



STAR REEFERS INC (“SRI”)

REPORT FOR THE FIRST QUARTER 2006

- **Net income of USD 12.3 million (USD 12.0 million)**
- **EPS USD 1.41 (USD 1.39)**
- **Average freight rates of 81 cents/cbft/30days (“cents”) up 3% on last year’s 79 cents**
- **STAR took delivery of newbuilding “Star First” on March 30**
- **Established in-house ship management company in Poland for 8 ships**

Comparative Financial Statements (Q1 over Q1)

STAR Reefers recorded net income of USD 12.3 million (USD 12.0 million for Q1 2005). Earnings per share was USD 1.41 per share (USD 1.39 per share).

Gross freight revenues were USD 52.0 million (USD 52.1 million) and capacity increased 1% to 56.4 million cbft (56.0 million cbft). Freight rates were up 3% to 81 cents (79 cents).

Ship operating expenses, were USD 15.6 million (USD 10.4 million). The number of vessels owned or bareboat chartered increased from 23 in 2005 to 30 in 2006. Ship operating expenses per day increased USD 900/day to USD 5,800/day, which reflected STAR Reefers’ policy of upgrading its fleet to provide a quality service for its customers and one off costs in Q1.

Time charter expenses were USD 6.7 million (USD 13.8 million). The number of vessels on time charter decreased from 13 in 2005 to 6 in 2006. Six Polar type vessels previously on time charter were acquired in the second half of 2005. Bareboat charter hire was USD 2.8 million (USD 2.3 million) as the number of ships on bareboat charter increased from 6 to 7 vessels.

The administrative expenses were USD 2.6 million (USD 2.9 million) primarily due to non recurring charges in 2005.

Depreciation and amortization was USD 3.4 million (USD 1.8 million) as the number of owned vessels increased.

Interest expense was USD 2.1 million as compared to USD 0.7 million prior year, primarily due to the financing of new vessels and higher interest rates.

Balance Sheet

Shareholders' equity was USD 133.0 million (31 December 2005: USD 120.3 million) or USD 15.32 per share (31 December 2005: USD 13.86 per share). The outstanding balance of USD 6.2 million on a loan from Siem Industries (72% shareholder of SRI) was repaid in January 2006 bringing interest bearing debt down to USD 161.2 as at end Q1 2006. The equity ratio was 42%.

In March, 33,000 shares were issued under the Company's Employee Stock Option Programme. The total issued and outstanding number of shares at 31 March 2006 was 8,711,819 shares.

Market

The average spot market rate in Q1 2006 was 84 cents, down 30 % on the equivalent period in 2005. The cold, wet and windy weather in the Central American banana plantations continued well into the first quarter and disrupted production. In particular in Colombia exports in the first quarter fell by over 3 million cartons.

From January until late February there was a good supply of standard reefer tonnage waiting at the traditional jumping off point of Cristobal and thus the market did not see any shortages until the much delayed Chilean fruit season began to require additional vessels. As the start of the peak season was much later than expected the improvement, when it came, proved to be relatively dramatic and within a couple of weeks rates had risen from 100 cents to over 150 cents for standard tonnage.

Operational Issues

In Q1 unplanned operational off-hire was 1.0% as compared with 0.6% last year. During the quarter we had incidents with two of our vessels due to severe ice conditions in the Baltic, resulting in 0.6% of overall off-hire.

In February 2006, STAR Reefers established a subsidiary in Gdynia, Poland, and successfully took over the ship management function of the 8 vessels which previously had been managed by IUM. STAR has a large crew base in Poland and the opening of an office in Gdynia will bring STAR closer to its crew.

Fleet Renewals

On 30 March 2006 STAR Reefers took delivery of the new specialised reefer vessel "STAR First", with a capacity of 585,000 cbft,. The vessel is on a 10 year charter from a Japanese owner and is the first in a series of four sister vessels. The remaining 3 vessels are scheduled to be delivered to STAR Reefers between Q4 2006 and Q2 2007. The fleet renewal is part of STAR Reefers strategy to secure modern long-term reefer tonnage to maintain its position as a leading reefer operator providing our customers with a high quality service.

Outlook

The outlook for the spot market remains uncertain, though we remain confident that our strategy of focusing on quality tonnage will yield an appropriate premium.

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Also download our web page www.star-reefers.com
Market data sourced from Orion Shipping

25 April 2006
The Board of Directors of Star Reefers Inc.

This release contains certain forward-looking statements regarding the intents, beliefs or current expectations. These forward-looking statements are based on information currently held. The Company assumes no obligation to update these statements. It is important to note that these forward-looking statements involve uncertainties about future performance. The Company's actual results may differ materially from these statements as a result of various important factors beyond the control of the Company.

STAR REEFERS INC. GROUP - QUARTERLY REPORT 2006 (IFRS)

PROFIT AND LOSS STATEMENT

(in \$ thousand)

	2006	2005	2005
	1Q	1Q	Jan-Dec
Gross revenue	\$ 52.027	\$ 52.066	\$ 222.107
Voyage expenses	-6.433	-8.068	-68.213
Net revenue	45.594	43.998	153.894
Other operating revenue	-155	-133	113
Net operating revenues	45.439	43.865	154.007
Ship operating expenses	-15.625	-10.416	-44.988
Time charter hire	-6.721	-13.836	-46.197
Administrative expenses	-2.560	-2.884	-9.295
Op. income bef. depr. and bare-boat hire	20.533	16.729	53.527
Bare boat charter hire	-2.759	-2.292	-9.721
Depreciation and amortisation	-3.371	-1.763	-9.021
Gain (loss) on sale of vessels/subsidiary	-	-	2.045
Operating income	14.403	12.674	36.830
Interest income	166	134	671
Interest expense	-2.139	-683	-4.942
Other financial items	9	-60	-272
Foreign currency exchange gain (loss)	-112	-60	-810
Net financial items	-2.076	-669	-5.353
Income bef. taxes and minority interest	12.327	12.005	31.477
Taxes	-69	-	-235
Net income	\$ 12.258	\$ 12.005	\$ 31.242
Earnings per share (amounts in \$)	1,41	1,41	3,62
Diluted earnings per share (amounts in \$)	1,41	1,39	3,59
Wtd. avg. common shares outstanding	8.690.186	8.530.752	8.639.892
Wtd. avg. common shares outstanding + assumed conv.	8.723.359	8.656.166	8.703.071
Issued and outstanding shares	8.711.819	8.673.819	8.678.819

BALANCE SHEET

(in \$ thousand)

	2006	2005	2005
	31 March	31 March	31 Dec.
ASSETS			
Tangible fixed assets			
Vessels	\$ 269.293	\$ 161.597	\$ 273.466
Other fixed assets	184	141	138
Other long-term assets			
Pension funds	226	283	229
Long term receivables & other assets	2.250	3.968	2.649
Inventory	4.222	4.042	6.085
Current assets:			
Receivables and other current assets	9.831	11.721	11.357
Bank deposits	30.082	22.163	17.632
Total assets	\$ 316.088	\$ 203.915	\$ 311.556
EQUITY AND LIABILITIES			
Equity:			
Share capital	\$ 87	\$ 87	\$ 87
Additional paid-in capital	60.311	59.757	59.848
Sharebased compensation	69	69	129
Retained earnings	72.515	41.020	60.257
Total equity	132.982	100.933	120.321
Interestbearing debt, long-term	134.867	77.709	134.860
Interestbearing debt, short-term	25.682	6.268	31.906
Other short-term debt	22.557	19.005	24.469
Total provisions and liabilities	183.106	102.982	191.235
Total equity and liabilities	\$ 316.088	\$ 203.915	\$ 311.556

CASH FLOW STATEMENT <i>(in \$ thousand)</i>	2006 1Q	2005 1Q	2005 Jan-Dec
Cash flow from operating activities	18.356	14.317	39.226
Cash flow from investing activities	-61	-	-112.203
Cash flow from financing activities	-5.845	-13.684	69.079
Net change in cash	\$ 12.450	\$ 633	\$ -3.898
Cash at beginning of period	17.632	21.530	21.530
Cash at end of period	30.082	22.163	17.632

CHANGE IN EQUITY <i>(in \$ thousand)</i>	2006 1Q	2005 1Q	2005 Jan-Dec
Equity at beginning of period	\$ 120.321	\$ 87.492	87.492
- Share issue	409	1.408	1.512
- Share based compensation	-6	28	75
- Net profit for the period	12.258	12.005	31.242
Equity at end of period	\$ 132.982	\$ 100.933	\$ 120.321

Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the financial statements are consistent with those disclosed in the annual financial statements for the year ended 31 December 2005. The consolidated condensed financial statements should be read in conjunction with the 2005 annual financial statements, which include a full description of the Group's accounting policies.