



SIEM SHIPPING INC.

REPORT FOR THE FOURTH QUARTER AND PRELIMINARY FULL YEAR 2013

17 February 2014 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI) announces its results for the twelve month period and quarter ended 31 December 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 2013

- Net income before impairment of USD3.0 million (2012: USD0.3 million)
- EPS USD 0.28 (USD-0.40)
- EBITDA of USD16.8 million (2012: USD13.3 million)
- Two of the four vessels lengthened and rejuvenated have been redelivered from the yard and placed on 7-year time charters.
- *Timaru Star* sold for scrap

Comparative Financial Statements (Year over Year)

In 2013, the Company reported a net income prior to impairment charges of USD3.0 million (2012: USD0.3 million), or USD0.31 per share (USD0.03 per share). After impairment charges of USD0.3 million (USD4.2 million) on older scrapped vessels, the Company reported a net profit of USD2.7 million (net loss USD3.9 million), or a net profit of USD0.28 per share (net loss USD-0.40 per share).

Gross revenues were USD255.4 million (USD232.1 million) and net operating revenue after voyage and other expenses was USD149.7 million (USD144.6 million). The capacity employed decreased by 1% to 211.2 million cbft (213.9 million cbft).

Ship operating and administrative expenses were USD67.0 million (USD63.7 million) with the increase mainly due to an increase in repair and maintenance costs.

Time charter and bareboat charter expenses decreased to USD66.0 million (USD67.6 million) primarily due to renegotiated charter-in rates mid-2012 on 12 vessels in consideration of agreeing to extend the charter periods by three years.

Depreciation and amortisation was USD10.3 million (USD10.6 million). The reduction is due to the sale of *Timaru Star*.

Impairment charge and loss on sale of *Timaru Star* was USD0.3 million (USD4.2 million).

Interest expense was USD3.7 million (USD2.0 million). The increase was due to a new facility from Siem Industries in connection with the lengthening and rejuvenation of the four C-Class vessels.

Other financial items were USD0.3 million (USD-0.3 million), which includes the mark-to-market of 5-year interest swaps for a profit of USD0.7 million (USD-0.3 million).

Comparative Financial Statements (Q4 over Q4)

During the quarter, the Company recorded a net loss of USD2.5 million (Q4 2012: net loss USD4.5 million), or a net loss of USD0.26 per share (net loss USD0.46 per share).

Gross revenues were USD58.9 million (USD61.8 million) and net operating revenue after voyage and other expenses was USD35.9 million (USD35.2 million) as rates increased. Capacity employed for 3-month period was 48.5 million cbft (55.8 million cbft). The fourth quarter was affected by the C-Class vessels not being operational due to the lengthening project.

Ship operating and administrative expenses were USD18.2 million (USD17.5 million), with the increase mainly due to an increase in repair and maintenance costs..

Time charter and bareboat charter expenses increased to USD16.5 million (USD16.3 million).

Depreciation and amortisation was USD2.5 million (USD2.6 million). The reduction is due to the sale of *Timaru Star*.

Interest expense increased to USD1.1 million (USD0.4 million). The increase was due to a new facility from Siem Industries in connection with the lengthening and rejuvenation of the four C-Class vessels.

Statement of Financial Position

Shareholders' equity was USD156.5 million at 31 December 2013 (31 December 2012: USD153.7 million), or USD16.22 per share (31 December 2012: USD15.93 per share). Siem Shipping has 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 31 December 2013. Siem Shipping borrowed USD35.0 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 USD22.9 million from USD36.4 million at year-end to USD59.3 million at 31 December 2013. The next scheduled instalment on bank debt, USD6.1 million, is due in April 2014. The cash position during 2013 increased from USD13.6 million year-end 2012 to USD16.6 million. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments.

Market

The market witnessed some recovery in the specialised reefer industry during 2013. The effects of scrapping 70 specialised reefer vessels in 2012, coupled with a significant increase in Ecuadorian banana exports in Q1, started the year on an upward trend.

This spot market rate recovery continued at a moderate pace into the second quarter as port strikes in Chile, which affected the container line loading schedules and equipment supply, further increased the demand for specialised tonnage and as the effects of the container lines 2013 General Rate Increases began to impact.

Argentinean deciduous export volumes remained stable despite high domestic inflation. Russia remained it's biggest market with the specialised sector maintaining its relative positions to all destinations.

A combination of poor weather in Ecuador and a banana exit price determined by the Ecuadorian Government stifled export and led to a fall in export production over the Summer months. However, by the end of August, it was apparent that there would be surplus banana production from East Coast Central America – the major banana companies chartered additional tonnage or sold FOB to traders to ship surplus production to Mediterranean markets, preferring to do this rather than destabilizing their own European and US markets.

In the second half of the year, the average spot market rates were 42 cents, an increase of 13% on the same period in 2012 (37 cents).

During 2013, only seven vessels in the specialised reefer industry fleet with total capacity of 3.25 million cbft were scrapped, representing approximately 1% of the fleet by capacity. This is a significant decline from the 5-10 % of fleet capacity being scrapped annually over the previous four years 2009-2012.

Operational Issues

For the whole of 2013, the Company recorded unplanned operational off-hire of 0.6% (2012: 0.2%).

Our in-house ship management company, STAR Reefers Poland, now manages the total fleet of 19 owned and one bareboat chartered vessel, as well as two car carriers indirectly owned by Siem Industries. The performance statistics of STAR Reefers Poland have proven to be markedly superior to those the Company experienced with third party managers in the past.

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, however, the project has taken longer than anticipated and the redelivery from Qingdao Beihai Shipbuilding yard has been delayed. The first two vessels were redelivered in 2013, the third vessel was redelivered in January 2014 and the fourth vessel is scheduled to be redelivered later in Q1 2014. All four vessels are contracted-out on a 7-year time charter.

In June 2012, Siem Shipping entered into a contract with the Russian banana charterer, the Banex Group, to provide a regular weekly service from Ecuador to St Petersburg for a period of one year. This contract was renewed in June 2013 for an additional period of one year from June 2013. The service will continue to employ 7 vessels.

Timaru Star was sold for scrap in July 2013.

In October, the Company extended the current charter of *Dunedin Star* to Alaska Reefer Management for an additional two years.

At 31 December 2013, 80% of the Company's fleet capacity for 2014 had been fixed and the balance is exposed to the spot market.

The contract backlog at 31 December 2013 was USD443 million (USD 550 million).

Outlook

The general mood in the reefer market is slightly more optimistic than it has been in recent years. The size of the fleet has been trimmed down over the past few years to levels which broadly match demand. Spot rates have, at least in January 2014, responded with an improvement over last year. However, it is too early to state that the industry will be returning to good times.

The increases in rates implemented by the major container lines in 2013 highlighted to shippers and exporters worldwide the true costs of transporting perishable cargo.

There has never been any serious doubt that a modern specialised reefer can deliver a higher quality and more predictable service than the service provided by container lines. The issue had largely been price but now, as this price gap narrows, there are signs that many end-users are reconsidering the higher quality, direct, specialised reefer mode.

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. STAR Reefers now controls a fleet of 32 vessels with a capacity of 18 million cbft. The Company is continuing to evaluate opportunities in other sectors of the shipping market.

14 February 2014
The Board of Directors of Siem Shipping Inc.

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

<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 - 4th QUARTER 2013

STATEMENTS OF COMPREHENSIVE INCOME <i>(in \$ thousand)</i>	2013		2012	
	4Q	4Q	2013	2012
	Unaudited	Unaudited	Jan-Dec Unaudited	Jan-Dec Audited
Gross revenue	\$ 58,935	\$ 61,787	\$ 255,433	\$ 232,088
Voyage expenses and other operating revenue	-23,084	-26,577	-105,726	-87,501
Net operating revenue	35,851	35,210	149,707	144,587
Ship operating and admin. expenses	-18,176	-17,534	-66,955	-63,746
Time charter hire	-16,102	-15,847	-64,343	-65,944
Op. income bef. depr. and bare-boat hire	1,573	1,829	18,409	14,897
Bareboat charter hire	-419	-409	-1,662	-1,627
Depreciation and amortisation	-2,533	-2,591	-10,286	-10,552
Impairment charges	-	-2,941	-300	-4,172
Operating income	-1,379	-4,112	6,161	-1,454
Interest expense	-1,131	-431	-3,715	-2,011
Other financial items net	-9	88	308	-336
Profit / Loss on sale of vessels	-	-	-	-61
Net financial items	-1,140	-343	-3,407	-2,408
Net income / (-loss) before tax	-2,519	-4,455	2,754	-3,862
Taxes	-11	-7	-32	-27
Net income / (-loss)	\$ -2,530	\$ -4,462	\$ 2,722	\$ -3,889
Other comprehensive income	-	-	-	-
Total comprehensive income / (-loss)	\$ -2,530	\$ -4,462	\$ 2,722	\$ -3,889
Earnings / (-loss) per share, basic and diluted (amounts in \$)	-0.26	-0.46	0.28	-0.40
Wtd. avg. common shares outstanding	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

STATEMENTS OF FINANCIAL POSITION <i>(in \$ thousand)</i>	2013		2012	
	31 Dec		31 Dec	
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Tangible non-current assets				
Vessels		\$ 187,483	\$ 174,069	
Capitalised project costs		13,362	-	
Other non-current assets		139	194	
Other non-current assets				
Pension funds		195	213	
Current assets:				
Inventory		8,301	11,465	
Non-current asset held for sale		-	1,600	
Receivables and other current assets		24,542	21,668	
Bank deposits		16,577	13,602	
Total assets		\$ 250,599	\$ 222,811	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity:				
Share capital		\$ 96	\$ 96	
Additional paid-in capital		78,687	78,687	
Retained earnings		77,668	74,946	
Total Shareholders' equity		156,451	153,729	
Interest bearing debt, long-term		46,417	23,887	
Interest bearing debt, short-term		12,083	11,944	
Other short-term debt		35,648	33,251	
Total liabilities		94,148	69,082	
Total Shareholders' equity and liabilities		\$ 250,599	\$ 222,811	

STATEMENTS OF CASH FLOWS
(in \$ thousand)

	2013 4Q Unaudited	2012 4Q Unaudited	2013 Jan-Dec Unaudited	2012 Jan-Dec Audited
Profit / (-loss) before tax	\$ -2,551	\$ -4,482	\$ 2,722	\$ -3,889
Depreciation and amortisation	2,533	\$ 2,589	10,286	10,550
Impairment charges	-	\$ 2,941	300	4,172
Net drydocking costs	-3,702	\$ -789	-4,297	2,497
Other	2,446	\$ 2,421	-6,318	-546
Cash flow from operating activities	-1,274	2,680	2,693	12,784
Sales of vessels	-	\$ -	1,301	11,406
Capital expenditure vessels	-3,329	\$ -2,067	-23,689	-2,100
Cash flow from investing activities	-3,329	-2,067	-22,388	9,306
New interest bearing debt	9,000	-	35,000	-
Repaid interest bearing debt	-	\$ -	-12,130	-15,610
Net changes in financing fees	-116	\$ -12	-200	-72
Cash flow from financing activities	8,884	-12	22,670	-15,682
Net change in cash	\$ 4,281	\$ 601	\$ 2,975	\$ 6,408
Cash at beginning of period	11,996	13,001	13,602	7,194
Cash at end of period	\$ 16,577	\$ 13,602	\$ 16,577	\$ 13,602

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

	2013 Jan-Dec Unaudited	2012 Jan-Dec Audited
Shareholders' equity at beginning of period	153,729	\$ 157,618
- Net profit / (loss) for the period	2,722	-3,889
Shareholders' equity at end of period	\$ 156,451	\$ 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 Dec 13	31 Dec 12
Book value beginning of year	174,263	188,468
Additions, including capitalised project costs	39,947	4,695
Reclassification - Assets held for sale	0	-1,600
Depreciation and amortisation of dry docking for the period	-13,226	-14,358
Impairment	0	-2,941
Book value end of period	200,984	174,263

4 Interest bearing debt

<i>(in \$ thousand)</i>	Siem		Total
	Industries Loan	ABN AMRO Syndicate	
Balance (including financing fees) 31 December 2012	0	35,831	35,831
New debt	35,000	0	35,000
Repaid debt	0	-12,130	-12,130
Financing fees	-387	186	-201
Balance (including financing fees) 31 December 2013	34,613	23,887	58,500

5 Charter commitments

From 1 Jan 2014 <i>(in \$ thousand)</i>	2014	2015-2023	Total
Long-term charters	65,130	425,340	490,470

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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