



# SIEM INDUSTRIES

## PRESS RELEASE

For Immediate Release

## SIEM INDUSTRIES INC.

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### **REPORT FOR THE 2<sup>ND</sup> QUARTER AND 1<sup>ST</sup> SIX MONTHS OF FISCAL YEAR 2011**

GEORGE TOWN, GRAND CAYMAN, 19 September 2011 – SIEM INDUSTRIES INC. announces its unaudited results for the quarter and six months ended 30 June 2011 that are prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

#### COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

*Quarter Ended 30 June 2011.* Net income for the quarter was \$14.3 million, or \$0.93 per share (2Q2010: \$11.2 million, or \$0.73 per share).

Operating revenues and operating expenses for the quarter were \$56.7 million and \$50.3 million, respectively (2010: \$51.8 million and \$39.5 million). The share of profits of associates for the quarter was \$25.3 million (2010: \$16.4 million).

Net gains (losses) on investments for the quarter were \$(0.4) million (2010: \$(2.0) million).

STAR Reefers Inc., a 73.5%-owned subsidiary of the Company, recorded a \$12.3 million impairment during the quarter ended 30 June 2011 after it performed a periodic assessment of the vessel valuations within its fleet.

General and administrative expenses for the quarter were \$4.1 million (2010: \$0.4 million). The reduction during 2010 reflects a \$1.4 million reversal of performance unit plan expenses during the quarter and other adjustments. Currency exchange gains (losses) for the quarter were \$2.3 million (2010: \$(10.5) million).

*First Half Year Ended 30 June 2011.* Net income for the first half year was \$27.9 million, or \$1.82 per share (1H2010: \$21.0 million, or \$1.37 per share).

Operating revenues and operating expenses for the first half ended 30 June 2011 were \$108.8 million and \$91.9 million, respectively (2010: \$105.2 million and \$78.2 million). The share of profits of associates for the first half was \$34.5 million (2010: \$29.4 million).

Net gains (losses) on investments for the first half were \$0.3 million (2010: \$(2.2) million).

General and administrative expenses for the first half were \$7.9 million (2010: \$4.9 million). Currency exchange gains (losses) for the first half were \$6.3 million (2010: \$(16.3) million).

#### CONSOLIDATED FINANCIAL POSITION

The Company held \$53.5 million of cash and cash equivalents at 30 June 2011, which includes restricted cash of \$3 million.

Shareholders' equity was \$1.25 billion at 30 June 2011 as compared to \$1.22 billion at 31 December 2010. There were 15,329,927 Common Shares issued and outstanding at 30 June 2011. The Company acquired and retired 30,000 Common Shares at the start of the second quarter for 2011.

#### OPERATIONS AND INVESTMENTS IN ASSOCIATES

The Company reports its investments in Subsea 7 S.A. (OSE Symbol: SUBC), Siem Offshore Inc. (OSE Symbol: SIOFF), Siem Capital AB and Deusa International GmbH (Deusa) under the equity method of accounting. The detail financial statements of the Company's investments in STAR Reefers Inc. (OSE Symbol: SRI), Siem Car Carriers Inc., Siem Car Carriers AS and Deep Seas Insurance Limited are incorporated within the Company's consolidated financial statements.

Subsea 7 Inc. and Acergy S.A. completed a combination, which became effective 7 January 2011 with the combined company re-named Subsea 7 S.A., whereby Subsea 7 Inc. shareholders exchanged their shares at the rate of 1.065 new shares of Subsea 7 S.A for each 1 share of Subsea 7 Inc. The Company owns a beneficial interest in 69,681,931 Subsea 7 S.A. shares, or approximately 20.4% of Subsea 7 S.A.'s issued and outstanding shares. For more information on Subsea 7, please visit [www.subsea7.com](http://www.subsea7.com).

Siem Offshore owns interests in 45 vessels working in the oil and gas industry, which includes 7 vessels under-construction in Brazil. At 30 June 2011, the Company owned a beneficial interest of 133,279,421 Siem Offshore shares, or 33.7%. For more information on Siem Offshore, please visit [www.siemoffshore.com](http://www.siemoffshore.com).

STAR controls a modern fleet of approximately 44 owned and chartered reefer vessels that is engaged in the transportation of refrigerated fruit and other perishable products. In 2010, STAR placed 7 of its less efficient reefer vessels in commercial lay-up due to difficult market conditions and, during the first half of 2011, STAR sold two of these vessels for scrap. STAR performs a periodic assessment of the valuations of its vessels and, during the second quarter 2011, recorded an impairment of the valuation of the vessels in the amount of \$12.3 million as noted previously. The Company owns a beneficial interest of 7,089,349 STAR shares, or 73.5%, of STAR. For more information, please visit [www.star-reefers.com](http://www.star-reefers.com).

Siem Car Carriers owns two vessels which are under contracts through 2011. The Company owns 100% of Siem Car Carriers.

Siem Capital AB, the Company's 64%-owned Swedish affiliate, holds an interest in 2 Swedish industrial and research companies.

Deusa, the Company's 49%-owned German affiliate, is engaged in the mining of potash and has potash reserves of greater than 60 years. Deusa is developing an environmentally-friendly thermolysis process facility which will incinerate wastes to produce energy for use in its potash mining operations.

Deep Seas Insurance Limited ("DSI"), the Company's 51%-owned Cayman Islands captive insurance affiliate, commenced operations in early-2006. DSI provides a risk management function to companies within the Siem Group by participating as co-insurer on marine insurances and as lead insurer on other risks on a fully reinsured basis. Subsea 7 S.A. owns the remaining 49% interest in DSI.

## RISKS AND UNCERTAINTIES AND MARKET OUTLOOK

The principal risks and uncertainties confronting the Company reflect primarily the risks and uncertainties confronting its subsidiary, STAR, and its associates, Subsea 7 and Siem Offshore. The risks and uncertainties of each of these companies are more fully discussed in the individual Reports to Shareholders from each of the respective companies' websites as indicated above.

Similarly, the market outlook for the Company is primarily a product of the market outlooks for each of STAR, Subsea 7 S.A. and Siem Offshore.

## MANAGEMENT COMMENTS

The Company and its associates continue to adjust to the uncertain economic conditions that have prevailed since late-2008.

## SUBSEQUENT EVENTS

In August 2011, the Company purchased an additional 50,000 shares of Subsea 7 S.A. in open market transactions.

Mr. Eystein Eriksrud has been appointed deputy CEO of the Company and his employment will commence 1 October 2011. Mr. Eriksrud will be a member of the Company's executive committee and report to Mr. Kristian Siem, Chairman of the Company. Mr. Eriksrud served as the Company's General Counsel from 2002 to 2005 prior to his departure to join the Norwegian law firm, Wiersholm Mellbye, where he was a partner before he agreed to rejoin the Company. Prior to his initial employment with the Company, Mr. Eriksrud was Group Company Secretary for the Kvaerner Group from 2000 to 2002.

SIEM INDUSTRIES INC. is a diversified industrial holding company that operates through autonomous affiliates. The Company currently holds interests in the offshore oil and gas services industries, ocean transportation industries and potash-mining and financial investments. For further information relating to the Company, please visit [www.siemindustries.com](http://www.siemindustries.com) .

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the summary consolidated financial information for the six-month period ended 30 June 2011 that is presented in this report has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of the Company’s consolidated financial position at 30 June 2011 and the results of its operations and cash flows for the period then ended as a whole. We also confirm, to the best of our knowledge, that this report includes a fair review of important events that have occurred during the six month period and their impact on the summary financial statements and a description of the principal risks and uncertainties for the remaining six months of fiscal 2011.

For and on behalf of the Board of Directors of

### **SIEM INDUSTRIES INC.**

/s/ Kristian Siem

Kristian Siem, Chairman

/s/ Michael Delouche

Michael Delouche, President

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

STATEMENTS OF INCOME					
<i>(Dollars in thousands, except per share amounts)</i>					
	<i>2nd Quarter Ended 30 June</i>		<i>6 Months Ended 30 June</i>		<i>Fiscal Year</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
<b>REVENUES</b>					
Operating revenues	\$ 56,700	\$ 51,786	\$ 108,784	\$ 105,174	\$ 194,432
Share of profits (losses) of associates	25,298	16,389	34,453	29,445	71,617
Interest income	1,068	2,854	2,418	4,577	8,025
Gains (losses) on investments, net	(401)	(2,005)	266	(2,183)	1,333
Other	681	1,733	1,026	2,008	3,688
<b>Total revenues</b>	<b>83,346</b>	<b>70,757</b>	<b>146,947</b>	<b>139,021</b>	<b>279,095</b>
<b>OTHER INCOME (EXPENSES)</b>					
Operating expenses	(50,327)	(39,469)	(91,892)	(78,239)	(154,226)
Depreciation and amortization	(6,428)	(6,563)	(12,964)	(13,157)	(26,317)
Impairment of vessel valuations	(12,311)	—	(12,311)	—	—
Interest expense	(967)	(898)	(1,902)	(1,820)	(4,511)
Interest expense - accretion of Exchangeable Bonds	(1)	(538)	(5)	(1,074)	0
General and administrative expenses	(4,069)	(372)	(7,866)	(4,912)	(20,953)
Currency exchange gains (losses), net	2,282	(10,460)	6,315	(16,295)	(6,482)
Other	—	15	(4)	(1)	(349)
<b>Total other income (expenses)</b>	<b>(71,821)</b>	<b>(58,285)</b>	<b>(120,629)</b>	<b>(115,498)</b>	<b>(212,838)</b>
Income before income tax expense and minority interest	11,525	12,472	26,318	23,523	66,257
Income tax expense	(53)	(47)	(172)	(48)	(62)
Net income before minority interest	11,472	12,425	26,146	23,475	66,195
Minority interest expense	2,803	(1,187)	1,737	(2,441)	(531)
<b>Net income attributed to Common Shares</b>	<b>\$ 14,275</b>	<b>\$ 11,238</b>	<b>\$ 27,883</b>	<b>\$ 21,034</b>	<b>\$ 65,664</b>
<b>Earnings per Common Share – Basic and Diluted</b>	<b>\$ 0.93</b>	<b>\$ 0.73</b>	<b>\$ 1.82</b>	<b>\$ 1.37</b>	<b>\$ 4.28</b>
<b>Weighted avg. no. of Common Shares outstanding for period</b>	<b>15,330,257</b>	<b>15,359,927</b>	<b>15,345,010</b>	<b>15,359,927</b>	<b>15,359,927</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>					
<i>(Dollars in thousands)</i>					
			<i>30 June</i>	<i>31 December</i>	
			<i>2011</i>	<i>2010</i>	
<b>ASSETS</b>					
Cash and cash equivalents, excluding restricted cash			\$ 50,470	\$ 38,264	
Trading securities, and notes, loans and other financial assets			12,276	15,132	
Other current assets			59,674	48,349	
<b>Total current assets</b>			<b>122,420</b>	<b>101,745</b>	
Notes, loans and other financial assets			98,178	122,714	
Investments in associates			923,587	891,087	
Vessels, property and equipment, net			364,981	403,880	
Other assets, including restricted cash			1,180	5,457	
<b>Total Assets</b>			<b>\$ 1,510,346</b>	<b>\$ 1,524,883</b>	
<b>LIABILITIES</b>					
Accounts payable and other current liabilities			\$ 45,647	\$ 45,927	
Current maturities and short-term notes			51,909	81,076	
<b>Total current liabilities</b>			<b>97,556</b>	<b>127,003</b>	
Long-term debt			48,743	55,338	
Other			35,018	37,558	
<b>Total Liabilities</b>			<b>181,317</b>	<b>219,899</b>	
<b>EQUITY</b>					
Common Shares, \$0.25 par value, 15,329,927 and 15,359,927 shares issued and outstanding, respectively			\$ 3,833	\$ 3,840	
Paid-in capital			130,598	130,598	
Retained earnings			1,113,374	1,087,583	
Other reserves			1,008	1,010	
<b>Total Shareholders' Equity</b>			<b>1,248,813</b>	<b>1,223,031</b>	
Minority, or noncontrolling, interests			80,216	81,953	
<b>Total Equity</b>			<b>1,329,029</b>	<b>1,304,984</b>	
<b>Total Liabilities and Equity</b>			<b>\$ 1,510,346</b>	<b>\$ 1,524,883</b>	