



Green Reefers ASA

Consolidated report 3rd quarter 2009

- EBITDA at USDM -0.6 (USDM 2.2) in 3Q and USDM 7.0 (USDM 24.0) accumulated.
- Sale of two vessels during the quarter, with leaseback and purchase option.
- Transfer of technical management to a subsidiary in Poland completed.
- 4,5 percent of the reefers-fleet are scrapped so far this year, hereof 2,3 percent in 3Q.

Results 3rd Quarter 2009

The group experienced a pre-tax result of USDM -9.9 in 3Q 2009 (USDM -12.8).

The gross operating income was USDM 41.1 in 3Q 2009 (USDM 56.1). The gross operating income includes profits on sale of assets of USDM 6.1 (USDM 1.4). Operating result before depreciation (EBITDA) was USDM -0.6 (USDM 2.2).

The vessels contributed USDM -0.4 (USDM 2.6) to the EBITDA, whilst the terminals contributed USD -0.2 (USD -0.4) before elimination of internal transactions.

The spot market rates were on the same level as the corresponding period last year. A weak market at the end of 2Q 09, lead to a reduction in net income of 32 percent compared with the same period last year. Running costs for the vessels during the quarter were USD 6.000 per day before docking depreciations (USD 6.150).

The off-hire share has been reduced from 13.2 percent to 5.0 percent, while the group had 19 percent capacity in lay-up. The group completed 6 scheduled dockings in 3Q 2009, compared to 8 dockings during the same period last year.

Accumulated result 3Q 2009

Pre-tax result for the first nine months 2009 was USDM -20.4 (USDM -11.6).

The gross operating income reached USDM 142.7 million (USDM 193.2). The EBITDA was USDM 7.0 (USDM 24.0).

The vessels contributed USDM 6.4 (USDM 24.0 million) to the EBITDA, whilst the terminals contributed USDM 0.6 million (USDM 0.4 million).

Average spot market rates for the nine first months of 2009 were reported 30 percent lower than comparable period in 2009. Operating costs so far in 2009 are on average USD 6.000 per day, against USD 6.200 in the comparable period last year.

The weak market led to lay-up of seven of the group's vessels at end of 3Q. These will return to operation in 4Q. The operating costs of the vessels not in lay-up were USD 6.250 per day.

Activities

By the end of 3Q 2009, the group operated 45 vessels of which 32 were fully owned and 3 partially owned. The remaining vessels were bareboat chartered (4) and time chartered (6).

MV Green Guatemala and MV Green Costa Rica were sold during 3Q for USD 13.5 million per vessel, a profit of USD 3.0 million per vessel. The vessels were sold to Caiano Shipping AS, a company controlled by the major shareholder of Green Reefers. The purchase prices were equal to the market prices estimated by two independent brokers. 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.

The group has completed the transfer of technical operations of 30 vessels to a subsidiary in Poland. 9 vessels will be operated by external manager.

Green Reefers is 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, whilst the cold store in Guatemala serves own and third party requirements.

Finance and capital structure

Interest-bearing debt totals USDM 163.2 as of 30 September 2009 (USDM 177.9). Of the group's debt, 82 % is in USD, 17 % in EUR and 1 % in NOK. Cash deposit was USDM 10.5 (USDM 17.2 million).

Book equity 30 September 2009 was USDM 104.0 (USDM 130.0), which translates into USD 0.41 (USD 0.51) per share. Equity ratio was 36 % (38 %).

As no significant commercial transaction of vessels have taken place in the 3rd quarter, the group does not find reason to adjust book values of the group's vessels. An evaluation of the market value of the fleet was done in connection with the 2Q reporting.

The group is engaged in a positive dialogue with the company's lenders in order to better a challenging liquidity situation, and cover its long term finance requirement. A solution is expected in the near future.

The Market and prospects

The weak market situation reported in 2Q continued during the 3Q. Lay-up and increased scrapping of tonnage maintained the same rate-level as previously low seasons, and prevented a further decrease of rates in the handy-size reefer segment. For the larger reefers vessels the market weakened further in 3Q and indirectly influenced the operators' opportunity to increase rates for smaller vessels.

As previously reported the cause of this year's negative rate development during the high season is a combination of several factors. This includes a perceived strong price competition from container operators, irrational market behaviour among reefers operators, reduction in capital availability for the East European importers, and reduced volumes and changed export conditions in commodities traditionally carried by specialized reefer tonnage. Several of these factors have eased and improved during the year, and Green Reefers expects better market conditions going forward.

The container operators have reported significant reduction in the supply of new reefer containers, and have in addition reduced the capacity on several important trading lanes. Losses in this segment have also forced the operators to increase the rates. Green Reefers expects reduced competition from this shipping segment for the coming season. The turbulence in the reefer segment during 2Q is now significantly reduced, and the most recent tonnage transactions indicate a more normal situation.

Despite continued restricted credit access in important import markets, Green Reefers is experiencing improved conditions in import markets, particularly in Eastern Europe.

The demand for transport capacity in specialised reefers tonnage is expected to improve in the current season. In the group's main segment, fish from the northern waters, quotas and landed catches indicate significantly increased volumes. Moreover, changes in the trading patterns have led to increased transport distances and the demand for specialized reefer vessels.

As a consequence of a significantly strengthened rate level in the 4Q, Green Reefers has activated laid up vessels, and will have all the ships in operation by the end of this year. The group expects that the market development, combined with scrapping adjusted tonnage capacity through the year will improve the results for 2010.

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