



SIEM SHIPPING INC.

REPORT FOR THE FIRST QUARTER 2015

4 May 2015 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI), announces its results for the quarter ended 31 March 2015, prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Siem Shipping Inc. operates in the specialised reefer industry under the trade name “STAR Reefers” where it is a leading global owner and operator of refrigerated vessels and provides management and technical services to the car carrier shipping sector. The Company controls a fleet of 28 reefer vessels with a total capacity of 16 million cubic feet (cbft).

- **Net profit in Q1 2015 of USD0.5 million (Q1 2014: net loss USD-1.5 million)**
- **EPS USD0.06 (USD-0.16)**
- **EBITDA of USD5.4 million (USD3.4 million)**
- **About 77% of fleet capacity is fixed for the remainder of 2015**
- **Contract backlog of USD428 million**
- **Ad-hoc share buy-back completed January 2015**
- ***Chile Star* and *Uruguay Star* sold in January 2015**
- **Agreement to sell *Honduras Star* with delivery in Q2**
- **Agreement to purchase *Star First* and *Star Prima***

Comparative Financial Statements (Q1 2015 over Q1 2014)

Siem Shipping recorded a profit of USD0.5 million in Q1 2015 (Q1 2014: net loss USD-1.5 million). Earnings (-loss) per share were USD0.06 per share (USD-0.16 per share).

Gross revenue was USD43.3 million (USD58.2 million). Net operating revenue was USD35.0 million (USD36.4 million). The capacity decreased by 6% to 49.2 million cbft (52.3 million cbft). The reduction was mainly due to redelivery of *Regal Star* in December 2014 and the sales of *Chile Star* and *Uruguay Star* in January 2015.

Ship operating and administrative expenses were USD12.5 million (USD16.6 million) with the decrease mainly due to redelivery of *Regal Star* in December 2014 and the sales of *Chile Star* and *Uruguay Star* in January 2015. In December 2014, the amortisation expenses were reclassified from ship operating expenses to depreciation and amortisation expenses to reflect industry practice. Dry-docking costs are capitalised and amortised over the period until the next scheduled dry-docking, ranging from three to five years. For comparative purposes, the amortisation expenses recorded in the first quarter of 2014 reflected new classification.

Time charter and bareboat charter expenses were USD17.0 million (USD16.4 million).

EBITDA was USD5.4 million (USD3.4 million). Depreciation and amortisation expenses were USD4.3 million (USD3.8 million). The increase of the depreciation was due to a higher depreciable base following the lengthening of the four C-Class vessels (*Caribbean Star*, *Costa Rican Star*, *Cote D'Ivoirian Star* and *Colombian Star*).

Interest expense was USD0.7 million (USD1.2 million). The reduction was due to a new credit facility with a lower interest rate.

Statements of Financial Position

Shareholders' equity was USD153.5 million at 31 March 2015 (31 December 2014: USD157.1 million), or USD16.83 per share (31 December 2014: USD16.28 per share). The cash position during the quarter decreased from USD37.5 million year-end 2014 to USD36.5 million at 31 March 2015. The interest-bearing debt decreased from USD64.2 million at year-end to USD58.4 million at 31 March 2015. The next scheduled repayment of bank debt is in November 2015 and is USD5.8 million. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments (see note 7 to the accounts).

Shareholder Information

In December 2014, Siem Shipping Inc. announced that its Board of Directors had resolved to initiate an ad-hoc share buy-back programme to purchase shares in the Company at a maximum price of NOK60 per share for a maximum aggregate amount of USD5 million with acceptances to be in inverse order of size of shareholdings tendered in the offer. The offer was extended on 7 January until 30 January 2015. On completion of the ad-hoc buy-back programme, 84 shareholders representing 527,674 shares accepted the offer in the buy-back program for an aggregate consideration of NOK 31.7 million (USD 4.1 million). Following the buy-back and cancellation of shares, the issued and outstanding number of shares is 9,119,805 shares.

Market

In Q1 2015, the average market rates were 82 cents per cubic feet per 30 days ("cents"), up 32% on Q1 2014 (62 cents). This was the strongest Q1 since 2011 when its first quarter averaged 86 cents.

The primary drivers in this increase over 2014 were a strong South Atlantic squid catch, additional citrus cargoes from US West Coast to Japan. The large South Atlantic squid catch provided additional spot employment, over and above the capacity of the traditional fishing fleets, for about 20 specialised vessels which traded from the Falklands to the Far East on long 70-90 days voyages, with peak rates touching 125 cents.

The ILWU/PMA labour dispute in the US West Coast ports caused delays inbound and outbound for containerised cargoes leading to exporters seeking alternative reliable specialised reefer vessels to carry the Californian citrus crop to its Japanese markets. Eight specialised reefer vessels were employed from the US West Coast to Japan in Q1 with rates of up to 120 cents.

In spite of a 5% increase in Ecuadorian banana exports in Q1 2015 over Q1 2014, the demand for Ecuadorian bananas provided very limited impetus to the Q1 spot market. This is because only a small amount of spot fruit became available for shipment by specialised reefers, with only two spot shipments for February and March compared to more than 13 in same period in 2014. The reason for this was that more fruit was carried on container liner services.

Demand for spot tonnage from Argentinian deciduous exporters to the US East Coast and Mediterranean markets remained firm with eight spot voyages fixed in Q1 2015 at rates peaking at 100 cents for March.

Operational Issues

Following the redelivery of *Regal Star* and the recent sale of the *Chile Star* and *Uruguay Star*, our in-house ship-management Company, STAR Reefers Poland, manages the total fleet of 16 owned vessels as well as two car carriers indirectly owned by Siem Industries Inc. The performance statistics of STAR Reefers Poland demonstrate continued improvement and superior results as compared to previous third-party managers, and it has built on its success with certification to ISO9001, ISO14001 and OHSAS18001 standards, and implementation of a new web-based integrated management tool to enhance the management and monitoring processes of the fleet. No major health, safety, environmental and quality (HSEQ) issues were reported during the first quarter 2015.

For Q1 2015, the Company recorded unplanned operational off-hire of 0.1% (2014: 0.82%). No unplanned off-hire was experienced in January and February, while two instances were experienced in March.

Fleet Changes, Deployment and Contract Backlog

In November 2014, Siem Shipping agreed to a contract with Fresh Carriers Company Ltd to charter-out two vessels. The charters are for a three-year period at a profitable rate. The vessels were delivered to Fresh Carriers Company in January 2015. The contract with Alaska Reefer Management to charter out the *Wellington Star* was renewed in December for a further two-year period, which commenced in January 2015. Fyffes has exercised its option to extend the charter of four *Star First-Class* vessels for an additional year from January 2015.

Regal Star was redelivered to its owners on 31 December 2014 after a nine-year bareboat charter came to an end and will no longer form a part of the Siem Shipping fleet. In March 2015, Siem Shipping received a notice of claim from the owners of *Regal Star*, claiming the vessel did not comply with the requirements of their charter-party upon redelivery on 31 December 2014. Siem Shipping does not accept the basis of this claim and is taking legal advice.

Siem Shipping sold in January 2015 two of its older and smaller vessels, *Chile Star* and *Uruguay Star*, for USD5 million each. The sale generated a book loss of USD1.1 million per vessel, which was recorded in the 2014 accounts. The delivery of the vessels to the new owners took place during Q1 2015.

At 31 March 2015, about 77 % of the Company's fleet capacity for the balance of the year has been fixed.

The contract backlog at 31 March 2015 was USD428 million.

Subsequent Events

Siem Shipping is in the process of selling one of its older and smaller vessels, *Honduras Star*, for USD 6 million. The sale will generate a book profit estimated to be USD 0.4 million. *Honduras Star* is expected to be delivered to the buyer during Q2. The net cash generated from the transaction will increase the Company's working capital.

Siem Shipping entered into an agreement to acquire the 2006-built specialised reefer vessels *Star First* (616,157 cbft.) and *Star Prima* (617,184 cbft). Siem Shipping is familiar with the two vessels as they have been on time charter to Siem Shipping since delivery from the shipyard in Japan. The acquisition has been financed by drawing down the balance of the USD 100 million bank facility from 2014 and internally generated funds. The delivery of *Star Prima* took place in April 2015 and *Star First* will be delivered in May 2015.

Outlook

The fall in bunker prices has highlighted the many advantages of modern specialised reefer vessels over the alternative of becoming dependent on the container lines. The specialised reefers deliver a higher quality and more predictable service than the service provided by container lines and they can now deliver at a price which in some cases is lower than the prices offered by the container lines. As a result, many end-users are investigating the possibility to return to the specialised reefers mode of transportation.

The Company's strategy is to maintain its position as a leading specialist reefer operator and to provide our customers with a high quality service whilst continuing to adjust the controlled fleet to suit the market needs. The Company also provides management and technical services to the car carrier shipping sector.

1 May 2015

The Board of Directors of Siem Shipping Inc.

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<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 - FIRST QUARTER 2015

STATEMENTS OF COMPREHENSIVE INCOME <i>(in \$ thousand)</i>	2015	2014	2014
	Q1	Q1	Jan-Dec
	Unaudited	Restated Unaudited	Audited
Gross revenue	\$ 43,280	\$ 58,195	\$ 225,937
Voyage expenses and other operating revenue	-8,315	-21,764	-76,496
Net operating revenue	34,965	36,431	149,441
Ship operating and administrative expenses	-12,527	-16,636	-59,706
Time charter hire	-17,038	-16,392	-64,563
Earnings before interest, tax, depr. and amort.	5,400	3,403	25,172
Depreciation and amortisation	-4,276	-3,834	-16,310
Impairment charges	-	-	-2,150
Operating income	1,124	-431	6,712
Interest expense	-724	-1,168	-5,181
Other financial items net	125	67	189
Loss on sale of vessels	-	-	-1,059
Net financial items	-599	-1,101	-6,051
Net income / (loss) before tax	525	-1,532	661
Taxes	-6	-13	-45
Net income	\$ 519	\$ -1,545	\$ 616
Other comprehensive income	-	-	-
Total comprehensive income / (loss)	\$ 519	\$ -1,545	\$ 616
Earnings / (loss) per share, basic and diluted (amounts in \$)	0.06	-0.16	0.06
Wtd. avg. common shares outstanding	9,319,149	9,647,479	9,647,479
Issued shares	9,647,479	9,647,479	9,647,479
Issued and outstanding shares	9,119,805	9,647,479	9,647,479
STATEMENTS OF FINANCIAL POSITION	2015	2014	2014
<i>(in \$ thousand)</i>	31 Mar	31 Mar	31 Dec
	Unaudited	Unaudited	Audited
ASSETS			
Tangible non-current assets:			
Vessels	\$ 172,395	\$ 203,541	\$ 175,697
Other non-current assets	93	125	101
Other non-current assets			
Pension funds	126	195	126
Current assets:			
Inventory	3,898	9,783	5,563
Non-current asset held for sale	-	-	9,049
Receivables and other current assets	19,108	23,315	15,559
Bank deposits	36,525	20,370	37,473
Total assets	\$ 232,145	\$ 257,329	\$ 243,568
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	\$ 91	\$ 96	\$ 96
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	74,745	76,123	78,284
Total shareholders' equity	153,523	154,906	157,067
Interest-bearing debt, long-term	51,543	55,651	51,488
Interest-bearing debt, short-term	5,605	11,978	11,437
Other short-term debt	21,474	34,794	23,576
Total liabilities	78,622	102,423	86,501
Total shareholders' equity and liabilities	\$ 232,145	\$ 257,329	\$ 243,568

STATEMENTS OF CASH FLOWS

(in \$ thousand)

	2015 Q1 Unaudited	2014 Q1 Unaudited	2014 Jan-Dec Audited
Profit / (loss) before tax	\$ 525	\$ -1,532	\$ 661
Depreciation and amortisation	4,276	3,834	16,310
Impairment charges / Loss on sale of asset	-	-	3,209
Other	-3,995	-975	1,273
Cash flow from operating activities	806	765	19,825
Sales of vessels	9,049	-	3,915
Paid dry-docking	-657	-562	-1,628
Capital expenditure vessels	-306	-5,933	-7,266
Cash flow from investing activities	8,086	-5,933	-3,351
Share buy-back	-4,063	-	-
New interest-bearing debt	-	9,000	79,000
Repaid interest-bearing debt	-5,834	-	-74,093
Net changes in financing fees	57	-39	-484
Cash flow from financing activities	-9,840	8,961	4,423
Net change in cash	\$ -948	\$ 3,793	\$ 20,897
Cash at beginning of period	\$ 37,473	\$ 16,577	\$ 16,577
Cash at end of period	\$ 36,525	\$ 20,370	\$ 37,473

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in \$ thousand)

	2015 Q1 Unaudited	2014 Q1 Unaudited	2014 Jan-Dec Audited
Shareholders' equity at beginning of period	\$ 157,067	\$ 153,729	\$ 156,451
- Share repurchased 527.674 shares	-4,063	-	-
- Net profit for the period	519	1,461	616
Shareholders' equity at end of period	\$ 153,523	\$ 155,190	\$ 157,067

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 2015 and 2014 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 2014. The consolidated condensed financial statements should be read in conjunction with the 2014 annual financial statements, which include a full description of the Group's accounting policies.

Dry-docking costs are capitalised and amortised over the period until the next scheduled dry-docking, ranging from three to five years. The dry-docking costs have previously been amortised under ship operating expenses; for 2014, dry-docking has been reclassified under the line item depreciation and amortisation.

3 Segment Reporting

As of 31 March 2015, the Siem Shipping fleet consists of 28 specialised reefer vessels with an average size of 575,000 cbft. The smallest vessel has a capacity of 424,000 cbft and the largest vessel 618,000 cbft. The vessels primarily transport fruit from the Southern to the Northern hemisphere.

Revenue	Q1 2015	Q1 2014	2014
Bananas	92%	78%	85%
Deciduous	3%	14%	5%
Citrus	0%	0%	2%
Fish	5%	8%	7%
Other	0%	0%	1%
Total	100%	100%	100%

4 Revenue

Revenue consists of time charters and voyage charters.

Other operating revenue consists of net revenue from short-term charters on non-core vessels and management fees.

<i>(in \$ thousand)</i>	Q1 2015	Q1 2014	2014
Gross revenue T/C	28,297	26,450	107,523
Gross revenue V/C	14,942	31,746	118,414
Total gross revenue	43,239	58,196	225,937
Voyage expenses and other operating revenue	-8,274	-21,765	-76,496
Net operating revenue	34,965	36,431	149,441

5 Tangible Assets

<i>(in \$ thousand)</i>	31 Mar 15	31 Mar 14	31 Dec 14
Book value beginning of year	175,798	200,984	201,014
Additions, including capitalised project costs	966	6,516	7,267
Disposal	-	-	-3,915
Reclassification - assets held for sale	-	-	-9,049
Depreciation and amortisation of dry-docking for the period	-4,276	-3,834	-16,310
Vessel impairment	-	-	-2,150
Loss on sale of vessel	-	-	-1,059
Book value end of period	172,488	203,666	175,798

6 Interest-Bearing Debt

<i>(in \$ thousand)</i>	Siem Industries		Bank Syndicate	Total
	Loan			
Balance (including financing fees) 31 December 2014	-		62,925	62,925
Repaid debt	-		-5,834	-5,834
Financing fees	-		57	57
Balance (including financing fees) 31 March 2015	-		57,148	57,148
Balance (including financing fees) 31 March 2014	43,695		23,934	67,629

7 Charter Commitments

From 1 April 2015

<i>(in \$ thousand)</i>	2015	2016	2017-2023	Total
Long-term charters	41,307	54,033	273,864	369,204

8 Related Parties

Siem Industries Inc. owns 76.8% of Siem Shipping Inc. Mr. Kristian Siem is Chairman of the Board in Siem Industries. Siem Industries is controlled by a trust whose potential beneficiaries include Mr. Kristian Siem and his family.

The Company leases office space from other Siem Group companies and shares joint office facilities with other companies in the Siem Group in the Cayman Islands.

Siem Industries has provided secondary guarantees for the timely payment of charter hire, relating to certain of the vessels Siem Shipping has on long-term charters. The fee paid to Siem Industries for providing the guarantees year to date was USD0.1 million. Siem Car Carriers AS is indirectly 100% owned by Siem Industries. Siem Shipping provides management services to Siem Car Carriers on an arms' length basis and the fee charged in Q1 2015 was USD0.3 million.

9 Subsequent Events

Siem Shipping is in the process of selling one of its older and smaller vessels, *Honduras Star*, for USD 6 million. The sale will generate a book profit estimated to be USD0.4 million. *Honduras Star* is expected to be delivered to the buyer during Q2 2015. The net cash generated from the transaction will increase the Company's working capital.

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