



# SIEM INDUSTRIES

## PRESS RELEASE

For Immediate Release

## SIEM INDUSTRIES INC.

Contact: Michael Delouche  
P.O. Box 10718  
George Town  
Grand Cayman KY1-1006  
CAYMAN ISLANDS  
Mobile: +1.832.483.0541

### SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 1<sup>ST</sup> HALF OF FISCAL YEAR 2012

GEORGE TOWN, GRAND CAYMAN, 30 August 2012 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the six months ended 30 June 2012 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

#### COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

*Six Months Ended 30 June 2012.* Net income attributable to Common Shares for the first half was \$220.1 million, or \$14.42 per share (1H2011: \$27.9 million, or \$1.82 per share).

Operating revenues and operating expenses for the first half were \$98.6 million and \$80.2 million, respectively (2011: \$108.8 million and \$91.9 million). The share of profits of associates for the the first half was \$110.6 million (2011: \$34.5 million).

Net gains on investments during the first half were \$1.7 million (2011: \$0.3 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 following the approval of a \$0.60 per share dividend by the Subsea 7 shareholders. The dividend payment was received in July 2012.

Siem Shipping Inc. (formerly, STAR Reefers Inc.), a 73.5%-owned subsidiary of the Company, recorded a \$1.2 million impairment during the first half (2011: \$12.3 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.

General and administrative expenses for the first half were \$20.0 million (2011: \$7.9 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 first half were \$(3.3) million (2011: \$6.3 million).

## CONSOLIDATED FINANCIAL POSITION

The Company held \$104.8 million of cash and cash equivalents at 30 June 2012, which included restricted cash of \$4.5 million.

Shareholders' equity was \$2.0 billion at 30 June 2012 as compared to \$1.8 billion at 31 December 2011. There were 15,259,927 Common Shares issued and outstanding at 30 June 2012. The Company acquired and retired 30,000 Common Shares during the first half of 2012.

## 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, 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 30 June 2012, 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](http://www.subsea7.com).

At the end of the first half, Siem Offshore owned interests in 44 vessels working in the oil and gas industry, which includes 4 vessels under-construction in Brazil and 2 vessels that are under-construction in Norway. At 30 June 2012, 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).

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. The Company owns a beneficial interest of 7,089,349 Siem Shipping shares, or 73.5%, of Siem Shipping. 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 2012. 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 50:50 owners of Sinav Limited. In October 2011, the boards of Sinav and GTL Resources Plc (“GTL”) reached agreement on a cash offer to buyout all of the issued or to-be-issued share capital of GTL. The GTL shareholders approved the offer and the buyout was completed in January 2012. Sinav owns 90% of GTL and GTL management owns the remaining 10%. At the time of the purchase, GTL’s principal asset was an 87% interest in Illinois River Energy, a dry mill, corn-based processing facility which produces fuel-grade ethanol and dried distiller’s grains. GTL has made an offer to buyout the minority shareholders of IRE.

#### 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.

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

#### SUBSEQUENT EVENTS

In June 2012, the shareholders of Subsea 7 S.A. approved the spin-off of Veripos Inc. and the shares were listed on the Oslo Stock Exchange at the end of July 2012 (OSE Symbol: VPOS). Veripos is a market leader in precise positioning and navigation solutions for the offshore industry. The Company owns 6,973,192 Veripos shares, or approximately 21% of Veripos’ issued and outstanding shares. For more information, please visit [www.veripos.com](http://www.veripos.com) .

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 six-month period ended 30 June 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 30 June 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 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 2012.

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>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	<i>2012</i>	<i>2011</i>	<i>2011</i>
<b>INCOME:</b>			
Operating revenues	\$ 98,580	\$ 108,784	\$ 181,839
Share of profits of associates	110,623	34,453	85,904
Interest income	760	2,418	3,617
Gains (losses) on investments, net	1,699	266	(1,531)
Gain on recovery of claims against Lehman Brothers Int'l (Europe)	81,438	—	—
Other	42,539	1,026	2,213
<b>Total income</b>	<b>335,639</b>	<b>146,947</b>	<b>272,042</b>
<b>EXPENSES AND OTHER:</b>			
Operating expenses	(80,197)	(91,892)	(169,501)
Depreciation and amortization	(7,589)	(12,964)	(24,346)
Impairment of vessels and investments	(1,231)	(12,311)	(106,052)
Interest expense	(1,705)	(1,907)	(5,961)
General and administrative expenses	(19,952)	(7,866)	(11,789)
Currency exchange gains (losses), net	(3,344)	6,315	(6,796)
Other	(1)	(4)	(8)
<b>Total expenses and other</b>	<b>(114,019)</b>	<b>(120,629)</b>	<b>(324,453)</b>
Income (loss) before income tax expense	221,620	26,318	(52,411)
Income tax expense	(104)	(172)	(895)
<b>Net income (loss)</b>	<b>\$ 221,516</b>	<b>\$ 26,146</b>	<b>\$ (53,306)</b>
<b>Net income (loss) attributable to:</b>			
Holders of Common Shares	\$ 220,126	\$ 27,883	\$ (20,586)
Non-controlling interests	\$ 1,390	\$ (1,737)	\$ (32,720)
<b>Earnings (Loss) per Common Share – Basic and Diluted</b>	<b>\$ 14.42</b>	<b>\$ 1.82</b>	<b>\$ (1.34)</b>
<b>Weighted avg. no. of Common Shares outstanding for period</b>	<b>15,266,592</b>	<b>15,345,010</b>	<b>15,329,626</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>			
<i>(Dollars in thousands)</i>	<i>30 June</i>	<i>31 December</i>	
	<i>2012</i>	<i>2011</i>	
<b>ASSETS</b>			
Cash and cash equivalents, excluding restricted cash	\$ 100,339	\$ 44,979	
Trading securities, and notes, loans and other financial assets	13,012	11,594	
Other current assets	92,588	65,212	
<b>Total current assets</b>	<b>205,939</b>	<b>121,785</b>	
Notes, loans and other financial assets	45,172	44,000	
Investments in associates	1,672,228	1,549,669	
Vessels, property and equipment, net	242,883	252,199	
Other assets, including restricted cash	8,945	7,032	
<b>Total Assets</b>	<b>\$ 2,175,167</b>	<b>\$ 1,974,685</b>	
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 52,734	\$ 44,935	
Current maturities and short-term notes	10,036	23,939	
<b>Total current liabilities</b>	<b>62,770</b>	<b>68,874</b>	
Long-term debt	39,307	56,055	
Other	40,479	25,901	
<b>Total Liabilities</b>	<b>142,556</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	1,281,022	1,062,511	
Cumulative translation and other reserves	593,216	604,354	
<b>Total Shareholders' Equity</b>	<b>1,983,458</b>	<b>1,776,092</b>	
Non-controlling interests	49,153	47,763	
<b>Total Equity</b>	<b>2,032,611</b>	<b>1,823,855</b>	
<b>Total Liabilities and Equity</b>	<b>\$ 2,175,167</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>	<i>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	2012	2011	2011
Net income (loss)	\$ 221,516	\$ 26,146	\$ (53,306)
Other comprehensive income (expense):			
Currency translation differences	1,630	(1)	3,693
Share of other comprehensive income (loss) of associates	(12,768)	—	(1,586)
Total comprehensive income (loss)	(11,138)	(1)	2,107
<b>Total comprehensive income (loss)</b>	<b>\$ 210,378</b>	<b>\$ 26,145</b>	<b>\$ (51,199)</b>
Total comprehensive income (loss) attributed to:			
Holders of Common Shares	\$ 208,988	\$ 27,881	\$ (18,479)
Non-controlling interests	\$ 1,390	\$ (1,737)	\$ (32,720)

STATEMENTS OF CHANGES IN EQUITY <i>(Dollars in thousands)</i>	<i>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	2012	2011	2011
Equity at beginning of period	\$ 1,823,855	\$ 1,304,984	\$ 1,304,984
Net income (loss) attributed to:			
Holders of Common Shares	220,126	27,883	(20,586)
Non-controlling interests	1,390	(1,737)	(32,720)
Currency translation differences	1,630	(1)	3,693
Share of other comprehensive income (loss) of associates	(12,768)	—	(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 and retirement of Common Shares	(1,622)	(2,100)	(4,504)
Dividend distributed to non-controlling interests	—	—	(1,470)
<b>Equity at end of period</b>	<b>\$ 2,032,611</b>	<b>\$ 1,329,029</b>	<b>\$ 1,823,855</b>

STATEMENTS OF CASH FLOWS <i>(Dollars in thousands)</i>	<i>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	2012		2011
Cash flows from operating activities:			
Net income (loss)	\$ 221,516		\$ (53,306)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization, including drydock	7,589		29,692
Undistributed share of losses (profits) of associates	(110,623)		(85,904)
Losses (gains) on investments and re-valuation of financial derivatives	(1,699)		1,531
Impairment of vessels and investments	1,231		106,052
Deferred compensation expense (reversal) for performance unit plan	1,210		(5,089)
Currency exchange losses (gains)	3,344		6,796
Other	1,456		205
Net changes in assets and liabilities	(21,013)		(9,175)
Net cash provided by (used in) operating activities	103,011		(9,198)
Net cash provided by (used in) investing activities	(14,906)		77,829
Net cash provided by (used in) financing activities	(32,374)		(61,951)
Effect of exchange rate on cash	(371)		35
Net increase (decrease) in cash and cash equivalents	55,360		6,715
Cash and cash equivalents at beginning of period	44,979		38,264
<b>Cash and cash equivalents at end of period</b>	<b>\$ 100,339</b>		<b>\$ 44,979</b>

STATEMENTS OF INCOME <i>(Dollars in thousands, except per share amounts)</i>	<i>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	2012	2011	2011
<b>INCOME:</b>			
Share of profits of associates and subsidiaries	\$ 111,363	\$ 32,501	\$ (24,454)
Interest income	725	956	2,956
Gain on recovery of claims against Lehman Brothers Int'l (Europe)	81,438	—	—
Dividend income	41,839	—	—
Other	160	1,244	776
<b>Total income</b>	<b>235,525</b>	<b>34,701</b>	<b>(20,722)</b>
<b>EXPENSES AND OTHER:</b>			
Depreciation and amortization	(127)	(583)	(1,082)
Interest expense	(193)	(349)	(671)
General and administrative expenses	(13,064)	(3,467)	3,242
Currency exchange gains (losses), net	(1,090)	2,529	(1,353)
<b>Total expenses and other</b>	<b>(14,474)</b>	<b>(1,870)</b>	<b>136</b>
Income (loss) before income tax expense	221,051	32,831	(20,586)
Income tax expense	(47)	—	—
<b>Net income (loss)</b>	<b>\$ 221,004</b>	<b>\$ 32,831</b>	<b>\$ (20,586)</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>			
<i>(Dollars in thousands)</i>	<i>30 June</i>		<i>31 December</i>
	2012		2011
<b>ASSETS</b>			
Cash and cash equivalents, excluding restricted cash	\$ 62,650		\$ 2,770
Other current assets	42,436		635
<b>Total current assets</b>	<b>105,086</b>		<b>3,405</b>
Notes, loans and other financial assets	1,500		—
Due from subsidiaries	95,882		86,660
Investments in subsidiaries	172,715		168,185
Investments in associates	1,637,782		1,543,843
Other assets	1		1
<b>Total Assets</b>	<b>\$ 2,012,966</b>		<b>\$ 1,802,094</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 8,851		\$ 1,772
Current maturities and short-term notes	—		6,984
<b>Total current liabilities</b>	<b>8,851</b>		<b>8,756</b>
Long-term debt	—		—
Other	23,507		19,344
<b>Total Liabilities</b>	<b>32,358</b>		<b>28,100</b>
<b>EQUITY</b>			
Common Shares, \$0.25 par value, 15,259,927 and 15,289,927 shares issued and outstanding	\$ 3,815		\$ 3,822
Additional paid-in capital	105,277		105,277
Retained earnings	1,282,517		1,063,128
Cumulative translation and other reserves	588,999		601,767
<b>Total Equity</b>	<b>1,980,608</b>		<b>1,773,994</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,012,966</b>		<b>\$ 1,802,094</b>
<b>STATEMENTS OF CASH FLOWS</b>			
<i>(Dollars in thousands)</i>	<i>Six Months Ended 30 June</i>		<i>Fiscal Year</i>
	2012		2011
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 221,004		\$ (20,586)
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>			
Undistributed share of losses (profits) of associates and subsidiaries	(111,363)		24,454
Deferred compensation expense (reversal) for performance unit plan	1,210		(5,089)
Currency exchange losses (gains)	1,090		1,353
Other	143		1,085
<b>Net changes in assets and liabilities</b>	<b>(42,139)</b>		<b>(31,259)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>69,945</b>		<b>(30,042)</b>
Net cash provided by (used in) investing activities	(1,534)		67,859
Net cash provided by (used in) financing activities	(8,622)		(45,569)
Effect of exchange rate on cash	91		110
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>59,880</b>		<b>(7,642)</b>
Cash and cash equivalents at beginning of period	2,770		10,412
<b>Cash and cash equivalents at end of period</b>	<b>\$ 62,650</b>		<b>\$ 2,770</b>