



# SIEM INDUSTRIES

## PRESS RELEASE

For Immediate Release

## SIEM INDUSTRIES INC.

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### **SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 4<sup>TH</sup> QUARTER AND FISCAL YEAR ENDED 31 DECEMBER 2012**

GEORGE TOWN, GRAND CAYMAN, 12 April 2013 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the quarter and fiscal year ended 31 December 2012 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

#### COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

*Quarter Ended 31 December 2012.* Net income (loss) attributable to Common Shares for the fourth quarter ended 31 December 2012 was \$25.9 million, or \$1.70 per share (4Q2011: \$(60.6) million, or \$(3.96) per share).

Operating revenues and operating expenses for the quarter were \$44.1 million and \$37.0 million, respectively (2011: \$38.8 million and \$39.5 million). The share of profits of associates for the fourth quarter was \$25.3 million (2011: \$24.6 million).

Net gains (losses) on investments during the quarter were \$3.9 million (2011: \$(0.7) million). Net gains on the re-valuation of financial derivatives for the fourth quarter were \$10.3 million. The financial derivatives, which were initially valued at the closing of the Exchangeable Bond issue in early September 2012 and segregated from the debt liability of the bonds, are re-valued at the end of each quarter and the change in valuation, which can be significant, is recorded as a gain or loss. The valuation is strongly influenced by the volatility of market prices for Subsea 7 shares during the period and the market price at the end of the period.

Impairment losses during the quarter were \$20.9 million (2011: \$93.7 million). For the fourth quarter, the Company’s subsidiary, Siem Shipping Inc. (formerly, STAR Reefers Inc.), recorded an impairment of \$2.9 million (2011: \$86.8 million) following the assessment of the valuations of vessels within its fleet. Also during the fourth quarter, the Company recorded an impairment of \$18.0 million with respect to another subsidiary’s car carrier operations (2011: \$6.9 million).

General and administrative expenses for the quarter were \$5.9 million (\$5.3 million). Currency exchange gains (losses) for the quarter were \$5.9 million (2011: \$(4.6) million).

*Fiscal Year Ended 31 December 2012.* Net income attributable to Common Shares for 2012 was \$246.5 million, or \$16.15 per share (2011: \$(20.6) million, or \$(1.34) per share).

Operating revenues and operating expenses were \$176.4 million and \$147.2 million, respectively (2011: \$181.8 million and \$169.5 million). The share of profits of associates for the period was \$177.4 million (2011: \$85.9 million).

Net gains (losses) on investments during 2012 were \$6.5 million (2011: \$(1.5) million). Net gains on the re-valuation of financial derivatives for the year were \$7.7 million.

A gain of \$81.4 million was recorded in May 2012 following the sale of the Company's claims against Lehman Brothers International (Europe) ("LBIE"). These claims arose in connection with the September 2008 bankruptcy of LBIE. One claim resulted from LBIE's failure to deliver a bond purchased by the Company at the settlement date. The second claim involved stock lending agreements to which the Company and LBIE were parties. Under these agreements which were designed to support the marketing of certain convertible bonds issued by Subsea 7, LBIE was entitled to borrow Subsea 7 shares from the Company for the purpose of on-lending to Subsea 7 bondholders. At the time of LBIE's bankruptcy, LBIE had borrowed 4,680,000 Subsea 7 shares from the Company. The Company recorded full impairments for the defaulted bond settlement and for the book value of the lost shares in the amounts of \$4.6 million and \$30.4 million, respectively.

Dividend income in the amount of \$41.8 million was recorded as income following the approval of a \$0.60 per share dividend by the Subsea 7 shareholders in the second quarter of 2012. During the fourth quarter of 2012, the dividend income was reclassified to a distribution from associate and the interim quarters were restated to reflect the reclassification.

Siem Shipping recorded a \$4.2 million in impairment during 2012 (2011: \$99.1 million). The impairments recorded by Siem Shipping during 2011 and the sales of older, less efficient vessels in its fleet reduced the depreciable base of Siem Shipping and resulted in a lower depreciation expense during 2012. The total impairment for the car carriers operation in 2012 was \$18.0 million.

General and administrative expenses for 2012 were \$33.5 million (2011: \$11.8 million). Major components of the increase during 2012 included expenses related to the performance unit plan expenses and the management services agreement. Currency exchange gains (losses) for the period were \$11.0 million (2011: \$(6.8) million).

#### CONSOLIDATED FINANCIAL POSITION

The Company held \$501.4 million of cash and cash equivalents at 31 December 2012, which included restricted cash of \$2.0 million.

Shareholders' equity was \$2.04 billion at 31 December 2012 as compared to \$1.78 billion at 31 December 2011. There were 15,259,927 Common Shares issued and outstanding at 31 December 2012. The Company acquired and retired 30,000 Common Shares in early 2012.

In September 2012, the Company completed the private placement of USD445 million Senior Secured Exchangeable Bonds due 2019 to Norwegian and international institutional investors. The Exchangeable Bonds carry exchange rights linked to the value of the common shares of Subsea 7 S.A. The Exchangeable Bonds are listed on the Oslo Stock Exchange.

#### OPERATIONS AND INVESTMENTS IN ASSOCIATES

The Company reports its investments in Subsea 7 S.A. (OSE Symbol: SUBC), Siem Offshore Inc. (OSE Symbol: SIOFF), Veripos Inc. (OSE Symbol: VPOS), Siem Capital AB, Deusa International

GmbH (Deusa) and Sinav Limited under the equity method of accounting. The detail financial statements of the Company's investments in Siem Shipping Inc. (OSE Symbol: SSI), Siem Car Carriers AS and Deep Seas Insurance Limited are incorporated within the Company's consolidated financial statements.

Subsea 7 is a seabed-to-surface engineering, construction and services contractor for the offshore energy industry. At 31 December 2012, the Company owned a beneficial interest in 69,731,931 Subsea 7 S.A. shares, or approximately 21.0% 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 offshore industry including 10 vessels that are under-construction in Norway and Brazil. At 31 December 2012, the Company owned a beneficial interest of 133,279,421 Siem Offshore shares, or 33.9%. For more information on Siem Offshore, please visit **[www.siemoffshore.com](http://www.siemoffshore.com)** .

Siem Shipping controls a modern fleet of approximately 33 owned and chartered reefer vessels engaged in the transportation of refrigerated fruit and other perishable products. The shareholders approved the change of name of the listed holding company from STAR Reefers Inc. to Siem Shipping Inc. at the company's annual meeting in May 2012. The company will continue to trade under the STAR Reefers brand. At 31 December 2012, the Company owned a beneficial interest of 7,345,501 Siem Shipping shares, or 76.1%, of Siem Shipping. For more information, please visit **[www.star-reefers.com](http://www.star-reefers.com)** .

Veripos Inc. was spun-off by Subsea 7 S.A. to Subsea 7's shareholders in July 2012 and the shares were listed on the Oslo Stock Exchange at the end of July 2012. Veripos is a market leader in precise positioning and navigation solutions for the offshore industry. At 31 December 2012, the Company owned 6,973,192 Veripos shares, or approximately 21.0% of Veripos' issued and outstanding shares. For more information, please visit **[www.veripos.com](http://www.veripos.com)** .

Siem Car Carriers owns two vessels which are under contracts. In addition, Siem Car Carriers arranges for the transportation of cars, trucks and heavy equipment and other products using owned and chartered-in vessel capacity. 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.

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.

The Company and a third party are the owners of Sinav Limited. Sinav's principal asset is its investment in Illinois River Energy, a dry mill, corn-based processing facility which produces fuel-grade ethanol, dried distiller's grains and corn oil.

## RISKS AND UNCERTAINTIES AND MARKET OUTLOOK

The principal risks and uncertainties confronting the Company reflect primarily the risks and uncertainties confronting its subsidiary, Siem Shipping, 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.

## ANNUAL MEETING

The Company has scheduled the Annual General Meeting of Shareholders for Friday, 3 May 2013, at 11:30am Cayman Islands local time, at its registered office at Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The 2012 Annual Report, Notice, Proxy Statement and Proxy Card are being mailed and will be available on the Company's website on or about 12 April 2013. The date of record for shareholders entitled to vote at the AGM was set at 9 April 2013.

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, satellite positioning and navigation services, potash-mining, ethanol processing and distiller's grains production, 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 fiscal year ended 31 December 2012 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 31 December 2012 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 fiscal year and their impact on the summary financial statements.

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	4th Quarter Ended 31 December		Fiscal Year Ended 31 December	
<i>(Dollars in thousands, except per share amounts)</i>	2012	2011	2012	2011
<b>INCOME:</b>				
Operating revenues	\$ 44,076	\$ 38,756	\$ 176,378	\$ 181,839
Share of profits of associates	25,330	24,587	177,412	85,904
Interest income	5,601	(99)	6,976	3,617
Gains (losses) on investments, net	3,864	(677)	6,546	(1,531)
Gains (losses) on re-valuation of financial derivatives, net	10,317	—	7,688	—
Gain on recovery of claims against Lehman Brothers Int'l	—	—	81,438	—
Other	138	572	1,039	2,213
<b>Total income</b>	<b>89,326</b>	<b>63,139</b>	<b>457,477</b>	<b>272,042</b>
<b>EXPENSES AND OTHER:</b>				
Operating expenses	(36,962)	(39,485)	(147,185)	(169,501)
Depreciation and amortization	(3,363)	(6,015)	(14,628)	(24,346)
Impairment of vessels and investments	(20,941)	(93,741)	(22,172)	(106,052)
Interest expense	(2,976)	(1,113)	(5,575)	(5,961)
General and administrative expenses	(5,866)	(5,265)	(33,541)	(11,789)
Currency exchange gains (losses), net	5,893	(4,597)	10,966	(6,796)
Other	—	(4)	(1)	(8)
<b>Total expenses and other</b>	<b>(64,215)</b>	<b>(150,220)</b>	<b>(212,136)</b>	<b>(324,453)</b>
Income (loss) before income tax expense	25,111	(87,081)	245,341	(52,411)
Income tax expense	(18)	(723)	(138)	(895)
<b>Net income (loss)</b>	<b>\$ 25,093</b>	<b>\$ (87,804)</b>	<b>\$ 245,203</b>	<b>\$ (53,306)</b>
Net income (loss) attributable to:				
Holders of Common Shares	\$ 25,941	\$ (60,627)	\$ 246,511	\$ (20,586)
Non-controlling interests	\$ (848)	\$ (27,177)	\$ (1,308)	\$ (32,720)
<b>Earnings (Loss) per Common Share – Basic and Diluted</b>	<b>\$ 1.70</b>	<b>\$ (3.96)</b>	<b>\$ 16.15</b>	<b>\$ (1.34)</b>
Wtd. avg. no. of Common Shares outstanding for period	15,259,927	15,299,057	15,263,241	15,329,626
<b>STATEMENTS OF FINANCIAL POSITION</b>				
<i>(Dollars in thousands)</i>			31 December	31 December
			2012	2011
<b>ASSETS</b>				
Cash and cash equivalents, excluding restricted cash			\$ 499,424	\$ 44,979
Trading securities, and notes, loans and other financial assets			46,759	11,594
Other current assets			46,910	65,212
<b>Total current assets</b>			<b>593,093</b>	<b>121,785</b>
Notes, loans and other financial assets			74,179	44,000
Investments in associates			1,734,236	1,549,669
Vessels, property and equipment, net			258,788	252,199
Other assets, including restricted cash			4,763	7,032
<b>Total Assets</b>			<b>\$ 2,665,059</b>	<b>\$ 1,974,685</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities			\$ 46,350	\$ 44,935
Current maturities and short-term notes			11,518	23,939
<b>Total current liabilities</b>			<b>57,868</b>	<b>68,874</b>
Long-term debt and financial derivatives			462,216	56,055
Other			58,365	25,901
<b>Total Liabilities</b>			<b>578,449</b>	<b>150,830</b>
<b>EQUITY</b>				
Common Shares, \$0.25 par value, 15,259,927 and 15,289,927 shares issued and outstanding, respectively			\$ 3,815	\$ 3,822
Additional paid-in capital			105,405	105,405
Retained earnings			1,307,407	1,062,511
Cumulative translation and other reserves			627,736	604,354
<b>Total Shareholders' Equity</b>			<b>2,044,363</b>	<b>1,776,092</b>
Non-controlling interests			42,247	47,763
<b>Total Equity</b>			<b>2,086,610</b>	<b>1,823,855</b>
<b>Total Liabilities and Equity</b>			<b>\$ 2,665,059</b>	<b>\$ 1,974,685</b>

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

STATEMENTS OF COMPREHENSIVE INCOME <i>(Dollars in thousands)</i>	Fiscal Year Ended 31 December	
	2012	2011
Net income (loss)	\$ 245,203	\$ (53,306)
Other comprehensive income (expense):		
Currency translation differences	\$ 259	\$ 3,693
Share of other comprehensive income (loss) of associates	23,123	(1,586)
Total comprehensive income (loss)	23,382	2,107
Total comprehensive income (loss)	\$ 268,585	\$ (51,199)
Total comprehensive income (loss) attributed to:		
Holders of Common Shares	\$ 269,893	\$ (18,479)
Non-controlling interests	\$ (1,308)	\$ (32,720)

STATEMENTS OF CHANGES IN EQUITY <i>(Dollars in thousands)</i>	Fiscal Year Ended 31 December	
	2012	2011
Equity at beginning of period	\$ 1,823,855	\$ 1,304,984
Net income (loss) attributed to:		
Holders of Common Shares	246,511	(20,586)
Non-controlling interests	(1,308)	(32,720)
Currency translation differences	259	3,693
Share of other comprehensive income (loss) of associates	23,123	(26,779)
Deferral of recognition of gain on uplift of recorded investment in associate following combination is recorded as a component of equity	—	601,237
Purchase additional shares in affiliates from non-controlling interests	(4,208)	—
Purchase and retirement of Common Shares	(1,622)	(4,504)
Dividend distributed to non-controlling interests	—	(1,470)
Equity at end of period	\$ 2,086,610	\$ 1,823,855

STATEMENTS OF CASH FLOWS <i>(Dollars in thousands)</i>	Fiscal Year Ended 31 December	
	2012	2011
Cash flows from operating activities:		
Net income (loss)	\$ 245,203	\$ (53,306)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization, including drydock	18,434	29,692
Undistributed share of losses (profits) of associates	(177,412)	(85,904)
Losses (gains) on investments, net	(6,546)	1,531
Losses (gains) on re-valuation of financial derivatives, net	(7,688)	—
Impairment of vessels and investments	22,172	106,052
Deferred compensation expense (reversal) for performance unit plan	5,589	(5,089)
Currency exchange losses (gains)	(10,965)	6,796
Other	213	205
Net changes in assets and liabilities	(8,845)	(9,175)
Net cash provided by (used in) operating activities	80,155	(9,198)
Net cash provided by (used in) investing activities	(31,849)	77,829
Net cash provided by (used in) financing activities	402,352	(61,951)
Effect of exchange rate on cash	3,787	35
Net increase (decrease) in cash and cash equivalents	454,445	6,715
Cash and cash equivalents at beginning of period	44,979	38,264
Cash and cash equivalents at end of period	\$ 499,424	\$ 44,979