



SIEM SHIPPING INC.

REPORT FOR THE FIRST QUARTER 2013

26 April 2013 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI), announces its results for the quarter ended 31 March 2013, prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Siem Shipping Inc., operating in the specialised reefer industry as STAR Reefers, is a leading global owner and operator of refrigerated vessels and directly controls 33 vessels with a total capacity of 19 million cbft.

- Net income in Q1 2013 of USD1.5 million (Q1 2012: net loss 39,000)
- EPS USD0.15 (USD nil)
- EBITDA of USD4.8 million (USD9.0 million)
- About 75% of fleet capacity is fixed for remainder of 2013
- Contract backlog of USD500 million
- Financing secured to lengthen and add side-loading systems to four C-Class vessels

Comparative Financial Statements (Q1 2013 over Q1 2012)

Siem Shipping recorded a net profit of USD1.5 million Q1 2013 (Q1 2012: net loss USD39,000). Earnings per share were USD0.15 per share (USD nil per share).

Gross revenue was USD66.9 million (USD62.6 million). Net operating revenue was USD37.8 million (USD43.9 million). The reduction in net operating revenue for 2013 was due to a variety of factors including the proceeds from the settlement of a charter dispute in Q1 2012. The low rates and utilization in 1Q 2012 confirmed the Company’s earlier decision to scrap its less efficient vessels. The capacity decreased by 1% to 55.8 million cbft (56.3 million cbft).

Ship operating and administrative expenses were USD16.5 million (USD17.4 million). Most of the reduction of these expenses was due to scrapping of vessels in 2012.

Time charter and bareboat charter expenses were USD16.5 million (USD17.6 million).

Depreciation and amortisation expenses were down to USD2.6 million (USD2.8 million). The reduction of the depreciation was due to a lower depreciable base following the writedown of vessel valuations at the end of 2011.

Interest expense was USD0.7 million (USD0.6 million).

Statements of Financial Position

Shareholders' equity was USD155.2 million at 31 March 2013 (31 December 2012: USD153.7 million), or USD16.09 per share (31 December 2012: USD15.93 per share). Interest-bearing debt is 36.4 million at 31 March 2013. The cash position during the quarter decreased from USD13.6 million year-end 2012 to USD12.2 million. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments.

The decision to lengthen and perform other work on the 4 C-Class vessels was based on seven-year charter commitment from an existing client. The project, which is estimated to cost around USD10 million per vessel, includes inserting a section in the middle of the vessel with additional container holds, the retrofitting of side-loading systems and the installation of new cranes, among other improvements, all of which are designed to increase the flexibility and competitiveness of the vessels in the market. In Q1 2013, the Company secured USD35 million of financing from Siem Industries Inc., the 76.1% owner of Siem Shipping. The 3.5 year unsecured loan carries an interest of 3-month Libor plus a margin of 8.5% p.a. and other terms and conditions that are more favourable to Siem Shipping than indicative offers from other potentially-available financing sources. The balance of the investment will be financed by internally-generated funds. In April 2013, Siem Shipping drew down USD8 million under this facility.

Market

In Q1 2013, the average market rates were 79 cents per cubic feet per 30 days (“cents”), up more than 100% on the same period in 2012 (39 cents). The primary drivers behind the improvement in rates, which rose from 55-58 cents in January to a peak of around 100 cents in March 2013, for specialised reefers was the reduced presence of predatory pricing from the container lines following the implementation of their general rate increases in late 2012 and the stronger demand for larger specialised reefer tonnage from Chile, Argentina and Ecuador in Q1 2013. Such rates, although well short of historical highs, give some basis for cautious optimism that rates are no longer falling and that the supply and demand for specialised reefers is approaching balance.

Ecuadorian banana export volumes, having been subdued for a considerable time for climatic reasons, increased by 250,000 cartons per week in Q1 2013 compared Q1 2012. This caused rates for voyages from Ecuador to three Mediterranean ports to peak at around 100 cents per cbft. Demand from Chilean deciduous exporters also increased with up to eight additional vessels deployed compared to 2012. Argentinian deciduous exports increased by 15 % compared to Q1 2012, with the highest growth in pears and apples. Rates were reported to be around 10% higher than the depressed rates of 2012.

A more liquid spot market meant that vessels spent less time waiting for cargo than they did in 2012. Bunker prices remained high, however, with Rotterdam 380cst averaging around USD620/mt in Q1 2013. SSI hedged 82% of its exposure in Q1 through Baf-clauses.

Operational Issues

In the first quarter, unplanned operational off-hire was 0.2% (2012: 0.3%).

During Q1 2013, there were two incidents, neither of which resulted in loss of life or serious injury. In January, the *MV Almeda Star* collided with a tug whilst transiting the Panama Canal in laden condition. No fault was attributed to the *Almeda Star* but the resulting damage required the vessel to undertake precautionary surveys before resuming passage and stop for permanent repairs in February. Costs are expected to be recovered in due course from the tug operator.

In March, the *MV Wellington Star* sustained heavy weather damage en route from Alaska to South Korea. The vessel sustained damage to some of its electrical equipment and a number of containers were lost overboard and others damaged.

Fleet Changes, Deployment and Contract Backlog

With respect to the lengthening of the four C-Class vessels, all major components and services for the planned conversion have been contracted. The conversion work will be carried out at Qingdao Beihai Shipbuilding Heavy Industries with the first of the four vessels scheduled to arrive at this facility in early July and the others at approximately 2-week intervals thereafter. The conversion process is expected to take around 55 days per vessel and the vessels are expected to commence the contracted 7-year time charter employment in Q4 2013.

At 31 March 2013, about 75% of the Company's fleet capacity for the balance of the year has been fixed.

The contract backlog at 31 March 2013 was USD500 million.

Outlook

The rate increases announced, and implemented to varying degrees, by the container lines last year refocused many on the need to maintain a competitive specialised reefer sector. Although it is still too early to predict the consequences of the action taken by the container lines to bring their revenues into line with their costs, it must surely act as a sharp reminder that the main selling tool of the container lines, aggressive predatory pricing, cannot be economically sustained longterm.

The scrapping of 70 specialised vessels totalling 26 million cbft in 2012, representing a reduction of around 10% of the available specialised reefer fleet capacity, has helped to support the market in the first quarter of 2013. Continuing high fuel prices are likely to be the primary driver for further, albeit much more limited, demolition in 2013. The prospects for modern, efficient specialised reefers has somewhat improved.

26 April 2013

The Board of Directors of Siem Shipping Inc.

<p>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.</p>
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SIEM SHIPPING INC. GROUP - 1st QUARTER 2013

STATEMENTS OF COMPREHENSIVE INCOME <i>(in \$ thousand)</i>	2013	2012	2012
	1Q	1Q	Jan-Dec
	Unaudited	Unaudited	Audited
Gross revenue	\$ 66,899	\$ 62,591	\$ 232,088
Voyage expenses and other operating revenue	-29,070	-18,667	-87,501
Net operating revenue	37,829	43,924	144,587
Ship operating and admin. expenses	-16,539	-17,377	-63,746
Time charter hire	-16,140	-17,175	-65,944
Op. income bef. depr. and bare-boat hire	5,150	9,372	14,897
Bareboat charter hire	-400	-404	-1,627
Depreciation and amortisation	-2,630	-2,818	-10,552
Impairment charges	-	-5,631	-4,172
Operating income	2,120	519	-1,454
Interest expense	-724	-575	-2,011
Other financial items net	73	128	-336
Profit / Loss on sale of vessels	-	-103	-61
Net financial items	-651	-550	-2,408
Net income / (-loss) before tax	1,469	-31	-3,862
Taxes	-8	-8	-27
Net income / (-loss)	\$ 1,461	\$ -39	\$ -3,889
Other comprehensive income	-	-	-
Total comprehensive income / (-loss)	\$ 1,461	\$ -39	\$ -3,889
Earnings / (-loss) per share, basic and diluted (amounts in \$)	0.15	0.00	-0.40
Wtd. avg. common shares outstanding	9,647,479	9,647,479	9,647,479
Issued and outstanding shares	9,647,479	9,647,479	9,647,479
STATEMENTS OF FINANCIAL POSITION <i>(in \$ thousand)</i>	2013	2012	2012
	31 Mar	31 Mar	31 Dec
	Unaudited	Unaudited	Audited
ASSETS			
Tangible non-current assets			
Vessels	\$ 170,761	\$ 178,719	\$ 174,069
Capitalised project costs	\$ 3,819	-	-
Other non-current assets	164	261	194
Other non-current assets			
Pension funds	213	198	213
Current assets:			
Inventory	9,656	13,673	11,465
Non-current asset held for sale	1,600	7,556	1,600
Receivables and other current assets	21,216	29,964	21,668
Bank deposits	12,176	5,869	13,602
Total assets	\$ 219,605	\$ 236,240	\$ 222,811
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share capital	\$ 96	\$ 96	\$ 96
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	76,407	78,796	74,946
Total Shareholders' equity	155,190	157,579	153,729
Interest bearing debt, long-term	23,907	35,922	23,887
Interest bearing debt, short-term	11,954	10,140	11,944
Other short-term debt	28,554	32,599	33,251
Total liabilities	64,415	78,661	69,082
Total Shareholders' equity and liabilities	\$ 219,605	\$ 236,240	\$ 222,811

STATEMENTS OF CASH FLOWS*(in \$ thousand)*

	2013 1Q Unaudited	2012 1Q Unaudited	2012 Jan-Dec Audited
Profit / (-loss) before tax	\$ 1,469	\$ -31	\$ -3,889
Depreciation and amortisation	2,630	2,818	10,550
Impairment charges	-	5,631	4,172
Net drydocking costs	728	1,406	2,497
Other	-3,040	-11,232	-546
Cash flow from operating activities	1,787	-1,408	12,784
Sales of vessels	-	5,399	11,406
Capital expenditure vessels	-3,183	-	-2,100
Cash flow from investing activities	-3,183	5,399	9,306
Repaid interest bearing debt	-	-5,300	-15,610
Net changes in financing fees	-30	-16	-72
Cash flow from financing activities	-30	-5,316	-15,682
Net change in cash	\$ -1,426	\$ -1,325	\$ 6,408
Cash at beginning of period	\$ 13,602	\$ 7,194	7,194
Cash at end of period	\$ 12,176	\$ 5,869	\$ 13,602

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY*(in \$ thousand)*

	2013 1Q Unaudited	2012 1Q Unaudited	2012 Jan-Dec Audited
Shareholders' equity at beginning of period	\$ 153,729	\$ 157,618	\$ 157,618
- Net profit for the period	1,461	-39	-3,889
Shareholders' equity at end of period	\$ 155,190	\$ 157,579	\$ 153,729

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 2013 and 2012 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 2012. The consolidated condensed financial statements should be read in conjunction with the 2012 annual financial statements, which include a full description of the Group's accounting policies.

3 Tangible assets

<i>(in \$ thousand)</i>	31 Mar 13	31 Mar 12	31 Dec 12
Book value beginning of year	174,263	188,468	188,468
Additions	3,838	-	4,695
Reclassification - Assets held for sale	-	-1376	-1,600
Depreciation and amortisation of dry docking for the period	-3,357	-3,751	-14,358
Impairment	-	-4361	-2,941
Book value end of period	174,744	178,980	174,263

4 Interest bearing debt

<i>(in \$ thousand)</i>	ABN AMRO Syndicate
Balance (including financing fees) 31 December 2012	35,831
Financing fees	30
Balance (including financing fees) 31 March 2013	35,861
Balance (including financing fees) 31 March 2012	46,062

5 Charter commitments

From 1 April 2013 <i>(in \$ thousand)</i>	2013	2014	2015-2023	Total
Long-term charters	48,953	65,130	425,340	539,423

6 Related parties

The Company continue to lease office space from other Siem Group companies, shares joint office facilities with other companies in the Siem Group in the Cayman Islands and benefit from financial guarantees provided by Siem Industries. Siem Car Carriers AS (Group) is indirectly owned 100% by Siem Industries. Siem Shipping provides management services to Siem Car Carriers on an arm's length basis.

In January 2013, the Company secured USD35 million of financing of the lengthening of the 4 C-Class vessels from Siem Industries Inc. The 3.5 years unsecured loan carries an interest of 3-Month Libor plus a margin of 8.5% p.a. and the other terms and conditions are more flexible and favourable to Siem Shipping than indicative offers from other potentially available financing sources.

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