



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 1ST HALF AND 2ND QUARTER ENDED 30 JUNE 2014

GEORGE TOWN, GRAND CAYMAN, 12 September 2014 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the quarter and six months ended 30 June 2014 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

Six Months Ended 30 June 2014. Net income attributable to Common Shares for the first half of the fiscal year ended 30 June 2014 was \$174.2 million, or \$11.50 per share (1H2013: \$48.4 million, or \$3.17 per share).

Operating revenues and operating expenses for the first half were \$91.3 million and \$70.8 million, respectively (2013: \$86.1 million and \$70.0 million, respectively). The share of profits of associates for the first half was \$97.8 million (2013: \$29.1 million).

Net gains (losses) on investments during the first half were \$61.8 million (2013: \$(0.2) 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 \$8.7 million were recorded following the re-valuation of financial derivatives at the end of the first half. 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.

General and administrative expenses for the first half were \$16.3 million (2013: \$5.1 million). Major components of these expenses include performance unit plan expenses and management services agreement expenses. For the first half of 2014, the Company accrued performance unit plan expenses of \$55,000. During the first half of 2013, the Company recorded a reversal of the accrual for performance unit plan liabilities of \$4.2 million 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. The Company incurs fees under a management services agreement which amount is based on the level of the Company’s net income. The increased expense during 2014 reflects the higher net income as compared to 2013. The net currency exchange gains (losses) for the first half were \$5.4 million (2013: \$(12.8) million). A portion of the net exchange gains for the first half reflects the reversal of losses accrued at the end of 2013.

Quarter Ended 30 June 2014. Net income attributable to Common Shares for the second quarter ended 30 June 2014 was \$106.2 million, or \$7.02 per share (2Q2013: \$15.4 million, or \$1.01 per share).

Operating revenues and operating expenses for the second quarter were \$47.0 million and \$34.9 million, respectively (2013: \$34.9 million and \$26.0 million, respectively). The share of profits (losses) of associates for the quarter was \$60.2 million (2013: \$(6.7) million).

Net gains (losses) on investments during the quarter were \$35.6 million (2013: \$(2.8) million) and includes the aforementioned \$36.8 million gain on the sale of the Company's interest in Sinav Limited. A net loss of \$4.8 million was incurred following the re-valuation of financial derivatives at the end of the quarter.

General and administrative expenses for the quarter were \$8.9 million (2013: \$0.1 million). The expenses during the first half of 2013 include the reversal of the performance unit plan liability following a reduction in net market-adjusted value of the Company at the end of the period. Currency exchange losses for the quarter were \$32,000 (2013: \$3.1 million).

CONSOLIDATED FINANCIAL POSITION

The Company held \$443.9 million of cash and cash equivalents at 30 June 2014, which included restricted cash of \$2.0 million.

Shareholders' equity was \$2.4 billion at 30 June 2014. There were 15,131,681 Common Shares issued and outstanding at 30 June 2014.

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

SUBSEQUENT EVENTS

In July 2014, the Company received the payment of a NOK3.60 per share dividend which was approved by the shareholders of Subsea 7 S.A. at its annual general meeting held in late June 2014.

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 June 2014, the Company owned a beneficial interest in 69,731,931 Subsea 7 S.A. shares, or approximately 20.9% 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 June 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 June 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, potash-mining and finance, which includes loans and guarantees, specialist credit advisory services and investments. For further information relating to the Company, please visit www.siemindustries.com .

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the summary consolidated financial information for the fiscal year ended 30 June 2014 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 2014 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 <i>(Dollars in thousands, except per share amounts)</i>	Six Months Ended 30 June		2nd Quarter Ended 30 June		Fiscal Year
	2014	2013	2014	2013	2013
INCOME:					<i>(audited)</i>
Operating revenues	\$ 91,329	\$ 86,100	\$ 47,029	\$ 34,898	\$ 179,665
Share of profits (losses) of associates	97,819	29,109	60,210	(6,692)	93,764
Interest income	26,961	8,301	19,685	5,776	22,183
Gains (losses) on investments, net	61,776	(186)	35,598	(2,807)	29,199
Gains (losses) on re-valuation of financial derivatives, net	(8,670)	25,178	(4,761)	19,841	30,458
Other	276	480	(123)	338	1,747
Total income	269,491	148,982	157,638	51,354	357,016
EXPENSES AND OTHER:					
Operating expenses	(70,802)	(69,962)	(34,886)	(25,984)	(141,322)
Depreciation and amortization	(8,389)	(6,979)	(4,280)	(3,467)	(17,615)
Impairment of vessels and investments	—	(300)	—	(300)	(300)
Interest expense	(3,548)	(3,971)	(1,749)	(1,937)	(7,145)
General and administrative expenses	(16,290)	(5,113)	(8,865)	(98)	(24,703)
Currency exchange gains (losses), net	5,351	(12,817)	(32)	(3,088)	(5,367)
Other	—	(1)	—	—	—
Total expenses and other	(93,678)	(99,143)	(49,812)	(34,874)	(196,452)
Income (loss) before income tax expense	175,813	49,839	107,826	16,480	160,564
Income tax expense	(888)	(42)	(615)	(30)	(273)
Net income (loss)	\$ 174,925	\$ 49,797	\$ 107,211	\$ 16,450	\$ 160,291
Net income (loss) attributable to:					
Holders of Common Shares	\$ 174,173	\$ 48,388	\$ 106,233	\$ 15,449	\$ 159,337
Non-controlling interests	\$ 752	\$ 1,409	\$ 978	\$ 1,001	\$ 954
Earnings (Loss) per Common Share – Basic and Diluted	\$ 11.50	\$ 3.17	\$ 7.02	\$ 1.01	\$ 10.47
Weighted avg. no. of Common Shares outstanding for period	15,139,681	15,259,927	15,139,681	15,259,927	15,221,712
STATEMENTS OF FINANCIAL POSITION <i>(Dollars in thousands)</i>			30 June	31 December	
			2014	2013	
ASSETS					<i>(audited)</i>
Cash and cash equivalents, excluding restricted cash			\$ 441,898	\$ 298,397	
Trading securities, and notes, loans and other financial assets			51,259	41,316	
Other current assets			64,790	56,036	
Total current assets			557,947	395,749	
Notes, loans and other financial assets			282,981	344,772	
Investments in associates			1,862,362	1,796,255	
Vessels, property and equipment, net			274,059	277,783	
Other assets, including restricted cash			5,206	6,236	
Total Assets			\$ 2,982,555	\$ 2,820,795	
LIABILITIES					
Accounts payable and other current liabilities			\$ 62,630	\$ 67,567	
Current maturities and short-term notes			11,768	11,512	
Total current liabilities			74,398	79,079	
Long-term debt			409,154	446,372	
Other			70,821	67,738	
Total Liabilities			554,373	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			1,625,237	1,454,093	
Cumulative translation and other reserves			650,830	621,027	
Total Shareholders' Equity			2,385,257	2,184,310	
Non-controlling interests			42,925	43,296	
Total Equity			2,428,182	2,227,606	
Total Liabilities and Equity			\$ 2,982,555	\$ 2,820,795	

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

STATEMENTS OF COMPREHENSIVE INCOME <i>(Dollars in thousands)</i>	Six Months Ended 30 June		Fiscal Year
	2014	2013	2013
Net income (loss)	\$ 174,925	\$ 49,797	\$ 160,291
Other comprehensive income (expense):			
Currency translation differences	859	(283)	(6,866)
Share of other comprehensive income (loss) of associates	28,944	(45,870)	157
Total comprehensive income (loss)	29,803	(46,153)	(6,709)
Total comprehensive income (loss)	\$ 204,728	\$ 3,644	\$ 153,582
Total comprehensive income (loss) attributed to:			
Holders of Common Shares	\$ 203,976	\$ 2,235	\$ 152,628
Non-controlling interests	\$ 752	\$ 1,409	\$ 954

STATEMENTS OF CHANGES IN EQUITY <i>(Dollars in thousands)</i>	Six Months Ended 30 June		Fiscal Year
	2014	2013	2013
Equity at beginning of period	\$ 2,227,606	\$ 2,086,610	\$ 2,086,610
Net income (loss) attributed to:			
Holders of Common Shares	174,173	48,388	159,337
Non-controlling interests	752	1,409	954
Currency translation differences	859	(283)	(6,866)
Share of other comprehensive income (loss) of associates	28,944	(45,870)	157
Pay cash dividends of \$0.20 per share to Holders of Common Shares	(3,028)	(3,052)	(3,059)
Purchase and retirement of Common Shares	—	—	(9,622)
Purchase additional shares in affiliates from non-controlling interests	(1,124)	—	—
Sell shares in affiliates to non-controlling interests	—	80	95
Equity at end of period	\$ 2,428,182	\$ 2,087,282	\$ 2,227,606

STATEMENTS OF CASH FLOWS <i>(Dollars in thousands)</i>	Six Months Ended 30 June		Fiscal Year
	2014	2013	2013
Cash flows from operating activities:			
Net income (loss)	\$ 174,925	\$ 49,797	\$ 160,291
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization, including drydock	8,389	6,979	17,615
Undistributed share of losses (profits) of associates	(97,819)	(29,109)	(93,764)
Losses (gains) on investments, net	(61,776)	186	(29,199)
Losses (gains) on re-valuation of financial derivatives, net	8,670	(25,178)	(30,458)
Impairment of vessels and investments	—	300	300
Deferred compensation expense (reversal) for performance unit plan	55	(4,166)	(1,736)
Currency exchange losses (gains)	(5,351)	12,817	5,367
Other	342	426	684
Net changes in assets and liabilities	(23,383)	18,773	32,959
Net cash provided by (used in) operating activities	4,052	30,825	62,059
Net cash provided by (used in) investing activities	190,623	(169,181)	(262,825)
Net cash provided by (used in) financing activities	(49,002)	68,305	1,340
Effect of exchange rate on cash	(2,172)	(4,220)	(1,601)
Net increase (decrease) in cash and cash equivalents	143,501	(74,271)	(201,027)
Cash and cash equivalents at beginning of period	298,397	499,424	499,424
Cash and cash equivalents at end of period	\$ 441,898	\$ 425,153	\$ 298,397