



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: +1.713.224.0084

SIEM INDUSTRIES INC.

REPORTS THE NINE MONTHS AND 3rd QUARTER 2008 RESULTS

GEORGE TOWN, GRAND CAYMAN, 7 November 2008 – SIEM INDUSTRIES INC. announces its results for the nine months and quarter ended 30 September 2008 prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Comparative Consolidated Financial Performance

Quarter Ended 30 September 2008. Net income for the quarter was \$27.5 million, or \$1.77 per share (2007: \$62.5 million, or \$4.03 per share).

Operating revenues and operating expenses for the quarter ended 30 September 2008 were \$52.4 million and \$35.8 million, respectively (2007: \$52.0 million and \$31.5 million). The share of profits of associates for the quarter was \$21.8 million (2007: \$54.3 million). Net gains (losses) on investments for the quarter were \$(1.8 million) (2007: \$1.7 million). The net gain on the re-valuation of financial derivatives for the quarter was \$53.8 million (2007: \$-0-).

The provision for impairment for the quarter was \$39.5 million (2007:\$0.3 million). The provision relates to losses incurred on counterparty defaults when Lehman Brothers International (Europe) (“Lehman”) was placed in Administration in London on 15 September 2008. The Company and Lehman were parties to agreements whereby the Company made Subsea 7 shares that it owned available for borrowing under securities lending agreements. Holders of the exchangeable bonds issued by the Company and holders of the convertibles bonds issued by Subsea 7 could make a request to Lehman to borrow shares of Subsea 7. Lehman would, in turn, borrow the Subsea 7 shares made available pursuant to the securities lending agreements and on-lend these shares to the requesting bondholders. At the time that Lehman was placed in Administration, there were 4,680,000 shares of Subsea 7 on-lent to bondholders. The Company recorded an impairment to fully provide for the cost of these shares and is seeking recovery from the Administrators of Lehman.

General and administrative expenses for the quarter reflect a reversal of previously recorded expenses resulting in a net reduction of expenses in the amount of \$2.2 million. The expenses during the comparable period in 2007 were \$9.4 million. Currency exchange gains (losses) for the quarter were \$(21.8) million (2007: \$4.5 million).

Nine Months Ended 30 September 2008. Net income for the nine months was \$119.4 million, or \$7.69 per share (2007: \$135.8 million, or \$8.84 per share).

Operating revenues and operating expenses for the nine months ended 30 September 2008 were \$181.1 million and \$108.7 million, respectively (2007: \$161.8 million and \$91.5 million). The share of profits of associates for the nine months was \$99.1 million (2007: \$111.6 million). Net gains (losses) on investments for the nine months were \$(2.2) million (2007: \$17.8 million). The net gain on the re-valuation of financial derivatives for the nine months was \$37.3 million (2007: \$-0-).

General and administrative expenses for the nine months were \$12.3 million (2007: \$21.4 million). Currency exchange gains (losses) for the nine months were \$(16.5) million (2007: \$6.5 million). The provision for impairment for the nine months were \$39.5 million (2007:\$20.6 million). As previously reported, the \$39.5 million is related to losses on counterparty defaults by Lehman. The 2007 impairment of \$20.6 million was recorded in with respect to loans advanced to an affiliate for project financing purposes.

Consolidated Financial Position

The Company held \$176.4 million of cash and cash equivalents at 30 September 2008. In addition, the Company had \$137.5 million in investments in U.S. Treasuries recorded as a noncurrent financial asset that mature in January 2009. The U.S. Treasuries are a portion of the security provided to holders of the Company's exchangeable bonds.

Shareholders' equity was \$1.0 billion at 30 September 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.

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% (inclusive of the 4,680,000 shares involved in the Lehman Administration). For more information, please visit Subsea 7's website at www.subsea7.com.

Siem Offshore owns interests in 43 vessels working in the oil and gas industry, which includes 18 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 Reports to Shareholders from each of 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.

Management Comments

The Company believes that the \$27,454,000 net income recorded during the quarter is acceptable when placed in perspective to the the turmoil experienced in the world's financial markets and the significant volatility reflected in the currency exchange movements.

The Company reports that, subsequent to 30 September 2008, it re-purchased a total of \$53.2 million of its exchangeable bonds that are listed on the Oslo Stock Exchange at an average price of 56.4% of nominal value. The Company also reports that it re-purchased 150,000 shares of the Company's Common Stock, \$0.25 par value per share, at an average price of \$39.00 and that such shares have been retired. Following the re-purchase and retirement, the Company will have 15,379,927 Common Shares issued and outstanding.

SIEM INDUSTRIES INC. is an industrial group with holdings in offshore oil and gas services and ocean-shipping. The Company also has smaller interests German potash mining and investments in marketable securities. For further information relating to the Company, please visit www.siemindustries.com.

SUMMARY FINANCIAL STATEMENTS (UNAUDITED)
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
 NINE MONTHS AND QUARTER ENDED 30 SEPTEMBER 2008
 (in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended September 30,</u>		<u>9 Mos. Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 52,401	\$ 51,975	\$ 181,110	\$ 161,756
Share of profits (losses) of associates	21,811	54,272	99,076	111,620
Interest income	5,137	2,760	15,008	4,433
Gains (losses) on investments, net	(1,785)	1,724	(2,194)	17,827
Gains (losses) on re-valuation of financial derivatives, net (A)	53,783	—	37,293	—
Other	148	2,255	484	6,341
	<u>131,495</u>	<u>112,986</u>	<u>330,777</u>	<u>301,977</u>
Operating expenses	(35,758)	(31,485)	(108,725)	(91,539)
Depreciation and amortization	(5,308)	(5,049)	(15,919)	(14,704)
Interest expense	(1,995)	(5,403)	(6,483)	(12,382)
General and administrative expenses	2,193	(9,357)	(12,318)	(21,384)
Impairment of notes, loans and other financial assets	(39,535)	(293)	(39,535)	(20,595)
Currency exchange gains (losses), net	(21,817)	4,459	(16,454)	6,509
Other	(10)	—	(28)	(2)
Income before income taxes	29,265	65,858	131,315	147,880
Income tax expense	13	(15)	(123)	(53)
Net income	29,278	65,843	131,192	147,827
Minority interests	(1,824)	(3,318)	(11,768)	(11,999)
Net income attributed to Common Shares	<u>\$ 27,454</u>	<u>\$ 62,525</u>	<u>\$ 119,424</u>	<u>\$ 135,828</u>
Net income per Common Share, basic and diluted	<u>\$ 1.77</u>	<u>\$ 4.03</u>	<u>\$ 7.69</u>	<u>\$ 8.84</u>
Wtd. average no. of shares outstanding	<u>15,530</u>	<u>15,530</u>	<u>15,530</u>	<u>15,361</u>

<u>CONSOLIDATED BALANCE SHEETS</u>	<u>30 September</u>	<u>31 December</u>
	<u>2008</u>	<u>2007</u>
Cash and cash equivalents, excluding restricted cash	\$ 176,371	\$ 274,781
Trading securities and notes, loans and other financial assets	58,661	13,778
Other current assets	45,336	34,785
Notes, loans and other financial assets (B)	238,945	157,907
Investments in associates	537,312	486,634
Vessels, property and equipment, net	430,837	441,561
Other assets, including restricted cash	11,420	8,723
Total Assets	<u>\$ 1,498,882</u>	<u>\$ 1,418,169</u>
Accounts and other payables	\$ 20,015	\$ 12,581
Current maturities and short-term notes	21,886	11,827
Other current liabilities	46,651	51,513
Long-term debt	282,504	308,357
Financial derivatives (A)	34,921	72,215
Other	12,147	10,308
Shareholders' equity:		
Common stock	3,883	3,883
Paid-in capital	130,953	131,083
Retained earnings	864,440	746,569
Other reserves	2,088	2,088
Total shareholders' equity	<u>1,001,364</u>	<u>883,623</u>
Minority, or noncontrolling, interests	<u>79,394</u>	<u>67,745</u>
Total Equity	<u>1,080,758</u>	<u>951,368</u>
Total Liabilities and Equity	<u>\$ 1,498,882</u>	<u>\$ 1,418,169</u>

(A) The Company issued \$275,000,000 Exchangeable Bonds (see Note 8 in 2007 Annual Report) in July 2007. As a result of the exchange option, it was necessary to treat a portion of the obligation as a financial derivative liability which was calculated to be \$89,432,00 using the Black-Scholes Option pricing Model. The financial derivatives are re-calculated at the end of each reporting period and the resulting change is recorded as a gain or loss on re-valuation. The calculation is strongly influenced by the volatility of the market prices during the period and the market price at the end of the period.

(B) The Company records the \$137,500,000 investment in U.S. Treasuries as a noncurrent asset in notes, loans and other financial assets.



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

<u>CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</u>	<u>Quarter Ended September 30,</u>		<u>9 Mos. Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance at beginning of period	\$ 1,051,623	\$ 774,920	\$ 951,368	\$ 613,855
Net income during period	27,454	62,525	119,424	135,828
Cash dividends	—	—	(1,554)	—
Reacquisition and retirement of Common Shares	—	—	—	(1,304)
Issuance of Common Shares	—	—	—	45,065
Adjustments for issuances of shares				
by associates to minority interests	(145)	(61)	(130)	48
Unrealized appreciation on available-for-sale securities	—	10,066	—	45,787
Currency translation adjustments	—	130	(1)	164
Minority interest	1,826	3,969	11,651	12,106
Other	—	49,745	—	49,745
Balance at end of period	<u>\$ 1,080,758</u>	<u>\$ 901,294</u>	<u>\$ 1,080,758</u>	<u>\$ 901,294</u>

<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>Quarter Ended September 30,</u>		<u>9 Mos. Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income attributed to Common Shares	\$ 27,454	\$ 62,525	\$ 119,424	\$ 135,828
Adjustments to reconcile net income				
to net cash provided by (used in) operating activities:				
Depreciation and amortization, including drydock	6,708	8,174	20,119	17,829
Undistributed share of losses (profits) of associates	(21,811)	(54,272)	(99,076)	(111,620)
Losses (gains) on investments				
and revaluation of financial derivatives	(52,503)	(1,723)	(35,099)	(17,827)
Impairment of investments	39,535	0	39,535	20,595
Minority interests in net income	1,824	3,318	11,768	11,999
Currency exchange losses (gains)	21,817	(4,058)	16,454	(6,509)
Other	(6,177)	2,800	(2,673)	5,596
Net changes in assets and liabilities	(11,687)	4,791	(23,215)	20,545
Net cash provided by (used in) investing activities	5,160	21,555	47,237	76,436
Net cash provided by (used in) investing activities	(61,094)	(173,995)	(118,366)	(195,420)
Net cash provided by (used in) financing activities	(13,957)	190,000	(17,997)	190,359
Effect of exchange rate changes on cash	(10,763)	501	(9,284)	902
Net increase (decrease) in cash and cash equivalents	(80,654)	38,061	(98,410)	72,277
Cash and cash equivalents at beginning of period	257,025	54,275	274,781	20,059
Cash and cash equivalents at end of period	<u>\$ 176,371</u>	<u>\$ 92,336</u>	<u>\$ 176,371</u>	<u>\$ 92,336</u>