



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC.

REPORTS SIX MONTHS AND 2nd QUARTER 2008 RESULTS

GEORGE TOWN, GRAND CAYMAN, 2 September 2008 – SIEM INDUSTRIES INC. announces its results for the six months and quarter ended ended 30 June 2008 prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Comparative Consolidated Financial Performance

Quarter Ended 30 June 2008. Net income for the quarter was \$36.6 million, or \$2.35 per share (2007: \$41.3 million, or \$2.66 per share).

Operating revenues and operating expenses for the quarter ended 30 June 2008 were \$65.3 million and \$37.0 million, respectively (2007: \$54.5 million and \$31.7 million). The share of profits of associates for the quarter was \$43.2 million (2007: \$37.9 million). Net gains (losses) on investments for the quarter were \$(0.5 million) (2007: \$14.3 million). The net loss on the re-valuation of financial derivatives for the quarter was \$(20.2 million) (2007: \$-0-).

General and administrative expenses for the quarter were \$7.7 million (2007: \$6.9 million). Currency exchange gains for the quarter were \$0.1 million (2007: \$1.2 million). An impairment of \$20.3 million was recorded in 2Q2007 with respect to loans advanced to an affiliate for project financing purposes.

Six Months Ended 30 June 2008. Net income for the six months was \$92.0 million, or \$5.92 per share (2007: \$73.3 million, or \$4.80 per share).

Operating revenues and operating expenses for the six months ended 30 June 2008 were \$128.7 million and \$73.0 million, respectively (2007: \$109.8 million and \$60.1 million). The share of profits of associates for the six months was \$77.3 million (2007: \$57.4 million). Net gains (losses) on investments for the six months were \$(0.4 million) (2007: \$16.1 million). The net loss on the re-valuation of financial derivatives for the six months was \$(16.5 million) (2007: \$-0-).

General and administrative expenses for the six months were \$14.5 million (2007: \$12.0 million). Currency exchange gains for the six months were \$5.4 million (2007: \$2.1 million). As indicated previously, an impairment of \$20.3 million was recorded in June 2007.

Consolidated Financial Position

The Company held \$257.0 million of cash and cash equivalents at 30 June 2008.

Shareholders' equity was \$974.1 million at 30 June 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 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 7 shares, or 45.2%. For more information, please visit Subsea 7's website at www.subsea7.com.

Siem Offshore owns interests in 45 vessels working in the oil and gas industry, which includes 20 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.

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.

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.

Risks and Uncertainties and Market Outlook

The principal risks and uncertainties confronting the Company during the remainder of fiscal 2008 reflect primarily the risks and uncertainties confronting its subsidiary, STAR, and its associates, Subsea 7 and Siem Offshore. The risks and uncertainties of each of these companies are more fully discussed in the individual Report to Shareholders for the First Half 2008 which may be obtained from the respective companies' websites as indicated above.

Similarly, the market outlook for the Company is primarily a product of the market outlooks for each of STAR, Subsea 7 and Siem Offshore. The market outlooks are also included in the First Half 2008 report to shareholders for each of the companies.

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.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed consolidated financial statements of Siem Industries Inc. for the period 1 January to 30 June 2008 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and present a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that this report includes a fair review of important events that have occurred during the first six months of the fiscal year and their impact on the condensed consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the fiscal year ended 31 December 2008.

2 September 2008

On Behalf of the Board of Directors of Siem Industries Inc.

/s/ Kristian Siem
Kristian Siem, Chairman

/s/ Michael Delouche
Michael Delouche, President

SUMMARY FINANCIAL STATEMENTS (UNAUDITED)
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
 SIX MONTHS AND QUARTER ENDED 30 JUNE 2008
 (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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 65,310	\$ 54,499	\$ 128,709	\$ 109,781
Share of profits (losses) of associates	43,211	37,933	77,265	57,348
Interest income	5,648	921	9,871	1,673
Gains (losses) on investments, net	(560)	14,260	(409)	16,103
Gains (losses) on re-valuation of financial derivatives, net	(20,211)	—	(16,490)	—
Other	204	3,716	336	4,086
	<u>93,602</u>	<u>111,329</u>	<u>199,282</u>	<u>188,991</u>
Operating expenses	(37,033)	(31,731)	(72,967)	(60,054)
Depreciation and amortization	(5,281)	(4,846)	(10,611)	(9,655)
Interest expense	(1,898)	(3,449)	(4,488)	(6,979)
General and administrative expenses	(7,663)	(6,858)	(14,511)	(12,027)
Impairment of notes, loans and other financial assets	—	(20,302)	—	(20,302)
Currency exchange gains (losses), net	126	1,179	5,363	2,050
Other	(2)	(1)	(18)	(2)
Income before income taxes	<u>41,851</u>	<u>45,321</u>	<u>102,050</u>	<u>82,022</u>
Income tax expense	(125)	(34)	(136)	(38)
Net income	<u>41,726</u>	<u>45,287</u>	<u>101,914</u>	<u>81,984</u>
Minority interests	(5,163)	(4,014)	(9,944)	(8,681)
Net income attributed to Common Shares	<u>\$ 36,563</u>	<u>\$ 41,273</u>	<u>\$ 91,970</u>	<u>\$ 73,303</u>
Net income per Common Share, basic and diluted	<u>\$ 2.35</u>	<u>\$ 2.66</u>	<u>\$ 5.92</u>	<u>\$ 4.80</u>
Wtd. average no. of shares outstanding	<u>15,530</u>	<u>15,502</u>	<u>15,530</u>	<u>15,276</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>				
		<u>30 June</u>		<u>31 December</u>
		<u>2008</u>		<u>2007</u>
Cash and cash equivalents, excluding restricted cash		\$ 257,025		\$ 274,781
Trading securities and notes, loans and other financial assets		62,662		13,778
Other current assets		46,430		34,785
Notes, loans and other financial assets		184,656		157,907
Investments in associates		555,508		486,634
Vessels, property and equipment, net		431,936		441,561
Other assets, including restricted cash		11,425		8,723
Total Assets		<u>\$ 1,549,642</u>		<u>\$ 1,418,169</u>
Accounts and other payables		\$ 5,120		\$ 12,581
Current maturities and short-term notes		22,697		11,827
Other current liabilities		67,778		51,513
Long-term debt		295,478		308,357
Financial derivatives		88,705		72,215
Other		18,241		10,308
Shareholders' equity:				
Common stock		3,883		3,883
Paid-in capital		131,097		131,083
Retained earnings		836,985		746,569
Other reserves		2,088		2,088
Total shareholders' equity		<u>974,053</u>		<u>883,623</u>
Minority, or noncontrolling, interests		<u>77,570</u>		<u>67,745</u>
Total Equity		<u>1,051,623</u>		<u>951,368</u>
Total Liabilities and Equity		<u>\$ 1,549,642</u>		<u>\$ 1,418,169</u>

SUMMARY FINANCIAL STATEMENTS (UNAUDITED)
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
 SIX MONTHS AND QUARTER ENDED 30 JUNE 2008
 (in thousands)

<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</u>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance at beginning of period	\$ 1,010,002	\$ 650,498	\$ 951,368	\$ 613,855
Net income during period	36,563	41,273	91,970	73,303
Cash dividends	—	—	(1,554)	—
Reacquisition and retirement of Common Shares	—	—	—	(1,304)
Issuance of Common Shares	—	45,065	—	45,065
Adjustments for issuances of shares				
by associates to minority interests	15	27	15	109
Unrealized appreciation on available-for-sale securities	—	34,568	—	35,721
Currency translation adjustments	(1)	19	(1)	34
Minority interest	5,044	3,470	9,825	8,137
Balance at end of period	<u>\$ 1,051,623</u>	<u>\$ 774,920</u>	<u>\$ 1,051,623</u>	<u>\$ 774,920</u>

<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income attributed to Common Shares	\$ 36,563	\$ 41,273	\$ 91,970	\$ 73,303
Adjustments to reconcile net income				
to net cash provided by (used in) operating activities:				
Depreciation and amortization, including drydock	6,585	4,845	13,411	9,655
Undistributed share of losses (profits) of associates	(43,211)	(37,933)	(77,265)	(57,348)
Losses (gains) on investments				
and revaluation of financial derivatives	21,276	(14,261)	17,404	(16,104)
Impairment of investments	—	20,595	—	20,595
Minority interests in net income	5,163	4,559	9,944	8,681
Currency exchange losses (gains)	(126)	(1,580)	(5,363)	(2,451)
Other	2,952	(1,288)	3,504	2,796
Net changes in assets and liabilities	(1,240)	7,552	(11,528)	15,754
Net cash provided by (used in) investing activities	27,962	23,762	42,077	54,881
Net cash provided by (used in) investing activities	(20,276)	(15,958)	(57,272)	(21,425)
Net cash provided by (used in) financing activities	(1,595)	7,847	(4,040)	359
Effect of exchange rate changes on cash	(876)	58	1,479	401
Net increase (decrease) in cash and cash equivalents	5,215	15,709	(17,756)	34,216
Cash and cash equivalents at beginning of period	251,810	38,566	274,781	20,059
Cash and cash equivalents at end of period	<u>\$ 257,025</u>	<u>\$ 54,275</u>	<u>\$ 257,025</u>	<u>\$ 54,275</u>