



# SIEM INDUSTRIES

## **PRESS RELEASE**

For Immediate Release

## **SIEM INDUSTRIES INC.**

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### **SIEM INDUSTRIES INC.** **REPORTS 2<sup>ND</sup> QUARTER AND 6 MONTH RESULTS FOR FISCAL 2005**

GEORGE TOWN, GRAND CAYMAN, 11 August 2005 – SIEM INDUSTRIES INC. reports the unaudited results for the quarter and six months ended 30 June 2005.

Siem Industries adopted the International Financial Reporting Standards (“IFRS”) for the preparation of its consolidated accounts effective 1 January 2005. Accordingly, the Company restated the beginning retained earnings for 2004 and the statements of operations and balance sheets for each of the respective reporting periods in fiscal 2004. The summary financial data that is attached presents the quarter and six month periods ended 30 June 2005 and 2004 as prepared in accordance with IFRS and the comparative six month period ended 30 June 2004 as prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”).

Since 31 December 2004, the Company has reported its investment in Subsea 7 Inc. (OSE Symbol: SUB; formerly, Siem Offshore Inc.) under the equity method of accounting. Prior to that date, the Company included the detail financial statements of Subsea 7 within its consolidated financial statements

Net income for the quarter ended 30 June 2005 was \$9,830,000, or \$0.59 per share (2004: \$9,776,000, or \$0.58 per share). Net income for the six months ended 30 June 2005 was \$20,481,000, or \$1.22 per share (2004: \$7,985,000, or \$0.48 per share).

Operating revenues and operating expenses for the quarter were \$47,556,000 and \$27,811,000, respectively (2004: \$47,449,000 and \$32,505,000). Operating revenues and operating expenses for the six month period were \$96,373,000 and \$55,654,000, respectively (2004: \$95,715,000 and \$64,142,000). As noted above, Subsea 7’s operating revenues and expenses are not included as such in the current quarter; rather, Subsea 7’s results are shown as equity income. The increase in STAR Reefers Inc.’s operations offset the absence of Subsea 7’s separate operating revenues and expenses.

Equity in the income (loss) of unconsolidated affiliates for the quarter ended 30 June 2005 was \$7,471,000 (2004: \$4,705,000). Equity in the income (loss) of unconsolidated affiliates for the six month period was \$8,721,000 (2004: \$(10,145,000)). The current quarter shows strong improvement in the offshore construction and other activities of Subsea 7 based on solid project execution, higher utilization of assets and growth.

Interest expense for the second quarter was \$1,728,000 (2004: \$952,000) and for the six months ended 30 June 2005 was \$3,111,000 (2004: \$4,063,000). The decreases during 2005 are attributed to the paydown of debt by the Company and the deconsolidation of Siem Offshore. General and administrative expenses for the second quarter were \$8,325,000 (2004: \$4,290,000) and for the six months ended 30 June 2005 were \$13,750,000 and (2004: \$7,002,000). The increases resulted from performance unit plan expenses that are based on the value of the Company's Common Shares and from higher management fees which are based on net income. Currency exchange losses for the second quarter were \$3,709,000 (2004: \$131,000) and for the six months were \$7,593,000 (2004: \$526,000) 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 Siem Car Carriers Inc. are included in the Company's consolidated financial statements for all periods shown. At 30 June 2005, the Company owned 72.3% and 88.1% of STAR and Siem Car Carriers, respectively.

Subsea 7 is a major contractor to the oil and gas industry that provides services related to the design, engineering, construction, installation and maintenance of subsea production facilities for the global market. In order to enhance its pipelay capabilities, particularly in deepwater, Subsea 7 entered into contracts for the construction of a rigid pipelay and construction vessel at an overall project cost of approximately \$180-200 million based on fixed prices from the shipyard and equipment supplier. At 30 June 2005, Subsea 7 had a backlog of approximately \$1.3 billion with approximately \$600,000,000 scheduled for execution in 2005. For more information on Subsea 7, please visit its website at [www.subsea7.com](http://www.subsea7.com).

At an extraordinary general meeting held in August 2005, the shareholders of Subsea 7 approved the spin-off of all non-subsea activities that have been aggregated into a single wholly-owned subsidiary. The spin-off of the subsidiary, which was renamed Siem Offshore Inc. during its annual general meeting in July 2005, will be accomplished by issuing one share of Siem Offshore Inc. for each share of Subsea 7 Inc. held by its shareholders. Siem Offshore will trade on the Oslo Stock Exchange under the symbol "SIOFF" commencing 12 August 2005. Siem Offshore's assets include six Platform Supply Vessels ("PSVs") that are currently under construction with delivery of the first two PSVs scheduled for the fourth quarter of 2005. The total contract value for the six vessels is approximately NOK740 million. Siem Offshore holds an option for the construction of two additional PSVs that can be exercised in 2006. Siem Offshore also owns ten supply/crewboat vessels that are under contracts with Petrobras in Brazil, a 50% interest in the vessel *Joides Resolution* that is currently under contract through January 2006, a 41% interest in the vessel *Big Orange XVIII* that is under contract for well stimulation work in the North Sea through August 2010 and operations performing services to the Brazilian Navy.

STAR controls a modern fleet of 40 owned and chartered vessels engaged in the ocean-borne refrigerated transportation of fruit, vegetables and other perishable products. STAR reported net income during the second quarter of 2005 of \$11,671,000 (2004: \$6,266,000) and net income for the six month period of \$23,676,000 (2004: \$12,601,000). Revenues net of voyage expenses were approximately \$86,448,000, an increase of almost 15% as compared to 2004.

STAR has entered into agreements to purchase seven vessels for approximately \$131.5 million with deliveries scheduled in August and September 2005. STAR will finance the acquisitions using bank debt of approximately \$85 million, a short-term loan from the Company of approximately \$21 million and internal cash sources. In addition, STAR has agreed to charter four new reefer vessels currently under construction in Japan, 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](http://www.star-reefers.com).

Siem 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 Industri Kapital AB, the Company's 64%-owned Swedish affiliate, holds investments in companies engaged in land-based industries. In April 2005, Siem Industri Kapital 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](http://www.siemindustries.com).

**SUMMARY FINANCIAL DATA (UNAUDITED)**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS");  
 COMPARATIVE FINANCIAL STATEMENTS FOR PERIODS ENDED 30 JUNE 2004 ARE PREPARED  
 IN ACCORDANCE WITH U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("US GAAP")

QUARTER ENDED 30 JUNE 2005  
 (in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS	I F R S				US GAAP
	Quarter Ended June 30,		Six Months Ended June 30,		Six Mos. Ended
	2005	2004	2005	2004	June 30, 2004
Operating revenues	\$ 47,556	\$ 47,449	\$ 96,373	\$ 95,715	\$ 93,630
Interest income	1,340	355	2,465	2,095	2,095
Gains (losses), net	916	341	5,474	2,411	2,359
Equity in income (loss) of unconsolidated affiliates	7,471	4,705	8,721	(10,145)	(6,478)
Other	1,026	521	1,134	1,025	983
	58,309	53,371	114,167	91,101	92,589
Operating expenses	(27,811)	(32,505)	(55,654)	(64,142)	(63,084)
Depreciation and amortization	(3,268)	(4,025)	(6,463)	(7,464)	(8,004)
Interest expense	(1,728)	(952)	(3,111)	(4,063)	(5,037)
General and administrative	(8,325)	(4,290)	(13,750)	(7,002)	(4,204)
Currency exchange gains (losses)	(3,709)	(131)	(7,593)	(526)	(543)
Other	(73)	31	(128)	(132)	(231)
Noncontrolling interests	(3,457)	(1,742)	(6,876)	242	(735)
Income (loss) before income taxes	9,938	9,757	20,592	8,014	10,751
Income tax expense	(108)	19	(111)	(29)	(30)
Net income (loss)	\$ 9,830	\$ 9,776	\$ 20,481	\$ 7,985	\$ 10,721
Net income per common share, basic and diluted	\$ 0.59	\$ 0.58	\$ 1.22	\$ 0.48	\$ 0.64
Wtd. average no. of shares outstanding	16,767	16,794	16,779	16,794	16,794
	I F R S				US GAAP
CONSOLIDATED BALANCE SHEETS	June 30, 2005	December 31, 2004			June 30, 2004
Cash and cash equivalents, excluding restricted cash	\$ 76,987	\$ 38,153			\$ 39,417
Net trading securities and short-term notes receivable	19,045	30,566			33,472
Other current assets	27,396	17,051			57,655
Senior secured notes, notes receivable and other investments	37,587	43,443			10,074
Marketable equity securities	76,838	60,352			41,202
Investments in unconsolidated affiliates	196,135	209,195			139,536
Property and equipment, net	263,177	262,228			278,631
Other assets, including restricted cash	7,781	13,922			49,954
Total Assets	\$ 704,946	\$ 674,910			\$ 649,941
Accounts and other payables	\$ 25,101	\$ 15,783			\$ 13,145
Current maturities and short-term notes	10,695	11,013			33,879
Other current liabilities	1,032	11,828			13,723
Long-term debt	149,364	168,047			218,925
Other	17,268	10,320			5,499
Noncontrolling interests	35,531	28,059			48,605
Shareholders' equity:					
Common stock	4,192	4,198			4,198
Paid-in capital	75,451	75,451			12,578
Retained earnings	317,214	297,291			265,692
	396,857	376,940			282,468
Accumulated comprehensive income and other	69,098	52,920			33,697
Total Shareholders' Equity	465,955	429,860			316,165
Total Liabilities and Shareholders' Equity	\$ 704,946	\$ 674,910			\$ 649,941