

O PERATIONS

We are these days reporting continued improvements on every measure for the first 9 months of this year – but we are asking ourselves some profound questions on ship operations – as we are seeing some discouraging trends.



Despite a policy to remain proactive, long term, involved and predictable as well as the implementation of well prepared and dedicated ship-board plans, we have this year experienced unacceptable operational surprises. Is there a common denominator??

We know SRI has not put a lid on upgradings or capital expenditures, we know SRI has more than adequate systems and in certain cases we are in the forefront, we also know the heart of some of the technical onboard challenges and areas of emphasis of preventive care and control. Last but not least we know we have experienced and dedicated people in the frontline onboard. Still, we see that events take place that should not happen.

On the borderline between efficiency, navigational safety and customer pleasing there are difficult judgements to be made. Judgements to be made alone, as a team onboard or ashore. To guide us all SRI has installed operational standards and values that will never be compromised. These are not providing answers to all issues, but in doubt we should follow these and if still in doubt preferably ask one question too many than trying shortcuts that will hurt us all in the long run. Please remember that sometimes NO is the better answer than YES.

We will continue our quest for improving ourselves and calmly address the remaining issues together with everyone concerned. This requires attention to detail, involvement, cooperation and strong links between our ships and technical and operational staff ashore. Having encountered these challenges we owe it to ourselves to learn and to continue to ask ourselves; Did I do the right thing and in doubt do not hesitate to ask for support or advice.

**With best wishes for a
Merry and Peaceful Christmas.**

*Personal Regards
Aage Thoen
Chief Executive Officer*

AMVER - FOR THOSE IN PERIL

(Nigel D. Cleave, Dobson Fleet Management Ltd.)

STAR Reefers ships are, as thousand of other ships world wide, member of AMVER, the automated mutual-assistance vessel rescue system. AMVER - originally known as Atlantic Merchant Vessel Emergency Reporting system, began operating on 18 July 1958. Now a global computerized Search and Rescue (SAR) aid, its beginnings were actually a by-product of hand-calculated plotting of allied convoys.

Prior to 1958, plots of ship positions were

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V ESSELS TAKEN OVER FROM CHIQUITA

(Kjetil Bruun-Olsen, STAR Reefers AS)

...run like a Switch watch....

MV Chiquita Joy was taken over on the 18th. October, as the third vessel of a total of five acquired from the Great White Fleet.



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www.star-reefers.com.

Ass. Tech/Oper. Manager Rune J. Pedersen

On the 6th of December 2002, our new company webpage was published on the internet -

www.star-reefers.com.

The webpage was designed and developed in co-operation with the UK based webdesign company 1Emotion.they have done a great job

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Market Report

(Kevin Harding, NYK, STAR Reefers)

During the summer, the spot reefer market was depressed and even a little lower than the same period of 2001. However, currently the reefer market is experiencing a mini-boom, and we are now seeing spot levels for modern vessels of around 50 cents in Nov/Dec. There is a high demand for vessels and despite lower number in lay up this off-season, it is clear that the market is more buoyant than in previous years.

At this time of year the industry also negotiates much of the annual and seasonal business for 2003. The annual business covers the banana market of course and this year we have seen significant levels of uncertainty and, as a result, change in the way banana companies operate and their tonnage requirements which result. Early fixtures made resulted in increases of up to 5 or 6% and we hope to see this level of increase continue as the remaining fixtures are concluded. Of course, whilst these levels are very welcome, the rates are still some way from those which existed some years ago - so further rate restoration is still required.

There are a number of other trades which are also being discussed - New Zealand, Chile and South Africa being three of the largest - and decisions are awaited with interest. STAR Reefers - through NYK STAR Reefers - will be actively involved in all of these trades and we are currently planning our long term scheduling requirements

CARRYING LIVE CARS

(Nigel D. Cleave, Dobson Fleet Management Ltd.)

NEW ZEALAND CLASS VESSELS ATTAIN "PET" CLASS NOTATION

Following the recent takeover of the New Zealand Class vessels, DFM immediately lodged an application with DnV to obtain approval to carry "live cars", defined as motor vehicles with fuel in their tanks for their own propulsion.

As the vessels comply with SOLAS 1974 II-2 Reg. 53, namely, the vessels are fitted with a smoke detection system in all cargo spaces, a fixed CO2 system and a ventilation system capable of providing 6 air renewals per hour, basis empty hold, all regulations were duly met, the only other requirement being to carry additional fire extinguishers at the

(Continued on page 4)

THE CHRISTMAS FRUIT

(Doug Spooner, NYK STAR Reefers Inc.)

We are pleased to be associated with The

Madagascan
Lychee Panel
again this
year, to carry
three parcels
of this
delicate fruit
to Marseilles
for the
Christmas
market.

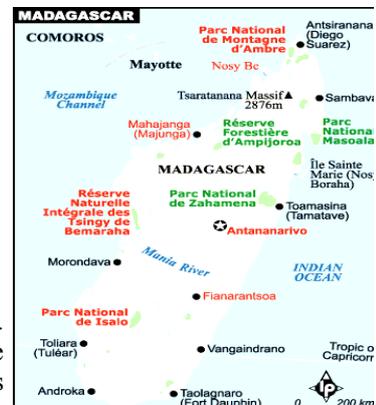
Considerable
effort is
required to

plan for such a programme including getting pallets and lifting equipment to Madagascar in readiness for loading. This year we have m.v. Southern Harvest loading at Manakara, which is a cove on the Eastern coast, with the other two vessels (m.v. Polar Chile and m.v. Wild Jasmine) loading at the port of Tamatave. Manakara suffers from heavy swell conditions and thus loading is slow and considerable care has to be taken to ensure that damaged or salt water stained fruit is rejected!

To coordinate the programme, we employ two supercargoes and in this respect we are pleased to call on the services of our ex Star Master Capt Graeme Clark, who fortunately speaks French!

The two vessels loading at Tamatave proceed through the Suez Canal to Marseilles whilst the third vessel sails from Manakara and later Tamatave bound for Northern Europe via Cape of Good Hope. This vessel will then be directed to either Marseilles or Dieppe according to sales volumes.

So during the festive season, whilst you are peeling back the red leathery skin, spare a thought for the efforts that have gone into getting this fruit served up as part of the Christmas Fayre!



Amver for those in peril (Continued from page 1)

limited to the U.S. Coast Guard's (U.S.C.G.) Atlantic Ocean area of SAR responsibility, notorious for icebergs, fog and winter storms. Ships sent regular position reports so their locations would be known in emergencies. Once a Rescue Co-ordination Centre controller knew a vessel was in distress, he would contact the ship nearest to the endangered vessel to render immediate assistance. Help could often be given before any official SAR units could be mobilized.

The basic premise of AMVER was a vehicle for one mariner to help another mariner regardless of nationality or status and continues to this very day.

Today, some 12,000 ships from over 140 nations participate in AMVER, with an average of over 2,800 ship plots being recorded each day. The AMVER Centre computer now tracks over 100,000 voyages annually, with over 2,000 lives having been saved by AMVER-participating ships since 1990 alone.

There can be no doubt that the success of AMVER is directly related to the extraordinary cooperation of ships, companies, SAR authorities, communications service providers and governments in supporting this international humanitarian programme to protect life and property at sea.

In 1971, the U.S.C.G. created an annual AMVER Awards Programme as a way of rewarding those ships which remain "on plot" for at least 128 days in a calendar year. These awards have become instrumental in AMVER recruitment and retention and are a tribute to the support of the ship's crew, owners and managers, which is so integral to the programme's overall success. Each company with a ship eligible for an award receives a Letter of Appreciation signed by the Commandant of the U.S.C.G. A Certificate of Merit is produced for each individual ship of that company, embellished with the year of the award, ship's name and call sign, number of total awards, and the number of consecutive awards for that particular ship. The appropriate colour pennant is forwarded to the ship on the following anniversary years:



BLUE pennant for a vessel completing its first year of participation and being honoured for the first time.



GOLD pennant for a vessel completing five consecutive years of eligibility for an AMVER award.



PURPLE pennant for a vessel completing ten consecutive years of eligibility for an AMVER award.

With new computers and the expansion of facilities, the AMVER system has grown considerably over the years and is today, firmly established as an integral tool for world-wide search and rescue. This is perhaps best borne out by the AMVER Centre's motto that "No call for help shall go unanswered".



www.star-reefers.com (Continued from page 1)

developing an overall design promoting our business and activities in a clear and honest matter.

Content is mainly related to general information of the company and our vessels, together with the latest published press releases and financial information regarding the company's activities. A log-in system has also been implemented, giving selected/approved viewers the opportunity to access certain pages, containing i.e. direct links to secure information about our vessels and status of same, at our ship managers websites.

Looking ahead we'll also try to implement direct access and co-ordination with our strategic partners on the site, giving the pages a dynamic look and status, always publishing the latests and updated released company info, which we think might be of interests for our partners, managers and customers.

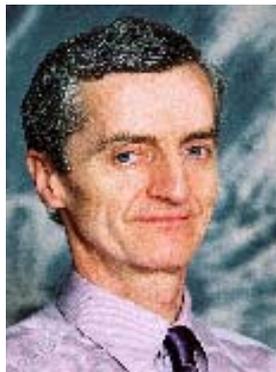
Carrying live cars (Continued from page 2)

time of carriage of the “live cars”.

The “PET” Class notation for carriage of cars has since been approved by Flag State and will be endorsed by DnV.

F INANCIAL

(Terje Aschim, STAR Reefers AS)



In the 1st 9 months of 2002 net profits increased 63% to USD 12.9 million from USD 7.9 million prior year. The results strengthened due to higher capacity, higher freight rates and lower interest expenses. EPS increased from USD 1.13/share to USD 1.12/share to USD 1.70/share.

USD Million	2002 Jan-Sept	2001 Jan-Sept
Operating revenues	89.7	60.1
Operating expenses	-62.4	-37.5
EBITDA	27.3	22.6
Depreciation	-9.1	-8.4
Operating Profit (Loss)	18.2	14.2
Net Financial Items	-5.3	-6.3
Net Profit (Loss) before Tax	12.9	7.9

As of end September 2002 total assets amount to USD 207 million. Interest bearing debt is USD 124 million, down from USD 158 million as of 1 January 2002, due to debt repayments following sale of vessels and voluntary extraordinary prepayments. The equity ratio has strengthened from 22% at the beginning of the year to 32% at the end of the third quarter. Bank deposit was USD 18.4 million, which is down from 30 June primarily due to debt prepayments and asset reallocations.

1 + 1 > 2

(One plus one is more than two)

Kjetil Bruun-Olsen, STAR Reefers AS)

As the year 2002 is close to end, we can summarize the year from an operational point of view, as a year with an unacceptable number of surprises; from navigational errors, technical failures to misjudgment onboard and ashore. We have asked ourselves: “Why have we been hit by all these incidents this year?”

It is not a simple answer to this question, and we have analyzed the incidents and taken corrective actions.

STAR Reefers is demanding operational standards which are high for the industry. Safe, predictable and economical operations are what we are aiming for. In order to achieve this, we have to work in a systematic way. Planning and reporting of activities within operations, maintenance, quality and safety are extremely important, and have to be a natural part of the daily work.

Our “Core Values” give clear guidelines for how we aim to do our business, with focus on communication, integrity, responsibility and attitudes.

To avoid incidents as we have experienced this year, we have to further develop a culture for mutual co-operation and two-way communication, and work pro-active, for detecting possible errors, reducing the number of errors, and limit their consequences.

It is everybody’s responsibility to communicate own opinion, and not only please a superior or client. To say “yes” when you mean “no”, is disloyalty to the organization. Seeking advise and daring to ask questions are vital to our daily work. STAR will increase our concentration even more next year ensuring that we have the common understanding and the true picture of the reality onboard all our vessels. In achieving this we need your help

We in STAR Reefers then believe: 1 + 1 > 2.

.run like a Switch watch (Continued from page 1)

The vessel, from the former Director Class which now is renamed to the New Zealand Class, will together with its sister vessel MV “Chiquita Brenda” continue to be under Chiquita charter party until 2004, and most likely go in a liner service between South America and Long Beach.

All the New Zealand Class vessels are managed by Dobson Fleet Management (DFM). The message for the top management in DFM was clear; “Everybody is watching us, and we have to be alert all the time. The vessels should look as a yacht and run like a Switch watch...!”

We congratulate Capt. Vladimar Nikitiis with his new command, and him and his crew good

USDA—MAKING VIDEO



(Capt. P. Richards)

Coming North from Santa Marta, Colombia on Banacol Voyage 612, MV "Trojan Star" received a message from their agent in Philadelphia that the United States Department of Agriculture (USDA) had requested permission to make a set of training videos onboard, during the vessel's discharge at Pier 82; the initial request had been made by Mr. Hal Fingerman, USDA Port Director /Philadelphia, and we in STAR Reefers were pleased to hear, as stated in the message, that they had chosen the T-Class Vessels because of the cleanliness of the ships and the good relationship between the regular USDA Boarding Inspectors and the ship's officers and crew.

We have received following report from Capt. P. Richards, who was master onboard MV "Trojan Star" during this period:

"Having checked with our Owners and then given our consent, a rapid check of garbage procedures was initiated- notices, collection and segregation of refuse, correct labeling and colour-coding of bins and lids, plus an enthusiastic scouring of the already spotless galley and storerooms- the thought of cameras obviously inspiring everyone! I have never seen so many immaculately pressed STAR Reefer boiler suits.

On arrival at the berth in Philadelphia, our female agent Ms. Jennifer Henry informed us that the film crew would be down at 1300 hrs that day, and would anyone like to borrow her make-up.....Mr. Fingerman and his film people arrived promptly (two actors, one actress,"technique adviser", cameraman, soundist/boom operator and The Director), accompanied by one of his USDA Supervisors, a lady who had boarded the ship in her official capacity many times before - she appeared to be in overall charge of "actors, props and garbage", as well as taking part in some of the takes and advising the actors.

The first sequence was taken on the Poopdeck, and concerned garbage violations- some of our garbage bins were hoisted outside the ship's rail, lids removed, and the USDA Lady looked in our other bins to find rubbish to scatter over our smart and tidy afterdeck! Only there wasn't any, our crew having incinerated and disposed of it prior to arrival- undismayed, she produced a bag of her own and tipped fruit peel and old oranges on the deck (assuring me there would be no Violation or Fine!). The offences in this sketch included garbage bins over the side which were uncovered and leaking, and a garbage strewn deck, all of which drew a civil penalty of \$100. Initially the faults were shown to a (pathetic) "Steward", and later a "Captain" (protesting noisily!) was involved. Variations on this were: how to explain the violations in a constructive manner, and how not to intimidate/humiliate crewmembers. Although the "shoots" all appeared excellent to the attendant crewmembers, The Director (a very attractive Afro-American lady) was a perfectionist, and it took a total of 8 takes before she was satisfied! She directed the acting operations from up on the boat deck (instructions on pronunciation and actions before the camera), in a voice that could be heard on the fo'c'stle and a manner which impressed all of us! As a Finale, the USDA Supervisor told her people to pick up the oranges etc- the Chief Officer helpfully pointing out that they had placed them in the PLASTICS Bin, not the FOOD WASTE Bin ("We're only actors!" someone muttered.)

The second set of sequences were made in the Provisions, Frozen Meat and Fish rooms, and portrayed situations where the Ship's Stores Declarations were inaccurate, and undeclared foreign produce was found by the Inspector, some of it from counties infected with fruit fly. There can be a penalty for improper declarations, but in this case only the Vegetable room was sealed. Once again, the right and wrong ways of dealing with crewmembers was emphasized, as well as the proper storage and handling of provisions. These takes went quicker, possibly due to the chilly environment!

At the conclusion, the Director thanked us for our help and promised to send a copy of the Video to the agency; it should prove interesting, and although obviously intended for training USDA boarding inspectors, would be helpful in showing new crew what these officials want to see, and what state the ship's provision rooms and garbage facilities should be in."

Many thanks to Master and crew onboard MV "Trojan Star"

.....Making a positive difference

CHRISTMAS CARDS

This year we decided not to send Christmas cards to our friends and contacts all over the world. We wanted to make a change and decided to give a contribution to The Norwegian Society for Sea Rescue (NSSR). This is a national humanitarian organization formed primarily with the object of saving lives and property at sea. Principally the activities of the Society consist in operation 40 purpose-designed sea rescue cutters or "lifeboats" as they popularly are called. The lifeboats are stationed at strategic points all along the Norwegian coast



"Like a Yacht"

Reefers have to, even more than most other ships, look cosmetically good. As a charter told us, "no one likes to eat fruit which has been carried on a rusty, dirty and oil stained ships". For this reason we should use every opportunity to maintain the good appearance of our vessels by doing paint touch ups. Remember; they should look "like a yacht".



TAUFIQ AHMED

Said about us:

TradeWinds, 6 December 2002:

"Glitches at STAR pushing up costs. Norwegian reefer owner STAR Reefers is still building its net profit but technical troubles on some of its ships will push up costs for the rest of the year".

DFM, STAR Reefers new strategic partner

(Nigel D. Cleave, Dobson Fleet Management Ltd.)

Dobson Fleet Management Limited is delighted to have become a strategic partner of STAR Reefers and to be associated with such a dynamic and forward thinking organization. There can be no doubt that, over a relatively short period, STAR Reefers has contributed significantly in the re-organisation of the reefer industry.



This is very much a 24/7 business today and the entire DFM team look forward with enthusiasm to contributing to the overall success of the company. A close working partnership, combined with total commitment from both sea and office staff is so essential in maintaining that competitive edge today, and having similar philosophies, believe we are well placed for the challenges that lie ahead. We look forward to developing a joint training programme in the near future which we believe will further ensure safety awareness and practices, environmental protection, as well as best possible attention in the carriage and care of perishable commodities.

Since inception, our company has been involved in the management of reefer vessels of varying types and sizes. Following the acquisition of the "New Zealand" class vessels by STAR Reefers from Great White Fleet and subsequent awarding of management to DFM, this will further add to our expertise in the reefer sector both afloat and ashore.

