



STAR REEFERS INC (“SRI”)

REPORT FOR THE FIRST QUARTER 2007

- **Net income of USD 15.0 million (USD 12.3 million)**
- **EPS USD 1.72 (USD 1.41)**
- **EBITDA of USD 20.4 million (USD 17.8 million)**
- **Average freight rates of 83 cents/cbft/30days (“cents”) up 3% (81 cents)**
- **STAR Best, the 3rd newbuilding in the series was delivered March 19**
- **STAR committed to four more 10 year charters, delivery 2008 - 2010**

Comparative Financial Statements (Q1 over Q1)

STAR Reefers recorded net income of USD 15.0 million (USD 12.3 million for Q1 2006). Diluted earnings per share was USD 1.72 per share (USD 1.41 per share).

Gross freight revenues were USD 57.1 million (USD 52.0 million) and capacity increased 6% to 59.9 million cbft (56.4 million cbft). Freight rates were up 3% to 83 cents (81 cents).

Ship operating expenses were USD 16.7 million (USD 15.6 million). Ship operating expenses per day increased USD 400/day to USD 6,200/day, which is primarily due to one off costs in Q1.

Time charter expenses were USD 8.9 million (USD 6.7 million). The number of vessels on time charter increased from 6 in 2006 to 9 at the end of Q1 2007 as 3 out of the first series of 4 newbuildings on charter have now been delivered. Bareboat charter hire was USD 1.1 million (USD 2.8 million) as the number of ships on bareboat charter decreased from 7 to 3.

The administrative expenses were USD 2.6 million (USD 2.6 million).

Depreciation and amortization was USD 3.5 million (USD 3.4 million) as vessels previously on bareboat charter were acquired in December last year.

Interest expense was USD 2.0 million as compared to USD 2.1 million prior year, primarily due to lower debt levels following repayments made during 2006.

Balance Sheet

Shareholders' equity was USD 174.0 million (31 December 2006: USD 159.0 million) or USD 19.87 per share (31 December 2006: USD 18.16 per share). The equity ratio was 51%.

Interest-bearing debt as of 31 March was USD135.9 million, or the same amount as 31 December 2006. The cash position, however, increased from USD11.2 million end December last year to USD30.7 million at the end of Q1 due to strong cash flow during the period.

The total issued and outstanding number of shares at 31 March 2007 was 8,756,819 shares.

Market

The average spot market rates for larger vessels in Q1 2007 was 115 cents compared to 81 cents in Q1 2006, or an increase of 42% according to Orion Shipping. Following on from the strong December market, January started firmly until week 3 when tonnage started to accumulate at the Panama Canal as banana volumes declined and Ecuadorian exit prices increased. The result was pressure on the rates.

Operational Issues

In Q1, unplanned operational off-hire was 1.9% as compared with 1.0% last year due to emergency docking caused by stern tube seal damage, problems with cranes and damage to a propeller due to ice trading.

STAR Reefers was informed that the US Coast Guard on 24 January 2007 carried out inspections and interviewed members of the crew onboard the vessel *Valparaiso Star* whilst the vessel was in port in the U.S. following allegations made by a disaffected crew member relating to a possible pollution-based violation of the MARPOL Convention. It is STAR Reefers' policy to operate fully in compliance with MARPOL and all other applicable legislation on all its ships.

Fleet Renewals

In March 2007, STAR Reefers agreed with a Japanese owner to time-charter four new reefer vessels, each with a capacity of 615,000 cbft and almost 200 FEU container capacity, for a period of 10 years. The vessels will be STAR's second series of four vessels to be built at the Shikoku Dockyard in Japan. Two vessels from the first series, the *STAR First* and *STAR Prima*, were delivered in 2006, the third vessel *STAR Best* was delivered 19 March 2007 and the fourth the *STAR Stratos* is scheduled for delivery in the middle of 2007.

The second series of four vessels are scheduled to be delivered in the period between early 2008 and early 2010. The transaction forms a part of STAR Reefers' strategy to satisfy its customers' requirements for high quality and cost effective transport solutions.

Outlook

The outlook for the remainder of the year remains positive. There is currently good demand for high quality vessels and this is likely to continue. The high and potentially rising bunker prices may have the twin effect over the coming months of both dampening the market and encouraging owners to lay-up or scrap their old and fuel inefficient vessels.

Owners will approach period renewals with quiet optimism buoyed by the strong Q1 and the continued shortage of modern fuel-efficient specialist reefers.

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

25 April 2007
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 2007 (IFRS)

PROFIT AND LOSS STATEMENT <i>(in \$ thousand)</i>	2007 1Q	2006 1Q	2006 Jan-Dec
Gross revenue	\$ 57,068	\$ 52,027	\$ 220,690
Voyage expenses	-7,253	-6,433	-48,501
Net revenue	49,815	45,594	172,189
Other operating revenue	-173	-155	-446
Net operating revenues	49,642	45,439	171,743
Ship operating expenses	-16,682	-15,625	-63,005
Time charter hire	-8,917	-6,721	-29,612
Administrative expenses	-2,553	-2,560	-9,247
Op. income bef. depr. and bare-boat hire	21,490	20,533	69,879
Bare boat charter hire	-1,119	-2,759	-10,941
Depreciation and amortisation	-3,521	-3,371	-13,559
Operating income	16,850	14,403	45,379
Interest income	156	166	992
Interest expense	-2,046	-2,139	-8,449
Other financial items	87	-103	-355
Net financial items	-1,803	-2,076	-7,812
Income bef. taxes and minority interest	15,047	12,327	37,567
Taxes	-2	-69	99
Net income	\$ 15,045	\$ 12,258	\$ 37,666
Earnings per share (amounts in \$)	1.72	1.41	4.32
Diluted earnings per share (amounts in \$)	1.72	1.41	4.32
Wtd. avg. common shares outstanding	8,756,819	8,690,186	8,711,437
Wtd. avg. common shares outstanding + assumed conv.	8,756,819	8,723,359	8,728,074
Issued and outstanding shares	8,756,819	8,711,819	8,756,819
BALANCE SHEET <i>(in \$ thousand)</i>	2007 31 March	2006 31 March	2006 31-Dec
ASSETS			
Tangible fixed assets			
Vessels	\$ 285,050	\$ 269,293	\$ 289,268
Other fixed assets	187	184	205
Other long-term assets			
Pension funds	192	226	196
Long term receivables & other assets	1,057	2,250	1,153
Current assets:			
Inventory	5,525	4,222	5,360
Receivables and other current assets	17,313	9,831	12,413
Bank deposits	30,738	30,082	11,247
Total assets	\$ 340,062	\$ 316,088	\$ 319,842
EQUITY AND LIABILITIES			
Equity:			
Share capital	\$ 87	\$ 87	\$ 87
Additional paid-in capital	60,984	60,311	60,984
Sharebased compensation	-	69	-
Retained earnings	112,968	72,515	97,923
Total equity	174,039	132,982	158,994
Interestbearing debt, long-term	109,728	134,867	109,715
Interestbearing debt, short-term	25,682	25,682	25,682
Other short-term debt	30,613	22,557	25,451
Total liabilities	166,023	183,106	160,848
Total equity and liabilities	\$ 340,062	\$ 316,088	\$ 319,842

CASH FLOW STATEMENT <i>(in \$ thousand)</i>	2007 1Q	2006 1Q	2006 Jan-Dec
Cash flow from operating activities	19,515	18,356	54,087
Cash flow from investing activities	-4	-61	-29,983
Cash flow from financing activities	-20	-5,845	-30,489
Net change in cash	\$ 19,491	\$ 12,450	\$ -6,385
Cash at beginning of period	11,247	17,632	17,632
Cash at end of period	30,738	30,082	11,247

CHANGE IN EQUITY <i>(in \$ thousand)</i>	2007 1Q	2006 1Q	2006 Jan-Dec
Equity at beginning of period	\$ 158,994	\$ 120,321	120,321
- Share issue	-	409	1,013
- Share based compensation	-	-6	-6
- Net profit for the period	15,045	12,258	37,666
Equity at end of period	\$ 174,039	\$ 132,982	\$ 158,994

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 2006. The consolidated condensed financial statements should be read in conjunction with the 2006 annual financial statements, which include a full description of the Group's accounting policies.