



Green Reefers

## **Green Reefers ASA**

### **Consolidated report 2nd quarter and 1st half year 2009**

- Spot market 60 percent weaker in 2Q compared to 2Q 2008.
- EBITDA at USD -0.6 million (14.3 million) in 2Q and USD 7.6 million (21.8 million) in 1st half year.
- Seven vessels in lay up from June/July
- Sale of one vessel during the quarter, and sales of two vessels after end of 2nd quarter.

#### **Results 2nd Quarter 2009**

The group experienced a pre-tax result of USD -11.0 million in 2Q 2009 (USD 5.1 million).

The gross operating income was USD 43.5 million in 1Q 2009 (USD 72.0 million). Operating result before depreciation (EBITDA) was USD -0.6 million (USD 14.3 million).

The vessels contributed USD -0.8 million (USD 14.2 million) to the EBITDA, whilst the terminals contributed USD 0.2 million (USD 0.1 million) before elimination of internal transactions.

The spot market rates were 60 percent lower and income fell 41 percent compared to the same period last year. Running costs for the vessels in the quarter were USD 6.300 per day before docking depreciations (USD 6.500).

The off-hire share has been reduced to 7.5 percent from 8.5 percent, while the group had 2 percent lay-up. The group completed 3 planned dockings in 2Q 2009, compared to 2 dockings in the same period last year.

#### **1st Half year 2009**

Pre-tax result for the first half year 2009 was USD -10.5 million (USD 1.2 million). The gross operating income reached USD 101.6 million (USD 137.1). The EBITDA was USD 7.6 million (USD 21.8 million).

The vessel contributed USD 6.8 million (USD 21.4 million) to the EBITDA, whilst the terminals contributed USD 0.8 million (USD 0.4 million).

The average spot market rates for the first half year of 2009 reported to 40 percent lower than comparable period in 2008. Operating costs so far in 2009 are on average USD 6.300 per day, the same level as in 2008, but the trend is downwards.

#### **Activities**

By the end of 2Q 2009, the group operated 44 vessels of which 34 were fully owned and 3 partially owned. The remaining vessels were bareboat chartered (2) and time chartered (5).

MV Green Snow was sold during the quarter for USD 2.5 million with a sales profit of USD 1.0 million.

After the end of the quarter, the group has sold MV Green Costa Rica and Green Guatemala for USD 13.5 million per vessel. The sales will give a profit of USD 3.0 million per vessel in 3Q 2009. The group hires the vessels back on a bareboat charter party for 7 years with a yearly option to re-purchase the vessels, first time in July 2010. Identical offer for sale of the sister vessel Green Honduras has been given to the company's 10 other major shareholders.

The group continues to transfer all technical operations of the vessels to a subsidiary in Poland, and as per 30 June 2009 18 vessels have been transferred. According to the plan 9 vessels will be operated by external manager.

Green Reefers is further owner/part owner of 6 cold stores. The cold stores in Norway (2) and the Baltic region (3) are linked to the group's involvement in the East-European fish- and meat import trades, while the

cold store in Guatemala serves own and third party requirements. The group has during the quarter terminated the lease contract for the cold store in Florida.

## **Finance and capital structure**

Interest-bearing debt totals USD 178.8 million as of 30 June 2009 (USD 183.0 million). Of the group's debt, 83 % is in USD, 16 % in EUR and 1 % in NOK. Cash deposit was USD 11.7 million (USD 24.7 million).

Book equity 30 June 2009 was USD 114.2 million (USD 143.4 million), which translates into USD 0.45 (USD 0.57) per share. Equity ratio was 36 % (40 %).

The market values of the vessels are during the quarter assessed by independent brokers, and based on that the Board of Directors does not find any basis for write-downs of the book values.

Relating to the sales of Green Cost Rica and Green Guatemala to the major shareholder, the group entered into an agreement with the banks to pay 50 percent of ordinary instalments in 2009, postponing of instalments from June 2009 to July 2009, and a lower level of the cash covenants in the period from 1 September 2009 to 30 October 2009.

## **The Market and prospects**

The spot market has been very weak during the second quarter. April and May are seasonally strong months, but this year the market felt heavily at a time when there is normally a seasonal upturn. Already in April the market was at levels normally seen in the low season.

The reason for the fall in market rates in second quarter is assumed to be a combination of several factors. The weak development in the container market has led to strong price competition from the container operators. In addition, irrational market behaviour was observed preceding a bankruptcy of a major reefer operator, leading to a stronger decrease in the rates than the supply/demand balance otherwise should dictate.

As a result of the weak market we have seen both lay-up of vessels and scrapping of old tonnage (approximately 7 million cubic feet), and the spot market is consequently so far in third quarter at a normal low season level.

The current spot market is not sufficient to cover the vessels' running costs, and the group has laid-up 7 vessels until the market picks up again. In addition, the group have cut costs and has amongst other measures implemented workforce reductions in the administration, and the effect is estimated to materialize in the third quarter.

Scrapping and lay-up of reefer tonnage, in combination with reefer cargo import reaching normal levels, give hope of improved market conditions going forward. In some segments the company expects increased demand for tonnage. The company does however expect weak results for the current quarter and for the current year.

## **Statement of Responsibility**

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2009, 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, 31st of August 2009  
Green Reefers ASA  
The Board of Directors

Kristian Eidesvik   Arnhild Odfjell   Aage Thoen   Birthe C. Jørgensen   Eivind Eidesvik   Karl-Magnus Tobiassen

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