Green Reefers ASA

Consolidated report 4th quarter 2011

- EBITDA at USDM -2.8 (USDM -3.1) in 4Q
- Establishment of new pool, GreenSea Pool
- Sale and leaseback of 6 vessels

Results 4rd Quarter 2011

The group experienced a pre-tax result of USDM -7.2 in 4Q 2011 (USDM -24.0).

The net operating income was USDM 15.4 in 4Q 2011 (USDM 20.2). Profit from sale of vessels is included with USDM 2.1 (USDM 0.3).

Operating result before depreciation (EBITDA) was USDM -2.8 (USDM -3.1).

Depreciations in the quarter are USDM -4.1 (USDM -6.0). The decrease is mainly due to reduced number of vessels, reduced docking expenses and higher residual value of the fleet due to increased steel prices.

Throughout the quarter, again, spot rates below the level of the last seven years have been experienced. We have to go back to 2001 - 2003 to find equally low levels. As the majority of the Group's vessels are fixed for spot voyages, the freight income is all time low. This is mainly due to overcapacity within the reefer industry in particular, but also for shipping in general. In addition, the extensive competition from refrigerated containers has also resulted in increased pressure on the rates.

Continued high bunker prices and the weak market have a negative effect on the Group's cash flow.

Unplanned technical off-hire (1.6%) was lower this quarter compared to the same period last year (4.6%). Fourth quarter operational cost for the vessels was USD 5,023 per day, also down compared with third quarter and the same period last year (USD 5,293 per day). 6 dockings were finalized during the quarter of which 3 were started in last quarter, compared with 6 dockings in the same period last year.

Result 2011

Pre-tax result for the year 2011 was USDM -30.7 (USDM -52.5).

The Group's operating income reached USDM 69.6 in 2011 compared to USDM 140.7 last year. 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 at present reported as net pool income after deduction of voyage related costs. The net operating income was USDM 69.6 in 2011 (USDM 87.9).

The EBITDA was USDM -6.1 (USDM -7.8).

Activities

Green Reefers owns 20 vessels at the end of the quarter. In addition, 10 vessels are hired on bareboat and two vessels on time charter. The commercial activities are carried out by Silver Green AS (6 vessels), Seatrade Reefer Chartering N.V. (6 vessels) and Green Sea Pool N.V. (20 vessels).

During the quarter, 6 vessels (penguin-class) have been sold to the company's major shareholder. Concurrently with the sale, agreements regarding leaseback on bareboat-charter parties were entered for a period of 7 years. The transaction was authorized at an extraordinary general meeting 20 October.

Finance and capital structure

Interest-bearing debt totals USDM 105.0 as of 31 December 2011 (USDM 149.7). Of the group's debt, 84 % is in USD and 16 % in EUR. Cash deposit was USDM 8.1 (USDM 13.4) by the end of 4th quarter.

Booked equity 31 December 2011 was USDM 39.2 (USDM 67.7). Equity ratio was 25% (29%).

In total, the Group has increased it's cash deposit by USDM 12 from the sale of 6 vessels, cf above. As part of the transaction a repayment of USDM 24 on the mortgage loan took place. The transaction also involved an agreement with the company's mortgage banks regarding further postponement of instalments until December 2013.

Subsequent events

From 1 January 2012 the Group establish GreenSea Pool as a joint venture with the Seatrade Group. The Pool will operate 20 of the vessels controlled by Green Reefers as described under 'Activities' above. At the same time, the operations of Hamburg Reefer Pool was discontinued and the company is under liquidation.

The Market and prospects

The second half of this year has seen record low spot rates, despite a better start of the year compared to previous years. The very weak marked in the quarter can be explained by lack of cargo in general and fish in particular. Less quotas / catches, both in Norway and by the coast of West-Africa has brought less demand for reefer tonnage.

The weak market has continued in 2012, also due to excess tonnage, high bunkers prices and fierce competition from container lines. During 2011 42 vessels were sold for demolishing, corresponding to 15 million cubic feet. This represents a net reduction in tonnage of approximately 5.7%. Equivalent figure for 2010 was 44 vessels; 17.6 million cubic feet. The high bunkers costs and an aging fleet, are expected to lead to continued high demolition activity in 2012.

2012 has begun at a very low level, but the company hope for a modest improvement of the market situation the coming months as reefer cargo normally increases in this period of a year. Future development for the Group will in high degree depend on the quantities of fish and fish quotas. The Group is also exposed to the development in Eastern Europe and Russia, as well as the Mediterranean countries, markets which traditionally have a demand for specialized reefer tonnage.

If the market rates continue at the present low level, the company will need additional cash funding during the year.

In general, the market for conventional reefer vessels operators is expected to be challenging throughout the next year. The world's general economic trend, and in particular Europe's, influence on import will determine the demand for reefer tonnage. Development in the oil price will also have a great impact on revenues. Last but not least, the aggressive competition from reefer containers will be of great significance on the cargo volumes allocated to the conventional reefers.

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Green Reefers ASA
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