



# 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 1<sup>ST</sup> QUARTER RESULTS FOR FISCAL 2006**

GEORGE TOWN, GRAND CAYMAN, 23 May 2006 – SIEM INDUSTRIES INC. reports its unaudited results for the quarter ended 31 March 2006 in accordance with International Financial Reporting Standards (“IFRS”).

The Company reports its investments in Subsea 7 Inc. (OSE Symbol: SUB) and Siem Offshore Inc. (OSE Symbol: SIOFF) under the equity method of accounting. The detail financial statements of the Company’s investments in STAR Reefers Inc. (OSE Symbol: SRI) and Siem Car Carriers Inc. are incorporated within the Company’s consolidated financial statements.

Net income for the quarter ended 31 March 2006 was \$23,025,000, or \$1.53 per share (2005: \$10,651,000, or \$0.63 per share).

Vessel operating revenues and vessel operating expenses for the quarter ended 31 March 2006 were \$50,517,000 and \$26,306,000, respectively (2005: \$48,817,000 and \$27,843,000). Equity in the income of unconsolidated affiliates for the quarter was \$18,294,000 (2005: \$1,250,000). Net gains on investments or assets sales for the quarter were \$119,000 (2005: \$4,558,000).

Depreciation expense and interest expense for the quarter ended 31 March 2006 were \$5,329,000 and \$3,077,000, respectively (2005: \$3,195,000 and \$1,383,000, respectively). The increases are attributed to STAR’s purchase of six vessels that were previously on time charter and the related financing necessary to complete such purchase.

General and administrative expenses for the quarter ended 31 March 2006 were \$10,445,000 (2005: \$5,425,000). Currency exchange gains (losses) for the quarter were \$1,933,000 (2005: \$(3,884,000)).

During the quarter ended 31 March 2006, the Company increased its ownership in Subsea 7 to 66,394,145 shares following 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. Also, the Company increased its ownership in Siem Offshore to 62,760,403 shares by the purchase of 4,410,750 shares on the market in March 2006. At 31 March 2006, the

Company owned 44.8% of Subsea 7 Inc., 38.0% of Siem Offshore Inc., 72.0% of STAR Reefers Inc. and 88.1% of Siem Car Carriers Inc.

Subsea 7 is a major contractor to the oil and gas industry that offers integrated subsea engineering and construction services to the global market. For more information, please visit Subsea 7's website at **[www.subsea7.com](http://www.subsea7.com)**.

Siem Offshore owns and operates a fleet of vessels working in the oil and gas industry, including PSVs (platform supply vessels) and small PSV/AHTS (anchor-handling, towing and supply vessels) with standby and oil-recovery capabilities. In addition, Siem Offshore has 5 PSVs and 2 multi-functional offshore construction vessels under construction for delivery at various times through 2008, a 50% interest in the scientific ocean research/drilling vessel, *Joides Resolution*, and a 41% interest in the *Big Orange XVIII*. For more information on Siem Offshore and its affiliates, please visit **[www.siemoffshore.com](http://www.siemoffshore.com)**.

STAR controls a modern fleet of approximately 37 owned and chartered vessels that is engaged in the ocean-borne refrigerated transportation of perishable products. During the first quarter of 2006, STAR received delivery of the newbuild *STAR First*, the first of four specialized reefer vessel to operate under long-term charters for STAR, and established its own management company in Poland. 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 Industriekapital AB, the Company's 64%-owned Swedish affiliate, holds investments in companies engaged in land-based operations.

Deusa International GmbH ("Deusa"), a German company based in eastern Germany that is 49%-owned by a subsidiary of the Company, is engaged in 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. In addition, Deusa is currently building a thermolysis process facility that will be used to incinerate municipal wastes and produce energy for use in Deusa's potash operations.

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")  
 QUARTER ENDED 31 MARCH 2006  
 (in thousands, except per share amounts)

<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>	<u>Quarter Ended March 31,</u>		<u>Year Ended</u>
	<u>2006</u>	<u>2005</u>	<u>December 31,</u>
			<u>2005</u>
Operating revenues	\$ 50,517	\$ 48,817	\$ 173,344
Interest income	632	1,125	13,217
Net gain	119	4,558	5,743
Equity in income of unconsolidated affiliates	18,294	1,250	10,508
Other	390	108	2,710
	<u>69,952</u>	<u>55,858</u>	<u>205,522</u>
Operating expenses	(26,306)	(27,843)	(106,197)
Depreciation and amortization	(5,329)	(3,195)	(13,262)
Interest expense	(3,077)	(1,383)	(8,212)
General and administrative	(10,445)	(5,425)	(30,772)
Currency exchange gains (losses)	1,933	(3,884)	(10,332)
Other	(5)	(55)	(259)
Income before income taxes	26,723	14,073	36,488
Income tax expense	(69)	(3)	(332)
Net income	26,654	14,070	36,156
Noncontrolling, or minority, interest	(3,629)	(3,419)	(9,319)
Net income	<u>\$ 23,025</u>	<u>\$ 10,651</u>	<u>\$ 26,837</u>
Net income per Common Share, basic and diluted	<u>\$ 1.53</u>	<u>\$ 0.63</u>	<u>\$ 1.64</u>
Wtd. average no. of shares outstanding	<u>15,053</u>	<u>16,791</u>	<u>16,406</u>
 <u>CONSOLIDATED BALANCE SHEETS</u>		<u>March 31,</u>	<u>December 31,</u>
		<u>2006</u>	<u>2005</u>
Cash and cash equivalents, excluding restricted cash		\$ 48,866	\$ 58,077
Net trading securities and short-term notes receivable		3,548	2,883
Other current assets		16,537	42,119
Senior secured notes, notes receivable and other investments		20,178	5,715
Marketable equity securities		114,325	99,219
Investments in unconsolidated affiliates		233,652	189,107
Property and equipment, net		379,826	372,426
Other assets, including restricted cash		9,759	9,263
Total Assets		<u>\$ 826,691</u>	<u>\$ 778,809</u>
Accounts and other payables		\$ 24,442	\$ 15,267
Current maturities and short-term notes		25,852	25,846
Other current liabilities		5,891	19,862
Long-term debt		202,902	204,740
Other		29,904	23,215
Shareholders' equity:			
Common stock		3,763	3,763
Paid-in capital		69,055	64,405
Retained earnings		313,895	290,870
Accumulated comprehensive income and other		107,033	92,004
Total shareholders' equity		<u>493,746</u>	<u>451,042</u>
Minority, or noncontrolling, interest		43,954	38,837
Total Equity		<u>537,700</u>	<u>489,879</u>
Total Liabilities and Equity		<u>\$ 826,691</u>	<u>\$ 778,809</u>