



## STAR REEFERS INC (“SRI”)

### REPORT FOR THE FIRST QUARTER 2009

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- **Net income of USD14.8 million (USD15.4 million)**
- **EPS USD1.68 (USD1.75)**
- **EBITDA of USD21.0 million (USD20.9 million)**
- **Acquisition of 2 modern reefer vessels for a total of USD38.0 million**

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

STAR Reefers recorded net income of USD14.8 million (USD15.4 million for Q1 2008). Earnings per share was USD1.68 per share (USD1.75 per share).

Gross freight revenues were USD66.3 million (USD67.0 million) and capacity was down 1% to 63.8 million cbft (64.5 million cbft).

Ship operating and administrative expenses were USD24.6 million (USD22.8 million). The increase was due to crew costs, lubricating oil and the recent acquisition of the *Colombian Star*.

Time charter expenses were USD12.8 million (USD12.7 million). Bareboat charter hire fell to USD0.4 million (USD1.0 million) as the number of ships on bareboat charter decreased from 3 to 1 vessels.

Depreciation and amortisation was USD5.4 million (USD4.1 million). The increase was mainly due to the annual reassessments of residual values as per IFRS and to a lesser degree the acquisition of the *Cape Town Star* and *Durban Star* in December 2008.

Interest expense was USD0.8 million (USD1.5 million). The fall was due to the significant reduction in interest rates and lower average outstanding loan balances.

#### Statement of Financial Position

Shareholders' equity was USD262.4 million (31 December 2008: USD247.6 million) or USD 29.96 per share (31 December 2008: USD28.28 per share). During the quarter, STAR Reefers increased its interest-bearing debt by USD28.0 million to USD123.8 million, to partly finance the acquisition of the 1998-built *Colombian Star* and *Cote D'Ivoirian Star*. As *Cote D'Ivoirian Star* had not been delivered as of 31 March 2009, USD14 million of the increased borrowing is included in the balance sheet as “Receivables and other current assets”. During the quarter, the cash position, despite cash payment for part of the acquisition of the C-class vessels, increased from USD11.2 million as at 31 December 2008 to USD15.7 million. In addition to the liabilities in the balance sheet, STAR Reefers has significant long-term charter commitments.

## **Market**

During the quarter, the export volumes of bananas from Central America, deciduous fruit from Chile and Argentina to Northern Europe, and meat export from the US to the Baltic and the Ukraine were all lower. This led to reduced demand for specialised reefer vessels, pressing the spot rates down. Additionally, the percentage of reefer goods transported in containers has increased as container lines target this segment to support their earnings in a depressed market. For Q1 2009 as a whole, the average spot market rate for larger vessels was 66 cents compared to 95 cents in Q1 2008, a decrease of 30%. In the first quarter two 30-year old vessels with a total capacity of 1,071,000 cbft. have been scrapped.

## **Operational Issues**

In the first quarter unplanned operational off-hire was 1.0% (2008: 0.6%).

## **Fleet Changes**

In March, STAR Reefers entered into an agreement to acquire the 1998-built specialised reefer vessels *Colombian Star* (565,325 cbft.) and *Cote D'Ivoirian Star* (565,469 cbft.). The aggregate transaction price for the vessels is USD38 million and STAR Reefers' two banks provided USD28 million of financing for the acquisition. STAR Reefers is familiar with the two vessels as they have been on time charter to STAR Reefers since delivery from the shipyard in Japan in 1998. *Colombian Star* was delivered on 19 March and *Cote D'Ivoirian Star* on 2 April.

## **Outlook**

By early April, the spot market had seen further and significant freight rate falls, as the open tonnage list increased, resulting in spot rates falling to around 25 cents. The seasonal poultry, fish and citrus produce are expected to support the market over the Summer whilst early signs of an increase in the volumes of Ecuadorian bananas may help to stimulate market rates. In addition it is quite possible that the scrapping and lay-up of older tonnage will accelerate thus helping to bring supply and demand more into balance.

During 2008 STAR Reefers set out to fix the majority of its fleet long term – as at 31 March 78% of fleet capacity for 2009 had been fixed – but nonetheless 22% remains exposed to the volatile spot market.

The credit crisis and the volatility in the global financial markets have continued to adversely impact world trade. Estimates for worldwide GDP growth and expectations of trade flows have been cut back significantly. Whilst a number of steps have been taken to reduce the impact of these adverse changes on STAR Reefers, there can be no doubt that the Company will nonetheless have a challenging 2009.

23 April 2009

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 2009**

<b>STATEMENT OF COMPREHENSIVE INCOME</b> <i>(in \$ thousand)</i>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
Gross revenue	\$ 66,285	\$ 66,983	\$ 274,520
Voyage expenses and other operating revenue	-7,474	-9,541	-61,853
Net revenue	58,811	57,442	212,667
<b>Net operating revenues</b>	<b>58,811</b>	<b>57,442</b>	<b>212,667</b>
Ship operating and admin. expenses	-24,593	-22,848	-92,373
Time charter hire	-12,801	-12,689	-53,741
<b>Op. income bef. depr. and bare-boat hire</b>	<b>21,417</b>	<b>21,905</b>	<b>66,553</b>
Bare boat charter hire	-404	-1,027	-3,833
Depreciation and amortisation	-5,415	-4,075	-16,403
<b>Operating income</b>	<b>15,598</b>	<b>16,803</b>	<b>46,317</b>
Interest expense	-769	-1,546	-4,382
Other financial items net	-68	118	527
<b>Net financial items</b>	<b>-837</b>	<b>-1,428</b>	<b>-3,855</b>
<b>Net income before tax</b>	<b>14,761</b>	<b>15,375</b>	<b>42,462</b>
Taxes	-6	-11	-47
<b>Net income</b>	<b>\$ 14,755</b>	<b>\$ 15,364</b>	<b>\$ 42,415</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>\$ 14,755</b>	<b>\$ 15,364</b>	<b>\$ 42,415</b>
Earnings per share (amounts in \$)	1.68	1.75	4.84
Diluted earnings per share (amounts in \$)	1.68	1.75	4.84
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
<b>STATEMENT OF FINANCIAL POSITION</b> <i>(in \$ thousand)</i>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 Dec</b>
	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
Tangible non-current assets			
Vessels	\$ 354,787	\$ 332,165	\$ 342,174
Other non-current assets	262	212	277
Other non-current assets			
Pension funds	180	241	173
Long term receivables & other assets	288	673	384
Current assets:			
Inventory	6,634	8,556	5,817
Receivables and other current assets	48,196	24,151	25,669
Bank deposits	15,705	28,788	11,194
<b>Total assets</b>	<b>\$ 426,052</b>	<b>\$ 394,786</b>	<b>\$ 385,688</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' Equity:			
Share capital	\$ 87	\$ 87	\$ 87
Additional paid-in capital	60,984	60,984	60,984
Retained earnings	201,286	159,480	186,531
<b>Total Shareholders' equity</b>	<b>262,357</b>	<b>220,551</b>	<b>247,602</b>
Interest bearing debt, long-term	84,101	115,802	63,699
Interest bearing debt, short-term	39,118	16,181	31,767
Other short-term debt	40,476	42,252	42,620
<b>Total liabilities</b>	<b>163,695</b>	<b>174,235</b>	<b>138,086</b>
<b>Total Shareholders' equity and liabilities</b>	<b>\$ 426,052</b>	<b>\$ 394,786</b>	<b>\$ 385,688</b>

<b>STATEMENT OF CASH FLOWS</b>			
<i>(in \$ thousand)</i>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
Cash flow from operating activities	\$ -4,749	\$ 19,618	\$ 57,632
Cash flow from investing activities	-18,452	-18	-18,980
Cash flow from financing activities	27,712	-7,995	-44,641
<b>Net change in cash</b>	<b>\$ 4,511</b>	<b>\$ 11,605</b>	<b>\$ -5,989</b>
Cash at beginning of period	\$ 11,194	\$ 17,183	\$ 17,183
<b>Cash at end of period</b>	<b>\$ 15,705</b>	<b>\$ 28,788</b>	<b>\$ 11,194</b>

<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>			
<i>(in \$ thousand)</i>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>1Q</b>	<b>1Q</b>	<b>Jan-Dec</b>
	Unaudited	Unaudited	Audited
<b>Shareholders' equity at beginning of period</b>	<b>\$ 247,602</b>	<b>\$ 205,187</b>	<b>\$ 205,187</b>
- Net profit for the period	14,755	15,364	42,415
<b>Shareholders' equity at end of period</b>	<b>\$ 262,357</b>	<b>\$ 220,551</b>	<b>\$ 247,602</b>

## Notes to the Accounts

### 1 Basis for preparation

The consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim financial information for 2009 and 2008 are unaudited.

### 2 Significant accounting policies

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 2008. The consolidated condensed financial statements should be read in conjunction with the 2008 annual financial statements, which include a full description of the Group's accounting policies. With effect from 1 January 2009 new standards, amendment to standards and interpretations have become effective. The adoption of these amendments, except for presentation changes as per IAS 1, have had no impact on the reported income or net assets of the Group.

### 3 Tangible assets

31 March 2009

*(in \$ thousand)*

Book value 01.01.09	342,451
Additions	19,022
Depreciation and amortisation of dry docking for the period	-6,424
<b>Book value 31.03.09</b>	<b>355,049</b>

### 4 Interest bearing debt

31 March 2009

*(in \$ thousand)*

Interest-bearing debt	Fortis Syndicate	Siem Industries	Total
<b>Balance (including financing fees) 31.12.08</b>	<b>82,496</b>	<b>12,970</b>	<b>95,466</b>
New debt	28,000	-	28,000
Financing fees	-230	-17	-247
<b>Balance (including financing fees) 31.3.09</b>	<b>110,266</b>	<b>12,953</b>	<b>123,219</b>

Long-term portion

84,101

Current portion

39,118

## 5 Charter commitments

From 31 March 2009  
(in \$ thousand)

	2009	2010	2011-2020	Total
Long-term charters	39,063	65,482	531,720	636,265

Also download our web page [www.star-reefers.com](http://www.star-reefers.com)

Market data sourced from Orion Shipping

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