



## **STAR REEFERS INC (“SRI”)**

### **REPORT FOR THE FIRST QUARTER 2008**

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- **Net income of USD15.4 million (USD15.0 million)**
- **EPS USD1.75 (USD1.72)**
- **EBITDA of USD20.9 million (USD20.4 million)**
- ***STAR Service* and *STAR Quality*, the 5<sup>th</sup> and 6<sup>th</sup> newbuildings were delivered during Q1**
- **5 year contract to charter out 2<sup>nd</sup> series of 4 newbuildings from 2009**

#### **Comparative Financial Statements (Q1 over Q1)**

STAR Reefers recorded net income of USD15.4 million (USD15.0 million for Q1 2007). Earnings per share was USD 1.75 per share (USD1.72 per share).

Gross freight revenues were USD67.0 million (USD57.1 million) and capacity increased 8% to 64.5 million cbft (59.9 million cbft).

Ship operating and administrative expenses were USD22.8 million (USD19.2 million).

Time charter expenses were USD12.7 million (USD8.9 million) as the capacity of vessels on time charter increased 27% and the rates were up. Bareboat charter hire was USD1.0 million (USD1.1 million) as the number of ships on bareboat charter remained the same.

Depreciation and amortisation was USD4.1 million (USD3.5 million) mainly due to the acquisition of S-Class vessels in Q4 2007.

Interest expense was USD1.5 million (USD2.0 million), primarily due to lower interest rates.

#### **Balance Sheet**

Shareholders' equity was USD220.6 million (31 December 2007: USD205.2 million) or USD 25.19 per share (31 December 2007: USD23.43 per share). The equity ratio was 56%. During the quarter, STAR Reefers made a debt repayment of USD8 million bringing interest-bearing debt down to USD132.4 million as of 31 March 2008. Following the end of the quarter an additional USD10 million of debt was repaid. During the quarter, the cash position increased from USD17.2 million year-end 2007 to USD28.8 million due to strong operational cash flow.

## **Market**

Cold and wet climatic conditions in the banana growing-regions of Ecuador resulted in reduced export volumes and weaker spot market freight rates in January and February (down some 40% on same period in 2007). For Q1 2008 as a whole, the average spot market rates for larger vessels were 95 cents compared to 115 cents in Q1 2007, a decrease of 17%. However, in March 2008 demand and prices for bananas in Europe increased, regular cargos of Falkland squids came on the market and fruit exports from South America picked up, resulting in higher spot rates. In March, two vessels representing 820,000 cbft. of capacity were scrapped.

## **Operational Issues**

In Q1, unplanned operational off-hire was 0.6% (2007: 1.9%).

In March, the *Uruguay Star* was delayed 6 days at the Panama Canal as a result of a problem with a tangled anchor and the *Ecuador Star* was alleged to have discharged oily water in the Bay of Biscay and was detained in Brest by French authorities. The Company is fully cooperating with the Authorities who are further investigating the incident.

## **Fleet Renewals**

In March last year, STAR Reefers agreed with a Japanese owner to time-charter four new reefer vessels, each with a capacity of approximately 615,000 cbft and almost 200 FEU container capacity, for a period of 10 years. The vessels are STAR's second series of four vessels to be built at the Shikoku Dockyard in Japan and the first and second of these vessels, *STAR Service* and *STAR Quality* were successfully delivered to the Company in January 2008 and March 2008, respectively.

During Q1 2008, STAR Reefers entered into a contract with Dole to charter out the second series of four newbuildings.

## **Outlook**

The spot market continues to be firm and the prospects for a steady off-season look to be encouraging. Additionally, scrapping is expected to continue as owners take advantage of high demolition prices (USD700 per light displacement ton) and avoid the sharply escalating operating expenses and rising fuel costs associated with older tonnage.

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Also download our web page [www.star-reefers.com](http://www.star-reefers.com)  
Market data sourced from Orion Shipping

24 April 2008  
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 2008 (IFRS)**

**PROFIT AND LOSS STATEMENT**

*(in \$ thousand)*

	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
Gross revenue	\$ 66,983	\$ 57,068	\$ 257,033
Voyage expenses and other operating revenue	-9,541	-7,426	-62,192
Net revenue	<u>57,442</u>	<u>49,642</u>	<u>194,841</u>
<b>Net operating revenues</b>	<b>57,442</b>	<b>49,642</b>	<b>194,841</b>
Ship operating and admin. expenses	-22,848	-19,235	-80,544
Time charter hire	-12,689	-8,917	-43,139
<b>Op. income bef. depr. and bare-boat hire</b>	<b>21,905</b>	<b>21,490</b>	<b>71,158</b>
Bare boat charter hire	-1,027	-1,119	-4,609
Depreciation and amortisation	-4,075	-3,521	-14,910
<b>Operating income</b>	<b>16,803</b>	<b>16,850</b>	<b>51,639</b>
Interest expense	-1,546	-2,046	-7,309
Other financial items net	118	243	1,872
<b>Net financial items</b>	<b>-1,428</b>	<b>-1,803</b>	<b>-5,437</b>
<b>Income bef. taxes and minority interest</b>	<b>15,375</b>	<b>15,047</b>	<b>46,202</b>
Taxes	-11	-2	-9
<b>Net income</b>	<b>\$ 15,364</b>	<b>\$ 15,045</b>	<b>\$ 46,193</b>
Earnings per share (amounts in \$)	1.75	1.72	5.28
Diluted earnings per share (amounts in \$)	1.75	1.72	5.28
Wtd. avg. common shares outstanding	8,756,819	8,756,819	8,756,819
Wtd. avg. common shares outstanding + assumed conv.	8,756,819	8,756,819	8,756,819
Issued and outstanding shares	8,756,819	8,756,819	8,756,819

**BALANCE SHEET**

*(in \$ thousand)*

	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 Dec</b>
	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
Tangible fixed assets			
Vessels	\$ 332,165	\$ 285,050	\$ 336,872
Other fixed assets	212	187	219
Other long-term assets			
Pension funds	241	192	227
Long term receivables & other assets	673	1,057	769
Current assets:			
Inventory	8,556	5,525	7,813
Receivables and other current assets	24,151	17,313	22,002
Bank deposits	28,788	30,738	17,183
<b>Total assets</b>	<b>\$ 394,786</b>	<b>\$ 340,062</b>	<b>\$ 385,085</b>
<b>EQUITY AND LIABILITIES</b>			
Equity:			
Share capital	\$ 87	\$ 87	\$ 87
Additional paid-in capital	60,984	60,984	60,984
Retained earnings	159,480	112,968	144,116
<b>Total equity</b>	<b>220,551</b>	<b>174,039</b>	<b>205,187</b>
Interestbearing debt, long-term	115,802	109,728	118,263
Interestbearing debt, short-term	16,181	25,682	21,681
Other short-term debt	42,252	30,613	39,954
<b>Total liabilities</b>	<b>174,235</b>	<b>166,023</b>	<b>179,898</b>
<b>Total equity and liabilities</b>	<b>\$ 394,786</b>	<b>\$ 340,062</b>	<b>\$ 385,085</b>

<b>CASH FLOW STATEMENT</b> <i>(in \$ thousand)</i>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
Cash flow from operating activities	19,618	19,515	61,310
Cash flow from investing activities	-18	-4	-59,788
Cash flow from financing activities	-7,995	-20	4,414
<b>Net change in cash</b>	<b>\$ 11,605</b>	<b>\$ 19,491</b>	<b>\$ 5,936</b>
Cash at beginning of period	17,183	11,247	11,247
<b>Cash at end of period</b>	<b>28,788</b>	<b>30,738</b>	<b>17,183</b>

<b>CHANGE IN EQUITY</b> <i>(in \$ thousand)</i>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
<b>Equity at beginning of period</b>	<b>\$ 205,187</b>	<b>\$ 158,994</b>	<b>158,994</b>
- Net profit for the period	15,364	15,045	46,193
<b>Equity at end of period</b>	<b>\$ 220,551</b>	<b>\$ 174,039</b>	<b>\$ 205,187</b>

***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 2007. The consolidated condensed financial statements should be read in conjunction with the 2007 annual financial statements, which include a full description of the Group's accounting policies.*