



STAR REEFERS INC (“SRI”)

REPORT FOR FIRST HALF AND 2nd QUARTER 2008

Highlights 1st Half of 2008

- Net income of USD32.2 million (USD27.9 million)
- EPS USD3.68 (USD3.18)
- EBITDA of USD42.7 million (USD37.6 million)
- Debt repayment of USD25.5 million
- *STAR Service* and *STAR Quality*, the 5th and 6th newbuildings, were delivered during Q1
- 5 year contract to charter out 2nd series of 4 newbuildings from 2009
- STAR committed to 3rd series of 4 newbuildings, delivery 2009 - 2010

Comparative Financial Statements (H1 over H1)

STAR Reefers recorded net income for the first half of 2008 of USD32.2 million (USD27.9 million for H1 2007). Earnings per share were USD 3.68 (USD3.18).

Gross freight revenues were USD144.1 million (USD122.2 million) and capacity increased 7% to 129.5 million cbft (121.0 million cbft).

Ship operating and administrative expenses were USD46.2 million (USD40.0 million).

Time charter expenses were USD26.3 million (USD19.6 million) as the capacity of vessels on time charter increased 22% and the rates increased. Bareboat charter hire was USD2.0 million (USD2.3 million).

Depreciation and amortisation was USD8.1 million (USD7.1 million) mainly due to the acquisition of S-Class vessels in Q4 2007.

Interest expense was USD2.6 million (USD3.9 million) primarily due to lower market interest rates.

Comparative Financial Statements (Q2 over Q2)

STAR Reefers recorded net income of USD16.8 million (USD12.8 million for Q2 2007). Earnings per share was USD 1.92 per share (1.46 per share)

Gross revenues were USD77.1 million (USD65.1million) and capacity increased 6% to 65.0 million cbft. (61.1 million cbft.).

Ship operating and administrative expenses were USD23.4 million (USD20.7million).

Time charter expenses were USD13.6 million (USD10.7 million) as the capacity of vessels on time charter increased 18% and the rates were up. Bareboat charter hire was USD1.0 million (USD 1.2 million).

Depreciation and amortization was USD4.1 million (USD3.6 million) mainly due to the acquisition of S-Class vessels in Q4 2007.

Interest expense was USD1.0 million (USD1.9 million), primarily due to lower market interest rates.

Balance Sheet

Shareholders' equity was USD237.4 million (31 December 2007: USD205.2 million), or USD 27.11 per share (31 December 2007: USD23.43 per share). During the first half of the year, STAR Reefers made debt repayments of USD25.5 million bringing interest-bearing debt down from USD140.4 million as of year end 2007 to USD114.9 million as of 30 June 2008. During the first half year, the cash position increased from USD17.2 million year-end 2007 to USD30.0 million due to strong operational cash flow.

In addition to the liabilities in the balance sheet, STAR Reefers has long-term charter commitments of USD 694 million (see note 3 to the accounts).

Principal Risks

The Board currently believes that the principal risks and uncertainties for the remainder of 2008 are: risks relating to the prospects of the reefer industry, such as the demand for fresh fruit, the global economy free trade, competition from container vessels, currency exchange rates, bunker prices adverse climatic changes, diseases and crop harvests. The Company is also exposed to changes in interest rates and the performance of customers, service providers and suppliers. Additionally, there is an inherent risk with the marine operation of ships and the possible negative outcome of alleged pollution-based violation of the MARPOL convention. For further analysis, please refer to the Annual Report 2007.

Auditing and Related Party Transactions

The half year financial report has not been audited or reviewed by auditors. Information on related party transactions is disclosed in the Annual Report 2007.

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 (rates 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, from March 2008, the demand and prices for bananas in Europe increased, regular cargoes of Falkland squids picked up, fruit exports from Argentina and South Africa also accelerated and demand from US poultry business gave the market a boost. The spot market rates in Q2 for larger vessels were 107 cents (Q2 2007, 87 cents).

By the end of June, fuel prices had reached a level of USD670 / MT, which is twice the level a year ago, and which represents by far the largest component of voyage expenses. This motivated owners of less efficient tonnage to scrap their vessels. During the 1st half of 2008 in

the segment for vessels above 400,000 cbft, 8 vessels representing 3.6 million cbft of capacity were scrapped, according to Orion Shipping.

Operational Issues

During the first half of 2008, the operational off-hire was 1.0% (2007: 1.7%).

During Q2, the number of vessels managed by STAR Reefers' in-house ship management subsidiary in Gdynia, Poland increased from 14 to 20 vessels.

In March, 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 co-operating fully with the authorities who are investigating the incident.

Fleet Update

All four vessels from the first series of newbuildings have joined the fleet and two vessels from the second series of newbuildings, *STAR Service* and *STAR Quality*, were delivered to the Company in January 2008 and March 2008. The two remaining vessels from the second series will be delivered during first half of 2009. During Q1 2008, STAR Reefers entered into a contract with Dole Fresh Fruit International to charter out this second series from 2009.

In April, STAR Reefers agreed with a Japanese owner to time-charter four more new reefer vessels, each with a capacity of 615,000 cbft and almost 200 FEU containers for a period of 10 years. The vessels will be STAR's third series of four vessels to be built at the Shikoku Dockyard in Japan, all of the same design and specification. The vessels will be delivered to STAR in 2009 and 2010.

STAR Reefers has exercised its option to purchase the two reefer vessels, *Cape Town Star* (1993 built) and *Durban Star* (1993 built), from their current owner. The vessels have been bareboat chartered to the Company for several years. The aggregate purchase option price for the vessels is USD 13.9 million and the delivery is in December 2008.

Outlook

In the short term, it seems likely that the traditional summer decline in freights rates will continue as Mediterranean fruit markets choose locally-sourced alternatives in preference to imported tropical fruits. However, the good poultry, fish and citrus markets seem likely to mitigate the worst effects of the drop in demand from banana charterers during this summer slow down. 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 associated with older tonnage.

It is expected that charterers will continue to seek the most efficient units available to transport their perishable produce.

24 July 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 - HALF YEAR AND 2nd QUARTER REPORT 2008

PROFIT AND LOSS STATEMENT <i>(in \$ thousand)</i>	2008		2007		2007	
	2Q		2Q		Jan-June	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gross revenue	\$ 77,086	\$ 65,102	\$ 144,069	\$ 122,170	\$ 257,033	
Voyage expenses and other operating revenue	-17,260	-15,217	-26,801	-22,643	-62,192	
Net revenue	59,826	49,885	117,268	99,527	194,841	
Net operating revenues	59,826	49,885	117,268	99,527	194,841	
Ship operating and admin. expenses	-23,384	-20,745	-46,232	-39,980	-80,544	
Time charter hire	-13,612	-10,690	-26,301	-19,607	-43,139	
Op. income bef. depr. and bare-boat hire	22,830	18,451	44,735	39,941	71,158	
Bare boat charter hire	-983	-1,183	-2,010	-2,302	-4,609	
Depreciation and amortisation	-4,073	-3,557	-8,148	-7,078	-14,910	
Operating income	17,774	13,711	34,577	30,561	51,639	
Interest expense	-1,007	-1,874	-2,553	-3,920	-7,309	
Other financial items net	106	980	224	1,223	1,872	
Net financial items	-901	-894	-2,329	-2,697	-5,437	
Income bef. taxes and minority interest	16,873	12,817	32,248	27,864	46,202	
Taxes	-37	-3	-48	-5	-9	
Net income	\$ 16,836	\$ 12,814	\$ 32,200	\$ 27,859	\$ 46,193	
Earnings per share (amounts in \$)	1.92	1.46	3.68	3.18	5.28	
Diluted earnings per share (amounts in \$)	1.92	1.46	3.68	3.18	5.28	
Wtd. avg. common shares outstanding	8,756,819	8,756,819	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	8,756,819	8,756,819	
Issued and outstanding shares	8,756,819	8,756,819	8,756,819	8,756,819	8,756,819	
BALANCE SHEET <i>(in \$ thousand)</i>			2008	2007	2007	
			30 June	30 June	31 Dec	
			Unaudited	Unaudited	Audited	
ASSETS						
Tangible fixed assets						
Vessels			\$ 327,856	\$ 281,828	\$ 336,872	
Other fixed assets			212	185	219	
Other long-term assets						
Pension funds			240	190	227	
Long term receivables & other assets			577	961	769	
Current assets:						
Inventory			11,981	7,399	7,813	
Receivables and other current assets			23,605	16,343	22,002	
Bank deposits			29,956	33,297	17,183	
Total assets			\$ 394,427	\$ 340,203	\$ 385,085	
EQUITY AND LIABILITIES						
Equity:						
Share capital			\$ 87	\$ 87	\$ 87	
Additional paid-in capital			60,984	60,984	60,984	
Retained earnings			176,316	125,782	144,116	
Total equity			237,387	186,853	205,187	
Interestbearing debt, long-term			91,971	95,040	118,263	
Interestbearing debt, short-term			22,551	20,559	21,681	
Other short-term debt			42,518	37,750	39,954	
Total liabilities			157,040	153,350	179,898	
Total equity and liabilities			\$ 394,427	\$ 340,203	\$ 385,085	

CASH FLOW STATEMENT <i>(in \$ thousand)</i>	2008	2007	2008	2007	2007
	2Q	2Q	Jan-June	Jan-June	Jan-Dec
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flow from operating activities	18,687	22,419	38,305	41,934	61,310
Cash flow from investing activities	-25	-19	-43	-23	-59,788
Cash flow from financing activities	-17,494	-19,841	-25,489	-19,861	4,414
Net change in cash	\$ 1,168	\$ 2,559	\$ 12,773	\$ 22,050	\$ 5,936
Cash at beginning of period	28,788	30,738	17,183	11,247	11,247
Cash at end of period	29,956	33,297	29,956	33,297	17,183

CHANGE IN EQUITY <i>(in \$ thousand)</i>	2008	2007	2007
	Jan-June	Jan-June	Jan-Dec
	Unaudited	Unaudited	Audited
Equity at beginning of period	205,187	158,994	158,994
- Net profit for the period	32,200	27,859	46,193
Equity at end of period	\$ 237,387	\$ 186,853	\$ 205,187

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 2008 and 2007 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 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.

3 Charter commitments

(30 June 2008)

(in \$ thousand)

	H2 2008	2009	2010	2011	2012-2020	Total
Long-term time charter	26,386	55,761	72,087	67,769	458,625	680,628
Bare-boat charter	2,289	1,798	1,817	1,832	5,411	13,147
Total	\$ 28,675	\$ 57,559	\$ 73,904	\$ 69,601	\$ 464,036	\$ 693,775

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2008 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the STAR Reefers’ assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

24 July 2008

Ole Martin Siem (Chairman)

Kristian Siem (Board member)

Michael Delouche (Board Member)

Per Chr. Haukenes (Board member)

Horst Schomburg (Board Member)

Simon Stevens (CEO)

For further information, please contact:
Simon Stevens, CEO +44 207 747 0500
Terje Aschim, CFO + 47 23 22 05 00

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