



EDITORIAL

It is fair to say that there are no dull moments with STAR Reefers.

Market dynamics hit us every day, thereby making plans completed five minutes before obsolete the moment that we intend to put them into action! The ability to be flexible and therefore “changeable” is required from each of us all the time, we dare not lose our focus or concentration. During this last period we have concentrated on our fleet quality, marine operations and business development, it is therefore very rewarding to observe that we have ended this quarter with the highest contract coverage and yields ever recorded for STAR. Our technical and marine performance targets were exceeded thanks to a younger fleet and the relentless efforts by all associated with STAR to improve our overall vessel performance. We have also moved offices and merged the commercial and technical operations into one office in London. Simultaneously, we have raised new equity in the international capital markets which will go a long way to enhancing our further and continued growth.

In January this year we changed into a more trade based organization. Indeed we have already seen improvements in our coordination, presence and knowledge in local markets and an increase in our flexibility in servicing the changing needs of our end users and charterers. Responsibilities have been allocated and we give ourselves a platform from which we can meet the ever changing markets and dynamics that face us every day.

We also inaugurated a new Argentina to the Baltic Service and have continued our New Zealand to Northern Europe Service for the forthcoming season. We have also commenced a program of sharing our on deck capacity with leading container operators between various ports in the Southern and Northern hemispheres.

The quest continues on quality, cost and fleet efficiency. This will always be a high priority item in STAR and even with setbacks we will stay focused and continue to search for ways making our fleet the winner. In this context only results will do, not words. We need to highlight navigational and operational safety and stay loyal to our onboard Planned Maintenance Systems

Let us never stop searching for excellence. To the latter we excelled when we through our ship managers IUM, DFM and Fleet completed the ISPS on our ships way before the July 1st deadline.

Again, we thank all of the STAR team for their contribution; where there is ambition our targets will be reached.

Personal Regards
Aage Thoen
CEO

THE REEFER MARKET

by Kevin Harding

As we look back on 2003, we reflect on one of the best years in the conventional reefer market since the mid-1990s. However, since that time, rates had continued to drift down, so 2003 was more of a “rate restoration” than of a “rate increase”.

All 2004 contracts negotiated during the latter months of 2003 saw welcome increases – at least from an Owner’s perspective. However, it is interesting to note that the majority of our shippers see this in a similar way – for the conventional reefer industry to continue, rate increases are vital and, therefore, healthy for long-term stability and eventual reinvestment in tonnage.

2004 has been a roller coaster “spot” market – January was up by 7 – 10%, February was down whilst March was up 10 – 15%. At the beginning of the year we saw a build up of tonnage at the Canal resulting in Owners positioning vessels to South America in anticipation of good Argentinian crop volumes. However, this led to a surplus of tonnage in that area and an inevitable fall in rates.

The reasons were many. Certainly, the mild winter in the Baltic meant vessels were not delayed and more – promptly back in loading positions. In addition, banana production in Central America was low and southern hemisphere fruit production also got off to a slow start. However that soon changed – Chile is looking at volume increases in excess of 10% this season – and rates in March eventually peaked at 135 cents (some may say more).

With Easter just past we will see the traditional down-turn in the market. However, off season contracts have already started being negotiated and increases (restoration!) of around 15% so far are “the norm”. We look forward to the balance of the year with eager anticipation.

AROUND THE CARGO

by Doug Spooner

“Regent Star” - live cars to West Africa

The Regent Star is regularly trading between Antwerp and Abidjan under a contract of affreightment with OCAB - mainly carrying bananas and pineapples from the Ivory Coast to Northern Europe.

Typically though for the return leg from Europe, we operate a joint venture with OCAB to ship “live” second hand cars.



On completion of discharge at Antwerp the vessel shifts across to the used car compound and in the space of eight hours loads approx 600 vehicles. These vehicles are loaded into all holds and additionally stowed on deck- or wherever they can fit them!

It is worth noting that these cars are often shipped by astute traders who use these cars as containers, loading up the vehicles with personal effects etc and welding up doors and boots!

Once discharged (usually in Cotonou), the contents are stripped out and in most cases the vehicles are sold behind the sheds to the highest bidder- an ingenious method of container repositioning!

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“The only person who likes change is a wet baby”
Roy ZM Blitzer

THE IMPORTANCE OF CREW CONFERENCES

by Captain Finn Haraldsen

Go back fifteen years in time and visit a Shipowner and one would have found departments covering the requirements for all day to day “ship” operations such as crewing, technical, procurement, and so on.

Now come back to the present day and one may typically find that the Shipowner has changed and are now to a greater degree relying on the services provided by third party Technical Managers, indeed the change is dramatic.

We believe that the “Human” aspect provided by any third party Technical Manager is the most important service of any that can be provided to a modern day Shipowner.

Relationships with crew are not made overnight, it is up to us as Owners to enhance and develop the relationships that we have with our crews, therefore as often as we can we meet the officers and crews during regular/routine ship visits onboard but we strongly believe in participating at crew and officer conferences. For me personally the attendance at crew conferences gives an enormous amount of pleasure and satisfaction, in the past year I have had the opportunity to attend conferences in Bombay, Gdansk and Riga.

It is clear that in spite of all of those attending the conferences coming from very different backgrounds that all of the attendees have the same motive, which is to continue to develop both personally and professionally and to continue to be a part of the STAR team.

See you at the next conference...



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PRELIMINARY RESULTS

2003

by Terje Aschim

For the year 2003 STAR reports a net profit of USD 5.2 million or USD 0.68 per share against restated USD 5.3 million or USD 0.69 per share for 2002. The profit for 2003 includes gain on sale of vessels and subsidiaries of USD 6.1 million (2002: USD 1.7 million) and a one time write-off of capitalized financing fees of USD 0.8 million (2002: USD 0 million) relating to refinancing of the Group's loan facilities.

Average fleet freight rates for 2003 came to 45 cents/cbft.; 53 cents/cbft during the high season and 38 cents/cbft during the low season.

During 2003 STAR sold seven older ships at a total sales price of USD 32.6 million and acquired two modern ships at a total purchase price of USD 39.8 million as part of the Company's strategy to renew and upgrade the fleet. The average age of the STAR fleet is reduced from 14 years to 12 years.

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“An idea that isn't risky is hardly worth calling an idea”

Oscar Wilde

ARGENTINA

by Jonathan Salomon

Star Reefers have inaugurated a service this year from April-September from Argentina to Poland and Russia loading mainly deciduous and citrus fruit

We have based this service on a strong client base and an established network of contacts and general expansion worldwide

We have established exclusive agents in Argentina - Independent Shipping Agency who are a young, aggressive and dynamic company and our representative in Argentina is Iceberg Shipping. For logistic reasons our hub port for citrus will be Rosario which is well placed to serve the shippers needs.

It is Star Reefers policy to continually assess our customers needs and place the most suitable vessels to their requirements. We are actively investigating loading containers on the vessels and have been pioneering the frozen trade which is in its first stage of evolution from Argentina.

We are continually looking to improve on this service and are looking at the long term benefits of one of the worlds leading markets and growth areas.

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ANNOUNCEMENT

We are happy to announce that Mr Irek Kuligowski has been recruited as our new Vice President of Operations responsible for the technical operations and management of the STAR fleet. Irek has a strong academic and practical background and we welcome his experience and knowledge in guiding STAR into the future in our search for long term efficiency and the highest possible quality in our ship operations.

He leaves the position as Group Deputy General Manager of Eurasia International in Hong Kong. Prior to this position he has worked as General Manager of Vancouver Shipmanagement as well as a Technical Manager and Marine Superintendent of Bernhard Schulte Group in Hamburg.

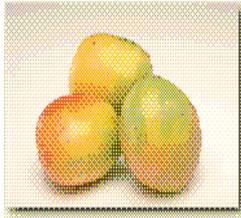
Irek holds a Canadian Chief Engineer license (Steam & motor) and B.Sc. degree in Marine Engineering. His business education includes business administration and a degree in Shipping & Marine Operations from PMTI/BCIT, Vancouver, Canada. He speaks Spanish, German, Russian, English and Polish and is a Canadian citizen.

He has advised the IMO in the preparation of new conventions on refrigerants and general matters relating to reefer shipping.

He will start working for us during the month of April and will be based in London. We look forward to seeing him on-board and trust that you will all support and fully cooperate in order to fill the gap after Mr Kjetil Bruun-Olsen. At the same time we take the opportunity to thank Mr Kjetil Bruun-Olsen for his enthusiasm, energy and support to STAR Reefers. We wish him all the best.



Mr. Irek Kuligowski



THE MANGO "KING OF FRUITS"

by Sunil Kapoor
Feet Management Ltd

The Mango is native to Asia, Eastern India, Burma and The Andaman Islands. Buddhist monks took the mango to Malaya and Eastern Asia in the 5th Century B.C.

Mangoes vary in colour depending on the variety and exposure to sunlight.

Most mangoes start off with a dark green skin colour and develop patches of gold, yellow, or red as they mature.

The skin is smooth and encloses yellow to orange flesh that is softly moist and richly flavoured.

Mangoes emit a pleasant scent of pine and peach from the stem when ripe.

Here is a helpful tip when selecting mangoes: no fragrant aroma usually means no flavour.

Mangoes may be round, oval or kidney shaped, and are about the size of a small melon or large avocado.

The most popular varieties are Tommy Atkins, Kent, Keitt, and Haden.

Mango is high in vitamin A and a good source of vitamin C.

A whole mango should be sliced in half (lengthwise, like a bagel) with a sharp fruit knife, then cut into quarters.

Hold each piece down against your plate with a fork, skin-side up, and pull the skin away. The mango can then be cut up and eaten with a spoon.

You may also be served one that has already been cut — halved, perhaps, with the stone removed but the skin intact. Eat this like an avocado, with a spoon.

IMPORTANT NOTICES TO THE FLEET

Atlantic Area
U.S. Coast Guard

U.S. Department of
Homeland Security
United States
Coast Guard



USCG to begin international port security visits

The U.S. Coast Guard issued a press release stating that it established an International Port Security Program (IPSP) to visit foreign ports and evaluate compliance with ISPS code. International Port Security Liaison Officers will be stationed around the world to share information on best practices and provide assistance with the implementation of maritime security requirements. As provided in the [ISPS Concept of Operations \(PDF\)](#), ships arriving in the U.S. from port facilities that are not in compliance with the ISPS code could be delayed while the Coast Guard reviews their security situation

USCG preparing for July 1 deadline

The U.S. Coast Guard issued a press release stating that the agency is rapidly preparing for the July 1 deadline when both the International Ship and Port Facility Security (ISPS) code and the security plan provisions of the Maritime Transportation Security Act (MTSA) come into effect. The Coast Guard plans to board every vessel on its first visit to a U.S. port on or after July 1. It will take additional security precautions or deny entry for non-compliant vessels. It will track vessels coming from non-compliant ports and may subject such vessels to delays while their security status is verified. Hold on tight - this could be a bumpy ride.

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NAVIGATIONAL SAFETY CAMPAIGN

by Capt. Aga
Fleet Management Ltd.

Navigation as defined in the Webster's dictionary is the science getting ships safely from one port to another. While it seems a relatively simple task, with the advent of modern vessels operating at great speeds with no margin for delays in comparison to the vessels of yester years, navigation has indeed become extremely hazardous and fraught with risks. To fulfill our goal in managing this risk well and achieve maximum returns both financially and ethically for all parties involved Fleet Management Ltd (FML) is running a Navigation Safety Campaign on the vessels that they manage.

The campaign itself is divided into 4 phases, with the first phase lasting 4 weeks called the Education phase focuses on dissemination of information to vessels on various topics of shipboard navigation.

Masters are encouraged to discuss the content of these flyers with all duty mates and other bridge watch keepers on board. To cross check that discussions did take place on board, a vessel was picked at random and any Officer or other member of the bridge watch keeping team was questioned from our Offices.

More campaigns on other specific areas of ship board operation are planned for assisting in achieving goals set in our zero tolerance campaign.

Primary aim to increase awareness amongst the staff was achieved to a large extent.

In the second phase, onboard checks during ship visits by Superintendents of the vessel are being carried out. To facilitate this on board questioning in a uniform manner a

questionnaire was prepared and is being used by the visiting Superintendents.

Phase 3 and 4 lasting two weeks is mainly for collating the data and preparing a feedback to all the vessels.

Following topics were covered during the education phase. Bridge Organization, Lookout procedures, Familiarization of crew, taking over and handing over of navigational watches, passage planning and appraisal, monitoring of the planned route, chart corrections, navigational equipments and radar its use and its limitations.

The vessels were encouraged to share their experiences, problems with reference to area of trading, traffic density, reliability of shore navigational aids and pilots and area specific idiosyncrasies.

Identifying and dealing with rogue vessels, use of information from an ARPA were focused upon.

Ship's crew behavior in the presence of a pilot generated a fair amount of discussion as the masters felt that they were in a difficult situation vis a vis the Charterers and the commercial operators of the vessel.

Falling quality of pilots in major shipping centers was a concern expressed and how it has become important for the on board team to not let the pilot do as he pleased was focused. That responsibility did not pass to the pilots was emphasized.

In line with suggestions received the Campaign will have reruns to train fresh minds on change of crews.

More campaigns on other specific areas of ship board operation are planned for assisting in achieving goals set in our zero tolerance campaign.

DOBSON FLEET MANAGEMENT LTD

by Nigel D. Cleave
Dobson Fleet Management

The 1st July 2004 represents the deadline for all vessels of 300 GT and upwards to carry a Ship Security Plan and hold the seventh SOLAS certificate, namely, the International Ship Security Certificate, in accordance with the *International Ship and Port Facility Security Code* (ISPS), it is therefore an ideal time to update readers on progress of same.

To date, Plans have been duly submitted to the respective Authorities, with approval expected anytime now. Pressure continues to be exerted for early approval in view of the anticipated back-log as we approach the July deadline.

All ships now have unapproved provisional Plans on board, with instructions to begin implementing same, pending final approval by the respective authorities. This will, in effect, expedite matters once Plans are finally approved, as well as provide all Officers and crew with the opportunity to become familiar with the respective on-board security procedures.

Ship Security Officer (SSO) training remains ongoing with the Chief Officer and Second Officer ranks being designated SSO's. Internal security audits are planned from April onwards and, thereafter, external verifications will be carried out by the respective authorities.

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STAFF PROFILE

"Richard Dunlop"

After having 2 years as a trainee sale and purchase shipbroker at H. Clarkson (enough to put anyone off a career in shipping), I joined the refrigerated ship owner Blue Star Line aged 20 in October 1977. That's makes me 47 and I have been with the same company in its various forms ever since.

I was first employed as a management moving on to reefer chartering once the liner service moved over to containers. I was never informed that I was "off" the management training scheme, so I guess they must have been quite happy with the managers I trained.

In my long time with Blue Star and now with Star Reefers, I have concentrated on chartering with occasional forays into ship demolition (not, I must add, whilst the ships where on any of my charters). I have also seen the reefer market at 180 cents in March and then a few years later as low as 85 cents. I am now witnessing a more gradual recovery, albeit not as spectacular as other sectors of shipping.

Reefer shipping has taken me to 4 different office locations here in London and also all over the world. I have met many interesting people, not least Dr. Rodrigo Jiminez, the very likeable and impressive president of Banacol. In 1988 he presided over our first ever Banacol contract negotiation and we achieved a successful outcome. What was slightly unusual to me was his wearing of a "Pope John Paul II USA tour" baseball cap and Hawaiian shirt throughout our talks, whereas I kept my pinstripe jacket buttoned up. Happily we are still a Banacol contract partner and Dr. Jiminez now exports his own "Sunisa" brand of bananas.



With Star Reefers, I am concentrating more on our Chilean customers who have been valued long term supporters and am becoming involved again with our banana projects, having had first hand experience of dealing with volatile traders and their demands. It explains my premature greying but otherwise necessary placid demeanour. I am a Londoner by birth and I live in Hertfordshire (to the north of London) with my wife Anne, who is the press officer to a local MP, my 2 children, cat and model train set.



STAR REEFERS MOVES INTO NEW OFFICE...

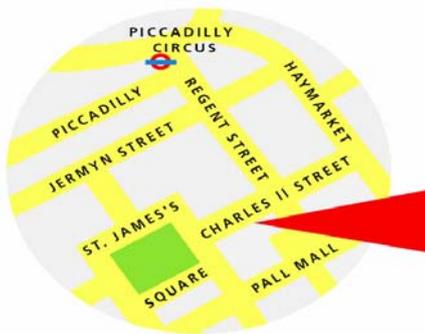
We are delighted to announce that the London office successfully relocated from its old office in St. John's Lane to Charles II Street on 2nd April.

The full contact details for the new office are;

STAR Reefers UK Limited
30 Charles II Street
London
SW1Y 4AE
UK

Telephone: 0044 20 7747 0500
Facsimile: 0044 20 7747 0505

E-mail addresses remain unaffected by the move



STAR REEFERS NEW ZEALAND LINER SERVICE

by Kevin Harding

We have just started the 3rd year of our liner service in New Zealand – carrying deciduous fruits to the UK and North Continent. The season commenced with the “Rapa” loading a full cargo in Nelson and Napier – sailing on 18th March for discharge in Bristol, UK on 12th April and Antwerp, Belgium in 14th April.

This is the first year for a direct call in Bristol. The decision was made following close liaison with our shippers and receivers, the majority of whom clearly expressed a preference for a Bristol discharge at BNFW.

During the season, we plan to berth 9 vessels in New Zealand – carrying approximately 2 million cartons of apples – with regular sailings between mid-March and end June. In addition to the under deck space, the vessels will carry containers on deck. STAR Reefers have positioned a number of containers into the New Zealand for this business – with the balance of the on-deck container space being filled under a short charter agreement with Maersk.

Agents for the trade in New Zealand are Oceanic Shipping in Auckland, whilst STAR Reefers' NZ Owners Representative – John Malyon (john.malyon@star-reefers.com) – co-ordinates the programme on a day-to-day basis.

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KEY PERFORMANCE INDICATORS

by Greg Thomas

Yet again we are seeing dramatic improvements in the number of reported incidents relating to the carriage of cargo, as we all know we work in an industry where attention to detail of the highest calibre is required, to this end we have seen the number of incidents reported in the first quarter of this year fall by over fifty percent against the same period last year, attention to detail is clearly paying off – well done and keep up the excellent work!

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“Unless we change our direction we are likely to end up where we are headed”

Old Chinese Proverb

MASTERS CAN BE SECURITY OFFICERS

The Master of a ship can be the Ship Security Officer (SSO) under the International Ship and Port Facility Security (ISPS) Code according to a recommendation of IMO's Flag State Implementation (FSI) Sub-Committee.

Yesterday's decision is a response to reports that EU officials are considering rules to stop masters being SSOs. Reports suggested that the EU might try to impose this provision on foreign-flag vessels and an IMO statement has rejected this possibility.

The IMO statement says: "It is, of course, for the national administrations to decide if they wish to impose particular restrictions on who may serve as SSOs on ships flying their flag. This should, however, not be imposed by national administrations on ships not flying their flag through port state control measures, since this is clearly the prerogative of the contracting government of the flag State concerned."

IMO Secretary-General, Mr. Efthimios E. Mitropoulos, commented: "This is another example of IMO's quick and flexible reaction to real needs demonstrating, at the same time, the Organization's willingness to serve the cause of security and the industry in a pragmatic manner, overcoming bureaucratic impediments."

The FSI Sub-Committee, meeting this week at IMO's London Headquarters, considered the issue following concerns that the ISPS Code, as drafted, would prevent the master of the ship being designated as the SSO. The ISPS Code will become mandatory in July of this year under amendments to SOLAS adopted in December 2002.

The sub-committee decided: "Based on information received from the IMO Secretariat, confirmed by the Chairman of the MSC, the Chairman of the Maritime Security Working Group (MSWG) and several delegations which had attended the relevant sessions of the MSWG, the Sub Committee confirmed that neither the drafting of the definition of the SSO nor the provisions of the ISPS Code relating to his responsibilities, training etc. were aimed at preventing the master from being designated as SSO."

It noted: "The definition of the SSO should be viewed in conjunction with SOLAS regulation XI-2/8 on "Master's discretion for ship safety and security", which makes it clear that the master has ultimate responsibility for safety and security. The phrase "accountable to the master" in the definition of SSO is intended to cover those situations, for example on large passenger ships, where the SSO is not the master, by reaffirming that the master has overall responsibility for security.

There is implicitly no intention of preventing the master from assuming the duties of SSO, as this would be inconsistent with SOLAS regulation XI-2/8.

END