



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

Contact: Michael Delouche
P.O. Box 10718, Harbour Place – 5th Floor
103 South Church Street, George Town
Grand Cayman KY1-1006
CAYMAN ISLANDS
Telephone: +1.345.949.1030

SIEM INDUSTRIES INC. **REPORTS 2ND QUARTER AND SIX MONTHS RESULTS FOR FISCAL 2007**

GEORGE TOWN, GRAND CAYMAN, 10 August 2007 – SIEM INDUSTRIES INC. announces its unaudited results for the quarter ended 30 June 2007 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Net income for the quarter ended 30 June 2007 was \$41.3 million, or \$2.66 per share (2006: \$30.3 million, or \$2.01 per share). Net income for the six months ended 30 June 2007 was \$73.3 million, or \$4.80 per share (2006: \$53.3 million, or \$3.54 per share).

Operating revenues and operating expenses for the quarter were \$54.5 million and \$31.7 million, respectively (2006: \$49.4 million and \$26.9 million). Operating revenues and operating expenses for the six months were \$109.8 million and \$60.1 million, respectively (2006: \$100.0 million and \$53.2 million).

The share of profit of associates for the quarter and six months ended 30 June 2007 were \$37.9 million and \$57.4 million, respectively (2006: \$27.6 million and \$45.9 million). Net gains on investments for the quarter and six months were \$14.3 million and \$16.1 million, respectively (2006: \$0.9 million and \$1.0 million).

General and administrative expenses for the quarter and six months were \$6.9 million and \$12.0 million, respectively (2006: \$11.6 million and \$22.0 million). An impairment of \$20.3 million was recorded in June 2007 with respect to loans advanced to an associate company for project construction purposes.

The Company reports its investments in Subsea 7 Inc. (OSE Symbol: SUB), 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 STAR Reefers Inc. (OSE Symbol: SRI), Siem Car Carriers Inc. and Deep Seas Insurance Limited 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. The Company owns a beneficial interest of 66,394,145 Subsea shares, or 45.1%. For more information, please visit Subsea 7’s website at www.subsea7.com.

Siem Offshore owns interests in 37 vessels working in the oil and gas industry, which includes 14 vessels under construction at Norwegian yards, and 1 scientific offshore drilling vessel currently undergoing conversion. The Company increased its beneficial ownership of Siem Offshore shares from 64,128,403 shares to 85,504,538 shares when it participated in a

rights offering conducted by Siem Offshore whereby its existing shareholders were issued one right for each owned share and the shareholders could either purchase one new share of Siem Offshore for every 3 rights at a price of NOK13 per share or sell the rights in the market. The Company exercised its rights and purchased 21,376,135 Siem Offshore shares for approximately \$47.7 million to maintain its beneficial ownership at 38.2%. For more information on Siem Offshore, please visit www.siemoffshore.com.

STAR controls a modern fleet of approximately 40 owned and chartered vessels that is engaged in the refrigerated transportation of fruit and other perishable products. During the first quarter, STAR agreed to time charter a second series of 4 newbuilds for periods of 10 years from yard delivery during 2008 to 2010. The third vessel from the first series of 4 newbuilds was delivered during the first quarter and the fourth vessel was delivered in May 2007, all vessels in the first series also under 10-year time charters. The 8 vessels are of the same design. The Company owns 6,272,534 shares, or 71.6%, of STAR. For more information, please visit www.star-reefers.com.

Siem Car Carriers owns three vessels which are all under firm contracts through 2010. The Company owns 88.1% of Siem Car Carriers.

Siem Capital AB, the Company's 64%-owned Swedish affiliate, holds an interest in 2 Swedish industrial and research companies. Siem Capital sold its interest in the European Furniture Group AB, a manufacturer of office furniture, during the second quarter at a profit and sold its interest in Emotron AB during the third quarter, also at a profit.

Deusa, the Company's 49%-owned German affiliate, is engaged in the mining of potash and has potash reserves of greater than 60 years. Deusa is currently building a thermolysis process facility to incinerate municipal wastes to produce energy for use in its potash operations. During the second quarter, Deusa experienced a setback during the testing phase of one of the process facility's units which will require the re-engineering of the design and delay the facility's completion until the end of the year. The Company has advanced loans to Deusa to fund the construction of the plant and recorded an impairment of approximately \$20.3 million following the setback.

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 owns the remaining 49% interest in DSI.

During the first quarter, the Company purchased and retired 25,050 of its Common Shares at an average price of \$52 per share.

Following the termination of the 1987 Performance Unit Plan, the Company made a cash payment and issued 502,485 new shares of Common Stock during the second quarter in exchange for the performance units.

In July 2007, the Company completed the private placement of its previously-announced \$275,000,000 zero coupon, limited recourse, exchangeable bonds due in 2017 (the “Bonds”). The Bonds are exchangeable for ordinary shares of Subsea 7 that are currently owned by the Company, have a zero coupon, yield-to-maturity of 0.95% p.a. and an exchange premium of 35%. The Bondholders have the right to require the Company to redeem the Bonds at their accreted principal amount in years 3, 5 and 7 and the Company has the right to call the Bonds at their accreted principal amount after 5 years. If all of the Bonds are exchanged for Subsea 7 ordinary shares, then the Company will deliver 9,759,664 shares to the Bondholders. The bond facility provides that security for the Bonds will be initially comprised of the Company’s investments in U.S. government securities for 50% of the facility and up to 18.1 million ordinary shares of Subsea 7 from the Company’s holdings. The Bonds currently trade on the Oslo Stock Exchange. The Company used a portion of the cash proceeds to repay \$71 million of debt and the remaining cash has been placed in term deposits and is available for working capital and general corporate purposes.

SIEM INDUSTRIES INC. is an industrial group with holdings in offshore oil and gas services and ocean-shipping. The Company also has interests in Swedish industrial and research companies and German potash mining and investments in marketable securities. 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 2007

(in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 54,499	\$ 49,430	\$ 109,781	\$ 99,947
Share of profit (loss) of associates	37,933	27,592	57,348	45,886
Interest income	921	656	1,673	1,288
Gains (Losses) on investments, net	14,260	877	16,103	996
Other	3,716	(277)	4,086	113
	<u>111,329</u>	<u>78,278</u>	<u>188,991</u>	<u>148,230</u>
Operating expenses	(31,731)	(26,937)	(60,054)	(53,243)
Depreciation and amortization	(4,846)	(4,458)	(9,655)	(9,787)
Interest expense	(3,449)	(3,227)	(6,979)	(6,304)
General and administrative expenses	(6,858)	(11,578)	(12,027)	(22,023)
Impairment of notes, loans and other financial assets	(20,302)	—	(20,302)	—
Currency exchange gains (losses), net	1,179	1,702	2,050	3,635
Other	(1)	(77)	(2)	(82)
Income before income taxes	45,321	33,703	82,022	60,426
Income tax expense	(34)	(79)	(38)	(148)
Net income	45,287	33,624	81,984	60,278
Minority interests	(4,014)	(3,351)	(8,681)	(6,980)
Net income attributed to Common Shares	<u>\$ 41,273</u>	<u>\$ 30,273</u>	<u>\$ 73,303</u>	<u>\$ 53,298</u>
Net income per Common Share, basic and diluted	<u>\$ 2.66</u>	<u>\$ 2.01</u>	<u>\$ 4.80</u>	<u>\$ 3.54</u>
Wtd. average no. of shares outstanding	<u>15,502</u>	<u>15,053</u>	<u>15,276</u>	<u>15,053</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>				
		June 30,	December 31,	
		<u>2007</u>	<u>2006</u>	
Cash and cash equivalents, excluding restricted cash		\$ 54,275	\$ 20,059	
Trading securities and notes, loans and other financial assets		60,903	44,194	
Other current assets		30,175	21,056	
Notes, loans and other financial assets		11,439	35,968	
Available-for-sale financial assets		150,886	115,165	
Investments in associates		350,808	296,652	
Property and equipment, net		387,459	398,396	
Other assets, including restricted cash		10,023	7,501	
Total Assets		<u>\$ 1,055,968</u>	<u>\$ 938,991</u>	
Accounts and other payables		\$ 40,432	\$ 28,133	
Current maturities and short-term notes		21,478	30,306	
Other current liabilities		7,378	7,367	
Long-term debt		194,721	200,189	
Other		16,496	59,141	
Shareholders' equity:				
Common stock		3,883	3,763	
Paid-in capital		115,140	69,548	
Retained earnings		451,905	379,901	
Other reserves		143,478	107,723	
Total shareholders' equity		<u>714,406</u>	<u>560,935</u>	
Minority, or noncontrolling, interests		<u>61,057</u>	<u>52,920</u>	
Total Equity		<u>775,463</u>	<u>613,855</u>	
Total Liabilities and Equity		<u>\$ 1,055,968</u>	<u>\$ 938,991</u>	