



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

GEORGE TOWN, GRAND CAYMAN, 9 December 2014 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the quarter and nine months ended 30 September 2014 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

Quarter Ended 30 September 2014. Net income attributable to Common Shares for the third quarter ended 30 September 2014 was \$29.4 million, or \$1.94 per share (3Q2013: \$68.1 million, or \$4.47 per share).

Operating revenues and operating expenses for the quarter were \$49.3 million and \$34.2 million, respectively (2013: \$43.4 million and \$34.7 million, respectively). The share of profits of associates for the quarter was \$54.5 million (2013: \$45.9 million).

Net gains (losses) on investments during the quarter were \$(9.6) million (2013: \$6.6 million). Most of the losses incurred during the quarter were related to our discretionary portfolio of marketable securities. Net losses of \$8.4 million were recorded during the quarter on the re-valuation of financial derivatives related to the Exchangeable Bonds. These 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.

General and administrative expenses for the quarter were \$6.0 million (2013: \$10.6 million). Major components of these expenses include performance unit plan expenses and management services agreement expenses. For the quarter, the Company recorded a reversal of the accrual for performance unit plan liabilities as a result of the decline in the net market-adjusted value of the Company due to volatility in the market at the end of the period. During the comparative quarter in 2013, the Company recorded an expense. The fee expense related to the management services agreement, which amount is based on the level of the Company’s net income, decreased during the quarter as compared to 2013. The net currency exchange gains (losses) for the quarter were \$(22.4) million (2013: \$9.6 million). The exchange losses during 2014 reflect the effect of the appreciation of the U.S. dollar against other currencies and the impact on the values of the Company’s significant investments that are denominated in other currencies.

Nine Months Ended 30 September 2014. Net income attributable to Common Shares for the nine months ended 30 September 2014 was \$203.6 million, or \$13.45 per share (2013: \$116.5 million, or \$7.64 per share).

Operating revenues and operating expenses for the nine months were \$140.6 million and \$105.0 million, respectively (2013: \$129.5 million and \$104.7 million, respectively). The share of profits of associates for the nine months was \$152.3 million (2013: \$75.0 million).

Net gains on investments during the nine month period were \$52.1 million (2013: \$6.4 million). Net gains on investments included a gain of \$24.7 million on the sale of the Company's 21.0% interest in Veripos Inc. during the first quarter and a gain of \$36.8 million on the sale of the Company's 38.2% interest in Sinav Limited during the second quarter. Net losses of \$17.0 million were recorded for the nine months on the re-valuation of financial derivatives related to the Exchangeable Bonds

General and administrative expenses for the nine months were \$22.3 million (2013: \$15.7 million). The expenses during the period includes a reversal of the performance unit plan liability following a reduction in net market-adjusted value of the Company at the end of the period. The comparative period in 2013 includes a small reversal of the performance unit plan liability. The net currency exchange losses for the nine months were \$(17.0) million (2013: \$(3.3) million).

CONSOLIDATED FINANCIAL POSITION

The Company held \$590.8 million of cash and cash equivalents at 30 September 2014, which included restricted cash of \$2.0 million.

Shareholders' equity was \$2.4 billion at 30 September 2014. There were 15,139,681 Common Shares issued and outstanding at 30 September 2014.

In May 2014, the Board of Directors declared and paid a dividend of \$0.20 per Common Share.

In July 2014, the Company received payment of a NOK3.60 per share dividend from Subsea 7 S.A.. The Company reduced its investment in Subsea 7 by the amount of the dividend.

In September 2014, the Company repurchased \$20.0 million nominal value of its \$445 million Senior Secured Exchangeable Bonds 2012/2019 (the "Bonds") that are listed on the Oslo Stock Exchange (OSE Symbol: SIEIN02) at an average price of 95.85% of nominal value. The aggregate amount of Bonds repurchased by the Company was \$34.2 million at 30 September 2014.

At the end of September 2014, the Company acquired a 40% interest in Sustained Power Generation Ltd. ("SPGL"), a company engaged in the development and construction of solar parks, which is based in England. The acquisition price was GBP6.2 million and the Company further agreed to provide a GBP30 million revolving credit facility for the development and construction of solar parks that are secured by the property and equipment.

SUBSEQUENT EVENTS

In October 2014, the Company completed the acquisition of 100% of Flensburger Schiffbau-Gesellschaft mbH & Co. KG (“FSG”). FSG is a quality shipyard located in Flensburg, Germany with 143 years of history and 800 dedicated employees. FSG has established a solid reputation and market position in the segment of custom-made Ro-Ro vessels (roll-on/roll-off vessels) and, during the past few years, the shipyard has expanded its product line to include complex offshore vessels. As part of the purchase agreement, the Company injected EUR6 million of new capital and provided a EUR15 million revolving credit facility.

In November 2014, the Company repurchased an additional \$47.0 million nominal value of its Bonds which increased the aggregate amount of Bonds repurchased by the Company since the September 2012 issue of Bonds to \$81.2 million.

In November 2014, the Company announced that it had acquired a total of 22,226,866 shares of Electromagnetic Geoservices ASA (OSE Symbol: EMGS), a publicly-traded Norwegian company listed on the Oslo Stock Exchange, or 11.13%. The Company requested that EMGS call an extraordinary shareholders’ meeting before the end of December 2014 to consider the election of a new board of directors.

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 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 30 September 2014, the Company owned a beneficial interest in 69,731,931 Subsea 7 S.A. shares, or approximately 21.1% of Subsea 7 S.A.’s issued and outstanding shares. For more information on Subsea 7, please visit www.subsea7.com.

Siem Offshore owned interests in 45 vessels that are working in the offshore industry and 12 vessels that are under-construction in Norway and Brazil at the end of the period. At 30 September 2014, the Company owned a beneficial interest of 133,279,421 Siem Offshore shares, or 34.4%. For more information on Siem Offshore, please visit www.siemoffshore.com.

Siem Shipping operates under the STAR Reefers brand name and controls a modern fleet of approximately 32 owned and chartered reefer vessels engaged in the transportation of refrigerated fruit and other perishable products. During May 2014, the Company acquired an additional 70,000 shares at an average price of NOK59.4 per share, or an aggregate \$0.7 million. At 30 September 2014, the Company owned a beneficial interest of 7,409,948 Siem Shipping shares, or 76.8%, of Siem Shipping. For more information, please visit www.star-reefers.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 two 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.

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.

SIEM INDUSTRIES INC. is a diversified industrial holding company that operates through autonomous affiliates. The Company currently holds interests in the oil and gas services industry and renewable energy sector, ocean transportation industries for refrigerated cargoes and automobiles, shipyard engineering and construction, potash-mining and financial services and related lending activities. For further information relating to the Company, please visit www.siemindustries.com .

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

STATEMENTS OF INCOME		<i>Nine Months. Ended 30 September</i>		<i>3rd Quarter Ended 30 September</i>		<i>Fiscal Year</i>
<i>(Dollars in thousands, except per share amounts)</i>		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
INCOME:						<i>(audited)</i>
Operating revenues	\$	140,624	\$ 129,520	\$ 49,295	\$ 43,420	\$ 179,665
Share of profits (losses) of associates		152,300	75,048	54,481	45,939	93,764
Interest income		39,571	15,925	12,610	7,624	22,183
Gains (losses) on investments, net		52,144	6,398	(9,632)	6,584	29,199
Gains (losses) on re-valuation of financial derivatives, net		(17,045)	29,945	(8,375)	4,767	30,458
Other		354	1,116	78	636	1,747
Total income		367,948	257,952	98,457	108,970	357,016
EXPENSES AND OTHER:						
Operating expenses		(105,003)	(104,665)	(34,201)	(34,703)	(141,322)
Depreciation and amortization		(12,722)	(10,338)	(4,333)	(3,359)	(17,615)
Impairment of vessels and investments		—	(300)	—	—	(300)
Interest expense		(5,709)	(5,390)	(2,161)	(1,419)	(7,145)
General and administrative expenses		(22,333)	(15,710)	(6,043)	(10,597)	(24,703)
Currency exchange gains (losses), net		(17,030)	(3,266)	(22,381)	9,551	(5,367)
Other		—	(1)	—	—	—
Total expenses and other		(162,797)	(139,670)	(69,119)	(40,527)	(196,452)
Income (loss) before income tax expense		205,151	118,282	29,338	68,443	160,564
Income tax expense		(938)	(146)	(50)	(104)	(273)
Net income (loss)	\$	204,213	\$ 118,136	\$ 29,288	\$ 68,339	\$ 160,291
Net income (loss) attributable to:						
Holders of Common Shares	\$	203,586	\$ 116,532	\$ 29,413	\$ 68,144	\$ 159,337
Non-controlling interests	\$	627	\$ 1,604	\$ (125)	\$ 195	\$ 954
Earnings (Loss) per Common Share – Basic and Diluted	\$	13.45	\$ 7.64	\$ 1.94	\$ 4.47	\$ 10.47
Weighted avg. no. of Common Shares outstanding for period		15,139,681	15,249,356	15,139,681	15,228,558	15,221,712
STATEMENTS OF FINANCIAL POSITION						
<i>(Dollars in thousands)</i>						
						<i>30 September</i>
						<i>2014</i>
						<i>31 December</i>
						<i>2013</i>
ASSETS						<i>(audited)</i>
Cash and cash equivalents, excluding restricted cash				\$ 590,769		\$ 298,397
Trading securities, and notes, loans and other financial assets				32,291		41,316
Other current assets				50,638		56,036
Total current assets				673,698		395,749
Notes, loans and other financial assets				213,119		344,772
Investments in associates				1,831,192		1,796,255
Vessels, property and equipment, net				264,298		277,783
Other assets, including restricted cash				3,381		6,236
Total Assets				\$ 2,985,688		\$ 2,820,795
LIABILITIES						
Accounts payable and other current liabilities				\$ 50,223		\$ 67,567
Current maturities and short-term notes				11,532		11,512
Total current liabilities				61,755		79,079
Long-term debt				451,166		446,372
Other				65,510		67,738
Total Liabilities				578,431		593,189
EQUITY						
Common Shares, \$0.25 par value, 15,139,681 shares issued and outstanding				\$ 3,785		\$ 3,785
Additional paid-in capital				105,405		105,405
Retained earnings				1,654,651		1,454,093
Cumulative translation and other reserves				600,617		621,027
Total Shareholders' Equity				2,364,458		2,184,310
Non-controlling interests				42,799		43,296
Total Equity				2,407,257		2,227,606
Total Liabilities and Equity				\$ 2,985,688		\$ 2,820,795