

Green Reefers ASA

Consolidated report 4th quarter 2009 / Annual Accounts 2009

- EBITDA at USDM 1.9 (USDM 2.0) in 4Q and USDM 8.8 (USDM 26.0) accumulated.
- Operating expenses showing a decreasing trend
- Completed private placement of a share issue of MNOK 60
- Write downs on single vessels and the terminal in Guatemala.
- 5.7 per cent of the total reefer-fleet scrapped in 2009.
- GRR-shares transferred from OB Standard to OB Match

Results 4th Quarter 2009

The group experienced a pre-tax result of USDM -18.7 in 4Q 2009 (USDM -4.7).

The gross operating income was USDM 50.7 in 4Q 2009 (USDM 59.1). Operating result before depreciation (EBITDA) was USDM 1.9 (USDM 2.0). The gross operating income is down USDM 8.6 compared to last year, mainly as a result of some vessels being in lay-up. The voyage related expenses are equally reduced.

The vessels contributed USDM 1.7 (USDM 2.0) to the EBITDA, whilst the terminals contributed USD 0.2 (USD 0.0) before the elimination of internal transactions.

Depreciation and write downs in the quarter are USDM -19.8 (USDM -7.0). USDM -11.8 (USDM 0.5) are write downs, of which USDM -10.7 relates to the vessels and USDM -1.1 is related to buildings at the Guatemala terminal. Following the principle that the value of vessels should reflect the expected sales value, a write down of vessels value have been completed. Independent brokers assessments conclude on lower sales value due to last year's low activity on the reefer market. The book value of the terminal in Guatemala is written down USDM -1.1, as the group is considering a continued operation in the area.

A shortage of tonnage led to a considerable improvement in spot market rates in Green Reefers segment entering Q4. Large volumes of fish from Norway contributed to improved demand for tonnage. Several reefer-operators kept vessels in lay-up and scrapping of old tonnage continued throughout the quarter. The positive growth in rates however, did not continue. The slower activity, normally experienced around the middle of December, started already at the beginning of the month. There was a decrease in demand in general, but for banana transportation in particular. A drop in this particular market has an influence also on the rates within the handy size ship segment. The lower demand was also heavily influenced by the reduced demand in Russia. This market development resulted in a year end low spot rate market, and the margins were further pressed by increasing bunker costs.

The spot market rates for the quarter as whole were on the same level as in Q4 last year. Running costs for the vessels during the quarter are lower compared with same quarter last year.

The off-hire share has been reduced during the quarter compared with same period last year, while the group had 11 percent capacity in lay-up. The group completed 4 planned dockings in 4Q 2009, compared to 1 docking during the same period last year. During the quarter all vessels in lay-up were back in operation again.

Result 2009

Pre-tax result for the year 2009 was USDM -39.1 (USDM -16.2).

The gross operating income reached USDM 193.4 million (USDM 252.4). The EBITDA was USDM 8.8 (USDM 26.0).

The vessels contributed USDM 8.1 (USDM 26.0) to the EBITDA, whilst the terminals contributed USDM 0.8 million (USDM 0.0).

Average spot market rates for 2009 were reported 23 percent lower than in 2008 and the earnings for the vessels fell by 18 per cent. Operating costs in 2009 are on average USD 6,142 per day, against USD 6,436 in 2008 for the vessels which have been in operation the whole year.

The weak market led to lay-up of seven of the group's vessels at end of 3Q. These returned to operation during the last quarter.

Activities

By the end of 4Q 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).

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. The Guatemala terminal is considered phased out. Low volumes have made it difficult to achieve satisfying profitability.

Finance and capital structure

Interest-bearing debt totals USDM 157 as of 31 December 2009 (USDM 180.1). Of the group's debt, 82 % is in USD, 17 % in EUR and 1 % in NOK. Cash deposit was USDM 12.3 (USDM 16.9).

Book equity 31 December 2009 was USDM 95.6 (USDM 125.0), which translates into USD 0.30 (USD 0.40) per share. Equity ratio was 35 % (37 %).

By end of November Green Reefers ASA completed a private placing of NOKM 60. Following this a subsequent offering was completed to ensure equal opportunities for all shareholders. The subsequent offering gave a return on NOKM 2.1. The share issue was suggested to restructure the company's debts, and was a result of an agreement between the company and its mortgage banks. Another part of this agreement allows the company to pay half instalments during 2010-2012, including an extension of payment of loans due in 2010 until December 2012. The company has committed to raise the liquidity by USDM 15. The remaining USDM 4.4 will be raised as a result of selling vessels or/and sale/leaseback of vessels. Incidentally the minimum requirement to liquidity has been reduced. The company is satisfied with the agreement achieved. It is overall considered to strengthen the company's liquidity and financial position.

The Market and prospects

The market situation reported at the beginning of 2010 has been weaker than expected. We see less reefer spot activity of Bananas in to Russia and the East Mediterranean ports.. An import ban on Poultry products from the USA, , has a major negative impact on the reefer market. This has especially hit the larger reefer and freezer vessels. Also late harvests in Chile and Argentina have brought the demand to a lower level. This has resulted in a fall in the spot market rates, which has from time to time been lower than the operational costs.

In spite of today's demanding challenges, Green Reefers ASA expects that the market will improve during 2010. Harvesting results are expected to be better than in 2009 on the southern hemisphere and in Central America. Correspondingly the expectations on the North Atlantic Ocean fisheries, and the summer season in the Pacific Ocean, are good. The on-going conflict between American producers and Russian importers of poultry is expected to be solved in first quarter this year, hopefully resulting in an increased demand on tonnage. Continued tight credit supply and protectionist measures might possibly move the high-season by some time, but fundamental market conditions should lead to a strengthened demand for specialized reefer vessel tonnage going forward.

As of 2008 totally 31 mill. cuft has been scrapped, whilst new buildings adds to 4.8 mill. cuft. This is equal to a net reduction on the specialized reefer fleet by 10 per cent the last two years.

The competition from the container operators is still significant, but given the losses in the business it is expected a price increase on container transport.

The group expects that the rates will normalize over time. The market development during the up-coming weeks will be vital for the entire 2010.

Bergen, 25 of February 2010
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