



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 PRELIMINARY 4TH QUARTER AND FISCAL 2007 RESULTS

GEORGE TOWN, GRAND CAYMAN, 25 April 2008 – SIEM INDUSTRIES INC. announces its preliminary results for the quarter and fiscal year ended ended 31 December 2007 prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Comparative Consolidated Financial Performance

Net income for the quarter ended 31 December 2007 was \$207.1 million, or \$13.34 per share (2006: \$15.6 million, or \$1.04 per share). Net income for the fiscal year ended 31 December 2007 was \$342.9 million, or \$22.26 per share (2006: \$89.0 million, or \$5.91 per share).

Operating revenues and operating expenses for the quarter were \$51.7 million and \$33.6 million, respectively (2006: \$47.9 million and \$28.1 million). Operating revenues and operating expenses for the year were \$213.5 million and \$125.1 million, respectively (2006: \$192.2 million and \$109.0 million).

The share of profit of associates for the quarter and year ended 31 December 2007 was \$27.1 million and \$138.7 million, respectively (2006: \$9.6 million and \$78.9 million).

Net gains on investments for the quarter and year were \$174.8 million and \$192.6 million, respectively (2006: \$8.5 million and \$9.4 million). In December 2007, the Company recognized gains of approximately \$141.2 million on the sales of its new Transocean Inc. shares that were acquired following the conclusion of the merger between Transocean and GlobalSantaFe Corp. in November 2007. At the closing of the merger in November 2007, the Company recognized gains of \$41.4 million when it exchanged its holdings in Transocean and GlobalSantaFe for cash and new Transocean shares. During 2007, the Company recognized gains of \$8.6 million on the adjustment to market of the carrying value of its holdings in GlobalSantaFe shares at the end of each reporting period. The investment in GlobalSantaFe originated in 2006. The investment in Transocean originated as an investment in the shares of a predecessor company that ultimately became Transocean Inc. following a series of mergers.

General and administrative expenses for the quarter and year were \$14.3 million and \$35.7 million, respectively (2006: \$17.0 million and \$50.6 million). An impairment of \$20.6 million was recorded in June 2007 with respect to loans advanced to an associate company for project construction purposes.

Consolidated Financial Position

The Company held \$274.8 million of cash and cash equivalents at 31 December 2007. Notes, loans and other financial assets included a \$137.5 million investment in U.S. Treasuries which is pledged as security for the \$275 million exchangeable bonds issued in July 2007. For further discussion on the exchangeable bonds, see below.

Shareholders' equity was \$1.1 billion at 31 December 2007 and the Company had 15,529,927 Common Shares issued and outstanding.

During 2007, 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 paid cash and issued 502,485 new Common Shares in exchange for the performance units.

Operations and Investments in Associates

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 services. The Company owns a beneficial interest of 66,394,145 Subsea shares, or 44.9%. For more information, please visit Subsea 7's website at **www.subsea7.com**.

Siem Offshore owns interests in 41 vessels working in the oil and gas industry, which includes 17 vessels under construction 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 in July 2007 when it participated in a 1:3 rights offering at a subscription price of NOK13 per new share. The Company exercised its rights and purchased 21,376,135 Siem Offshore shares for approximately \$47.7 million to maintain its beneficial interest. In October 2007, Siem Offshore entered into an agreement to issue 30,000,000 new shares to an unrelated third party at NOK18.12 per share. Siem Offshore issued the new shares in December 2007 and the Company's beneficial interest was reduced to 33.7%. For more information on Siem Offshore, please visit **www.siemoffshore.com**.

STAR controls a modern fleet of approximately 44 owned and chartered vessels, including ships under construction, engaged in the refrigerated transportation of fruit and other perishable products. 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 interests in European Furniture Group AB during the second quarter at a profit and 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 \$20.6 million related to these advances 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.

Accounting for the \$275,000,000 Exchangeable Bonds

In July 2007, the Company completed the private placement of its \$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 Subsea 7 ordinary shares to the Bondholders. The bond facility provides that security for the Bonds will be initially comprised of the Company's \$137.5 million investments in U.S. Treasuries and the Subsea 7 ordinary shares.

At the closing of the bond issue, the Company separated the \$275 million into a debt obligation and a financial derivative. The value of the exchange rights was determined using the Black-Scholes Option Pricing Model and recorded as an embedded option in shareholders' equity and the remaining amount was recorded as debt. Under IAS 39, the value of the embedded option should be determined at the end of each reporting period and the resulting change in value reflected as a gain or loss.

The valuation of the embedded option is subject to volatility arising from movements in the Subsea 7 share price. This volatility will potentially significantly distort the results from one reporting period to the next reporting period until the exchange is exercised or the Bonds mature.

The net impact on the income statement from making the 9,759,664 ordinary Subsea 7 shares available for exchange for the duration of the Bonds is fixed. In order to reduce the volatility, the Company has reclassified the 9,759,664 ordinary Subsea 7 shares as an available-for-sale financial asset and recorded the unrealized appreciation in the value of these shares as a component of comprehensive income, recorded changes in the value of the embedded option against the unrealized appreciation in comprehensive income and discontinued recording the Company's share of Subsea 7's profits with respect to these shares.

Discussions concerning the Company's accounting treatment continue. If the Company's accounting treatment is not accepted, then the net income for 2007 will be increased by a total \$26.3 million consisting of \$9.1 million related to recognizing the share of Subsea 7's income with respect to these shares and \$17.2 million from the change in the valuation of the embedded option.

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.

PRELIMINARY SUMMARY FINANCIAL STATEMENTS (UNAUDITED)
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") **
 QUARTER AND FISCAL YEAR ENDED 31 DECEMBER 2007
 (in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended December 31,</u>		<u>Year Ended 31 December,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 51,744	\$ 47,927	\$ 213,500	\$ 192,147
Share of profits (losses) of associates	27,093	9,623	138,713	78,885
Interest income	4,073	1,222	8,506	3,628
Gains (Losses) on investments, net	174,776	8,490	192,603	9,377
Other	4,658	2,671	10,999	2,921
	<u>262,344</u>	<u>69,933</u>	<u>564,321</u>	<u>286,958</u>
Operating expenses	(33,559)	(28,138)	(125,098)	(109,006)
Depreciation and amortization	(5,403)	(4,798)	(20,107)	(18,784)
Interest expense	(564)	(3,970)	(12,946)	(13,899)
General and administrative expenses	(14,272)	(16,952)	(35,656)	(50,547)
Impairment of notes, loans and other financial assets	—	—	(20,595)	—
Currency exchange gains (losses), net	1,860	2,703	8,369	6,562
Other	(8)	(727)	(10)	(802)
Income before income taxes	<u>210,398</u>	<u>18,051</u>	<u>358,278</u>	<u>100,482</u>
Income tax expense	<u>(462)</u>	<u>335</u>	<u>(515)</u>	<u>110</u>
Net income	<u>209,936</u>	<u>18,386</u>	<u>357,763</u>	<u>100,592</u>
Minority interests	<u>(2,826)</u>	<u>(2,801)</u>	<u>(14,825)</u>	<u>(11,561)</u>
Net income attributed to Common Shares	<u>\$ 207,110</u>	<u>\$ 15,585</u>	<u>\$ 342,938</u>	<u>\$ 89,031</u>
Net income per Common Share, basic and diluted	<u>\$ 13.34</u>	<u>\$ 1.04</u>	<u>\$ 22.26</u>	<u>\$ 5.91</u>
Wtd. average no. of shares outstanding	<u>15,530</u>	<u>15,053</u>	<u>15,404</u>	<u>15,053</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>		<u>December 31,</u>	<u>December 31,</u>	
		<u>2007</u>	<u>2006</u>	
Cash and cash equivalents, excluding restricted cash		\$ 274,781	\$ 20,059	
Trading securities and notes, loans and other financial assets		2,494	44,194	
Other current assets		34,785	21,056	
Notes, loans and other financial assets		169,191	35,968	
Available-for-sale financial assets		218,307	115,165	
Investments in associates		437,056	296,652	
Vessels, property and equipment, net		440,414	398,396	
Other assets, including restricted cash		9,869	7,501	
Total Assets		<u>\$ 1,586,897</u>	<u>\$ 938,991</u>	
Accounts and other payables		\$ 12,581	\$ 28,133	
Current maturities and short-term notes		11,827	30,306	
Other current liabilities		50,261	7,367	
Long-term debt		308,357	200,189	
Other		10,308	59,141	
Shareholders' equity:				
Common stock		3,883	3,763	
Paid-in capital		131,704	69,548	
Retained earnings		721,541	379,901	
Other reserves		269,234	107,723	
Total shareholders' equity		<u>1,126,362</u>	<u>560,935</u>	
Minority, or noncontrolling, interests		<u>67,201</u>	<u>52,920</u>	
Total Equity		<u>1,193,563</u>	<u>613,855</u>	
Total Liabilities and Equity		<u>\$ 1,586,897</u>	<u>\$ 938,991</u>	

** See Discussion of the Accounting for the \$275,000,000 Exchangeable Bonds on page 3.