



# 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 1<sup>ST</sup> QUARTER 2008 RESULTS**

GEORGE TOWN, GRAND CAYMAN, 12 June 2008 – SIEM INDUSTRIES INC. announces its results for the quarter ended ended 31 March 2008 prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

### ***Comparative Consolidated Financial Performance***

Net income for the quarter ended 31 March 2008 was \$55.4 million, or \$3.57 per share (2007: \$32.0 million, or \$2.13 per share).

Operating revenues and operating expenses for the quarter ended 31 March 2008 were \$63.4 million and \$35.9 million, respectively (2007: \$55.3 million and \$28.3 million). The share of profit of associates for the quarter was \$34.1 million (2007: \$19.4 million). Net gains on investments and on the re-valuation of financial derivatives for the quarter were \$0.2 million and \$3.7 million, respectively (2007: \$1.8 million and \$-0-).

General and administrative expenses for the quarter were \$6.9 million (2007: \$5.2 million). Currency exchange gains for the quarter were \$5.2 million (\$0.9 million).

### ***Consolidated Financial Position***

The Company held \$251.8 million of cash and cash equivalents at 31 March 2008.

Shareholders’ equity was \$937.5 million at 31 March 2008 as compared to \$883.6 million at 31 December 2007. There were 15,529,927 Common Shares issued and outstanding at the end of both periods.

During the quarter, the Board of Directors declared and paid an extraordinary dividend of \$0.10 per Common Share.

### ***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 one of the world’s leading subsea engineering and construction companies with operations in all of the major offshore oil and gas areas worldwide. 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](http://www.subsea7.com).

Siem Offshore owns interests in 45 vessels working in the oil and gas industry, which includes 21 vessels under construction and 1 scientific offshore drilling vessel currently undergoing conversion. The Company holds a beneficial ownership of 85,504,538 Siem Offshore shares, or 33.7%. For more information on Siem Offshore, please visit [www.siemoffshore.com](http://www.siemoffshore.com).

STAR controls a modern fleet of approximately 48 owned and chartered reefer vessels, including 6 vessels under construction, that is 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](http://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.

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 completing the construction of a thermolysis process facility which will, when finished, incinerate municipal wastes to produce energy for use in its potash operations.

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.

The Company's Annual General Meeting will be held at 11:00am local time on Tuesday, 8 July 2008, at Harbour Place-5<sup>th</sup> Floor, 103 South Church Street, George Town, Grand Cayman, Cayman Islands. The Siem Industries Inc. 2007 Annual Report, Notice of Meeting and Proxy Statement and Proxy Card are available on the Company's website as indicated below and are in the process of being distributed in printed form through the mail.

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](http://www.siemindustries.com).

**SUMMARY FINANCIAL STATEMENTS (UNAUDITED)**  
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")  
 QUARTER ENDED 31 MARCH 2008  
 (in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended 31 March</u>		<u>Year Ended</u> <u>31 December</u>
	<u>2008</u>	<u>2007</u>	<u>2007</u>
Operating revenues	\$ 63,399	\$ 55,282	\$ 213,500
Share of profits (losses) of associates	34,054	19,415	147,774
Interest income	4,223	752	8,506
Gains (losses) on investments, net	151	1,843	192,603
Gains (losses) on re-valuation of financial derivatives, net	3,721	—	17,218
Other	132	370	10,999
	<u>105,680</u>	<u>77,662</u>	<u>590,600</u>
Operating expenses	(35,934)	(28,323)	(125,098)
Depreciation and amortization	(5,330)	(4,809)	(20,107)
Interest expense	(2,590)	(3,530)	(12,946)
General and administrative expenses	(6,848)	(5,169)	(36,907)
Impairment of notes, loans and other financial assets	—	—	(20,595)
Currency exchange gains (losses), net	5,237	871	8,369
Other	(16)	(1)	(10)
Income before income taxes	60,199	36,701	383,306
Income tax expense	(11)	(4)	(515)
Net income	60,188	36,697	382,791
Minority interests	(4,781)	(4,667)	(14,825)
Net income attributed to Common Shares	<u>\$ 55,407</u>	<u>\$ 32,030</u>	<u>\$ 367,966</u>
Net income per Common Share, basic and diluted	<u>\$ 3.57</u>	<u>\$ 2.13</u>	<u>\$ 23.89</u>
Wtd. average no. of shares outstanding	<u>15,530</u>	<u>15,047</u>	<u>15,404</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>		<u>31 March</u> <u>2008</u>	<u>31 December</u> <u>2007</u>
Cash and cash equivalents, excluding restricted cash		\$ 251,810	\$ 274,781
Trading securities and notes, loans and other financial assets		62,421	13,778
Other current assets		50,287	34,785
Notes, loans and other financial assets		157,935	157,907
Investments in associates		520,836	486,634
Vessels, property and equipment, net		437,057	441,561
Other assets, including restricted cash		5,437	8,723
Total Assets		<u>\$ 1,485,783</u>	<u>\$ 1,418,169</u>
Accounts and other payables		\$ 13,996	\$ 12,581
Current maturities and short-term notes		14,327	11,827
Other current liabilities		57,632	51,513
Long-term debt		304,966	308,357
Financial derivatives		68,494	72,215
Other		16,366	10,308
Shareholders' equity:			
Common stock		3,883	3,883
Paid-in capital		131,083	131,083
Retained earnings		800,422	746,569
Other reserves		2,088	2,088
Total shareholders' equity		<u>937,476</u>	<u>883,623</u>
Minority, or noncontrolling, interests		<u>72,526</u>	<u>67,745</u>
Total Equity		<u>1,010,002</u>	<u>951,368</u>
Total Liabilities and Equity		<u>\$ 1,485,783</u>	<u>\$ 1,418,169</u>

**SUMMARY FINANCIAL STATEMENTS (UNAUDITED)**  
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")  
 QUARTER ENDED 31 MARCH 2008  
 (in thousands)

<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</u>	<u>Quarter Ended 31 March</u>		<u>Year Ended</u>
	<u>2008</u>	<u>2007</u>	<u>31 December</u>
			<u>2007</u>
Balance at beginning of period	\$ 951,368	\$ 613,855	\$ 613,855
Net income during period	55,407	32,030	367,966
Cash dividends	(1,554)	—	—
Reacquisition and retirement of Common Shares	—	(1,304)	(1,304)
Issuance of Common Shares	—	—	45,065
Adjustments for issuances of shares			
by associates to minority interests	—	82	16,596
Unrealized appreciation on available-for-sale securities	—	1,153	(105,918)
Currency translation adjustments	—	15	283
Minority interest	4,781	4,667	14,825
Balance at end of period	<u>\$ 1,010,002</u>	<u>\$ 650,498</u>	<u>\$ 951,368</u>
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>Quarter Ended 31 March</u>		<u>Year Ended</u>
	<u>2008</u>	<u>2007</u>	<u>31 December</u>
			<u>2007</u>
Net income attributed to Common Shares	\$ 55,407	\$ 32,030	\$ 367,966
Adjustments to reconcile net income			
to net cash provided by (used in) operating activities:			
Depreciation and amortization, including drydock	6,826	4,810	25,326
Undistributed share of losses (profits) of associates	(34,054)	(19,415)	(147,774)
Losses (gains) on investments			
and revaluation of financial derivatives	(3,872)	(1,843)	(208,507)
Impairment of investments	—	—	20,595
Minority interests in net income	4,781	4,122	14,825
Currency exchange losses (gains)	(5,237)	(871)	(8,369)
Other	552	4,084	5,508
Net changes in assets and liabilities	(10,288)	8,202	38,722
Net cash provided by (used in) investing activities	14,115	31,119	108,292
Net cash provided by (used in) investing activities	(36,996)	(5,467)	(21,295)
Net cash provided by (used in) financing activities	(2,445)	(7,488)	166,274
Effect of exchange rate changes on cash	2,355	343	1,451
Net increase (decrease) in cash and cash equivalents	(22,971)	18,507	254,722
Cash and cash equivalents at beginning of period	274,781	20,059	20,059
Cash and cash equivalents at end of period	<u>\$ 251,810</u>	<u>\$ 38,566</u>	<u>\$ 274,781</u>