



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC.

REPORTS 3rd QUARTER AND NINE MONTHS RESULTS FOR FISCAL 2006

GEORGE TOWN, GRAND CAYMAN, 31 October 2006 – SIEM INDUSTRIES INC. announces its unaudited results for the quarter and nine months ended 30 September 2006 in accordance with International Financial Reporting Standards (“IFRS”).

Net income for the quarter ended 30 September 2006 was \$20.1 million, or \$1.34 per share (2005: \$4.9 million, or \$0.29 per share). Net income for the nine months ended 30 September 2006 was \$73.4 million, or \$4.88 per share (2005: \$25.3 million, or \$1.51 per share).

Operating revenues and operating expenses for the quarter were \$44.3 million and \$27.6 million, respectively (2005: \$37.4 million and \$25.5 million). Operating revenues and operating expenses for the nine months were \$144.2 million and \$80.9 million, respectively (2005: \$133.7 million and \$81.1 million).

Equity in the income of unconsolidated affiliates for the quarter and nine months were \$23.4 million and \$69.3 million, respectively (2005: \$2.1 million and \$7.6 million). Net gains (losses) on investments and assets sales for the quarter and nine months were \$(0.1) million and \$0.9 million, respectively (2005: \$1.5 million and \$4.0 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 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. The Company increased its ownership in Siem Offshore to 64,128,403 shares, or 38.3%, 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 38 owned and chartered vessels that is engaged in the ocean-borne refrigerated transportation of fruit, vegetables and other perishable products. 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. 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. 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 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 SEPTEMBER 2006
 (in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended 30 September</u>		<u>9 Mos. Ended 30 September</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 44,273	\$ 37,375	\$ 144,220	\$ 133,748
Interest income	1,118	2,701	2,406	11,422
Net gains on investments	(109)	1,493	887	3,958
Equity in income of unconsolidated affiliates	23,376	2,108	69,262	7,582
Other	137	271	250	1,405
	<u>68,795</u>	<u>43,948</u>	<u>217,025</u>	<u>158,115</u>
Operating expenses	(27,625)	(25,484)	(80,868)	(81,138)
Depreciation and amortization	(4,199)	(3,805)	(13,986)	(10,268)
Interest expense	(3,625)	(2,090)	(9,929)	(5,201)
General and administrative	(11,572)	(5,485)	(33,595)	(19,235)
Currency exchange gains (losses)	224	(685)	3,859	(8,278)
Other	7	(172)	(75)	(300)
Income before income taxes	22,005	6,227	82,431	33,695
Income tax expense	(77)	5	(225)	(106)
Net income	21,928	6,232	82,206	33,589
Minority interest expense	(1,780)	(1,364)	(8,760)	(8,240)
Net income attributed to Common Shares	<u>\$ 20,148</u>	<u>\$ 4,868</u>	<u>\$ 73,446</u>	<u>\$ 25,349</u>
Net income per Common Share, basic and diluted	<u>\$ 1.34</u>	<u>\$ 0.29</u>	<u>\$ 4.88</u>	<u>\$ 1.51</u>
Wtd. average no. of shares outstanding	<u>15,053</u>	<u>16,767</u>	<u>15,053</u>	<u>16,775</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>		<u>30 September</u>	<u>31 December</u>	
		<u>2006</u>	<u>2005</u>	
Cash and cash equivalents, excluding restricted cash		\$ 22,778	\$ 58,077	
Net trading securities and short-term notes receivable		63,428	23,650	
Other current assets		25,369	21,352	
Senior secured notes, notes receivable and other investments		30,366	5,715	
Marketable equity securities		104,259	99,219	
Investments in unconsolidated affiliates		285,790	189,107	
Property and equipment, net		372,280	374,306	
Other assets, including restricted cash		10,375	7,383	
Total Assets		<u>\$ 914,645</u>	<u>\$ 778,809</u>	
Accounts and other payables		\$ 30,215	\$ 15,267	
Current maturities and short-term notes		30,188	25,846	
Other current liabilities		7,577	19,862	
Long-term debt		217,886	204,740	
Other		45,240	23,215	
Shareholders' equity:				
Common stock		3,763	3,763	
Paid-in capital		69,354	64,405	
Retained earnings		364,316	290,870	
Accumulated comprehensive income and other		97,021	92,004	
Total shareholders' equity		<u>534,454</u>	<u>451,042</u>	
Minority interest		49,085	38,837	
Total Equity		<u>583,539</u>	<u>489,879</u>	
Total Liabilities and Equity		<u>\$ 914,645</u>	<u>\$ 778,809</u>	