



SIEM SHIPPING INC.

REPORT FOR THE FIRST NINE MONTHS AND 3RD QUARTER 2013

25 October 2013 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI) announces its results for the nine month period and quarter ended 30 September 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 32 vessels with a total capacity of 18 million cbft.

Highlights 3rd Quarter of 2013

- **Net income of USD0.6 million (Q3 2012: net loss USD1.3 million)**
- **EPS USD0.06 (USD-0.13)**
- **EBITDA of USD4.2 million (USD2.1 million)**
- **Drawdown on Siem Industries facility: USD11.0 million**
- **Repaid debt to bank: USD6.1million**
- **Approximately 96% of fleet capacity is fixed for the balance of 2013**
- **Contract backlog: USD470 million (USD528 million)**

Third Quarter Financial Statements

Siem Shipping recorded a net profit of USD0.6 million (Q3 2012: net loss USD1.3 million). Earnings (-loss) per share was USD 0.06 per share (USD-0.13 per share).

Gross revenue was USD58.4 million (USD53.1 million) and available capacity decreased 1.4% to 51.1 million cbft. (51.8 million cbft.). Net operating revenue after voyage expenses was USD36.9 million (USD31.9 million). The increase in net revenue was due to higher rates earned.

Ship operating and administrative expenses were USD16.3 million (USD13.8 million) with the increase mainly due to an increase in repair and maintenance costs.

Time charter and bareboat expenses were USD16.4 million (USD16.1 million).

Depreciation and amortisation was USD2.5 million (USD2.6 million). The reduction is due to the sale of a vessel.

Interest expense was USD1.1 million (USD0.5 million). Interest expense increased due to net increased borrowing and higher interest rates.

Other financial expenses were USD0.1 million (USD0.3 million) of which the mark-to-market of 5-year interest swaps amounted to a gain of USD0.1 million (loss USD0.2 million).

Year-to-Date Financial Statements

Siem Shipping recorded a net income of USD5.3 million (net income USD0.6 million). Earnings per share was USD 0.54 (USD0.06).

Gross revenue was USD196.5 million (USD170.3 million). Net operating revenues after voyage expenses were USD113.9 million (USD109.4 million). The available capacity increased by 2.9% to 162.7 million cbft. (158.1 million cbft).

Ship operating and administrative expenses were USD48.8 million (USD46.2 million) primarily due to increased repair and maintenance costs.

Time charter and bareboat charter expenses decreased to USD49.5 million (USD51.3 million). The reduction is primarily due to renegotiated charter-in rates mid-2012.

Depreciation and amortisation was USD7.8 million (USD8.0million).

An impairment charge was recorded on the sale of a vessel of USD0.3 million (USD1.3 million).

Interest expense was USD2.6 million (USD1.6 million). Interest expense increased due to net increased borrowing and higher interest rates.

Other financial income/(expenses) were USD0.3 million (USD-0.4 million), which included the mark-to-market of 5-year interest swaps to a gain of USD0.6 million (loss USD0.4 million).

Statement of Financial Position

Shareholders' equity was USD159.0 million at 30 September 2013 (31 December 2012: USD153.7 million), or USD16.48 per share (31 December 2012: USD15.93 per share). Siem Shipping made repayments of debt of USD12.1 million, reducing interest-bearing bank debt from USD36.4 million at year-end 2012 to USD24.3 million at 30 September 2013. Siem Shipping borrowed USD26.0 million from its 76.1% shareholder, Siem Industries Inc, under a USD35 million credit facility made available for the purpose of financing the lengthening and rejuvenation of the four C-class vessels (*Caribbean, Costa Rican, Cote D'Ivoirian and Colombian Star*). The net interest-bearing debt increased by USD13.9 million from USD36.4 million at year-end to USD50.3 million at 30 September 2013. The next scheduled instalment on bank debt, USD6.1 million, is due in April 2014. The cash position during the first nine months of 2013 decreased from USD13.6 million year-end 2012 to USD12.0 million. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments.

Market

The average spot market rate for larger reefer vessels in Q3 2013 was 32 cents per cubic feet per 30 days (“cents”) compared to 37 cents for the same period in 2012. During the first nine months of 2013, the average spot market rate was 54 cents, an increase of 34% compared to same period in 2012 (40 cents). Siem Shipping currently has limited direct exposure to the spot market.

Poor weather in Ecuador led to a sharp decline in banana production which, compounded by government imposed high exit prices, stifled shipments. The spot market was consequently poor from June until August.

By the end of August, there was seasonal surplus banana production from East Coast Central America (ECCA). The banana majors chartered additional tonnage at rates as high as 50 cents or sold FOB to traders to ship to the Mediterranean. The supply of surplus ECCA origin fruit (estimated to be in excess of 6 million cartons) in the Mediterranean, combined with political instability in the destination markets, saw CIF banana prices fall by about 40% and led to reduced shipments.

Operational Issues

During the first nine months of 2013, unplanned operation off-hire due to technical reasons was 0.5% (2012: 0.4%).

Fleet Changes, Deployment and Contract Backlog

The project of lengthening and rejuvenating the four C-class vessels (*Caribbean Star*, *Costa Rican Star*, *Cote D'Ivoirian Star*, and *Colombian Star*) is progressing well. The first vessel is expected to be redelivered from Qingdao Beihai Shipbuilding yard in early November and all four vessels are due to commence a contracted 7-year time charter when each vessel is redelivered from the yard.

At 30 September 2013, 96% of fleet capacity for the remainder of 2013 had been fixed. However, the fourth quarter will be effected by the C-Class vessels not being operational due to the lengthening project.

Timaru Star was sold for scrap in July 2013.

The contract backlog at 30 September 2013 was USD 470 million (USD 528 million).

Outlook

Even though Siem Shipping's fleet is only modestly exposed to the reefer spot market, there is little doubt that a low spot market has an impact on the rates which Siem Shipping can achieve for term contracts. The stabilising of spot rates over the first three quarters of 2013 seems to indicate that the specialised reefer supply/demand position has moved more into balance. However, the Mediterranean banana market, which underpins the spot market, is continuing to face significant challenges. The attempt by President Correa's administration in Ecuador to enforce tighter regulation over exports combined with the disruption in the key transit market of Syria is not helping rates to recover.

If rates remain low, which currently looks probable, it is likely that the market will see both further scrapping of the smaller, less efficient units and renewed focus on the larger, more efficient and more cost-effective vessels.

24 October 2013
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 - 3rd QUARTER 2013

STATEMENTS OF COMPREHENSIVE INCOME

(in \$ thousand)

	2013 3Q Unaudited	2012 3Q Unaudited	2013 Jan-Sep Unaudited	2012 Jan-Sep Unaudited	2012 Jan-Dec Audited
Gross revenue	\$ 58,362	\$ 53,056	\$ 196,498	\$ 170,301	\$ 232,088
Voyage expenses and other operating revenue	-21,435	-21,120	-82,642	-60,924	-87,501
Net operating revenue	36,927	31,936	113,856	109,377	144,587
Ship operating and admin. expenses	-16,341	-13,773	-48,779	-46,212	-63,746
Time charter hire	-15,915	-15,702	-48,241	-50,097	-65,944
Op. income bef. depr. and bare-boat hire	4,671	2,461	16,836	13,068	14,897
Bareboat charter hire	-438	-409	-1,243	-1,218	-1,627
Depreciation and amortisation	-2,537	-2,572	-7,753	-7,961	-10,552
Impairment charges	-	-	-300	-1,231	-4,172
Operating income	1,696	-520	7,540	2,658	-1,454
Interest expense	-1,055	-495	-2,584	-1,580	-2,011
Other financial items net	-65	-276	317	-424	-336
Profit / Loss on sale of vessels	-	-	-	-61	-61
Net financial items	-1,120	-771	-2,267	-2,065	-2,408
Net income / (-loss) before tax	576	-1,291	5,273	593	-3,862
Taxes	-6	-6	-21	-20	-27
Net income / (-loss)	\$ 570	\$ -1,297	\$ 5,252	\$ 573	\$ -3,889
Other comprehensive income	-	-	-	-	-
Total comprehensive income / (-loss)	\$ 570	\$ -1,297	\$ 5,252	\$ 573	\$ -3,889
Earnings / (-loss) per share, basic and diluted (amounts in \$)	0.06	-0.13	0.54	0.06	-0.40
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)

ASSETS

	2013 30 Sep Unaudited	2012 30 Sep Unaudited	2012 31 Dec Audited
Tangible non-current assets			
Vessels	\$ 166,949	\$ 178,319	\$ 174,069
Capitalised project costs	20,360	-	-
Other non-current assets	194	213	194
Other non-current assets			
Pension funds	213	198	213
Current assets:			
Inventory	9,026	10,904	11,465
Non-current asset held for sale	-	-	1,600
Receivables and other current assets	29,733	24,509	21,668
Bank deposits	11,996	13,001	13,602
Total assets	\$ 238,471	\$ 227,144	\$ 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	80,198	79,408	74,946
Total Shareholders' equity	158,981	158,191	153,729
Interest bearing debt, long-term	37,496	23,849	23,887
Interest bearing debt, short-term	11,920	11,948	11,944
Other short-term debt	30,074	33,156	33,251
Total liabilities	79,490	68,953	69,082
Total Shareholders' equity and liabilities	\$ 238,471	\$ 227,144	\$ 222,811

STATEMENTS OF CASH FLOWS					
<i>(in \$ thousand)</i>	2013	2012	2013	2012	2012
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Profit / (-loss) before tax	\$ 576	\$ -1,291	\$ 5,273	\$ 593	\$ -3,889
Depreciation and amortisation	2,537	2,572	7,753	7,961	10,550
Impairment charges	-600	-	-300	1,231	4,172
Net drydocking costs	-212	364	-595	3,286	2,497
Other	-3,175	-3,660	-8,464	-2,967	-546
Cash flow from operating activities	-874	-2,015	3,667	10,104	12,784
Sales of vessels	1,301	-	1,301	11,406	11,406
Capital expenditure vessels	-10,849	-16	-20,360	-33	-2,100
Cash flow from investing activities	-9,548	-16	-19,059	11,373	9,306
New interest bearing debt	11,000	-	26,000	-	-
Repaid interest bearing debt	-6,065	-	-12,130	-15,610	-15,610
Net changes in financing fees	-22	-	-84	-60	-72
Cash flow from financing activities	4,913	-	13,786	-15,670	-15,682
Net change in cash	\$ -5,509	\$ -2,031	\$ -1,606	\$ 5,807	\$ 6,408
Cash at beginning of period	17,505	15,032	\$ 13,602	\$ 7,194	7,194
Cash at end of period	\$ 11,996	\$ 13,001	\$ 11,996	\$ 13,001	\$ 13,602

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY				
<i>(in \$ thousand)</i>	2013	2012	2012	
	Jan-Sep	Jan-Sep	Jan-Dec	
	Unaudited	Unaudited	Audited	
Shareholders' equity at beginning of period	\$ 153,729	157,618	\$ 157,618	
- Net profit for the period	5,252	573	-3,889	
Shareholders' equity at end of period	\$ 158,981	\$ 158,191	\$ 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>	30 Sep 13	30 Sep 12	31 Dec 12
Book value beginning of year	174,263	188,468	188,468
Additions, including capitalised project costs	23,151	826	4,695
Reclassification - Assets held for sale	0	0	-1,600
Depreciation and amortisation of dry docking for the period	-9,911	-10,762	-14,358
Impairment	0	0	-2,941
Book value end of period	187,503	178,532	174,263

4 Interest bearing debt

<i>(in \$ thousand)</i>	Siem Industries	ABN AMRO	Total
	Loan	Syndicate	
Balance (including financing fees) 31 December 2012	0	35,831	35,831
New debt	26,000	0	26,000
Repaid debt	0	-12,130	-12,130
Financing fees	-424	139	-285
Balance (including financing fees) 30 September 2013	25,576	23,840	49,416
Balance (including financing fees) 30 September 2012	0	35,797	35,797

5 Charter commitments

From 1 Oct 2013 <i>(in \$ thousand)</i>	2013	2014	2015-2023	Total
Long-term charters	16,318	65,130	425,340	506,788

6 Related parties

The Company continues 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 benefits 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 for the lengthening of the 4 C-Class vessels (*Caribbean Star*, *Costa Rican Star*, *Cote D'Ivoirian Star*, and *Colombian Star*) from Siem Industries Inc.

The loan is a 3.5 year unsecured loan, which 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.

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

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