have been scrapped during the first half year. This corresponds to five percent of the total specialized reefer capacity and is expected to lead to a better balance between demand and supply.

The extensive consolidation over the last period, where Green Reefer has contributed significantly, is expected to give effect in form of synergies and more efficient logistics. The development in the container market will, however, be crucial for the future development. The container-operators report increased earnings but large resources of capacity are available, and it is too early to predict the long term effect. Historically, however, the container rates have had a certain correlation with the reefer rates, traditionally with a delay.

These factors and the start up of shipment of poultry from USA to Russia after the import ban was canceled last week, give reason to believe that the market will be in better balance at the end of third quarter.

## Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2010, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 forth paragraph.

Bergen, 24 of August 2010  
Green Reefers ASA  
The Board of Directors

Kristian Eidesvik

Aage Thoen

Birthe C. Jørgensen

Anne-Sofie Utne

Eivind Eidesvik

Karl-Magnus Tobiassen

Contact: Toril Eidesvik (CEO), tel: 55 36 25 00  
Øystein Disch Olsrød (CFO), tel: 55 36 25 00

\*\*\*\*\*

This announcement is not an offer for sale of securities in the United States or any other country. The securities referred to herein have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be sold in the United States absent registration or pursuant to an exemption from registration under the U.S. Securities Act. Green Reefers does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Any offering of securities will be made by means of a prospectus that may be obtained from Green Reefers and that will contain detailed information about the company and management, as well as financial statements. Copies of this announcement are not being made and may not be distributed or sent into the United States, Canada, Australia, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This announcement is only directed at (a) persons who are outside the United Kingdom; or (b) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (c) persons falling within Article 49(2)(a) to (d) of the Order; or (d) persons to whom any invitation or inducement to engage in investment activity can be communicated in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

Certain statements included within this announcement contain forward-looking information, including, without limitation, those relating to (a) forecasts, projections and estimates, (b) statements of management's plans, objectives and strategies for Green Reefers, such as planned expansions, investments or other projects, (c) targeted production volumes and costs, capacities or rates, start-up costs, cost reductions and profit objectives, (d) various expectations about future developments in Green Reefers' markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, as well as (i) statements preceded by "expected", "scheduled", "targeted", "planned", "proposed", "intended" or similar statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream aluminium business; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Green Reefers' key markets and competition; and legislative, regulatory and political factors.

No assurance can be given that such expectations will prove to have been correct. Green Reefers disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.