



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

Contact: Michael Delouche, President
P.O. Box 10718 APO
Harbour Place – 5th Floor
George Town, Grand Cayman
Cayman Islands, BWI
Telephone: +1.345.949.1030

SIEM INDUSTRIES INC. **REPORTS THIRD QUARTER RESULTS**

GEORGE TOWN, GRAND CAYMAN, 10 November 2004 – SIEM INDUSTRIES INC. reports the results for the quarter and nine months ended 30 September 2004.

Net income for the quarter ended 30 September 2004 was \$13,040,000, or \$0.78 per share (2003: \$2,981,000, or \$0.18 per share). Net income for the nine months ended 30 September 2004 was \$23,760,000, or \$1.41 per share (2003: \$10,739,000, or \$0.64 per share).

Vessel operating revenues and vessel operating expenses for the quarter in the amounts of \$59,371,000 and \$51,886,000 were higher than the corresponding amounts for the comparable period last year (2003: \$55,564,000 and \$50,089,000). The increases are attributed to additional tonnage on charter and higher rates.

Equity in the income of unconsolidated affiliates for the quarter and nine month periods were \$9,470,000 and \$2,992,000, respectively (2003: \$2,788,000 and \$1,697,000).

The Company's consolidated results include the results from Siem Offshore, Inc. (OSE Symbol: SIEM), STAR Reefers, Inc. (OSE Symbol: SRI) and Siem Thoen Car Carriers Inc. (STCC) that are owned 72.2%, 73.8% and 88.1%, respectively, by the Company as of 30 September 2004.

STAR operates in a seasonal industry with the first two calendar quarters being the most active for the ocean-borne transportation of fruit and other refrigerated products. For more information, please visit STAR's website at www.star-reefers.com.

STCC operates three car carriers with five-year contracts expiring in 2005. Two of the vessels have received new five-year contracts which will commence at the end of the vessels' current contracts. An option on the third vessel was exercised and extends the current charter by 30 months.

Major components of the equity income noted above for the quarter ended 30 September 2004 include \$8,361,000 and \$1,211,000 related to the Company's investments in Subsea 7, Inc. and Overseas Drilling Ltd., respectively. Major components of the equity income (losses) for the nine months ended 30 September 2004

include \$(9,202,000), \$6,333,000 and \$5,644,000, related to Subsea 7, Overseas Drilling and Siem Industriekapital (formerly, Four Seasons Capital AB), respectively.

Subsea 7 is a joint venture company, owned 50%-owned by each of Siem Offshore and Halliburton Company, that operates in the offshore construction industry. The first quarter is traditionally the weakest quarter for the offshore construction industry due to seasonal variations that result in low margin jobs and low vessel utilization. Activity increased during the second quarter but the second quarter results were impacted by reduced utilization of vessels and equipment and by one-time writedowns for the termination of two chartered in vessels and provisions booked against variation orders that are currently being negotiated on projects completed during the year. The third quarter results reflect good performance on construction projects, improved vessel utilization and reduced costs. Overseas Drilling is another joint venture company, owned 50% by each of Siem Offshore and Transocean Inc., that owns the scientific ocean research/drilling vessel, *Joides Resolution*. The vessel successfully completed a contract for the Japanese Petroleum Exploration Company in May 2004 and commenced a new 12-month contract with Texas A&M Research Foundation for the Integrated Ocean Drilling Program shortly thereafter. Siem Offshore's remaining operations made positive contributions to its results for both the quarter and nine month periods ended 30 September 2004. For more information on Siem Offshore and its affiliates, please visit www.siemoffshore.com.

As reported in May 2004, Siem Industriekapital AB, a Swedish affiliate in which the Company holds a 64% beneficial ownership interest, sold its shares in Broström AB, a shipping company, for a sale price of SEK359 million and a gain of approximately SEK95 million. The Company recorded equity income for Siem Industriekapital based on this gain during the second quarter of 2004.

During September 2004, the Company consolidated its interest in Deusa International GmbH ("Deusa"), a German company based in eastern Germany. Deusa's operations involve the mining of potash which is used for fertilizer production, bischofite for the construction industry, magnesium chloride for de-icing and other materials. Deusa has approximately 60 years of potash reserves.

SIEM INDUSTRIES INC. currently holds interests in four industrial areas including the oil and gas services industry, the ocean transport of refrigerated cargoes, the ocean transport of automobiles and industrial investments held primarily in Siem Capital AB (parent company of Siem Industriekapital AB). Further, the Company invests, through its acquisition and reorganization fund, in the equities and high yield securities issued by companies mainly in such industries in which the Company has experience. For further information relating to the Company, please visit www.siemindustries.com.



SUMMARY FINANCIAL DATA (UNAUDITED)
QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2004
(in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS

| | <u>Quarter Ended September 30,</u> | | <u>9 Mos. Ended September 30,</u> | |
|--|------------------------------------|-----------------|-----------------------------------|------------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Vessel operating revenues | \$ 59,371 | \$ 55,564 | \$ 182,770 | \$ 167,256 |
| Interest income | 423 | 1,917 | 2,517 | 5,132 |
| Gains (losses) on investments | 8,053 | 2,762 | 10,412 | 3,451 |
| Equity in income (losses) of unconsolidated affiliates | 9,470 | 2,788 | 2,992 | 1,697 |
| Other revenues | 210 | (84) | 1,194 | 1,267 |
| | <u>77,527</u> | <u>62,947</u> | <u>199,885</u> | <u>178,803</u> |
| Vessel operating expenses | (51,886) | (50,089) | (144,739) | (136,447) |
| Amortization and depreciation | (3,807) | (4,027) | (11,810) | (11,779) |
| Interest expense | (3,199) | (3,536) | (8,238) | (10,127) |
| General and administrative expenses | (3,946) | (2,208) | (8,151) | (7,180) |
| Currency exchange gains (losses) | 197 | 1,071 | (345) | 1,160 |
| Other income (expenses) | 46 | (335) | (185) | (911) |
| Minority interest expense | (1,889) | 97 | (2,624) | (897) |
| Income before income taxes | 13,043 | 3,920 | 23,793 | 12,622 |
| Income tax expense (benefit) | 3 | 939 | 33 | 1,883 |
| Net income | <u>\$ 13,040</u> | <u>\$ 2,981</u> | <u>\$ 23,760</u> | <u>\$ 10,739</u> |
| Net income per common share, basic and diluted | <u>\$ 0.78</u> | <u>\$ 0.18</u> | <u>\$ 1.41</u> | <u>\$ 0.64</u> |
| Wtd. average no. of shares outstanding | <u>16,794</u> | <u>16,797</u> | <u>16,794</u> | <u>16,797</u> |

CONSOLIDATED BALANCE SHEETS

| | September 30, <u>2004</u> | December 31, <u>2003</u> |
|--|------------------------------|-----------------------------|
| Cash and cash equivalents | \$ 36,926 | \$ 42,416 |
| Net trading securities and short-term notes receivable | 42,305 | 26,276 |
| Other current assets | 61,541 | 55,973 |
| Senior secured notes, notes receivable and other investments | 7,840 | 25,041 |
| Marketable equity securities | 50,941 | 34,184 |
| Investments in and advances to unconsolidated affiliates | 155,913 | 158,259 |
| Property and equipment, net | 253,380 | 281,109 |
| Goodwill | 40,942 | 41,701 |
| Other assets, including restricted cash | 10,915 | 15,528 |
| Total Assets | <u>\$ 660,703</u> | <u>\$ 680,487</u> |
| Accounts and other payables | \$ 21,398 | \$ 25,322 |
| Current maturities and short-term notes | 28,558 | 25,512 |
| Other current liabilities | 6,904 | 20,555 |
| Long-term debt | 201,019 | 257,265 |
| Other | 7,094 | 5,366 |
| Minority interests | 41,823 | 38,617 |
| Shareholders' equity: | | |
| Common stock | 4,198 | 4,198 |
| Paid-in capital | 12,578 | 12,578 |
| Retained earnings | 278,732 | 254,976 |
| | <u>295,508</u> | <u>271,752</u> |
| Accumulated other comprehensive income | 58,399 | 36,098 |
| Total Shareholders' Equity | <u>353,907</u> | <u>307,850</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 660,703</u> | <u>\$ 680,487</u> |