Green Reefers

Green Reefers ASA

Consolidated report 1st quarter 2011

- Spot rates in the quarter up compared to same period last year.
- EBITDA for the quarter was USDM 3.4 vs. USDM 2.4 in 2010.
- Continued reduction of operation costs.
- Profit of USDM 3.7 on sale of terminal activity.
- One partly owned vessel sold, and one wholly-owned vessel sold for demolition during the quarter.

Results 1st Quarter 2011

As a consequence of the sale of the terminal activity, the profit and loss from this activity is presented separately as discontinued operation. The remaining activity is presented as continued operation.

The group’s continued operation experienced a pre-tax result of USDM -3.6 (USDM -4.1).

Figures of operating income are not comparable with 2010 as main principle for reporting of operating income has changed due to various pool arrangements in which the Group 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 1st quarter was USDM 23.1 (USDM 28.5).

Operating result before depreciation (EBITDA) was USDM 3.4 (USDM 2.4).

Depreciations in the quarter are USDM -5.2 (USDM -6.9). The decrease is mainly due to reduced number of vessels and higher remaining value of the fleet due to increased steel prices.

The sale of the terminal activity gave a profit of USDM 3.7. The gain is presented as profit on sale of discontinued operations together with the result from this activity.

The reported spot-rates which are distributed by ReeferTrends show a significant increase from the middle of the quarter compared with the same period last year. The same reported spot rates were reported significantly downwards after ending the quarter. The achieved spot rates show, however, a more level development. The explanation is that ReeferTrends reports single voyages without considering waiting time. Variations in earnings in different sectors have also influenced rate comparisons, and in the Northern hemisphere the voyage results dropped due to waiting time as a consequence of the ice condition in the Baltic.

The first quarter is normally a period with high employment for the conventional reefer fleet. Also this year we had higher demand for tonnage in this period, but still experienced some waiting time, particularly in the beginning of the season.

Less fish have been transported from Norway and Iceland during the quarter compared to previous years. Also less fish from South America occurred in the quarter. Export of fruit from Egypt and Morocco has, however, engaged more tonnage in periods. Export of fruit from South America has been on the same level as before.

Great challenges with the ice situation into St. Petersburg has caused much waiting in periods, but has also contributed to increased demand.

Even with satisfactory employment in periods during the quarter, obtained rates have not been sufficient. The increased bunker prices have a negative effect on net income. In the quarter the increase was more than 30%.

Technical off-hire in the quarter was 1.4% compared to 5.6% the same period last year. One docking has taken place during the quarter, compared to two dockings during the same period last year. Two vessels were in lay up at the start of the quarter, of which one was set to operate during the quarter, while the other has been sold for demolition after the end of the quarter.

First quarter's operational costs for the vessels were USD 4.981 per day and this is down compared with the same period last year (USD 5.678). The group continue working towards a more efficient operation.

Activities

During the quarter one vessel was delivered for demolition. Additional three vessels were delivered for demolition after ending the quarter. The value of the vessels has been written down previously and the sales have therefore no effect in the quarter’s profit and loss statement.

One vessel which was partly owned by 25% was sold during the quarter. The sale did not have any profit and loss effect.

After delivery of the above mentioned vessels, Green Reefers have fully ownership of 26 vessels. In addition, four vessels are hired on bareboat and two vessels on time charter. 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. (20 vessels).

The terminal activity were sold during the quarter. This activity was, after joining the different pool agreements, no longer defined as core business for the company. The terminal activity consisted of two wholly-owned and three partly owned terminals in Norway and the Baltic. The buyer was the company's major shareholder, Caiano AS. The transaction was therefore considered by the General Annual Meeting 29th of April 2011. The resolution pasted with zero votes against.

Finance and capital structure

In the statement of financial position of 31 March 2011, interest-bearing debt totals USDM 147.1 (USDM 154.8). After the end of the quarter, the debt will be reduced by USDM 12,5 from the sale of the terminal activity Of the Group's debt, 79 % is in USD and 21 % in EUR. Cash deposit was USDM 8.0 (USDM 10.3).

Equity 31 March 2011 was USDM 66.3 (USDM 90.7). Equity ratio was 29 % (34 %).

The Market and prospects

In the quarter, the balance in the market between supply and demand has been better than compared with the two previous years. The industry has however not been able to recover the high bunkers prices. In addition we observe that the fleet utilization is lower due to changes in commodity flows as a consequence of the competition from the containers. The company is working through its' pool arrangements to make the operation more efficient to balance out this effect.

The spot rates have shown a downwards trend in the 2. quarter. This is due to less availability of cargo, primarily fish which is one of the most important cargos for the company.

During 2010 the total capacity of reefer vessels were reduced by approx. 6%. We expect that additional tonnage will be sold for demolition this year. This, in combination with nearly no new buildings, makes us anticipate a gradual normalizing of the market balance for the conventional reefer fleet in the year to come. This will, however, very much depend on the economical development in Eastern Europe and Russia which are large takers of conventional reefer tonnage, as well as of the development in the container market. Meanwhile the company will continue to work with improved efficiency of the operation.

Bergen, 24 of May 2011
Green Reefers ASA
The Board of Directors

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