Green Reefers

Green Reefers ASA

Consolidated report 4th quarter 2010

- Spot rates in the quarter down 5% compared to same period last year
- 6.1% net reduction of reefer capacity due to high recycling in 2010
- One fully owned and two partly owned vessels, and also the terminal in Guatemala sold during the quarter
- Write down of vessels value of USDM 12.5

Results 4th Quarter 2010

The group experienced a pre-tax result of USDM -24.0 in 4th quarter 2010 (USDM -18.7).

Figures of operating income are not comparable with 2009 as main principle for reporting of operating income has changed due to various pool arrangements the Group has joined during 2010. Operating income is reported as net pool income after deduction of voyage related costs. The Group's net operating income in the 4th quarter was USDM 21,9 (USDM 32,4).

Operating result before depreciation (EBITDA) was USDM -3.0 (USDM 1.7). The operating income consists mainly of net freight income of USDM 19.2 (USDM 29.0).

The vessels contributed USDM -3.0 (USDM 1.7) to the EBITDA. The terminals contributed USD 0.0 (USD 0.2) to the EBITDA before the elimination of internal transactions.

Depreciation and write downs in the quarter were USDM -18.7 (USDM 19.8). Of the total, USDM -12.5 (USDM -11.8) represent write downs on particular vessels which after an overall consideration based on profitability, expected drydocking cost, age and demand are considered for recycling during 2011. The vessels are written down to expected sales value.

The spot rates in the fourth quarter were historically low, and were in the beginning of the quarter down to ¢40/cftb for the company's conventional vessels. In the beginning of December the rates increased, but flattened out during the Christmas holiday which normally represent a quiet period.

Normally we experience a rise in the activity in beginning of November, but last quarter this was delayed until December. The main reason was the less volume of fish in almost all markets. From Norway and the continent have the increased storage volumes resulted in lower volumes transported compared to the latest years. Poor fishing in West Africa also lead to more waiting and subsequently less profitability. Different climate challenges' have slow down the activity in the quarter. Heavy rains in South America lead to decreased export of fruit. When the poultry from US to Russia did not contribute with the expected large volumes until the end of the quarter, the pressure on the spot rates were considerable.

The above have at all time during the quarter lead to significant number of idle vessels, and combined with the low rates caused the poor income. The company's different pool-participations have leveled out some of the effect, but synergies are difficult to utilize in periods with much overcapacity.

In addition the increased bunker prices have a negative effect on the industry's net income.

Technical off-hire in the quarter was 7.0% compared to 4,2% the same period last year. The increase is mainly caused by completion of six planned dockings in 4th quarter including three dockings starting in 3rd quarter 2010, compared to four dockings during the same period last year. Totally two vessels have been in lay up during the period.

Fourth quarter's operational costs for the vessels was USD 5.293 per day and this is down compared with the same period last year (USD 5,724). The group continue working towards a more efficient operation.

Result 2010

Pre-tax result for the year 2010 was USDM -52.8 (USDM -39.1).

The Group's operating income reached USDM 148,4 in 2010 compared to USDM 193,4 last year. The EBITDA was USDM -7.6 (USDM 8.8).

The vessels contributed USDM -8.2 (USDM 8.1) to the EBITDA, whilst the terminals contributed USDM 0.7 million (USDM 0.8).

Average spot market rates for 2010 were reported 8 percent lower than in 2009. Operating costs in 2010 are on average USD 5,341 per day, compared with USD 6,142 in 2009 for the vessels which have been in operation the whole year.

Activities

Green Reefers has during the quarter continued to work with the news structures which were establish in the previous quarter, and continued to make the operation more efficient. Restructuring of the Group involving consolidation of the commercial activities and transfer of technical management to Poland have almost been completed. The commercial activities are carried out by Silver Green AS (six vessels), Seatrade Reefer Chartering N.V. (six vessels) and Hamburg Reefer Pool N.V. (25 vessels). The Board anticipates these changes will give results in 2011.

During the quarter one vessel was sold, "MV Wilson Express". The sale gave a net profit of approx. USDM 0.3 after sales related expenses. The net proceeds were used for pay down of debt.

Two vessels of which the company owned 25% were sold during the quarter. After ending the quarter, agreements of sale of additional two vessels, both with delivery in February 2011 have been entered, one for recycling. The total financial effects of these transactions lead to a loss of USDM 5,2 which is included in the results of 4th quarter 2010.

After delivery of the above mentioned vessels Green Reefers has fully ownership of 29 vessels. In addition 4 vessels are hired on bareboat and 2 vessels on time charter.

The company which owns and operate the terminal in Guatemala was sold during the quarter. The sale did not have any effect on the profit and loss. After the sale Green Reefers is owner/part owner of five cold stores, of which two are located in Norway and three in the Baltic region. The terminals are no longer part of the group's core business and are considered sold.

Finance and capital structure

In the statement of financial position of 31 December 2010, interest-bearing debt totals USDM 149.7 (USDM 157.1). Of the Group's debt, 80 % is in USD, 19 % in EUR and 1 % in NOK. Cash deposit was USDM 13.4 (USDM 12.3).

Equity 31 December 2010 was USDM 67.7 (USDM 95.6). Equity ratio was 29 % (35 %).

The Market and prospects

In 2010 were 44 vessels corresponding to 17.6 millions cubic were sold for demolition. After adding two new buildings which were delivered 4th quarter, the net capacity reduction was approx. 6%. This is expected to contribute to better balance between supply and demand in the market, but effects in the reefer container business will influence how rapidly changes may materialize.

The spot rates in the beginning of 2011 have increased and have been reported above the start of the three previous years. During the recent weeks, rates equivalent to the level of 2008 have been reported in some markets. The start of the year has been characterized by many idle vessels, but the extent is reduced over the latest weeks.

After two years with no peak season, the expectations to the following weeks are positive. Takings of squid off the Falkland Islands are reported, normally leading to increased demand for reefer vessels. In addition, higher volumes of banana shipment is expected the following weeks, and in combination with much ice in St. Petersburg, this usually leads to higher demand for tonnage.

With regard to longer term demand, the effect of economic development in East Europe and Russia, as the bigger takers of conventional reefer tonnage, is essential.

The board expects a gradual normalizing of the balance between supply and demand during the year to come. Meanwhile the company will continue to work with improved efficiency of the operation.

Bergen, 22 of February 2010
Green Reefers ASA
The Board of Directors

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