



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 2016

GEORGE TOWN, GRAND CAYMAN, 1 September 2016 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the first half year and quarter ended 30 June 2016 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

Six Months Ended 30 June 2016. Net income attributable to Common Shares for the six months ended 30 June 2016 was \$73.3 million, or \$4.84 per share (1H2015: \$19.3 million, or \$1.27 per share).

Operating revenues and operating expenses for the six months were \$297.3 million and \$208.2 million, respectively (2015: \$111.7 million and \$85.5 million, respectively). The increases are primarily attributed to the consolidation of Siem Offshore Inc. within the Company’s financial statements effective 30 September 2015. The much larger operations of Siem Offshore also had a profound impact on other line items as indicated in the discussion below.

The share of profits of associates for the six months was \$66.3 million (2015: \$23.0 million).

Net gains (losses) on investments and other assets during the six months were \$9.0 million (2015: \$(14.6) million). Net gain on bargain purchase during the six months was \$18.3 million. This exceptional item was recorded when Siem Offshore purchased the remaining 50% interest in a ship owner and operator from the previous owner, a private equity partnership. The former owner elected to dispose of its interest rather than continue the ongoing financial commitments and obligations which would have been required of the owners.

Depreciation expenses for the six months ended 30 June increased to \$65.5 million (2015: \$11.0 million), interest expense for the six months increased to \$24.2 million (2015: \$3.6 million) and general and administrative expenses increased to \$29.5 million (2015: \$9.3 million). The net currency exchange gains (losses) for the six months were \$0.5 million (2015: \$(15.6) million).

CONSOLIDATED FINANCIAL POSITION

The Company held \$459.5 million of cash and cash equivalents at 30 June 2016, which included restricted cash of \$85.0 million.

Shareholders’ equity was \$2.0 billion at 30 June 2016. There were 15,139,681 Common Shares issued and outstanding at 30 June 2016.

In June 2016, the Company successfully placed a EUR250 million Senior Secured Exchangeable Bond (the “EUR Exchangeable”). This EUR bond is expected to mature in June 2021, bears an interest

rate of 2.25% p.a. payable semi-annually in arrears and is exchangeable into shares of Subsea 7 SA that are owned by the Company. The exchange price represents a premium of 27.5% to the volume-weighted average price of the Subsea 7 shares at the time of the placement. Proceeds from the bonds will be used to buyback or redeem the Company's USD445 million Exchangeable Bond (the "USD Exchangeable") which can be redeemed by its bondholders on 12 September 2016. In an action concurrent with the settlement of the EUR Exchangeable, a total of \$128.6 million of USD Exchangeables were acquired by the Company from selling bondholders who wished to participate in the EUR Exchangeable. During the year, the Company has also purchased an additional \$43.2 million of USD Exchangeables in market transactions. The outstanding nominal balance of USD Exchangeables was \$148.2 million at 30 June 2016.

SUBSEQUENT EVENTS

In August 2016, the USD Exchangeable bondholders delivered notice of their intent to redeem the bonds for \$146.2 million in September 2016 which will leave \$2.2 million outstanding.

OPERATIONS AND INVESTMENTS IN ASSOCIATES

The Company reports its investments in Subsea 7 S.A. (OSE Symbol: SUBC), Electromagnetic Geoservices ASA (OSE Symbol: EMGS), Venn Partners LLP and Sustainable Power Generation Limited under the equity method of accounting. The detail financial statements of the Company's investments in Siem Offshore Inc. (OSE: SIOFF), Siem Shipping Inc. (OSE Symbol: SSI), Siem Car Carriers AS, Deusa International GmbH (Deusa), Siem Europe S.a.r.l., VSK Holdings Ltd., Flensburger Schiffbau-Gesellschaft mbH & Co. KG 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 2016, the Company owned a beneficial interest in 69,731,931 Subsea 7 S.A. shares, or approximately 21.3% of Subsea 7 S.A.'s issued and outstanding shares. For more information on Subsea 7, please visit www.subsea7.com.

Siem Offshore owns interests in 46 vessels that are operating in the offshore industry and 4 vessels that are under-construction at the end of the period. In addition, Siem Offshore has a wholly-owned subsidiary, Siem Offshore Contractors GmbH, that performs operations for the installation of inner-array and export cables for the offshore renewable energy market and the related inspection, repair and maintenance business. At 30 June 2016, the Company owned a beneficial interest of 842,021,380 Siem Offshore shares, or 83.0%. 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 28 owned and chartered reefer vessels engaged in the transportation of refrigerated fruit and other perishable products and has 3 car carrier vessels under construction. In January 2016, Siem Shipping completed a tender offer to its shareholders to buyback its shares at a price of NOK60 per share. A total of 112,053 shares were acquired at a cost of \$0.8 million and were subsequently retired. In June 2016, the shareholders of Siem Shipping approved the acquisition of Auto Marine Transport

Inc. from one of the Company's wholly-owned subsidiaries. Terms of the transaction provided for a cash payment of \$10.8 million at closing and a seller's credit for the \$34 million with up to 50% payable by the end of December 2017 and the remaining balance payable by the end of December 2018. At 30 June 2016, the Company owned a beneficial interest of 7,409,948 Siem Shipping shares, or 82.3%, of Siem Shipping. For more information, please visit www.star-reefers.com.

Siem Car Carriers owns two vessels which it utilizes in its trade or charters-out to others. 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.

Venn Partners provides specialist credit and advisory services and focuses on private asset-based financing in European markets. Its activities extend to commercial real estate and residential mortgage finance, asset-backed securities and other specialist asset finance markets. Venn Partners has been awarded an exclusive mandate by the UK government to arrange and manage all aspects of the Private-Rented Sector Guarantee Scheme which will offer government guarantees to raise in excess of GBP3.5 billion of competitive 10 to 30 years financing in the capital markets with the proceeds to be used for eligible rental housing after construction has been completed. The Company owns 40% of Venn Partners.

VSK Holding is the sole owner of a company that acquired a portfolio of Dutch residential mortgages in 2013. The performing loans were sold into an independent entity which financed the acquisition with a combination of bank loans and subordinated loans from VSK Holdings. The entity prepared and completed a securitization of the loans and used proceeds from the securitization to repay the bank loan and make repayments to VSK Holdings. VSK Holdings has received amounts in excess of its loan.

Siem Europe, in addition to its ownership in Siem Offshore, is the owner of Venn Capital S.a r.l., Sustainable Power Generation Limited ("SPGL") and Flensburger Schiffbau-Gesellschaft mbH & Co. KG ("FSG"). Venn Capital provides loans for commercial real estate activity, primarily within the United Kingdom. SPGL is one of the largest developers of large-scale solar projects in the United Kingdom and performs engineering, procurement and construction of solar parks ranging in size from approximately 5MW to 70MW which it may retain or sell to third parties. FSG is a German shipyard that has operated for many years and is well-respected for the quality of its vessel construction. FSG is delivered one large, sophisticated well-intervention vessel to Siem Offshore and is completing the construction of a sister vessel for delivery later this year.

EMGS is the owner of proprietary electromagnetic technology which supports the offshore exploration for oil and gas and provides services for survey design and data acquisition which will be processed and interpreted. At 30 June 2016, the Company owned a beneficial interest of 32,794,139 EMGS shares following the 40:1 reverse stock split approved by the company's shareholders in June 2016, or 23.9%, of EMGS. For more information, please visit www.emgs.com

Deusa, the Company's 73.9%-owned German affiliate, is engaged in the mining of potash and has potash reserves of greater than 60 years at current production levels.

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 of refrigerated cargoes and automobiles, shipyard engineering and construction, 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 2016 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 2016 and the results of its operations 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		Fiscal Year
	2016	2015	2015
INCOME:	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Operating revenues	\$ 297,320	\$ 111,736	\$ 315,138
Share of profits (losses) of associates	66,278	22,961	72,758
Interest income	23,005	24,172	38,752
Gains (losses) on investments and other assets, net	9,048	(14,594)	9,910
Gains on exceptional items - bargain purchase	18,269	—	263,989
Other	2,364	848	6,101
Total income	416,284	145,123	706,648
EXPENSES AND OTHER:			
Operating expenses	(208,203)	(85,536)	(243,813)
Depreciation and amortization	(65,451)	(10,951)	(47,277)
Impairment of vessels and investments	(1,209)	—	(110,170)
Interest expense	(24,168)	(3,594)	(18,041)
General and administrative expenses	(29,468)	(9,311)	(36,614)
Currency exchange gains (losses), net	452	(15,633)	(42,433)
Other expenses	(20,015)	—	(1,573)
Total expenses and other	(348,062)	(125,025)	(499,921)
Income before income tax expense	68,222	20,098	206,727
Income tax benefit (expense)	2,789	(178)	(2,413)
Net income	\$ 71,011	\$ 19,920	\$ 204,314
Net income attributable to:			
Holders of Common Shares	\$ 73,274	\$ 19,262	\$ 228,844
Non-controlling interests	\$ (2,263)	\$ 658	\$ (24,530)
Earnings per Common Share – Basic and Diluted	\$ 4.84	\$ 1.27	\$ 15.12
Weighted avg. no. of Common Shares outstanding for period	15,139,681	15,139,681	15,139,681
STATEMENTS OF FINANCIAL POSITION <i>(Dollars in thousands)</i>	30 June	31 December	
	2016	2015	
ASSETS	<i>(unaudited)</i>	<i>(audited)</i>	
Cash and cash equivalents, excluding restricted cash	\$ 374,435	\$ 221,849	
Trading securities, and notes, loans and other financial assets	163,210	269,171	
Other current assets	172,492	184,143	
Total current assets	710,137	675,163	
Notes, loans and other financial assets	80,191	79,953	
Investments in associates	1,169,591	1,107,434	
Vessels, property and equipment, net	2,156,247	1,887,109	
Other assets, including restricted cash	182,252	174,852	
Total Assets	\$ 4,298,418	\$ 3,924,511	
LIABILITIES			
Accounts payable and other current liabilities	\$ 179,571	\$ 172,031	
Current maturities and short-term notes	261,506	475,900	
Total current liabilities	441,077	647,931	
Long-term debt	1,537,143	1,030,394	
Other	120,361	101,124	
Total Liabilities	2,098,581	1,779,449	
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	2,010,985	1,937,711	
Cumulative translation and other reserves	(93,209)	(79,220)	
Total Shareholders' Equity	2,026,966	1,967,681	
Non-controlling interests	172,871	177,381	
Total Equity	2,199,837	2,145,062	
Total Liabilities and Equity	\$ 4,298,418	\$ 3,924,511	

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
	2016	2015	2015
Net income (loss)	\$ 71,011	\$ 19,920	\$ 204,314
Items that may be reclassified to the income statement in subsequent periods:			
Currency translation differences	1,615	5,883	6,433
Share of other comprehensive income (loss) of associates	(28,141)	(9,701)	(41,082)
Other comprehensive income (loss)	(26,526)	(3,818)	(34,649)
Total comprehensive income (loss)	\$ 44,485	\$ 16,102	\$ 169,665
Total comprehensive income (loss) attributed to:			
Holders of Common Shares	\$ 46,748	\$ 15,444	\$ 194,195
Non-controlling interests	\$ (2,263)	\$ 658	\$ (24,530)

STATEMENTS OF CHANGES IN EQUITY <i>(Dollars in thousands)</i>	Six Months Ended 30 June		Fiscal Year
	2016	2015	2015
Equity at beginning of period	\$ 2,145,062	\$ 1,819,641	\$ 1,819,641
Net income (loss) attributed to:			
Holders of Common Shares	73,274	19,262	228,844
Non-controlling interests	(2,263)	658	(24,530)
Currency translation differences	1,615	5,883	6,433
Share of other comprehensive income (loss) of associates	(28,141)	(9,701)	(41,082)
Pay cash dividends of \$0.20 per share to Holders of Common Shares	—	(3,029)	(3,029)
Buyback/retirement of shares by affiliate from non-controlling interests	(789)	(4,061)	(4,061)
Acquisition and consolidation of subsidiaries	—	—	162,846
Other	11,079	(5,889)	—
Equity at end of period	\$ 2,199,837	\$ 1,822,764	\$ 2,145,062