

Happy Christmas, God Jul, Pozdravliayu z rozdyestvom, Happy Ziemassvētki, Wesolych Swiat Bozego Narodzenia, Щасливого Різдва, Maligayang Pasko,

Message from CEO Simon Stevens

As 2010 draws to a close, I must report that STAR Reefers has had another difficult year. The market conditions have been tough. Some of our competitors have suffered much more than us – but this is only a limited consolation. Shipping depends on trading volumes and trading volumes depend on customers feeling confident. Throughout this current credit squeeze, customers have felt and are still feeling nervous. Two examples of this are in the Ukraine and in the European Union (EU). In the former, banana imports are down around 50% and in the EU the reduction is around 7.5% since 2008. The impact in the EU may not look too severe at 7.5% but consider that this equates to almost a 370,000 tonne reduction of bananas not being delivered or about 70 shipments not being needed. The market has been tough.

The difficult year required some courageous decisions from all of us. Management was quick to realise that the weak high season could lead on to a poor summer and autumn. Hard decisions were taken. Seven vessels were laid up. Our Technical Managers were urged to be strict on costs whilst maintaining

the STAR Reefers reputation for quality and continuing to focus on Safety and Environmental issues. The Chartering team was asked to stay especially close to our customers and to win steady period business. The Finance team provided more input than ever before on how costs could be saved and efficiency improved. The Purchasing team worked closely with our suppliers to ensure we received quality products at more heavily discounted prices. The Operations team worked hard with the Technical teams to avoid slip ups or claims. But as usual special recognition goes to our Seafarers. The Officers and Crew have worked outstandingly to ensure that each of our vessels carried out the tasks asked of it to a high standard. It is clear to the Senior Management Group that everyone has put his or her shoulder to the wheel to ensure we survive this recession and are ready for the recovery when it comes.

Shipping has always been a cyclical business and we are now in a deep trough but it is worth reflecting on how quickly our market changes. Only two years ago traders were confident, supply of fruit was plentiful and there was no credit squeeze.

Now it is very different. Some observers say that the market has reached its nadir. None of us know if that forecast will be correct but what we do know is that the spirit in the STAR Reefers team is strong and is well prepared both for more tough times if this happens and for a rapid recovery when it comes.

On behalf of the Chairman, the Board of Directors and the Senior Management Group I would like to thank each of you for what you are doing for STAR Reefers whether at sea or on shore and wish everyone a Happy Christmas and a peaceful New Year. I would also like to offer my particular thanks and very best wishes to those of you at sea who unfortunately will not be able to celebrate this festive period with your families and to those who have lost your loved ones during the course of 2010.

*Best wishes
to you all,
Simon CG Stevens
CEO*



Commercial News

STAR Reefers has published its Q3 results, which reflects the poor performance of the reefer market. The figures show a net loss of US\$ 3.7 million (Q3 2009 net loss US\$ 1.2 million) These results also reflect the wrongful termination of 3 long-term charters

as previously reported. This is being actively pursued through the high courts. Gross revenues fell from US\$ 66.3 million in 2009 to US\$ 52 million. As we have stated before the reefer market is linked to the world economy and with less purchasing

power currently available, the consumer is being more cautious in the procurement of produce carried in refrigerated ships and we anticipate that it is likely that we will have to operate within this tough economic climate for sometime to come.

Market News

The banana exit price in Ecuador has remained frustratingly high during the last two months, although there was a slight fall towards the end of the month which we hoped would lead to a gradual improvement in the Mediterranean market and therefore more shipments. It would seem that at least this is having a positive effect on sales prices as supply becomes less and in a matter of three weeks retail prices in Russia recovered from US\$ 9.50 to US\$14 per carton while the EU market finally appears to have bottomed out at around EU 12.50 per carton for major brands. Unfortunately the Mediterranean

markets remain generally weak and with traders unable to sell at much more than US\$ 9.50 per carton for most of October and November, it was inevitable that the high exit price would lead to less banana shipments than usual.

There was a little more comfort as poultry shipments from USA to Russia and West Africa started to take place on a more regular basis but not enough to reduce the consistently large open list of ships waiting off Cristobal. This trade is being restricted in growth by lower quota levels than hoped for and political shenanigans.

We were at least reassured by increased Moroccan citrus activity with vessels fixed to Russia and/or the USEC and it was reported that the 56,000 m tonne potato trade from the Netherlands to North African has been concluded at rates in excess of last year. There has also been significantly less 12 month time charters concluded for 2011 with speculative traders reluctant to gamble, preferring to rely on the spot market and it is also apparent that the banana majors are starting to reduce their imports into North Europe for 2011 as a means of assisting retail price improvements.

News from STAR Reefers Poland

“Managing Marine Emergencies”

Alexsander Bieniek, Deputy Fleet Manager at STAR Reefers Poland recently attended a prestigious Smit Salvage Course in Rotterdam and he reports on what happened:

“Whenever a marine emergency occurs, the ‘first response’ is vital for safety of the crew, environment and property. This is an on-board response, as well as Emergency Team response in the Managers’ office. As the DPA (designated person ashore), I have been part of several such cases, including Fire On Board, Man Overboard or sick cases requiring immediate evacuation.

In October I attended a 4 day course ‘Managing Marine Emergencies’ held in Rotterdam and led by SMIT Salvage. The course was a great opportunity given to me by STAR Reefers to learn from top specialists who have been involved in most of the biggest salvage operations in the world, like the raising of the submarine Kursk or the ultimate refloating following structural failure of MSC Napoli.

The list of participants of the course spread out from P&I lawyers, Coast Guard Officers, through Superintendents, Fleet Managers,



Container ship in severe distress

Marine Administration, to Classification Society Emergency Response. All four days were very busy; we were taken from our hotel to SMIT Office every morning at 8.30 and getting back to the hotel around 22.00. We learned, inter alia, about salvage contracts, response skills, emergency response systems (for example UK SOSREP). Half of the day was spent in the Rotterdam Transport College, Simulator Centre, where we were planning a salvage operation to a loaded VLCC.

The last day was the ‘Media Response’ day. After the introduction, we went through the scenario of fire on board a container vessel, with casualties. I was part of the Managers Emergency Team, where apart from the standard duties related directly to the emergency, we had to prepare short press statements. At the end, three of us, including myself, arranged a press conference and had to survive a sharp unfair journalistic environment, but I think it went well!

In summarising the course I can say it was most useful, however, I hope not to be forced to use the knowledge I gained in real life”.



Attendees in Rotterdam

STAR Reefers cargo conference

A most informative Cargo Care Conference was held at the Gdynia Hotel in November. Masters and Chief Officers from both STAR Reefers Poland and Norbulk attended along with shore staff from our offices.

Guest speaker was Dr Alan Legge a leading agronomist who entertained all with his wide knowledge on fruit both pre and post harvesting, especially at critical times during the year. Further presentations followed on cargo claims, case histories and 360 Quality.

Feed back from the floor indicated that a ‘cargo care pack’ including calipers, penetrometer and standardized flesh probes would greatly assist ships officers in determining the condition of fruits.



Dr. Alan Legge testing the condition of a banana

Talking of Cargo Care.....

STAR Reefers has faced several claims recently which relate to the condition and maintenance of weather deck hatch covers. With preventative maintenance in mind we have produced the latest Shipping Guidance notes to show what needs to be checked and reacted to if it is clear that water ingress has occurred or maintenance is needed.

Circular No.10 Issue 27 October 2010

SHIPPING AND GUIDANCE NOTES

From: Operations/Technical and Risk Management
To: Masters Officers and Crew
Subject: Maintenance of Weather Deck Hatch Covers

Maintenance of Weather Deck Hatch Covers

STAR has faced several claims recently which relate to the condition and maintenance of weather deck hatch covers
Please see below extract from 360 Quality code

6.2.1 Ingress of water

B1 Is the permanent compression of the sealing rubbers of weather deck hatches less than 30% when the hatch cover is opened?

Gasket material in the periphery of the covers and cross joints need to be checked for deformation due to excessive compression, ageing and damage. Signs, which show that the gasket material has suffered a permanent compression set by more than 30% of the depth, may require renewal.

B2 Are sealing rubbers of weather deck hatches flexible?

Signs, which show that the gasket material has lost its elasticity, may require renewal. Any specially moulded rubber sections should be checked to ensure that they are in position and have not worn out or been permanently set.

B3 Are joints of sealing rubbers of weather deck hatches without gaps?

B4 Are compression bars without deformation

Steel to steel contact between hatch cover side plate and the coaming is essential for exact compression set of the gasket. Over compression of the gasket can lead to a permanent set. Deformation of compression bars (including the cross joints) needs to be checked as this may be cause for leakage.

Profile

Capt Celorico *Master of Star Prima*

Capt Celorico is the Master on board m/v Star Prima and is sailing his ship every month from Central America to Europe under Fyffes charter.

"I was born near the peak of a mountain and because my father was only a small farmer we lived in a small bamboo house in the province of Antique, Philippines. I wanted to become a Policeman but because I had insufficient money to pay for my tuition fees I had to shift to another course and look for a job where I could study or go to school during the night time. I also worked as a stevedore, forklift operator, salesman, a bus and taxi driver and lately a company and personal driver which gave me a chance to study in college and to take BSMT course while working during the day time

It took me a year before I was able to come onboard a vessel as a deck cadet on an inter-island passenger vessel. After 15 months onboard, our shipping company sent me to a log/general cargo vessel trading on Far East routes. After 18 months onboard I spent my vacation looking for another company and I was very lucky that I was accepted to work on a container vessel owned by CSM "Colombia Ship Management" Germany as an Ordinary Seaman. However after 3 months I was promoted to A/B and on the next 2 vessels I was again promoted to Bosun.



After I finished my contract I spent my vacation taking my Third Mate's examination which I passed but it took a number of years before I used my license. Then to get to the next higher rank I was given a chance to become a second officer on your good vessels M/V Solent Star and Southampton Star.

After disembarking from the Solent Star I took more examinations for C/M and the company gave me a chance to become a Chief Mate on M/V Star Prima during 2007-2008 and then Chief Mate at Cote D'Ivoire Star and M/V Star First. Finally I took my Master license this year and have been assigned here now as a Captain of M/V Star Prima. I offer my thanks to Almighty God as he must listen to all my prayers regarding my future career and I must also thank my family and of course to STAR Reefers who welcomed me again on their vessels.

Being a seafarer, it is very hard to think of

other issues because almost all of your time and effort is spent at sea and you only get to spend a few days or months together with your family, but the career means we must make sacrifices and have lots of patience and be dedicated. My wife, Florenita is a public school teacher and we have 3 children, a 14 year old son Renson Bryan and his 9 year old brother Rennel Vanford and our daughter Celver Rica who is 12 years old.

I always enjoy my life onboard even though there are often problems encountered at sea and in port where we face different kind of people. Being a Master I also perform deck works to make my vessel look good, clean, presentable and safe as you can see in attached photo. I send my best wishes to the other sailors and the people of STAR Reefers".



Captain Celorico and his wife Florenita

Christmas Conference

This year the offices from London and Poland came together for our traditional Conference which this time was held at the beautiful Hotel Dwor Oliwski (see picture) just outside Gdansk. On the Friday afternoon, CEO Simon Stevens presented a review of 2010 and prospects for 2011 which was followed by Kristian Siem outlining other areas of Group activity, particularly the need to focus on safety issues. After that we divided into three groups and focused on what can be done concerning safety at work and the need to have environmental responsibility. Hopefully some useful ideas will have come from these sessions.

Later in the evening we enjoyed a magnificent dinner followed by what has now become a tradition of ruining some of the world's greatest songwriting compositions in the form of Karoke. For some the next day was spent touring the beautiful city of Gdansk or walking in the hills near the hotel and we are very grateful to our colleagues in Poland for organizing such an excellent weekend.



Above: *Kristian Siem talking to Olek and Sylwia Bieniek*
Right: *Back row: Joanna Dziegielewska, Emilia Leszewicz, Hanna Hennig*
Front row: Bartosz Zysk (lucky man), Magdalena Wolska, Monika Rajska



Hotel Dwor Oliwski

Crew List Owned Vessels

Ship's Name	Master	C/O	C/E
Afric Star	Bogumil Zurawik (Polish)	Piotr Pawlusinski (Polish)	Marek Mila (Polish)
Almeda Star	Oleksandr Petrov (Russian)	Jan Sapkowski (Polish)	Sergey Mishchenkov (Ukrainian)
Andalucia Star	Nikolay Zhuravlev (Russian)	Jerzy Kowalczyk (Polish)	Sergey Makarov (Russian)
Argentina Star	Vladimir Kulinich (Russian)	Viktor Petrov (Russian)	Gennadiy Lyutenko (Ukrainian)
Avelona Star	Andrejs Gromovs (Lathvian)	Rostyslav Pikulyk (Ukrainian)	Nikolay Artsybashev (Russian)
Avila Star	Artur Brozek (Polish)	Valery Dorozhkin (Russian)	Henryk Utnik (Polish)
Brasil Star	Vasiliy Kulyukin (Russian)	Evgeny Shlykov (Russian)	Gennady Vorotnyy (Russian)
Cape Town Star	Andrzej Biniek (Polish)	Marek Gajda (Polish)	Andrzej Markowski (Polish)
Caribbean Star	Dmitrijs Angermans (Latvian)	Konstantin Polyakov (Ukrainian)	Valeriy Mayorov (Russian)
Chile Star	Grzegorz Ruman (Polish)	Alexander Varzugin (Russian)	Ilya Leychu (Russian)
Colombian Star	Eduard Chikulaev (Russian)	Valeriy Prudnikov (Ukrainian)	Alexander Butkevich (Russian)
Cote D' Ivoirian Star	Alexander Kovayor (Russian)	Anton Voropay (Russian)	Sergey Bogdanov (Russian)
Costa Rican Star	Valeriy Vetrugonov (Ukrainian)	Nikolajs Scerbina (Latvian)	Andriy Frul (Ukrainian)
Dunedin Star	Valeriy Lukin (Russian)	Dmitry Bogachenko (Russian)	Aleksander Mihhol (Estonian)
Durban Star	Roman Blaszyński (Polish)	Leonid Grechishchev (Russian)	Arkadiusz Obst (Polish)
Ecuador Star	Igor Budantsev (Ukrainian)	Mirosław Suszczynski (Polish)	Jan Kuriata (Polish)
Honduras Star	Waldemar Gozdziwicz (Polish)	Serhiy Pechonkin (Ukrainian)	Evgeny Derkach (Russian)
Napier Star	Vasil Sarmanov (Russian)	Vjaceslavs Severs (Lathvian)	Vasily Chernozipunnikov (Russian)
Nelson Star	Andriy Melkov (Ukrainian)	Konstantin Osokin (Russian)	Nikolay Gurguldayev (Russian)
Regal Star	Slawiusz Zygmuntowicz (Polish)	Andrey Bagayskov (Russian)	Andrey Toshchakov (Russian)
Solent Star	Oleksandr Tsybalyuk (Ukrainian),	Vasily Kochevanov (Russian)	Jurijs Morevs (Russian)
Southampton Star	Igor Sorokin (Latvian),	Andrey Panibrat (Russian)	Igor Chernyshov (Russian)
Timaru Star	Mikhail Kudryashov (Russian)	Alexander Bumbul (Russian)	Pavels Maksimcuks (Lathvian)
Uruguay Star	Mirosław Dyrka (Polish)	Vadim Chebotarev (Russian)	Alexander Yerikhonov (Russian)
Viking Star	Aleksandrs Olsanskis (Latvian)	Aleksejs Dovbna (Latvian)	Alexey Starkov (Russian)
Auckland Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up
Canterbury Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up
English Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up
Scottish Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up
Tauranga Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up
Wellington Star	Vessel Laid Up	Vessel Laid Up	Vessel Laid Up

Happy birthday to the following



London birthdays

John Southon 7 November
Simon Jeffery 14 November
Robert Bate 15 November
John Phillips 30 November

Poland birthdays

Adam Wolniak 4 October
Adam Studzinski 3 November
Joanna Dziegielewska 7 November
Katarzyna Swierk 13 November
Hanna Sielska-Wilma 16 November
Andrzej Makara 29 November

Crew birthdays

Aleksejs Dovbna 2 October
Artur Brozek 5 October
Jerzy Kowalczyk 10 November
Andrey Panibrat 11 October
Henryk Utnik 12 October
Alexey Starkov 1 November
Roman Blaszyński 3 November
Aleksander Mihhol 7 November
Valeriy Prudnikov 13 November
Jan Sapkowski 19 November
Leonid Grechishchev 24 November
Slawiusz Zygmuntowicz 24 November

And finally...

“Pictures of Lily”

STAR Reefers is proud of being a market leader and an innovator. Readers will be interested to learn that we have finally designed a ship that can travel over land as well as sea. Here are a couple of pictures to illustrate the point.



Star Service safely moored on land



Lilies dominate the scene

Actually we are a few years away from perfecting this design but the pictures show the Star Service in Abidjan where substantial marine growth alongside the jetty has created this illusion. The ship was perfectly safe.