



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. **REPORTS 1ST QUARTER RESULTS FOR FISCAL 2005**

GEORGE TOWN, GRAND CAYMAN, 18 May 2005 – SIEM INDUSTRIES INC. reports the unaudited results for the quarter ended 31 March 2005.

Siem Industries has adopted the International Financial Reporting Standards (“IFRS”) for the preparation of its consolidated accounts effective 1 January 2005. The Company restated the statement of operations and balance sheet for fiscal 2004 and the beginning retained earnings for 2004. The summary financial data that is attached presents the quarters ended 31 March 2004 and 2005 and the fiscal year 2004 as prepared in accordance with IFRS and presents the comparative fiscal 2004 financial data as prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”).

The financial statements of Siem Offshore Inc. (OSE Symbol: SIEM) were deconsolidated from the Company’s consolidated financial statements effective 31 December 2004 and will now be reported under the equity method of accounting. Accordingly, the Company included the detailed results of Siem Offshore’s within its consolidated statements of operations for the full year and recorded its investment in Siem Offshore as an investment in unconsolidated affiliates at 31 December 2004.

Net income for the quarter ended 31 March 2005 was \$10,651,000, or \$0.63 per share (2004: \$(1,791,000), or \$(0.11) per share). Operating revenues and expenses for the quarter were \$48,817,000 and \$27,843,000 (2004: \$48,266,000 and \$31,637,000). As noted above, Siem Offshore’s operating revenues and expenses were not included in the current quarter. The increase in STAR Reefers Inc.’s operations offset the absence of Siem Offshore.

Equity in the income (loss) of unconsolidated affiliates for the quarter ended 31 March 2005 was \$1,250,000 (2004: \$(14,850,000)). The current quarter shows a strong improvement in the operations of Subsea 7, Inc., a 100%-owned subsidiary of Siem Offshore. The 2004 equity results were adversely affected by large losses incurred by Subsea 7 which, at the time, was a 50%-owned subsidiary of Siem Offshore.

Interest expense for 1Q2005 was \$1,383,000 (2004: \$3,611,000). The decrease is attributed to the paydown of debt by the Company and the deconsolidation of Siem Offshore. General and administrative expenses were \$5,425,000 (2004: \$2,712,000). The increases resulted from higher management fees which are based on net income and from

performance unit plan expense that is based on the value of the Company's Common Shares. Currency exchange losses were \$3,884,000 (2004: \$105,000 exchange gain) and reflect the decline in value of the Company's investments that are denominated in currencies other than the U.S. dollar.

STAR Reefers, Inc. (OSE Symbol: SRI) and Car Carriers are included in the Company consolidated financial statements for all periods shown. At 31 March 2005, the Company owned 73.6% and 88.1% of STAR and Car Carriers, respectively. Siem Offshore Inc. was included in the consolidated financial statements for the quarter ended 31 March 2004 and its detail statement of operations was included in the consolidated results for all of 2004. In November and December 2004, Siem Offshore conducted placements of 49,300,000 newly-issued shares and combined the proceeds from these share issues with the proceeds from new debt and available cash to acquire the remaining 50% interest of Subsea 7 for approximately \$203,000,000 in early January 2005. The share issues by Siem Offshore reduced the Company's shareholding to approximately 44% from 72% in early November 2004. Consequently, for accounting purposes, the Company did not consolidate Siem Offshore's balance sheet at 31 December 2004.

Siem Offshore's primary operations are now conducted through Subsea 7, a wholly-owned subsidiary and major contractor to the oil and gas industry that provides services within the design, engineering, construction, installation and maintenance of subsea production facilities to the global market. For 1Q2005, Siem Offshore reported net income of \$3,280,000 (2004: \$(14,701,000)). The improvement reflects higher activity, increased project margins and a lower cost base. At 31 March 2005, Subsea 7 had a backlog of approximately \$1.3 billion with approximately \$700,000,000 scheduled for execution in 2005. For more information on Siem Offshore and Subsea 7, please visit the respective websites at www.siemoffshore.com and www.subsea7.com.

STAR controls a modern fleet of approximately 40 owned and chartered vessels engaged in the ocean-borne refrigerated transportation of fruit, vegetables and other perishable products. For 1Q2005, STAR reported net income of \$12,005,000 (2004: \$5,948,000). Revenues net of voyage expenses were approximately \$43,998,000, an increase of approximately 16% as compared to 2004. STAR has agreed to charter four new reefer vessels, each with a capacity of approximately 585,000 cubic feet. The newbuildings will be chartered for a period of 10 years following their delivery. For more information, please visit www.star-reefers.com.

Car Carriers owns three ocean-transport vessels, each with a capacity to transport 4,300 cars and 400 high and heavy units. Two of the vessels are under contracts through 2011 and the third vessel is under contract into 2008.

Siem Industrikapital AB, the Company's 64%-owned Swedish affiliate, holds investments in companies engaged in land-based industries. In April 2005, Siem Industrikapital made a SEK123,500,000 (Swedish krona) distribution to the Company

using the proceeds from the sale of a large shipping investment which it completed in 2004.

The Company, through a subsidiary, owns a 49% 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 the following industrial areas: the oil and gas services industry, the ocean transport of refrigerated cargoes, the ocean transport of automobiles, the Swedish industrial holdings in land-based industries and the mining and processing of potash. Further, the Company will from time to time invest its discretionary funds in short-term marketable investments. For further information relating to the Company, please visit **www.siemindustries.com**.



SUMMARY FINANCIAL DATA (UNAUDITED)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS");

COMPARATIVE FINANCIAL STATEMENTS FOR FISCAL YEAR 2004 ARE PREPARED

IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("US GAAP")

QUARTER ENDED 31 MARCH 2005

(in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>I F R S</u>			<u>US GAAP</u>
	<u>Quarter Ended March 31,</u>		<u>Year Ended</u>	<u>Year Ended</u>
	<u>2005</u>	<u>2004</u>	<u>December 31,</u>	<u>December 31,</u>
			<u>2004</u>	<u>2004</u>
Operating revenues	\$ 48,817	\$ 48,266	\$ 176,037	\$ 170,633
Interest income	1,125	1,740	3,870	3,946
Gains (losses), net	4,558	2,070	18,550	18,213
Equity in income (loss) of unconsolidated affiliates	1,250	(14,850)	12,076	13,384
Other	108	504	2,341	2,957
	<u>55,858</u>	<u>37,730</u>	<u>212,874</u>	<u>209,133</u>
Operating expenses	(27,843)	(31,637)	(129,927)	(130,716)
Depreciation and amortization	(3,195)	(3,439)	(14,995)	(14,293)
Interest expense	(1,383)	(3,611)	(8,832)	(8,665)
General and administrative	(5,425)	(2,712)	(21,334)	(14,324)
Currency exchange gains (losses)	(3,884)	105	3,407	3,272
Other	(55)	(163)	(242)	(968)
Noncontrolling interests	(3,419)	1,984	(2,253)	(3,114)
Income (loss) before income taxes	<u>10,654</u>	<u>(1,743)</u>	<u>38,698</u>	<u>40,325</u>
Income tax expense	(3)	(48)	(134)	(137)
Net income (loss)	<u>\$ 10,651</u>	<u>\$ (1,791)</u>	<u>\$ 38,564</u>	<u>\$ 40,188</u>
Net income per common share, basic and diluted	<u>\$ 0.63</u>	<u>\$ (0.11)</u>	<u>\$ 2.30</u>	<u>\$ 2.39</u>
Wtd. average no. of shares outstanding	<u>16,791</u>	<u>16,794</u>	<u>16,794</u>	<u>16,794</u>
	<u>I F R S</u>			<u>US GAAP</u>
<u>CONSOLIDATED BALANCE SHEETS</u>	<u>March 31,</u>	<u>March 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2004</u>
Cash and cash equivalents, excluding restricted cash	\$ 52,852	\$ 50,230	\$ 38,153	\$ 38,153
Net trading securities and short-term notes receivable	23,107	17,758	30,566	31,416
Other current assets	19,601	57,796	17,051	17,151
Senior secured notes, notes receivable and other investments	38,668	24,167	43,443	43,443
Marketable equity securities	73,265	39,707	60,352	60,352
Investments in unconsolidated affiliates	208,117	142,334	209,195	210,621
Property and equipment, net	259,538	281,649	262,228	261,403
Other assets, including restricted cash	13,657	48,692	13,922	8,748
Total Assets	<u>\$ 688,805</u>	<u>\$ 662,333</u>	<u>\$ 674,910</u>	<u>\$ 671,287</u>
Accounts and other payables	\$ 23,969	\$ 20,895	\$ 15,783	\$ 13,712
Current maturities and short-term notes	10,418	30,620	11,013	11,013
Other current liabilities	1,364	12,699	11,828	13,809
Long-term debt	156,340	229,936	168,047	168,047
Other	12,036	5,841	10,320	9,889
Noncontrolling interests	32,077	49,612	28,059	27,465
Shareholders' equity:				
Common stock	4,192	4,198	4,198	4,198
Paid-in capital	75,451	12,578	75,451	75,451
Retained earnings	307,481	258,116	297,291	293,985
	<u>387,124</u>	<u>274,892</u>	<u>376,940</u>	<u>373,634</u>
Accumulated comprehensive income and other	<u>65,477</u>	<u>37,838</u>	<u>52,920</u>	<u>53,718</u>
Total Shareholders' Equity	<u>452,601</u>	<u>312,730</u>	<u>429,860</u>	<u>427,352</u>
Total Liabilities and Shareholders' Equity	<u>\$ 688,805</u>	<u>\$ 662,333</u>	<u>\$ 674,910</u>	<u>\$ 671,287</u>