



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC.

REPORTS 2nd QUARTER AND SIX MONTHS RESULTS FOR FISCAL 2006

GEORGE TOWN, GRAND CAYMAN, 10 August 2006 – SIEM INDUSTRIES INC. announces its unaudited results for the quarter and six months ended 30 June 2006 in accordance with International Financial Reporting Standards (“IFRS”).

Net income for the quarter ended 30 June 2006 was \$30.3 million, or \$2.01 per share (2005: \$9.8 million, or \$0.59 per share). Net income for the six months ended 30 June 2006 was \$53.3 million, or \$3.54 per share (2005: \$20.5 million, or \$1.22 per share).

Operating revenues and operating expenses for the quarter were \$49.4 million and \$26.9 million, respectively (2005: \$47.6 million and \$27.8 million). Operating revenues and operating expenses for the six months were \$99.9 million and \$53.2 million, respectively (2005: \$96.4 million and \$55.7 million).

Equity in the income of unconsolidated affiliates for the quarter and six months were \$27.6 million and \$45.9 million, respectively (2005: \$7.5 million and \$8.7 million). Net gains on investments and assets sales for the quarter and six months were \$0.9 million and \$1.0 million, respectively (2005: \$0.9 million and \$5.5 million).

Depreciation expense for the quarter and six months were \$4.5 million and \$9.8 million (2005: \$3.3 million and \$6.5 million). Interest expense for the quarter and six months were \$3.2 million and \$6.3 million, respectively (2005: \$1.7 million and \$3.1 million, respectively).

General and administrative expenses for the quarter and six months ended 30 June 2006 were \$11.6 million and \$22.0 million (2005: \$8.3 million and 13.8 million). Currency exchange gains(losses) for the quarter and six months were \$1.7 million and \$3.6 million (2005: \$(3.7 million) and \$(7.6 million)).

The Company reports its investments in Subsea 7 Inc. (OSE Symbol: SUB) and Siem Offshore Inc. (OSE Symbol: SIOFF) under the equity method of accounting. The detail financial statements of the Company’s investments in STAR Reefers Inc. (OSE Symbol: SRI) and Siem Car Carriers Inc. are incorporated within the Company’s consolidated financial statements.

Subsea 7 is a major contractor in the oil and gas industry that provides integrated subsea engineering and construction expertise to the global market. During 2006, the Company increased its ownership in Subsea 7 to 66,394,145 shares, or 45.1%, following the conversion of its remaining NOK140,130,000 Subsea 7 Convertible Bonds into 7,340,492 newly-issued shares of Subsea 7 in January 2006 and the purchase of 704,000 shares in the market in March 2006. For more information, please visit Subsea 7’s website at www.subsea7.com.

Siem Offshore owns and operates a fleet of vessels working in the oil and gas industry, including PSVs (platform supply vessels) and small PSV/AHTS (anchor-handling, towing and supply vessels) with standby and oil-recovery capabilities. In addition, Siem Offshore has 4 PSVs under construction, contracts for the building of 3 multi-functional offshore construction vessels, a 50% interest in the scientific ocean research/drilling vessel, *Joides Resolution*, a 41% interest in the *Big Orange XVIII*, an ownership interest that will increase to 60% in a company that has developed a concept for safer and more efficient riserless subsea intervention, drilling and maintenance services from vessels and a 100% interest in a company that develops combat management systems for the Brazilian Navy. The Company increased its ownership in Siem Offshore to 64,128,403 shares, or 38.7%, by purchases in the market of 4,410,750 shares in March 2006 and 1,368,000 shares in June 2006. For more information on Siem Offshore and its affiliates, please visit www.siemoffshore.com.

STAR controls a modern fleet of approximately 37 owned and chartered vessels that is engaged in the ocean-borne refrigerated transportation of fruit, vegetables and other perishable products. In early 2006, STAR received delivery of the newbuild *STAR First*, the first of four specialized reefer vessels to operate under long-term charters for STAR, and established an in-house ship management company in Poland for the management of 8 vessels. In addition, STAR exercised its option to purchase 4 vessels currently under bareboat charters. The purchase price will be approximately \$31 million with vessel deliveries scheduled in December 2006. The Company owns 6,272,534 shares, or 72.0%, of STAR. For more information, please visit www.star-reefers.com.

Siem Car Carriers owns three vessels. Two of the vessels are under contracts through 2011 and the third vessel is under contract through 2008. The Company owns 88.1% of Siem Car Carriers.

Siem Industrikapital AB, the Company's 64%-owned Swedish affiliate, holds interests in several companies including European Furniture Group AB, a leading designer and manufacturer of business office equipment, and Boule Diagnostics International AB, the holding company for three separate biotechnology/medical technology businesses.

Deusa International GmbH ("Deusa"), the Company's 49%-owned German affiliate, is engaged in the mining of potash which is used for fertilizer production, bischofite for the construction industry, magnesium chloride for de-icing and other materials. Deusa has known potash reserves of greater than 60 years. In addition, Deusa is currently building a thermolysis process facility that will be used to incinerate municipal wastes and produce energy for use in Deusa's potash operations.

SIEM INDUSTRIES INC. currently holds interests in the following industrial areas: the oil and gas services industry, the ocean transport of refrigerated cargoes, the ocean transport of automobiles, the Swedish company industrial holdings in land-based industries and the mining and processing of potash. Further, the Company will from time to time invest its discretionary funds in short-term marketable investments. For further information relating to the Company, please visit www.siemindustries.com.

SUMMARY FINANCIAL DATA (UNAUDITED)
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
 QUARTER ENDED 30 JUNE 2006
 (in thousands, except per share amounts)

| <u>CONSOLIDATED STATEMENTS OF OPERATIONS</u> | <u>Quarter Ended 30 June</u> | | <u>Six Months Ended 30 June</u> | |
|--|------------------------------|-------------------|---------------------------------|------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Operating revenues | \$ 49,430 | \$ 47,556 | \$ 99,947 | \$ 96,373 |
| Interest income | 656 | 1,340 | 1,288 | 2,465 |
| Net gains on investments | 877 | 916 | 996 | 5,474 |
| Equity in income of unconsolidated affiliates | 27,592 | 7,471 | 45,886 | 8,721 |
| Other | (277) | 1,026 | 113 | 1,134 |
| | <u>78,278</u> | <u>58,309</u> | <u>148,230</u> | <u>114,167</u> |
| Operating expenses | (26,937) | (27,811) | (53,243) | (55,654) |
| Depreciation and amortization | (4,458) | (3,268) | (9,787) | (6,463) |
| Interest expense | (3,227) | (1,728) | (6,304) | (3,111) |
| General and administrative | (11,578) | (8,325) | (22,023) | (13,750) |
| Currency exchange gains (losses) | 1,702 | (3,709) | 3,635 | (7,593) |
| Other | (77) | (73) | (82) | (128) |
| Income before income taxes | 33,703 | 13,395 | 60,426 | 27,468 |
| Income tax expense | (79) | (108) | (148) | (111) |
| Net income | 33,624 | 13,287 | 60,278 | 27,357 |
| Minority interest expense | (3,351) | (3,457) | (6,980) | (6,876) |
| Net income attributed to Common Shares | <u>\$ 30,273</u> | <u>\$ 9,830</u> | <u>\$ 53,298</u> | <u>\$ 20,481</u> |
| Net income per Common Share, basic and diluted | <u>\$ 2.01</u> | <u>\$ 0.59</u> | <u>\$ 3.54</u> | <u>\$ 1.22</u> |
| Wtd. average no. of shares outstanding | <u>15,053</u> | <u>16,767</u> | <u>15,053</u> | <u>16,779</u> |
| <u>CONSOLIDATED BALANCE SHEETS</u> | | | | |
| | | <u>30 June</u> | <u>31 December</u> | |
| | | <u>2006</u> | <u>2005</u> | |
| Cash and cash equivalents, excluding restricted cash | | \$ 40,596 | \$ 58,077 | |
| Net trading securities and short-term notes receivable | | 24,814 | 23,650 | |
| Other current assets | | 25,332 | 21,352 | |
| Senior secured notes, notes receivable and other investments | | 26,227 | 5,715 | |
| Marketable equity securities | | 114,353 | 99,219 | |
| Investments in unconsolidated affiliates | | 262,233 | 189,107 | |
| Property and equipment, net | | 377,343 | 374,306 | |
| Other assets, including restricted cash | | 11,013 | 7,383 | |
| Total Assets | | <u>\$ 881,911</u> | <u>\$ 778,809</u> | |
| Accounts and other payables | | \$ 38,050 | \$ 15,267 | |
| Current maturities and short-term notes | | 24,986 | 25,846 | |
| Other current liabilities | | 6,585 | 19,862 | |
| Long-term debt | | 203,302 | 204,740 | |
| Other | | 37,481 | 23,215 | |
| Shareholders' equity: | | | | |
| Common stock | | 3,763 | 3,763 | |
| Paid-in capital | | 69,194 | 64,405 | |
| Retained earnings | | 344,185 | 290,870 | |
| Accumulated comprehensive income and other | | 107,061 | 92,004 | |
| Total shareholders' equity | | <u>524,203</u> | <u>451,042</u> | |
| Minority interest | | 47,304 | 38,837 | |
| Total Equity | | <u>571,507</u> | <u>489,879</u> | |
| Total Liabilities and Equity | | <u>\$ 881,911</u> | <u>\$ 778,809</u> | |