EIDSIVA REDERI ASA

Report for the first quarter of 2010.

Highlights

- Result before tax in 1Q-2009 was a loss of NOK 4.7 million versus a profit of NOK 1.1 million in Q1-2009. Excluding an extraordinary impairment loss on the roro vessel Tor Belgia, the result before taxes would have been NOK 1.4 million for Q1-2010.

- Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was NOK 22.0 million versus NOK 34.3 million in Q1-2009. The reduction in EBITDA is mainly due to reduced earnings from some of our vessels with charters renewed at lower rates in the 2nd half of 2009.

- The equity ratio was 32.5% at the end of Q1-2010 versus 32.8% in Q1-2009.

- The 1987 built car carrier "Hyundai No. 201" was sold at book value and delivered to her new owner in Q1-2010. The main reason for the sale is that Eidsiva has decided to focus on larger car carriers.

- On May 3rd 2010, the company reported that Eidsiva Rederi ASA and Dyvi Shipping AS had initiated discussions concerning a possible business combination. The discussions are progressing and we hope to conclude in the near future.

- The time charter market for car carriers has been soft during the first quarter of 2010. The balance between supply and demand of vessels is, however, improving and we now expect a recovery of both charter rates and vessel values earlier than previously anticipated.

Result Q1

Eidsiva's operating revenues for the 1st quarter of 2010 was NOK 68.3 million against NOK 79.5 million in 1st quarter 2009. The reduction is mainly due to reduced earnings from some of our vessels with charters renewed at lower rates in the 2nd half of 2009.

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was NOK 22.0 million versus NOK 34.3 million in Q1-2009.

For the 1st quarter of 2010 Eidsiva Rederi ASA had an operating result (EBIT) of NOK 0.15 million versus NOK 9.3 million in Q1-2009.

The company's result before tax in Q1 was a loss of NOK 4.7 million against a profit of NOK 1.1 million in Q1-2009. Excluding an extraordinary impairment loss on the roro vessel Tor Belgia, the result before taxes would have been NOK 1.4 million for Q1-2010.

As previously reported, the 1987 built car carrier Hyundai No. 201 (51% owned by Eidsiva), was sold and delivered to her new owner at the end of Q1. The sale was done at book value and will give net sales proceeds after debt repayment of about NOK 21.4 million of which Eidsiva's share will be about NOK 10.9 million.

The fixed charter period with DFDS for Tor Belgia ended in April 2010 and DFDS did not exercise their option to extend the charterparty. Given the current difficult roro market the vessel has been sold at a sales price of USD 3.3 million less commission with delivery in June. The book value of Tor Belgia has been written down by NOK 3.3 million in Q1-2010 and the vessel will have a negative operating result in Q2-2010.

On May 3rd 2010, the company reported that Eidsiva Rederi ASA and Dyvi Shipping AS had initiated discussions concerning a possible business combination. The discussions are progressing and we hope to conclude in the near future.

Strategy

Eidsiva currently has investments in both car carriers and roro vessels. As we consider the market prospects for car carriers to be substantially better than for roro vessels, we have decided to focus on standard car carriers and to reduce our exposure to the roro market. The sale of the roro vessel Tor Belgia should be seen as a first step in this direction.

The market for car carriers

World wide sales of cars have increased significantly from its low levels in Q1-2009 and the positive trend in demand for cars is expected to continue. EU car sales were up 10 % and US car sales 16 % versus Q1-2009. The annual sale of new cars in the US was 16-18 million car units in the period from 2000 to 2007, but was reduced to only 10-11 million car units in 2009. We expect a return to more normal car sales levels in the US in 2011/2012, and this together with increased car sales in some emerging markets are expected to give a significant increase in demand for car carriers.

The fleet of car carriers is only expected to grow at an annual rate of about 4.5 % over the next few years. The moderate increase is mainly due to cancellation and delay of newbuilding orders and expected scrapping of some of the vessels currently in lay up.

The time charter market for car carriers was soft during the first quarter, but with increased demand for vessels towards the end of the quarter. We expect that an improved balance between supply and demand of vessels will result in significantly higher charter rates in 2011/2012.

Vessel values for car carriers were stable during the first quarter, but we expect values to start increasing in anticipation of a stronger market.

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Profit and loss account 2010 (unaudited)

(NOK thousands)

	Q1 2010	Q1 2009	Jan-Des 2009
OPERATING REVENUES			
Charter hire	68 344	79 475	297 451
Other operating revenues	0	0	1 299
TOTAL OPERATING REVENUES	68 344	79 475	298 750
OPERATING EXPENSES			
Operating expenses vessels	39 406	36 552	146 586
Other operating expenses/admin. costs	6 940	8 673	30 734
TOTAL OPERATING EXPENSES	46 346	45 225	177 320
EBITDA	21 998	34 250	121 430
Ordinary depreciation	18 553	24 974	109 181
Impairment loss	3 300	0	51 275
OPERATING RESULT (EBIT)	145	9 276	(39 026)
FINANCIAL INCOME AND EXPENSES			
Other financial income	141	295	2 466
Net gain/loss on exchange	1 817	4 612	5 834
Interest and other financial expenses	(6 785)	(10 579)	(27 364)
NET FINANCIAL ITEMS	(4 827)	(5 672)	(19 064)
Income/(loss) investements affiliated companies	0	(2 472)	(8 707)
Write downs of affiliated investments	0	0	(27 233)
RESULT BEFORE TAX	(4 682)	1 132	(94 030)
Taxes	0	0	12 798
NET PROFIT FOR THE PERIOD	**(4 682)**	**1 132**	**(81 232)**
NET PROFIT/(LOSS) ATTRIBUTABLE TO:			
MINORITIES	**1 979**	3 687	**(20 957)**
EQUITY HOLDERS OF THE COMPANY	**(6 661)**	**(2 555)**	**(60 275)**
Number of outstanding shares (end period)	22 150	11 075	22 150
Average number of outstanding shares	22 150	11 075	14 322

Key figures

	Q1 2010	Q1 2009	Jan-Des 2009
Net profit per share	(0,30)	(0,23)	(4,20)

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Condensed Statement of Financial Position

(NOK thousands)

	31.3.2010	31.12.2009
Assets		
FIXED ASSETS		
Intangible assets (deferred taxes)	53 514	53 514
Real estate, equipment, cars, etc	1 031	1 117
Vessels	666 255	706 414
Total long-term operating assets	667 286	707 531
Investements in associated companies	0	0
Investments in other companies	337	337
Pension funds	2 911	1 922
Other long-term receivables	572	89
Total financial fixed assets	3 820	2 348
TOTAL FIXED ASSETS	724 620	763 393
CURRENT ASSETS		
Accounts receivables and other current assets	10 691	9 335
Bankdeposits	83 863	82 215
Total current assets	94 554	91 550
Assets held for sale	1 500	1 500
TOTAL ASSETS	**820 674**	**856 443**
EQUITY		
Share capital	110 750	110 750
Share premium reserve	42 234	41 869
Other paid-in capital	245	245
Other equity	15 054	15 954
Minority interests	98 238	93 802
Total equity	266 521	262 620
LONG TERM LIABILITIES		
Secured debt on vessels	298 516	304 206
Bond loan	70 500	100 000
Other long-term debt	0	1 189
Total long-term liabilities	369 016	405 395
CURRENT LIABILITIES		
Other current liabilities	182 593	185 679
Provisions regarding associated companies	1 663	1 663
II. Other current debt	881	1 086
Total current liabilities	185 137	188 428
Total liabilities	554 153	593 823
EQUITY AND LIABILITIES	**820 674**	**856 443**

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Condensed Statement of Cash flows

	Q1 2010	Q1 2009	2009
Cash flow from operations	3 545	30 723	92 706
Cash flow from investments	32 937	(4 757)	(15 396)
Cash-flow from financial activities	(33 579)	(38 157)	(54 197)
Change in cash	**2 903**	**(12 191)**	**23 113**
Cash and cash equivalents at start of period*	64 885	59 101	38 105
Net gain/loss on exchange	(1 873)	0	3 667
Cash and cash equivalents at end of period*	**65 915**	**46 910**	**64 885**

*Included credit facility

Statement of Comprehensive Income

(NOK thousands)

	1Q 2010	1Q 09	2009
Result after taxes	(4 682)	1 132	(81 232)
Translation differences	7 021	(17 309)	(60 580)
Total Comprehensive income/(loss)	**2 339**	**(16 177)**	**(141 812)**

Reconciliation of Equity

(NOK thousands)

	1Q 2010	2009
Total equity and minority int. outgoing balance	(266 521)	(262 620)
Total equity and minority int. ingoing balance	(262 620)	(372 892)
Change in the period	3 901	(110 272)
Comprehensive income/(loss) of the period	2 339	(141 812)
Net proceeds from share issuance	0	50 690
Purchase of minority share	0	(508)
Paid to minorities (dividend)	0	(5 953)
Option cost to equity	365	245
Paid from minorities (capital)	1 197	2 006
Adjustment of deferred tax asset		(14 940)
Reconciliation of change in the period	3 901	(110 272)

Note 1 - Accounting Principles
The financial information for the quarter ended 31 March 2010 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34). The accounting policies applied by the Group are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009. This financial information does not include all information and disclosures required in the annual financial statement and should be read together with the Annual Report for 2009, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU.

Note 2 - Deferred taxes
The deferred tax advantage is calculated on the basis of temporary differences between the amounts in the financial statements and the tax assessments for the Group's Norwegian entities, together with deficits put forward.

The Norwegian tax authorities have rejected a loss on accounts receivable from 2008 amounting to NOK 33,1 million and reduced our deficit put forward with same amount. A written complaint challenging this has been sent to the Norwegian Tax Authorities, and together with our legal advisors we are confident to regain this loss.

The deferred tax benefit of NOK 53,5 million stated in the Group's Financial Statement as of 31st December 2009 represent an increase of NOK 12,8 million compared to 31 December 2008.