



SIEM SHIPPING INC.

REPORT FOR THE FIRST HALF AND SECOND QUARTER 2016

25 July 2016 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI) announces its results for the six-month period and quarter ended 30 June 2016, prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Siem Shipping Inc. is an owner and operator of vessels in specialist shipping sectors. The Company operates in the specialised reefer industry as STAR Reefers, it is the leading global owner and operator of refrigerated vessels, and directly controls 30 vessels with a total capacity of 17 million cbft.

In the first half of 2015, the Company entered the car carrier market as a tonnage provider by contracting with Uljanik d.d., a shipbuilder based in Croatia, to build two 7,000 CEU pure car and truck carriers (“PCTCs”; CEU means car-equivalent units) for delivery in the second half of 2017. The Company has further expanded into the car carrier market in 2016 by acquiring all the shares of Auto Marine Transport Inc., which has three 7,000 CEU PCTC vessels under construction at Uljanik d.d. with delivery due in 2017.

Highlights for the First Half of 2016

- **Net income of USD6.4 million (H1 2015: USD5.3 million)**
- **EPS USD0.70 (2015: USD0.58)**
- **EBITDA of USD16.3 million (2015: USD15.4 million)**
- **About 95% of fleet capacity is fixed for the balance of 2016**
- **Contract backlog: USD482 million**
- **Voluntary share buy-back completed in March 2016**
- **Acquisition of Auto Marine Transport**
- **The AGM approved to submit an application to delist the Company from Oslo Stock Exchange**

Comparative Financial Statements (H1 2016 over H1 2015)

Siem Shipping recorded a net income for the first half of 2016 of USD6.4 million (H1 2015: USD5.3 million). Earnings per share were USD0.70 (USD0.58).

Gross revenues were USD94.9 million (USD101.0 million). Net revenues after voyage expenses were USD78.1 million (USD80.7 million). The capacity increased by 2.5% to 107.0 million cbft (104.4 million cbft). The increase in capacity was mainly due to the short-term charter-in of vessels.

Ship operating and administrative expenses were USD27.1 million (USD26.2 million), with the increase mainly due to the acquisition of *Star Prima* and *Star First* in April and May 2015 respectively.

Time charter-in expenses were USD34.7 million (USD39.1 million). The reduction was due to the acquisition of *Star Prima* and *Star First* in April and May 2015, offset by the increased charter-in cost of the additional vessels.

EBITDA was USD16.3 million (USD 15.4 million). Depreciation and amortisation expenses were USD8.6 million (USD8.7 million).

Interest expense was USD1.4 million (USD1.5 million).

Other financial items were USD0.1 million (USD0.2 million), which included the mark-to-market revaluation of five-year interest swaps of USD0.2 million (USD0.3 million).

Comparative Financial Statements (2016 Q2 over 2015 Q2)

The Company recorded net income of USD2.5 million (USD4.8 million). Earnings per share was USD0.28 per share (USD0.52 per share).

Gross revenues were USD47.4 million (USD57.7 million) and net utilised capacity decreased 3% to 53.8 million cbft (55.2 million cbft). Net revenue after voyage expenses was USD39.3 million (USD45.8 million).

Ship operating and administrative expenses were USD13.8 million (USD13.7 million).

Charter-in expenses were USD17.9 million (USD22.1 million).

EBITDA was USD7.5 million (USD10.0 million). Depreciation and amortisation expenses were USD4.2 million (USD4.5 million).

Interest expense was USD0.7 million (USD0.8 million).

Other financial items were negligible (2015: negligible), which included the mark-to-market revaluation of five-year interest swaps of USD0.2 million (USD0.2 million).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD168.7 million at 30 June 2016 (31 December 2015: USD163.1 million), or USD18.74 per share (31 December 2015: USD17.89 per share). Cash flow from operating activities for H1 2016 was USD15.3 million (USD14.2 million). The cash position increased from USD35.9 million at year-end 2015 to USD37.8 million at 30 June 2016. The next scheduled repayment of bank debt of USD7.7 million in November 2016 was prepaid in July 2016.

At its Annual General Meeting held on 6 May 2016, Siem Shipping Inc approved the acquisition of all the shares of Auto Marine Transport Inc. for USD 44.8 million from Siem Investments Inc., a company 100%-owned by Siem Industries (82% owner of Siem Shipping Inc.). Auto Marine Transport Inc. is the owner of three PCTC vessels under construction at Uljanik d.d. shipbuilding yard based in Croatia with the vessels being delivered to the Company in 2017. Auto Marine Transport Inc. has secured both long-term financing and five-year time charter-out agreements for the vessels. The gross purchase price for the three PCTC vessels under construction is USD169.6 million. Auto Marine Transport's remaining commitment to the Uljanik d.d and for exhaust gas scrubbers is USD124.8 million. The settlement of the USD44.8 million purchase price was a cash payment of USD10.8 million and a seller's credit of USD34.0 million made available to Siem Shipping Inc. by the Seller, with a minimum 50% due on or

before 31 December 2017 and the remaining balance due on or before 31 December 2018. Siem Shipping Inc. is paying 7.25% interest p.a. for the seller's credit.

In addition to the liabilities on the balance sheet, the Company has significant long-term charter commitments (see note 7 to the accounts).

Shareholder Information

In January 2016, Siem Shipping Inc. announced that its Board of Directors had resolved to initiate a voluntary share buy-back offer to purchase shares in the Company at NOK60 per share for a maximum of 1,708,907 shares. The offer was extended on 19 February until 7 March 2016. On completion of the voluntary buy-back offer, shareholders representing 112,053 shares accepted the offer for an aggregate consideration of NOK6.7 million (USD0.8 million). Following the buy-back and cancellation of shares, the issued and outstanding number of shares is 9,006,352 shares.

At Siem Shipping Inc's Annual General Meeting held 6 May 2016, it was approved that the Company should submit a proposal to delist from the Oslo Stock Exchange. The Company is in the process of preparing the application to the Oslo Stock Exchange. Increased competition from the container companies has impacted the traditional specialised reefer markets and the Company is the last remaining publicly-listed reefer company. During 2015, less than 20,000 shares in the Company were traded, equivalent to about 75 shares per day on approximately 260 trading days during the year. There was trading activity on only 46 days.

Principal Risks

The Board currently believes that the 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, threats to the global economy, competition from reefer container vessels, adverse climatic changes, crop diseases and crop harvests. The Company is also exposed to high fuel costs, although hedging will be undertaken when appropriate to mitigate this risk. In addition, the Company is exposed to the risks of piracy and to the performance of customers, service providers and suppliers. Furthermore, although the Company works hard to mitigate the normal risks in operating its ships, for example, by training its crew to a high standard and taking out insurance as appropriate and economical, there nonetheless remains the risk that accidents and uncontrollable events will happen.

Auditing and Related Party Transactions

The H1 2016 financial report has not been audited or reviewed by auditors. Information on 2015 related party transactions is disclosed in the Annual Report 2015 and for the first half of 2016 in the notes to this report.

Market

In the first half of 2016, the average spot market rate was 40 cents per cubic foot per 30 days ("cents"), a decrease of 42% compared to the same period in 2015 (69 cents). The average spot market rate for Q2 2016 was 36 cents compared to the Q2 2015 average of 58 cents.

In Q1 2016, the average spot market rate was 45 cents, down 43% on the same period in 2015 (79 cents). Operators faced a very challenging spot and seasonal market for tonnage that was not deployed in contract employment or liner services. Container lines continued to absorb the majority of the spot banana volumes at low freight rates. A poor squid catch in the Falkland Islands and a weak West Africa fish import market dampened demand for small-to mid-size vessels.

Chilean exports converted to containerised shipping for some major markets whilst demand for Argentinian deciduous shipments in specialised reefer vessels to major markets declined.

In Q2 2016, spot market rates continued to decline due to ongoing poor demand.

Despite earlier forecasts of up to 30% production losses due to a strong El Nino, Ecuador reported increased export volumes compared to 2015. The Russian market increased banana imports at the expense of lower pricing but continuing poor economic conditions in the main spot banana markets in the Mediterranean led to a very slow spot market and a minimal number of spot fixtures.

Fish and squid catches remained low, leading to operators withdrawing tonnage.

Only two ships from the global reefer fleet have been reported as recycled in 2016. There are currently eight vessels in lay-up.

Operational Issues

Our in-house ship-management company, Siem Ship Management, which is based in Poland, manages the total fleet of 18 owned vessels as well as two car carriers indirectly owned by the Company's largest shareholder, Siem Industries Inc. The performance statistics of Siem Ship Management demonstrate continued improvement and superior results compared to previous third-party managers. It has built on its success with certification to ISO9001, ISO14001 and OHSAS18001 standards and implementation of a 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 half 2016.

In the first half of 2016, unplanned operational off-hire remained low at 0.1% of owned fleet (2015: 0.1%) with no significant incidents on our vessels leading to off-hire. During the first half of 2016, there were four operational incidents leading to off-hire, none of which were of any material significance.

Fleet Changes, Deployment and Contract Backlog

Regal Star was redelivered to its owners on 31 December 2014 after a nine-year bareboat charter came to an end and it no longer forms part of the Siem Shipping fleet. In March 2015, Siem Shipping received a notice of claim from the owners of *Regal Star*, stating that 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.

The contract to provide a regular weekly service from Ecuador to St. Petersburg has been renewed for an additional one-year period. This service employs seven vessels.

At the 2012 Annual General Meeting, Star Reefers Inc. changed its name to Siem Shipping Inc., to reflect the Company's intention to diversify its exposure to shipping to include a broader range of activities. Since then, the Board has evaluated different shipping opportunities and has decided to expand into the PCTC segment.

Further, at the Company's Annual General Meeting held 6 May 2016, a resolution was approved to acquire all the shares of Auto Marine Transport Inc. for USD 44.8 million from Siem Investments Inc., a wholly owned subsidiary of Siem Industries (82% owner of Siem Shipping Inc.). Auto Marine Transport Inc. is the owner of three PCTC vessels under construction at Uljanik d.d. shipbuilding yard based in Croatia with the vessels being delivered to the Company commencing in the second half of 2016 and in 2017. This transaction supports the diversification of the Company's exposure to a broader range of activities as set out in 2012.

As of 30 June 2016, 95% of fleet capacity for the remainder of 2016 had been fixed.

The contract backlog at 30 June 2016 was USD482 million.

Outlook

The spot market is expected to remain weak as a result of reduced demand from traditional Mediterranean traders, which have reduced activity and switched some volumes into containers.

With only limited scrapping and lay-up of vessels, the summer low season is expected to return similar rates compared to 2015. With increased competitiveness on pricing and a superior quality direct service offering, specialised reefers are seeing increased interest in longer-term shipping contracts.

An increase in the recycling of vessels is likely and could have a positive effect on demand for the remaining more fuel efficient fleet.

The Company's reefer strategy is to maintain its position as a leading specialist reefer operator and to provide its customers with a high-quality service at highly competitive prices. Siem Shipping now controls a fleet of 30 vessels with a capacity of 17 million cbft. The Company's strategy to enter the car carrier sector initially as tonnage provider, has been implemented by the construction of five 7,000 CEU capacity PCTCs for deliveries scheduled in 2017. The Company continues to evaluate other opportunities in the shipping market.

22 July 2016

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. Source of market rate data: Reefer Trends.</p>

SIEM SHIPPING INC. GROUP - FIRST HALF AND SECOND QUARTER 2016

STATEMENTS OF COMPREHENSIVE INCOME

(in \$ thousand)

	2016 2Q Unaudited	2015 2Q Unaudited	2016 Jan-Jun Unaudited	2015 Jan-Jun Unaudited	2015 Jan-Dec Audited
Gross revenue	\$ 47,404	\$ 57,706	\$ 94,947	\$ 100,986	\$ 200,101
Voyage expenses and other operating revenue	-8,133	-11,943	-16,803	-20,258	-40,750
Net operating revenue	39,271	45,763	78,144	80,728	159,351
Ship operating and administrative expenses	-13,813	-13,660	-27,141	-26,187	-54,954
Time charter hire	-17,949	-22,077	-34,700	-39,115	-73,906
Earnings before interest, tax, depr. and amort.	7,509	10,026	16,303	15,426	30,491
Depreciation and amortisation	-4,248	-4,458	-8,569	-8,734	-17,673
Operating income	3,261	5,568	7,734	6,692	12,818
Interest expense	-726	-816	-1,400	-1,540	-3,094
Other financial items net	-43	38	82	163	409
Net financial items	-769	-778	-1,318	-1,377	-2,685
Net income before tax	2,492	4,790	6,416	5,315	10,133
Taxes	-1	-4	-5	-10	-21
Net income	\$ 2,491	\$ 4,786	\$ 6,411	\$ 5,305	\$ 10,112
Other comprehensive income	-	-	-	-	-
Total comprehensive income	\$ 2,491	\$ 4,786	\$ 6,411	\$ 5,305	\$ 10,112
Earnings per share, basic and diluted (amounts in \$)	0.28	0.52	0.70	0.58	1.10
Wtd. avg. common shares outstanding	9,006,352	9,118,405	9,112,447	9,217,789	9,167,689
Issued and outstanding shares	9,006,352	9,118,405	9,006,352	9,118,405	9,118,405

STATEMENTS OF FINANCIAL POSITION

(in \$ thousand)

ASSETS

	2016 30 Jun Unaudited	2015 30 Jun Unaudited	2015 31 Dec Audited
Tangible non-current assets:			
Vessels	\$ 188,802	\$ 199,879	\$ 195,492
Capitalised project costs	50,145	-	5,345
Other non-current assets	111	96	107
Other non-current assets			
Pension funds	82	126	82
Current assets:			
Inventory	3,667	4,857	3,528
Receivables and other current assets	17,144	20,185	11,019
Bank deposits	37,808	44,324	35,853
Total assets	\$ 297,759	\$ 269,467	\$ 251,426

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity:			
Share capital	\$ 90	\$ 91	\$ 91
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	89,962	79,531	84,338
Total shareholders' equity	168,740	158,309	163,116
Interest-bearing debt, long-term	87,031	68,268	60,617
Interest-bearing debt, short-term	15,170	15,187	7,461
Other short-term debt	26,818	27,703	20,232
Total liabilities	129,019	111,158	88,310
Total shareholders' equity and liabilities	\$ 297,759	\$ 269,467	\$ 251,426

STATEMENTS OF CASH FLOW S

<i>(in \$ thousand)</i>	2016	2015	2016	2015	2015
	2Q	2Q	Jan-June	Jan-June	Jan-Dec
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net income before tax	\$ 2,492	\$ 4,790	\$ 6,416	\$ 5,315	\$ 10,133
Depreciation and amortisation	4,248	4,458	8,569	8,734	17,673
Other	2,943	4,193	317	198	3,254
Cash flow from operating activities	9,683	13,441	15,302	14,247	31,060
Sales of vessels	-	-	-	9,049	9,049
Paid dry-docking	-642	-498	-1,489	-1,155	-4,422
Capital expenditure vessels	-45,060	-31,451	-45,194	-31,757	-38,397
Cash flow from investing activities	-45,702	-31,949	-46,683	-23,863	-33,770
Share buy-back	-	-	-787	-4,063	-4,063
New interest-bearing debt	34,000	28,125	34,000	28,125	28,125
Repaid interest-bearing debt	-	-1,875	-	-7,709	-23,127
Net changes in financing fees	67	57	123	114	155
Cash flow from financing activities	34,067	26,307	33,336	16,467	1,090
Net change in cash	\$ -1,952	\$ 7,799	\$ 1,955	\$ 6,851	\$ -1,620
Cash at beginning of period	39,760	36,525	\$ 35,853	\$ 37,473	\$ 37,473
Cash at end of period	\$ 37,808	\$ 44,324	\$ 37,808	\$ 44,324	\$ 35,853

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in \$ thousand)</i>	2016	2015	2015
	Jan-June	Jan-June	Jan-Dec
	Unaudited	Unaudited	Audited
Shareholders' equity at beginning of period	\$ 163,116	\$ 157,067	\$ 157,067
- Repurchased 112,053 shares (2015: 529,074 shares)	-787	-4,063	-4,063
- Net income for the period	6,411	5,305	10,112
Shareholders' equity at end of period	\$ 168,740	\$ 158,309	\$ 163,116

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 2016 and 2015 is 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 2015. The consolidated condensed financial statements should be read in conjunction with the 2015 annual financial statements, which include a full description of the Group's accounting policies.

3 Segment Reporting

As of 30 June 2016, the Siem Shipping fleet consists of 30 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	Q2 2016	Q2 2015	H1 2016	H1 2015	2015
Bananas	88%	84%	88%	87%	85%
Deciduous	2%	6%	3%	5%	5%
Citrus	5%	5%	3%	3%	2%
Fish	5%	4%	5%	4%	7%
Other	0%	1%	1%	1%	1%
Total	100%	100%	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>	Q2 2016	Q2 2015	H1 2016	H1 2015	2015
Gross revenue T/C	28,863	28,881	56,362	57,219	118,002
Gross revenue V/C	18,541	28,825	38,585	43,767	82,099
Total gross revenue	47,404	57,706	94,947	100,986	200,101
Voyage expenses and other operating revenue	-8,133	-11,943	-16,803	-20,258	-40,750
Net operating revenue	39,271	45,763	78,144	80,728	159,351

5 Tangible Assets

<i>(in \$ thousand)</i>	30 June 16	30 June 15	31 Dec 15
Book value beginning of year	200,944	175,798	175,798
Additions, including capitalised project costs	46,683	32,911	42,819
Depreciation and amortisation of dry-docking for the period	-8,569	-8,734	-17,673
Book value end of period	239,058	199,975	200,944

6 Interest-Bearing Debt

<i>(in \$ thousand)</i>	ABN AMRO	Siem	Total
Balance (including financing fees) 31 December 2015	68,078	-	68,078
New debt	-	34,000	34,000
Repaid debt	-	-	-
Financing fees	123	-	123
Balance (including financing fees) 30 June 2016	68,201	34,000	102,201
Balance (including financing fees) 30 June 2015	57,148	-	57,148

7 Charter Commitments

From 1 July 2016 <i>(in \$ thousand)</i>	2016	2017	2018-2023	Total
Long-term charters	31,817	74,992	253,909	360,718

8 Related Parties

Siem Industries Inc. owns 82% 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 that Siem Shipping has on long-term charters. The fee paid to Siem Industries for providing the guarantees year-to-date was USD0.2 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 year-to-date was USD0.6 million. Siem Shipping has also entered into an agreement with Siem Car Carriers AS to charter out the two PCTC new-builds under construction for a period of five years from delivery in 2017. The contract is on an arms' length basis.

At the Siem Shipping Inc. Annual General Meeting held 6 May 2016 it approved the acquisition of all the shares of Auto Marine Transport Inc. for USD 44.8million from Siem Investments Inc., a company 100%-owned by Siem Industries (82% owner of Siem Shipping Inc.). Auto Marine Transport is the owner of three PCTC vessels under construction at Uljanik d.d. shipbuilding yard based in Croatia with the vessels being delivered to the Company in 2017. Auto Marine Transport Inc. has secured both long-term financing and five-year time charter-out agreements for the vessels. The gross purchase price for the three PCTC vessels under construction is USD169.6 million. Auto Marine Transport's remaining commitment to the Uljanik d.d and for exhaust gas scrubbers is USD124.8 million. The settlement of the USD44.8 million purchase price was a cash payment of USD10.8 million and a seller's credit of USD34.0 million made available to Siem Shipping Inc. by Seller with a minimum 50% due on or before 31 December 2017 and the remaining balance due on or before 31 December 2018. Siem Shipping Inc. is paying 7.25% interest p.a. for the seller's credit.

Also download our web page: www.siemshipping.com

For further information, please contact
Kenneth Ross, CEO +44 207 747 0500

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the period 1 January to 30 June 2016 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and give a true and fair view of Siem Shipping’s assets, liabilities, financial position, and profit and loss as a whole. We also confirm that, to the best of our knowledge, 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 party transactions.

22 July 2016

Kristian Siem, Chairman

Harald Kuznik, Director

Sasha Siem, Director

Carsten Plougmann Andersen, Director
Director

Michael Delouche,

Kenneth Ross, Chief Executive Officer