



# 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 PRELIMINARY 4<sup>th</sup> QUARTER AND FISCAL YEAR 2005 RESULTS**

GEORGE TOWN, GRAND CAYMAN, 22 May 2006 – SIEM INDUSTRIES INC. reports the preliminary results for the year ended 31 December 2005.

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

Following the issuance of 49.3 million shares by Siem Offshore Inc. in late-2004 and resulting dilution of the Company’s ownership, a decision was made to deconsolidate the financial statements of Siem Offshore and carry the investment in Siem Offshore under the equity method of accounting effective 31 December 2004. Accordingly, the Company reported Siem Offshore’s detailed results within its statements of operations for all of fiscal 2004 and recorded its investment in Siem Offshore as an investment in unconsolidated affiliates at the end of 2004.

Siem Offshore used the proceeds from the issuance of new shares in late-2004 to acquire the remaining 50% interest in Subsea 7 Inc. from Halliburton Company, which transaction was completed in early January 2005. In July 2005, Siem Offshore was renamed “Subsea 7 Inc.” to reflect the nature of its dominant line of business. In August 2005, Subsea 7 spun-off with effect from 1 July 2005 its non-subsea assets and activities that had been aggregated into a single wholly-owned company that was renamed “Siem Offshore Inc.” The spin-off was accomplished by the issuance of one share of the new Siem Offshore Inc. for each share of Subsea 7 Inc. Siem Offshore was listed on the Oslo Stock Exchange in mid-August 2005.

The Company has reported its investments in Subsea 7 Inc. (OSE Symbol: SUB) and Siem Offshore Inc. (OSE Symbol: SIOFF) under the equity method of accounting since 31 December 2004 and 1 July 2005, respectively. The investments in STAR Reefers Inc. (OSE Symbol: SRI) and Siem Car Carriers Inc. are included in the consolidated financial statements for all periods shown. At 31 December 2005, the Company owned 41.8% of

Subsea 7 Inc., 44.8% of Siem Offshore Inc., 72.3% of STAR Reefers Inc. and 88.1% of Siem Car Carriers Inc.

Net income for the quarter ended 31 December 2005 was \$1,488,000, or \$0.10 per share (2004: \$17,857,000, or \$1.06 per share). Net income for the year ended 31 December 2005 was \$26,837,000, or \$1.64 per share (2004: \$37,513,000, or \$2.23 per share).

Vessel operating revenues and vessel operating expenses for the fourth quarter were \$39,596,000 and \$25,059,000, respectively (2004: \$41,658,000 and \$32,303,000). Vessel operating revenues and vessel operating expenses for the year were \$173,344,000 and \$106,197,000, respectively (2004: \$176,036,000 and \$126,959,000).

Equity in the income of unconsolidated affiliates for the quarter and year ended 31 December 2005 were \$1,795,000 and \$13,217,000, respectively (2004: \$12,916,000 and \$12,077,000). Equity in the income (loss) of affiliates for fiscal 2005 included \$(2,436,000) related to the Company's 64% investment in Siem Industriekapital AB and \$(1,256,000) related to the Company's 49% investment in Deusa International GmbH (2004: \$8,205,000 and \$512,000, respectively). Net gains on investments for the quarter and year were \$2,926,000 and \$10,508,000, respectively (2004: \$14,412,000 and \$24,705,000).

General and administrative expenses for the quarter and year ended 31 December 2005 were \$11,537,000 and \$30,772,000, respectively (2004: \$7,875,000 and \$21,334,000). Currency exchange gains(losses) for the quarter and year were \$(2,054,000) and \$(10,332,000), respectively (2004: \$3,706,000 and \$3,407,000).

In October 2005, the Company purchased and retired 1,714,500 of its Common Shares in exchange for a \$17,000,000 cash payment and NOK85,000,000 face amount of Subsea 7 8% Convertible Bonds Due January 2006 ("Subsea 7 Convertible Bonds"). At the end of 2005, the Company had 15,052,492 Common Shares issued and outstanding.

Subsea 7 is a major contractor to the oil and gas industry that offers integrated subsea engineering and construction expertise to the global market. Subsea 7 has approximately 3,900 employees who form strong engineering and project management teams to utilize 14 multi-purpose vessels and more than 100 remotely-operated vehicles ("ROV"). Subsea 7 had a backlog of \$1.355 billion at the end of 2005. During 2006, the Company increased its holdings to 66,394,145 shares of Subsea 7 by the conversion of its remaining NOK140,130,000 Subsea 7 Convertible Bonds into 7,340,492 newly-issued shares of Subsea 7 in January 2006 and by the purchase of 704,000 shares on the market in March 2006. For more information, please visit Subsea 7's website at [www.subsea7.com](http://www.subsea7.com).

At the end of 2005, Siem Offshore's activities included the operation of a platform supply vessel ("PSV") that was delivered in October 2005 and the construction of 5 additional PSVs with deliveries scheduled at various times in 2006 and 2007, the

operation of a fleet of supply/crew vessels in Brazil, a 50% interest in the scientific ocean research/drilling vessel, *Joides Resolution*, a 41% interest in the *Big Orange XVIII*, and a wholly-owned company that develops combat management systems for the Brazilian Navy. In September 2005, Siem Offshore entered into an agreement to acquire the shares of Rovde Shipping AS in exchange for newly-issued shares of Siem Offshore. The acquisition was completed in February 2006 and the company was renamed “Siem Rovde AS”. Siem Rovde owns four small PSV/AHTS (anchor-handling, towing and supply) vessels with standby and oil-recovery capabilities and two partly-owned modern large PSVs. The Company increased its holdings in Siem Offshore to 62,760,403 shares by the purchase of 4,410,750 shares on the market in March 2006. For more information on Siem Offshore and its affiliates, please visit [www.siemoffshore.com](http://www.siemoffshore.com).

At the end of 2005, STAR controlled a modern fleet of approximately 36 owned and chartered vessels that is engaged in the ocean-borne transportation of perishable products. For more information, please visit [www.star-reefers.com](http://www.star-reefers.com).

Car Carriers owns three vessels. Two of the vessels are under contracts through 2011 and the third vessel is under contract through 2008.

Siem Industri Kapital AB, the Company’s 64%-owned Swedish affiliate, holds investments in companies engaged in land-based operations. In May 2004, Siem Industri Kapital sold its investment in a shipping company for SEK359 million and recognized a gain of approximately SEK95 million. The Company recorded equity income for Siem Industri Kapital based on this gain during the second quarter of 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 company 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](http://www.siemindustries.com).

**SUMMARY FINANCIAL DATA (UNAUDITED)**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")  
(COMPARATIVE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2004 ARE PREPARED  
IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("US GAAP"))

FOR QUARTER AND YEAR ENDED 31 DECEMBER 2005

**IFRS**
**US GAAP**

*(in thousands, except per share amounts)*

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended December 31,</u>		<u>Year Ended December 31,</u>		<u>Year Ended</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>December 31,</u>
					<u>2004</u>
Operating revenues	\$ 39,596	\$ 41,658	\$ 173,344	\$ 176,036	\$ 171,299
Equity in income (loss) of unconsolidated affiliates	1,795	12,916	13,217	12,077	16,089
Interest income	1,785	1,289	5,743	3,806	3,806
Gains (losses), net	2,926	14,412	10,508	24,705	24,877
Other	1,305	836	2,710	2,301	2,427
	<u>47,407</u>	<u>71,111</u>	<u>205,522</u>	<u>218,925</u>	<u>218,498</u>
Operating expenses	(25,059)	(32,303)	(106,197)	(126,959)	(130,825)
Depreciation and amortization	(2,994)	(4,921)	(13,262)	(15,274)	(15,931)
Impairment of goodwill	—	(6,154)	—	(6,154)	(6,744)
Interest expense	(3,011)	(4,492)	(8,212)	(10,892)	(8,665)
General and administrative	(11,537)	(7,875)	(30,772)	(21,334)	(14,391)
Currency exchange gains (losses)	(2,054)	3,706	(10,332)	3,407	3,319
Other	41	(820)	(259)	(911)	(968)
Income before income taxes	2,793	18,252	36,488	40,808	44,293
Income tax expense	(226)	(101)	(332)	(134)	(134)
Net income	2,567	18,151	36,156	40,674	44,159
Noncontrolling, or minority, interests	(1,079)	(294)	(9,319)	(3,161)	(3,980)
Net income attributed to Common Shares	\$ 1,488	\$ 17,857	\$ 26,837	\$ 37,513	\$ 40,179
Net income per Common Share, basic and diluted	\$ 0.10	\$ 1.06	\$ 1.64	\$ 2.23	\$ 2.39
Wtd. average no. of shares outstanding	15,313	16,794	16,406	16,794	16,794

**IFRS**
**US GAAP**

<u>CONSOLIDATED BALANCE SHEETS</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2004</u>
Cash and cash equivalents, excluding restricted cash	\$ 58,077	\$ 38,153	\$ 38,153
Net trading securities and short-term notes receivable	2,883	20,663	20,663
Other current assets	42,119	29,880	29,880
Senior secured notes, notes receivable and other investments	5,715	40,517	40,517
Marketable equity securities	99,219	60,352	60,352
Investments in unconsolidated affiliates	189,107	193,570	210,815
Property and equipment, net	372,426	262,043	261,397
Other assets, including restricted cash	9,263	13,923	9,144
Total Assets	\$ 778,809	\$ 659,101	\$ 670,921
Accounts and other payables	\$ 15,267	\$ 15,863	\$ 15,771
Current maturities and short-term notes	25,846	11,013	11,013
Other current liabilities	19,862	11,828	11,828
Long-term debt	204,740	168,047	168,047
Other	23,215	10,320	10,320
Total Liabilities	288,930	217,071	216,979
Shareholders' equity:			
Common stock	3,763	4,198	4,198
Paid-in capital	64,405	60,010	75,451
Retained earnings	290,870	296,081	293,975
Accumulated comprehensive income and other	92,004	52,921	52,866
Total shareholders' equity	451,042	413,210	426,490
Minority, or noncontrolling, interest	38,837	28,820	27,452
Total Equity	489,879	442,030	453,942
Total Liabilities and Equity	\$ 778,809	\$ 659,101	\$ 670,921