



# SIEM INDUSTRIES

## PRESS RELEASE

For Immediate Release

## SIEM INDUSTRIES INC.

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### **REPORT FOR THE 2<sup>ND</sup> QUARTER AND 1<sup>ST</sup> SIX MONTHS OF FISCAL YEAR 2009**

GEORGE TOWN, GRAND CAYMAN, 17 August 2009 – SIEM INDUSTRIES INC. announces its unaudited results for the quarter and six months ended 30 June 2009 that are prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

#### COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

*Quarter Ended 30 June 2009.* Net income for the quarter was \$36.6 million, or \$2.38 per share (2008: \$36.6 million, or \$2.35 per share).

Operating revenues and operating expenses for the quarter ended 30 June 2009 were \$55.6 million and \$40.0 million, respectively (2008: \$65.3 million and \$37.0 million). The share of profits of associates for the quarter was \$44.9 million (2008: \$43.2 million).

Net gains (losses) on investments for the quarter were \$1.2 million (2008: \$(0.6) million).

Net losses on the re-valuation of financial derivatives for the quarter were \$19.3 million (2008: \$20.2 million). The financial derivatives, which were initially valued at the closing of the Exchangeable Bond issue in July 2007 and segregated from the debt liability of the bonds, are re-valued at the end of each quarter and the change in valuation, which can be significant, is recorded as a gain or loss. The valuation is strongly influenced by the volatility of market prices for Subsea 7 shares during the period and the market price at the end of the period.

General and administrative expenses for the quarter were \$7.0 million (2008: \$7.7 million). Currency exchange gains for the quarter were \$8.4 million (2008: \$0.1 million).

*Six Months Ended 30 June 2009.* Net income for the six months was \$78.9 million, or \$5.14 per share (2008: \$92.0 million, or \$5.92 per share).

Operating revenues and operating expenses for the six months ended 30 June 2009 were \$118.5 million and \$76.9 million, respectively (2008: \$128.7 million and \$73.0 million). The share of profits of associates for the six months was \$78.4 million (2008: \$77.3 million).

Net gains (losses) on investments for the six months were \$1.4 million (2008: \$(0.4) million). Net losses on the re-valuation of financial derivatives for the six months were \$20.1 million (2008: \$16.5 million).

The net loss on the Company’s repurchase of \$5 million of Exchangeable Bonds for the six months was \$871,000. The Company has repurchased an aggregate \$58.2 million face amount of Exchangeable Bonds in the market at an average price of 58% of face value. The repurchased Exchangeable Bonds remain outstanding, but are eliminated in consolidation for accounting purposes.

General and administrative expenses for the six months were \$11.9 million (2008: \$14.5 million). Currency exchange gains for the six months were \$7.8 million (2008: \$5.4 million).

#### CONSOLIDATED FINANCIAL POSITION

The Company held \$169.8 million of cash and cash equivalents at 30 June 2009. In addition, the Company held \$137.5 million in investments in U.S. Treasuries that mature in January 2010 and are recorded as noncurrent financial assets. The U.S. Treasuries represent a portion of the security provided to holders of the Company's Exchangeable Bonds.

Shareholders' equity was \$1.11 billion at 30 June 2009 as compared to \$1.03 billion at 31 December 2008. There were 15,359,927 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 65,429,045 Subsea 7 shares, or 44.5%. For more information, please visit Subsea 7's website at [www.subsea7.com](http://www.subsea7.com).

Siem Offshore owns interests in 40 vessels working in the oil and gas industry, which includes 13 vessels under construction. At 30 June 2009, the Company held 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 43 owned and chartered reefer vessels, including 4 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 two vessels which are all under firm contracts through 2010. The Company owns 100% 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 2009 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 and its associates continue to adjust to the uncertain economic conditions that have prevailed since the third quarter of 2008.

#### SUBSEQUENT EVENTS

At the beginning of July 2009, Siem Offshore conducted a private placement to raise gross proceeds of NOK900 million (approximately \$140 million) to enable Siem Offshore to complete the financing for its newbuilding program. Upon receiving approval of the Prospectus for the placement by the Oslo Stock Exchange which is expected in August 2009, a total of 105,882,353 new shares will be issued at a price of NOK8.50 per new share. The Company subscribed to 35,658,573 new shares which will increase its shareholding to 121,163,110 shares of Siem Offshore and maintain its pro rata ownership interest at 33.7% in the issued and outstanding shares of Siem Offshore.

In July 2009, the Company acquired a 50% interest in Partner Shipping AS for NOK50 million (approximately \$8 million). Partner Shipping, a shipping liner company based in Norway, delivers car and RO-RO (roll-on/roll-off) transportation solutions and capabilities on a worldwide basis through partnerships with car manufacturers, shipping lines and logistics companies.

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

## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the summary consolidated financial information for the six month period ended 30 June 2009 that is presented in this report has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of the Company’s consolidated financial position at 30 June 2009 and the results of its operations and cash flows for the period then ended 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 six month period and their impact on the summary financial statements and a description of the principal risks and uncertainties for the remaining six months of fiscal 2009.

For and on behalf of the Board of Directors of

**SIEM INDUSTRIES INC.**

/s/ Kristian Siem

Kristian Siem, Chairman

/s/ Michael Delouche

Michael Delouche, President

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

STATEMENTS OF INCOME	2nd Quarter Ended 30 June		6 Months Ended 30 June		Fiscal Year
<i>(Dollars in thousands, except per share amounts)</i>	2009	2008	2009	2008	2008
<b>REVENUES</b>					
Operating revenues	\$ 55,621	\$ 65,310	\$ 118,474	\$ 128,709	\$ 234,033
Share of profits (losses) of associates	44,886	43,211	78,439	77,265	105,952
Interest income	2,298	5,648	4,756	9,871	20,507
Gains (losses) on investments, net	1,242	(560)	1,425	(409)	14,605
Gains (losses) on re-valuation of financial derivatives, net	(19,327)	(20,211)	(20,050)	(16,490)	56,964
Gains (losses) on repurchase of Exchangeable Bonds	—	—	(871)	—	4,532
Other	259	204	260	336	1,810
<b>Total revenues</b>	<b>84,979</b>	<b>93,602</b>	<b>182,433</b>	<b>199,282</b>	<b>438,403</b>
<b>OTHER INCOME (EXPENSES)</b>					
Operating expenses	(40,018)	(37,033)	(76,852)	(72,967)	(149,225)
Depreciation and amortization	(6,740)	(5,281)	(13,216)	(10,611)	(21,226)
Interest expense	(1,463)	(1,898)	(3,063)	(4,488)	(8,799)
General and administrative expenses	(6,969)	(7,663)	(11,938)	(14,511)	(12,993)
Losses on counterparty defaults	—	—	—	—	(35,031)
Currency exchange gains (losses), net	8,389	126	7,790	5,363	(38,877)
Other	(3)	(2)	(21)	(18)	(303)
<b>Total other income (expenses)</b>	<b>(46,804)</b>	<b>(51,751)</b>	<b>(97,300)</b>	<b>(97,232)</b>	<b>(266,454)</b>
Income before income tax expense and minority interest	38,175	41,851	85,133	102,050	171,949
Income tax expense	(83)	(125)	(96)	(136)	(503)
Net income before minority interest	38,092	41,726	85,037	101,914	171,446
Minority interest expense	(1,510)	(5,163)	(6,095)	(9,944)	(12,668)
<b>Net income attributed to Common Shares</b>	<b>\$ 36,582</b>	<b>\$ 36,563</b>	<b>\$ 78,942</b>	<b>\$ 91,970</b>	<b>\$ 158,778</b>
<b>Earnings per Common Share – Basic and Diluted</b>	<b>\$ 2.38</b>	<b>\$ 2.35</b>	<b>\$ 5.14</b>	<b>\$ 5.92</b>	<b>\$ 10.24</b>
<b>Weighted avg. no. of Common Shares outstanding for period</b>	<b>15,359,927</b>	<b>15,529,927</b>	<b>15,359,927</b>	<b>15,529,927</b>	<b>15,505,610</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>					
<i>(Dollars in thousands)</i>			30 June	31 December	
			2009	2008	
<b>ASSETS</b>					
Cash and cash equivalents, excluding restricted cash			\$ 169,780	\$ 163,916	
Trading securities, and notes, loans and other financial assets			11,463	8,434	
Other current assets			36,420	37,495	
<b>Total current assets</b>			<b>217,663</b>	<b>209,845</b>	
Notes, loans and other financial assets			247,859	242,344	
Investments in associates			663,534	584,507	
Vessels, property and equipment, net			440,960	417,861	
Other assets, including restricted cash			16,869	14,062	
<b>Total Assets</b>			<b>\$ 1,586,885</b>	<b>\$ 1,468,619</b>	
<b>LIABILITIES</b>					
Accounts payable and other current liabilities			\$ 55,751	\$ 55,860	
Current maturities and short-term notes			31,951	26,487	
<b>Total current liabilities</b>			<b>87,702</b>	<b>82,347</b>	
Long-term debt			247,408	243,662	
Financial derivatives			35,301	15,251	
Other			28,896	24,621	
<b>Total Liabilities</b>			<b>399,307</b>	<b>365,881</b>	
<b>EQUITY</b>					
Common Shares, \$0.25 par value, 15,359,927 shares issued and outstanding			\$ 3,840	\$ 3,840	
Paid-in capital			130,951	130,953	
Retained earnings			969,840	890,898	
Other reserves			2,581	2,776	
<b>Total Shareholders' Equity</b>			<b>1,107,212</b>	<b>1,028,467</b>	
Minority, or noncontrolling, interests			80,366	74,271	
<b>Total Equity</b>			<b>1,187,578</b>	<b>1,102,738</b>	
<b>Total Liabilities and Equity</b>			<b>\$ 1,586,885</b>	<b>\$ 1,468,619</b>	

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

STATEMENTS OF COMPREHENSIVE INCOME <i>(Dollars in thousands)</i>	2nd Quarter Ended 30 June		6 Months Ended 30 June		Fiscal Year
	2009	2008	2009	2008	2008
Net income attributed to Common Shares for the period	\$ 36,582	\$ 36,563	\$ 78,942	\$ 91,970	\$ 158,778
Other comprehensive income (expense):					
Currency translation adjustments	(841)	(1)	(195)	(1)	688
<b>Total Comprehensive Income for the period</b>	<b>\$ 35,741</b>	<b>\$ 36,562</b>	<b>\$ 78,747</b>	<b>\$ 91,969</b>	<b>\$ 159,466</b>

STATEMENTS OF CHANGES IN EQUITY <i>(Dollars in thousands)</i>	2nd Quarter Ended 30 June		6 Months Ended 30 June		Fiscal Year
	2009	2008	2009	2008	2008
Equity at beginning of period	\$ 1,150,327	\$ 1,010,002	\$ 1,102,738	\$ 951,368	\$ 951,368
Net income attributed to Common Shares during period	36,582	36,563	78,942	91,970	158,778
Currency translation adjustments	(841)	(1)	(195)	(1)	688
Cash dividends	—	—	—	(1,553)	(1,553)
Reacquisition and retirement of Common Shares	—	—	—	—	(6,402)
Adjustments for issuances of shares by associates to minority interests	—	15	(2)	15	(130)
Adjustments for acquisition and retirement of shares issued by an associate to a minority interest	—	—	—	—	(12,679)
Minority interest expense	1,510	5,164	6,095	9,944	12,668
<b>Equity at end of period</b>	<b>\$ 1,187,578</b>	<b>\$ 1,051,743</b>	<b>\$ 1,187,578</b>	<b>\$ 1,051,743</b>	<b>\$ 1,102,738</b>

STATEMENTS OF CASH FLOWS <i>(Dollars in thousands)</i>	2nd Quarter Ended 30 June		6 Months Ended 30 June		Fiscal Year
	2009	2008	2009	2008	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income attributed to Common Shares	\$ 36,582	\$ 36,563	\$ 78,942	\$ 91,970	\$ 158,778
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation and amortization, including drydock	7,925	6,585	15,702	13,411	25,678
Undistributed share of losses (profits) of associates	(44,886)	(43,211)	(78,439)	(77,265)	(105,952)
Losses (gains) on investments and revaluation of financial derivatives	18,085	21,276	18,625	17,404	(71,569)
Losses (gains) on repurchases of Exchangeable Bonds	—	—	871	—	(4,532)
Impairment of investments and loss on counterparty defaults	—	—	—	—	35,031
Minority interests in net income	1,510	5,163	6,095	9,944	12,668
Currency exchange losses (gains)	(8,389)	(126)	(7,790)	(5,363)	38,877
Other	3,052	2,952	3,317	3,504	(2,771)
Net changes in assets and liabilities	28,144	(1,240)	966	(11,528)	(21,394)
Net cash provided by (used in) operating activities	42,023	27,962	38,289	42,077	64,814
Net cash provided by (used in) investing activities	(17,962)	(20,276)	(46,348)	(57,272)	(74,423)
Net cash provided by (used in) financing activities	(15,646)	(1,595)	8,062	(4,040)	(67,208)
Effect of exchange rate on cash	3,365	(876)	5,861	1,479	(34,048)
Net increase (decrease) in cash and cash equivalents	11,780	5,215	5,864	(17,756)	(110,865)
Cash and cash equivalents at beginning of period	158,000	251,810	163,916	274,781	274,781
<b>Cash and cash equivalents at end of period</b>	<b>\$ 169,780</b>	<b>\$ 257,025</b>	<b>\$ 169,780</b>	<b>\$ 257,025</b>	<b>\$ 163,916</b>

## NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### (1) BASIS OF PREPARATION

The summary consolidated financial statements for the quarter and six months ended 30 June 2009 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union (“EU”), but have not been audited or reviewed. The summary consolidated financial statements should be read with reference to the consolidated financial statements and related notes contained within the Company’s 2008 Annual Report which was been prepared in accordance with the respective International Financial Reporting Standards (“IFRS”) as adopted by the EU.

### (2) STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED IFRS

The accounting policies used in the preparation of the summary consolidated financial statements are consistent with the consolidated financial statements prepared for the year ended 31 December 2008, as described in the Notes to the Company’s 2008 Annual Report. In addition, new standards, interpretations and amendments have been adopted with effect 1 January 2009 as follows:

*IAS 1 (Revised) “Presentation of Financial Statements”*  
*IAS 23 (Revised) “Borrowing Costs”*  
*IAS 27 (Revised) “Consolidated and Separate Financial Statements”*  
*IAS 28 (Amendment) “Investments in Associates”*  
*IAS 31 (Amendment) “Interests in Joint Ventures”*  
*IAS 36 (Amendment) “Impairment of Assets”*  
*IAS 39 and IFRS 7 “Financial Instruments: Recognition and Measurement”*  
*IFRS 2 (Amendment) “Share-Based Payment”*  
*IFRS 8 (Revised) “Operating Segments”*

The adoption of these standards, interpretations and amendments have had no material impact on the Company’s summary consolidated financial statements.

### (3) COMMITMENTS AND CONTINGENCIES

The Company or any of its subsidiaries or associates may become involved in various legal proceedings during the ordinary course of business. It is the Company’s policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount can be reasonably estimated. The Company is not aware of any litigation which, in the opinion of management, is likely to have a material adverse effect on the Company's financial position, results of operations or cash flows.

### (4) SUBSEQUENT EVENTS

In early July 2009, Siem Offshore conducted a NOK900 million private placement at a price of NOK8.50 per new share of Siem Offshore. The Company subscribed to 35,658,573 new shares to maintain its ownership interest at 33.7% and increase its number of owned shares to 121,163,110 following delivery of the new shares.

In July 2009, the Company acquired a 50% interest in Partner Shipping for NOK50 million.