SIEM SHIPPING INC.

REPORT FOR THE FIRST HALF AND 2ND QUARTER 2012

27 July 2012 – SIEM SHIPPING INC (the "Company"; OSE Symbol: SSI), doing business as STAR Reefers, announces its results for the six month period and quarter ended 30 June 2012, prepared in accordance with International Financial Reporting Standards ("IFRS"), as discussed below.

Highlights 1st Half of 2012

- **Change of name of the listed Company from STAR Reefers Inc. to Siem Shipping Inc.**
- **Net income of USD1.9 million (H1 2011: net loss USD8.9 million)**
- **Net income before impairment charge and loss on sale of assets of USD3.2 million (USD3.2 million)**
- **EPS USD0.19 (USD-0.92)**
- **EBITDA of USD9.8 million (USD15.7 million)**
- **Debt reduced by USD15.6 million (USD6.5 million)**
- **Charter dispute in respect of JFC Group settled**
- **Seven less energy efficient vessels sold for scrap**

Comparative Financial Statements (H1 over H1)

Siem Shipping recorded a net income for the first half of 2012 of USD1.9 million (net loss USD8.9 million for H1 2011). Earnings per share was USD0.19 (USD-0.92). The net income includes an impairment charge and a loss on the sale of assets. The net income before this charge and loss was USD3.2 million (USD3.2 million).

Gross revenues were USD117.2 million (USD150.7 million). Net revenues after voyage expenses were USD77.4 million (USD93.7 million). The reduction in revenue was due to reduced rates and vessels being scrapped or in lay-up which was mitigated by the settlement of a charter dispute with JFC relating to the early re-delivery of three vessels. The capacity decreased by 16.0% to 106.3 million cbft (126.6 million cbft).

Ship operating and administrative expenses were USD32.4 million (USD42.9 million). Most of the reduction in these expenses was due to lay-up and scrapping of vessels.

Time charter and bareboat charter expenses were USD35.2 million (USD35.1 million).

Depreciation and amortisation was USD5.4 million (USD10.9 million). The reduction is due to a reduced depreciation base following the impairment of assets of USD99.1 million in 2011 and the sale of vessels.

Impairment charge was USD1.2 million (USD12.3 million) as adjustments were recorded to reflect falling scrap prices and higher sales costs for those vessels already classified as held-for-sale.

Net loss on sale of vessels was USD0.1 million (gain USD0.2 million).

Interest expense was USD1.1million (USD1.2 million).

Comparative Financial Statements (Q2 over Q2)

Siem Shipping recorded net income of USD1.9 million (net loss USD11.3 million for Q2 2011). Earnings per share was USD0.20 per share (USD-1.17 per share). The net income includes a reversal of an impairment charge booked in Q1 2012 of USD4.4 million and a gain on the sale of assets. The net loss before these items was USD2.5 million (profit USD0.8 million).

Gross revenues were USD54.7 million (USD78.8 million) and net capacity decreased 22% to 50.0 million cbft. (63.8 million cbft.). Net revenue after voyage expenses was USD33.5 million (USD45.8 million). The reduction in net revenue was primarily due to reduced rates and lower capacity following scrapping and lay-up of vessels.

Ship operating and administrative expenses were USD15.1 million (USD21.2 million), primarily due to scrapping of vessels.

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

Depreciation and amortisation was USD2.6 million (USD5.4 million). The reduction is due to a reduced depreciation base following the impairment of assets in 2011 and the sale of vessels.

Impairment charge was a reversal of USD4.4 million in 2012 (USD12.3 million). At the end of the first quarter 2012, an impairment charge was recorded to reduce the book value of the *Honduras Star* to net realisable value. In the second quarter, this decision was reconsidered and the impairment charge was reversed. In 2011, an impairment evaluation resulted in an impairment charge of USD12.3 million.

Net gain on sale of vessels was USD42,000 (USD0.2 million).

Interest expense was USD0.5 million (USD0.6 million).

Statement of Financial Position

Shareholders' equity was USD159.5 million at 30 June 2012 (31 December 2011: USD157.6 million), or USD16.53 per share (31 December 2011: USD16.34 per share). Following sale of vessels in 1H 2012, Siem Shipping made repayments and prepayments of debt of USD15.6 million, reducing interest-bearing debt from USD52.0 million at year-end 2011 to USD36.4 million at 30 June 2012. The next scheduled instalment (USD6.1 million) is due in April

2013. The cash position during the 1st half increased from USD7.2 million year-end 2011 to USD15.0 million. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments.

Principal Risks

The Board currently believes principal risks and uncertainties for the Company include risks relating to the prospects for the specialised reefer industry such as the demand for fresh fruit, the threat to the global economy from the credit crisis and possible protectionism, competition from reefer container vessels, adverse climatic changes, crop diseases and crop harvests. The Company is also exposed to high fuel costs, the risk of piracy and to the performance of customers, service providers and suppliers. The recent turmoil in the financial markets has increased the credit risks relating to collecting receivables. Additionally, there is an inherent risk with the marine operation of ships and the possible negative outcome of alleged pollution-based violation of the MARPOL convention.

Auditing and Related Party Transactions

The 1H 2012 financial report has not been audited or reviewed by auditors. Information on related party transactions is disclosed in the Annual Report 2011.

Market

In Q1 2012, the average market rates were 39 cents per cubic feet per 30 days ("cents"), down more than 50% on the same period in 2011 (85 cents), and, for the first time in a decade, there has not been a high season. The highest fixture concluded in March was an isolated short 7-day charter at 80 cents and all other fixtures struggled to reach 50 cents compared with rates of 110 cents in March 2011. The market is characterised by few requirements for tonnage and fierce competition from the container lines which have been willing to set-up new services at uneconomical freight rates. The dramatic increase in fuel costs since Q4 2011 has eroded operating margins.

By May 2012, as bunker prices fell some 15% and the effects of lay-up and scrapping of vessels began to be felt, a form of market equilibrium was reached. The average market rates in Q2 2012 were 48 cents (Q2 2011: 37 cents), which is the first time that the rates in Q2 exceeded those in Q1. For the first half of 2012, the average rates were 43 cents, or down some 30% on same period in 2011 (61 cents).

Poor climatic conditions in Ecuador have led to a significant shortage of bananas of approximately 1,000,000 cartons per week during January to April, equivalent to a loss of around 4 sailings per week if booked on conventional reefers. By June 2012, the Ecuadorian Government officially sanctioned a high fixed exit price affecting spot banana vessel charters and traders were unable to make any profit margins on speculative deals. The current banana sale prices in the Mediterranean are between USD7.50 and USD9.50 per box and traders need around USD14.50 per box to make a reasonable profit.

For Chilean-origin fruits, poor sales prices in USA resulted in 9% less fruit moving to US West Coast and 3% less fruit moving to US East Coast relative to the same period in 2011. Both of these destinations have traditionally made good use of conventional reefer ships but recently the container lines have strengthened their position.

Argentinean deciduous exports are down by 20% due to high domestic inflation (30%). However, conventional reefers have been able to maintain their position to Russia. To date there has not been significant chartering activity in the Atlantic squid and frozen fish sectors.

The container lines have targeted the Ecuadorian banana export to Russia and other European destinations and introduced a weekly liner service from Ecuador to the eastern Mediterranean and the Black Sea to take market share from the specialised reefer operators. The Banex Group has for the past few years been serviced by a major container line for weekly transportation of bananas into St. Petersburg. In June 2012, Siem Shipping was able to capture this business for the specialised reefer mode, indicating the superior and flexible service which can be provided by Siem Shipping at competitive prices.

With Rotterdam bunker prices increasing on average 11% in H1 2012 compared to H1 2011, fuel expense wass the single most important factor affecting the market during the period. There has been a recent downward shift in the bunker prices, although from a high level, as average quarterly prices are down some 9% from Q1 2012 to Q2 2012.

In the first half of 2012 in the segment of vessels with a capacity over 400,000 cbft., 30 vessels with total capacity 14.0 million cbft. were scrapped as compared to five vessels with a total capacity of 2.3 million cbft. in the same period last year.

Settlement of Charter Dispute

The Company has achieved a mutually satisfactory solution to its dispute in respect of the JFC Group. All parties have worked hard to achieve this outcome and the Company is pleased that a constructive and amicable solution has been found.

Operational Issues

In the first half, unplanned operational off-hire was 0.3% (2011: 1.6%). In June 2012, the two additional vessels managed by a third party technical manager were transferred to the Company’s in-house technical manager, Star Reefers Poland.

Siem Shipping is in the process of hedging some of its bunker exposure at rates which are likely to be significantly lower than those achievable only a month ago. For the reminder of 2012 17.7% of the Company’s business is exposed to fluctuation in bunker prices.

Renegotiated Charter-in Rates

Several years ago, Siem Shipping chartered-in 12 modern specialist reefers vessels for a duration of 10 years from their respective dates of delivery. Agreement has now been reached with the vessel owners to extend the charter period by three years for each of the 12 vessels and to amend the charter rates.

Fleet Changes and Deployment

In order to reduce the operating losses for vessels deployed in the spot market, 4 vessels entered lay-up during Q1 2012 and the vessels are planned to leave lay-up no later than September 2012.

During Q1 2012, STAR Reefers sold 3 of its smaller and less efficient vessels *Napier Star*, *Nelson Star* and *Viking Star*. During April, an additional 4 vessels *Argentina Star*, *Brasil Star*, *Valparaiso Star* and *Tauranga Star* were sold for recycling. The Board has decided to reverse its decision to scrap other vessels for the time being. The sales of vessels for recycling/scrap is a positive step as part of the Siem Shipping's consistent strategy to focus on the more modern and energy-efficient tonnage.

Siem Shipping has entered into a contract with the Russian banana charterer, the Banex Group, to provide a regular weekly service from Ecuador to St Petersburg starting in June 2012 for a period of one year. The service will employ 7 vessels, some of which will need to undergo ice-strengthening in order to qualify for the trade.

As of 30 June 2012, following the scrapping and laying-up of vessels, 91.5% of fleet capacity for the remainder of 2012 has been fixed and the remaining capacity is exposed to the spot market.

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.

Outlook

The combination of relatively weak economic development, poor climatic conditions in Ecuador, dampening demand for fruit and competition from container lines has resulted in low rates for specialised reefer vessels for the first half of 2012. There were, however, positive developments which emerged. The supply side of specialised reefers was drastically reduced with 30 vessels with an aggregate capacity 14.0 million cbft. being scrapped and an estimated 35 ships remaining in lay-up. The bunker price also came down recently, which is one of the most important factors determining the profitability of the reefer operators.

The ability of the modern and efficient specialised reefer vessels to satisfy the requirements of the tropical fruit trades with higher service levels and better quality control than the Container Lines has never seriously been questioned. The challenge is not on service levels. The challenge that the efficient specialised reefer operators face, as the Container Lines again enter a difficult trading environment, is how to respond to the blunt weapon of unsustainably low prices the Container Lines use and are likely to continue to use to buy market share and market dominance. The capture, from one of the major container lines, of the Banex Group weekly banana contract into St. Petersburg by STAR Reefers is an indication that the market is again attaching value to the flexible, reliable and high quality service which specialised reefers can deliver.

26 July 2012
The Board of Directors of Siem Shipping Inc.

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.

SIEM SHIPPING INC. GROUP - 2nd QUARTER 2012

STATEMENTS OF COMPREHENSIVE INCOME *(in $ thousand)*	**2012 2Q** Unaudited	**2011 2Q** Unaudited	**2012 Jan-Jun** Unaudited	**2011 Jan-Jun** Unaudited	**2011 Jan-Dec** Audited
Gross revenue	$ 54,654	$ 78,828	$ 117,245	$ 150,719	$ 276,444
Voyage expenses and other operating revenue	-21,137	-33,075	-39,804	-57,011	-121,382
Net operating revenue	**33,517**	**45,753**	**77,441**	**93,708**	**155,062**
Ship operating and admin. expenses	-15,062	-21,227	-32,439	-42,907	-84,914
Time charter hire	-17,220	-17,112	-34,395	-34,327	-68,547
Op. income bef. depr. and bare-boat hire	**1,235**	**7,414**	**10,607**	**16,474**	**1,601**
Bareboat charter hire	-405	-370	-809	-735	-1,482
Depreciation and amortisation	-2,571	-5,414	-5,389	-10,892	-20,179
Impairment	4,400	-12,311	-1,231	-12,311	-99,102
Operating income	**2,659**	**-10,681**	**3,178**	**-7,464**	**-119,162**
Interest expense	-510	-625	-1,085	-1,195	-2,294
Other financial items net	-276	-244	-148	-439	-2,761
Profit / Loss on sale of vessels	42	239	-61	239	239
Net financial items	**-744**	**-630**	**-1,294**	**-1,395**	**-4,816**
Net income / (-loss) before tax	**1,915**	**-11,311**	**1,884**	**-8,859**	**-123,978**
Taxes	-6	-9	-14	-17	-30
Net income / (-loss)	**$ 1,909**	**$ -11,320**	**$ 1,870**	**$ -8,876**	**$ -124,008**
Other comprehensive income	-	-	-	-	-
Total comprehensive income / (-loss)	**$ 1,909**	**$ -11,320**	**$ 1,870**	**$ -8,876**	**$ -124,008**
Earnings / (-loss) per share, basic and diluted (amounts in $)	0.20	-1.17	0.19	-0.92	-12.85
Wtd. avg. common shares outstanding	9,647,479	9,647,479	9,647,479	9,647,479	9,647,479
Issued and outstanding shares	9,647,479	9,647,479	9,647,479	9,647,479	9,647,479

STATEMENTS OF FINANCIAL POSITION *(in $ thousand)*	**2012 30 Jun** Unaudited	**2011 30 Jun** Unaudited	**2011 31 Dec** Audited
ASSETS			
Tangible non-current assets			
Vessels	$ 181,227	$ 296,349	$ 188,181
Other non-current assets	195	255	287
Other non-current assets			
Pension funds	198	203	197
Current assets:			
Inventory	10,548	15,490	16,762
Non-current asset held for sale	-	6,098	13,029
Receivables and other current assets	24,829	25,025	16,954
Bank deposits	15,032	24,850	7,194
Total assets	**$ 232,029**	**$ 368,270**	**$ 242,604**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity:			
Share capital	$ 96	$ 96	$ 96
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	80,705	193,967	78,835
Total Shareholders' equity	**159,488**	**272,750**	**157,618**
Interest bearing debt, long-term	29,868	44,933	38,503
Interest bearing debt, short-term	5,882	12,838	12,833
Other short-term debt	36,791	37,749	33,650
Total liabilities	**72,541**	**95,520**	**84,986**
Total Shareholders' equity and liabilities	**$ 232,029**	**$ 368,270**	**$ 242,604**

STATEMENTS OF CASH FLOWS

(in $ thousand)	2012 2Q Unaudited	2011 2Q Unaudited	2012 Jan-June Unaudited	2011 Jan-June Unaudited	2011 Jan-Dec Audited
Profit / (-loss) before tax	$1,915	-$11,311	$1,884	-$8,859	$ -123,978
Depreciation and amortisation	2,571	5,414	5,389	10,892	20,179
Impariment	-4,400	12,311	1,231	12,311	99,102
Net drydocking costs	1,516	1,201	2,922	2,292	1,537
Other	11,281	-541	49	-4,388	-1,674
Cash flow from operating activities	12,883	7,074	11,475	12,248	-4,834
Sale of vessels	6,007	5,984	11,406	5,984	12,009
Other	-17	-20	-17	-50	-130
Cash flow from investing activities	5,990	5,964	11,389	5,934	11,879
Repaid interest bearing debt	-10,310	-6,500	-15,610	-6,500	-13,000
Net changes in financing fees	-44	-78	-60	-232	-251
Cash flow from financing activities	-10,354	-6,578	-15,670	-6,732	-13,251
Net change in cash	**$ 8,519**	**$ 6,460**	**$ 7,194**	**$ 11,450**	**$ -6,206**
Cash at beginning of period	5,869	18,390	$ 7,194	$ 13,271	13,400
Cash at end of period	**$ 15,032**	**$ 24,850**	**$ 15,032**	**$ 24,850**	**$ 7,194**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in $ thousand)	2012 Jan-June Unaudited	2011 Jan-June Unaudited	2011 Jan-Dec Audited
Shareholders' equity at beginning of period	**$157,618**	**$281,626**	**$ 281,626**
- Share issue	-	-	-
- Net profit for the period	1,870	-8,876	-124,008
Shareholders' equity at end of period	**$159,488**	**$272,750**	**$ 157,618**

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 2012 and 2011 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 2011. The consolidated condensed financial statements should be read in conjunction with the 2011 annual financial statements, which include a full description of the Group's accounting policies.

3 Tangible assets

(in $ thousand)	30 June 12	30 June 11	31 Dec 11
Book value beginning of year	188,468	334,131	334,131
Additions	212	124	3,964
Disposal	0	-5,985	-12,612
Reclassification - Assets held for sale	0	-6,098	-13,029
Depreciation and amortisation of dry docking for the period	-7,257	-13,257	-24,884
Impairment	0	-12,311	-99,102
Book value end of period	181,422	296,604	188,468

4 Interest bearing debt

(in $ thousand)	ABN AMRO Syndicate
Balance (including financing fees) 31 December 2011	51,336
Repaid debt	-15,610
Financing fees	24
Balance (including financing fees) 30 June 2012	35,750
Balance (including financing fees) 30 June 2011	57,771

5 Charter commitments

From 1 July 2012

(in $ thousand)	2012	2012	2013-2023	Total
Long-term charters	32,634	65,271	490,470	588,375

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 Siem Car Carriers on an arm's length basis.

Also download our web page www.star-reefers.com

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Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2012 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of Siem Shipping's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

26 July 2012

Ole Martin Siem (Chairman)

Kristian Siem (Board member)

Michael Delouche (Board Member)

Per Chr. Haukenes (Board member)

Harald Kuznik (Board Member)

Simon Stevens (CEO)