



STAR REEFERS INC (“SRI”)

REPORT FOR THE THIRD QUARTER 2006

- **Net income of USD 5.8 million (USD 4.2 million)**
- **Diluted EPS USD 0.66 (USD 0.48)**
- **Average freight rates of 68 cents/cbft/30days (“cents”) up 16% on last year’s 59 cents**
- **Repayment of USD 12.4 million of debt**

Financial Results Q3 2006

STAR Reefers recorded net income of USD 5.8 million (USD 4.2 million). Diluted earnings per share was USD 0.66 per share (USD 0.48 per share). The net income in Q3 2005 included a gain on sale of a subsidiary of USD 1.7 million.

Gross freight revenues were USD 57.4 million (USD 57.1 million) and capacity increased 3% to 57.7 million cbft (55.8 million cbft). Average freight rates were up 16% to 68 cents (59 cents).

Ship operating expenses were USD 15.9 million (USD 11.1 million). The number of vessels owned or bareboat chartered increased from 23 to 30 during Q3 2005 and includes the purchase of vessels previously on time charter. Ship operating expenses per day increased USD 1,000/day to USD 5,700/day, reflecting both STAR Reefers’ policy of upgrading its fleet to provide a high quality service for its customers and the general increase in operating expenses in the shipping industry.

Time charter expenses were USD 7.2 million (USD 11.0 million) and the net decrease reflects the purchase of 6 vessels previously on time charter, slightly offset by the delivery of “*STAR First*”. Bareboat charter hire was USD 2.9 million (USD 2.3 million) as the number of ships on bareboat charter increased from 6 to 7.

Administrative expenses were USD 2.1 million (USD 2.0 million).

Depreciation and amortization increased to USD 3.4 million (USD 2.3 million) as the number of owned vessels increased.

Interest expense was USD 2.1 million (USD 1.2 million), primarily due to the financing of acquired vessels and higher interest rates.

Balance Sheet

Shareholders' equity was USD 149.9 million (31 December 2005: USD 120.3 million) or USD 17.21 per share (31 December 2005: USD 13.86 per share). In July, STAR Reefers made a scheduled debt repayment of USD 12.4 million, bringing interest bearing debt down to USD 130.9 million and the equity ratio up to 49% as of end Q3 2006.

In August, 2,500 shares were issued under the Company's Employee Stock Option Programme. The total issued and outstanding number of shares as of September 30, 2006 was 8,714,319 shares.

Market

The average spot market rate in Q3 2006 was 43 cents which represents an encouraging 30% increase in comparison to the same period in 2005. The improvement is largely attributable to the activity in the banana sector, where the Mediterranean and Black Sea markets were the driving forces and where the banana majors have been trying to win market share. The demand for citrus fruit was strong in both Russia and Japan, though grapefruit into Japan suffered from supply constraints.

Operational Issues

In Q3 unplanned operational off-hire was 0.7% as compared with 0.1% last year, which primarily was caused by main engine and turbocharger problems on two vessels.

Subsequent Events

STAR Reefers has agreed, in principle, to enter into a contract to charter out the 4 newbuildings, which are being delivered on time charter to STAR in 2006 and 2007. The contract is for 5 years, with adjustable rates for the last two years.

Outlook

The modest improvement in the spot-market over Q3 2005 has come at a time when period time charter renewals are being considered. We remain confident that the relative shortage of modern, fuel efficient, high quality specialist reefers will allow this segment of the market to remain healthy into the foreseeable future.

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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, some of which will be beyond the control of the Company.

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

PROFIT AND LOSS STATEMENT <i>(in \$ thousand)</i>	2006 3Q	2005 3Q	2006 Jan-Sept	2005 Jan-Sept	2005 Jan-Dec
Gross revenue	\$ 57.365	\$ 57.072	\$ 165.626	\$ 167.961	\$ 222.107
Voyage expenses	-18.144	-24.464	-36.323	-48.905	-68.213
Net revenue	39.221	32.608	129.303	119.056	153.894
Other operating revenue	-2	-43	-392	171	113
Net operating revenues	39.219	32.565	128.911	119.227	154.007
Ship operating expenses	-15.900	-11.136	-46.911	-31.645	-44.988
Time charter hire	-7.217	-11.002	-21.479	-38.939	-46.197
Administrative expenses	-2.107	-1.946	-6.772	-6.861	-9.295
Op. income bef. depr. and bare-boat hire	13.995	8.481	53.749	41.782	53.527
Bare boat charter hire	-2.854	-2.343	-8.422	-6.952	-9.721
Depreciation and amortisation	-3.377	-2.312	-10.123	-5.831	-9.021
Gain (loss) on sale of vessels/subsidiary	-	1.729	-	1.729	2.045
Operating income	7.764	5.555	35.204	30.728	36.830
Interest income	325	270	700	543	671
Interest expense	-2.081	-1.201	-6.388	-2.779	-4.942
Other financial items	-82	-103	21	-210	-272
Foreign currency exchange gain (loss)	-95	-322	-125	-407	-810
Net financial items	-1.933	-1.356	-5.792	-2.853	-5.353
Income bef. taxes and minority interest	5.831	4.199	29.412	27.875	31.477
Taxes	-77	-	-225	-	-235
Net income	\$ 5.754	\$ 4.199	\$ 29.187	\$ 27.875	\$ 31.242

Earnings per share (amounts in \$)	0,66	0,48	3,35	3,23	3,62
Diluted earnings per share (amounts in \$)	0,66	0,48	3,34	3,20	3,59
Wtd. avg. common shares outstanding	8.713.422	8.675.096	8.705.227	8.627.085	8.639.892
Wtd. avg. common shares outstanding + assumed conv.	8.730.727	8.719.763	8.727.837	8.698.021	8.703.071
Issued and outstanding shares	8.714.319	8.676.319	8.714.319	8.676.319	8.678.819

BALANCE SHEET <i>(in \$ thousand)</i>	2006 30 Sept	2005 30 Sept	2005 31 Dec.
ASSETS			
Tangible fixed assets			
Vessels	\$ 263.463	\$ 275.155	\$ 273.466
Other fixed assets	203	122	138
Other long-term assets			
Pension funds	208	250	229
Long term receivables & other assets	1.451	3.049	2.649
Current assets:			
Inventory	6.383	8.200	6.085
Receivables and other current assets	15.018	30.301	11.357
Bank deposits	19.931	18.766	17.632
Total assets	\$ 306.657	\$ 335.843	\$ 311.556
EQUITY AND LIABILITIES			
Equity:			
Share capital	\$ 87	\$ 87	\$ 87
Additional paid-in capital	60.349	59.793	59.848
Sharebased compensation	64	123	129
Retained earnings	89.444	56.890	60.257
Total equity	149.944	116.893	120.321
Interestbearing debt, long-term	105.549	147.437	134.860
Interestbearing debt, short-term	24.816	46.190	31.906
Other short-term debt	26.348	25.323	24.469
Total liabilities	156.713	218.950	191.235
Total equity and liabilities	\$ 306.657	\$ 335.843	\$ 311.556

CASH FLOW STATEMENT <i>(in \$ thousand)</i>	2006 3Q	2005 3Q	2006 Jan-Sept	2005 Jan-Sept	2005 Jan-Dec
Cash flow from operating activities	2.768	6.757	38.478	32.321	39.226
Cash flow from investing activities	-7	-130.316	-120	-130.681	-112.203
Cash flow from financing activities	-12.374	115.549	-36.059	95.596	69.079
Net change in cash	\$ -9.613	\$ -8.010	\$ 2.299	\$ -2.764	\$ -3.898
Cash at beginning of period	29.544	26.776	17.632	21.530	21.530
Cash at end of period	19.931	18.766	19.931	18.766	17.632

CHANGE IN EQUITY <i>(in \$ thousand)</i>	2006 Jan-Sept	2005 Jan-Sept	2005 Jan-Dec
Equity at beginning of period	120.321	87.492	87.492
- Share issue	442	1.440	1.512
- Share based compensation	-6	86	75
- Net profit for the period	29.187	27.875	31.242
Equity at end of period	\$ 149.944	\$ 116.893	\$ 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.