



Green Reefers

Green Reefers ASA

Consolidated report 3rd quarter 2010

- Completed consolidation and restructuring of the fleet
- Completed underwritten rights issue of MNOK 160
- EBITDA at USDM -2.8 (USDM - 6,8) ex profit on sale of assets in 3rd quarter
- Spot rates in the quarter down 10% compared to same period last year
- Operating expenses still showing a decreasing trend
- Returned three vessels on TC-hire during the quarter

Results 3rd Quarter 2010

The group experienced a pre-tax result of USDM -11.4 in 3rd quarter 2010 (USDM -9,9).

The gross operating income was USDM 28,0 (USDM 41.1). Operating result before depreciation (EBITDA) was USDM -1.7 (USDM -0.7). The gross operating income consists mainly of gross freight income of USDM 13,7 (USDM 33,0), net pool income and TC-hire of USDM 11,4 (USDM 0). The change in income reporting is due to that a considerable part of the fleet as from second half 2010 entered into pools which report income as the net voyages' result. The voyage related costs was USDM 6,2 (USDM 14,1) and are mainly related to the period prior to entering the various forms of co-operation. Other operating expenses show a decreasing trend.

Adjusted for net profit on sale of enterprise, EBITDA was USDM -2,8, to be compared with last years 3rd quarter of USDM -6,8 - adjusted for net profit on sale of ships. Despite lower spot rates, the vessel operating result has improved. This is, among other factors, because the Group had only two ships in lay-up, compared to seven during the same period last year.

The vessels contributed USDM -1,7 (USDM -0.4) to the EBITDA. Ex profit on sale of assets EBITDA was USDM -2,7 (USDM -6,6). The terminals contributed USD 0.1 (USD -0.2) to the EBITDA before the elimination of internal transactions.

Operating result in 3rd quarter is traditionally weak for the conventional reefer fleet. The spot rates in the quarter show a decrease compared to same period last year. The development can be explained by reduced export of bananas from Ecuador, less fishing activities in both South Atlantic and South Pacific and less shipment of frozen poultry products from the USA to Russia. The import band was lifted in 3rd quarter, but the freight has not reached traditional volumes.

The consolidation and restructuring of the fleet has not made much financial effect in 3rd quarter as there has been capacity in the fleet at any time with no possibility to gain from such synergies.

Technical off-hire (4.5%) including lay-up was lower this quarter compared to the same period last year (4.2%). Third quarter's operational cost for the vessels was USD 5.393 per

day and this is down compared with second quarter and the same period last year (USD 5,600 per ship incl. five vessels in lay-up). Three planned dockings were completed in 3rd quarter plus two dockings starting in 2nd quarter 2010, as compared to six dockings during the same period last year.

Activities

Green Reefers' organisation of the commercial activity has been considerably changed during the 3rd 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 2nd quarter three vessels had entered the pool, while the remaining entered in July.

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. All six vessels entered TC-hire during July.

With effect from 1st August 2010 the Group joined the Hamburg Reefer Pool. The Group own 33,3% of the Pool. The agreement comprises 27 of the groups' vessels in the range of 263,000 to 310,000 cbft. The vessels are chartered by the pool, whilst operation is taking place from the head office in Bergen.

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

After end of 3rd quarter 2010, the Group agreed sale of MV Wilson Express with Wilson ASA. The sale will give a net profit of USDM 0,5. The proceeds will be used on payment of loan. Green Reefers have commercial management for three ships owned by an associated company. One of the vessels has been sold after 3rd quarter. In addition, agreement of sale has been made for a second of these vessels. When delivered to new owner, the vessels are returned from Hamburg Reefer Pool and discontinued in the operation. The sales are expected to give a loss of USDM 3,0 on investment and receivables.

When delivery of above mentioned vessels has taken place, Green Reefers will be sole owner of 30 vessels and part owner of one. The remaining vessels are bareboat chartered (4) and time chartered (2).

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 153.2 as of 30 September 2010 (USDM 163.2). Of the group's debt, 79 % is in USD, 20 % in EUR and 1 % in NOK. Cash deposit was USDM 15.1 (USDM 10.5).

Book equity 30 September 2010 was USDM 90.4 (USDM 104.0), which translates into USD 0.03 (USD 0.41) per share. Equity ratio was 35,5 % (36.2 %).

During 3rd quarter a right issue has been carried out. The right issue brought in the gross proceeds of NOKM 160. The issue was guaranteed by an underwriting syndicate, and as a consequence, the main shareholder, Caiano AS and related parties, became reached an owner share which triggered a mandatory offer to remaining shareholders. In accordance with the Securities Trading Act a mandatory offer has been given by Caiano AS to purchase the remaining outstanding shares. When the offer period expired, Caiano held 66,25% of the shares in the company.

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. However, 3rd quarter has been more comparable with previous years than 1st and 2nd quarter.

The low rates can be explained by a combination of several factors; 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.

As a consequence of the low spot market the scrapping has been on a record high level. 43 vessels have been scrapped by 3rd quarter, compared with 32 by September last year. The comprehensive scrapping has so far not lead to a better balance between demand and supply.

The consolidation taken place over the last period is expected to give effect in form of synergies and more efficient logistics in the future. This has not been possible yet as less trade has caused excess vessel capacity during the quarter of approximately 20 vessels at all times.

The strategy of reducing costs will be continued, and the Group expects a gradual improvement of the market conditions in the following quarters.

Bergen, 9 of November 2010
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