



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. **REPORTS PRELIMINARY 4TH QUARTER AND FISCAL 2004 RESULTS**

GEORGE TOWN, GRAND CAYMAN, 10 March 2005 – SIEM INDUSTRIES INC. reports the unaudited preliminary results for the quarter and fiscal year ended 31 December 2004.

Net income for the quarter ended 31 December 2004 was \$16,428,000, or \$0.98 per share (2003: \$(2,164,000), or \$(0.13) per share). Net income for the fiscal ended 31 December 2004 was \$40,188,000, or \$2.39 per share (2003: \$8,575,000, or \$0.51 per share).

Vessel operating revenues and vessel operating expenses for the quarter in the amounts of \$39,405,000 and \$37,520,000 were higher than the corresponding amounts for the comparable period last year (2003: \$37,639,000 and \$36,895,000). Similarly, vessel operating revenues and vessel operating expenses for the year in the amounts of \$170,633,000 and \$130,716,000 were higher than the corresponding amounts for the comparable period last year (2003: \$163,913,000 and \$132,360,000). The increases are attributed to additional tonnage on charter and higher rates.

Equity in the income (loss) of unconsolidated affiliates for the quarter and year were \$10,392,000 and \$13,384,000, respectively (2003: \$(15,786,000) and \$(14,089,000)). The 2003 equity results were adversely affected by large losses sustained in the fourth quarter by Subsea 7, Inc., a subsidiary then owned 50% by Siem Offshore Inc. (OSE Symbol: SIEM).

The Company's consolidated results include the results from STAR Reefers, Inc. (OSE Symbol: SRI) and Car Carriers that are owned 73.6% and 88.1%, respectively, by the Company as of 31 December 2004. The consolidated results also include a full year's results from Siem Offshore. In December 2004, Siem Offshore conducted a placement of 41,300,000 shares and combined the proceeds from this share issue with the proceeds from new debt and available cash to acquire the remaining 50% interest in Subsea 7 in early January 2005. The share issues by Siem Offshore reduced the Company's shareholding to 44.8% from 72.2% at the end of September 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 the wholly-owned Subsea 7. 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 in excess of 3,000 employees who form strong engineering and project management teams to utilize 14 multi-purpose vessels and more than 100 ROVs (remotely operated vehicles).

Subsea 7's net income (loss) for the quarter was \$16,600,000 (2003: \$(22,600,000)). Revenue and EBITDA for the quarter were \$243,500,000 and \$29,800,000 (2003: \$193,400,000 and \$(5,000,000)). Subsea 7's net loss for the year was \$(12,700,000) (2003: \$(27,500,000)). Revenue and EBITDA for the year were \$812,800,000 and \$61,600,000 (2003: \$724,400,000 and \$34,800,000). At the end of 2004, Subsea 7 had a backlog of \$1.24 billion of which \$780 million was scheduled for execution in 2005. For more information, please visit Subsea 7's website at **www.subsea7.com**.

Siem Offshore's other investments include 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. For more information on Siem Offshore and its affiliates, please visit **www.siemoffshore.com**.

STAR controls a modern fleet of approximately 40 owned and chartered vessels that is engaged in the ocean-borne refrigerated transportation of fruit, vegetables and other perishable products. For more information, please visit **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**.



SUMMARY FINANCIAL DATA (PRELIMINARY AND UNAUDITED)

QUARTER AND YEAR ENDED 31 DECEMBER 2004

(in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>Quarter Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Vessel operating revenues (1)	\$ 39,405	\$ 37,639	\$ 170,633	\$ 163,913
Interest income	1,429	6,560	3,946	11,692
Gains (losses) on investments	7,802	8,502	18,213	11,953
Equity in income (losses) of unconsolidated affiliates	10,392	(15,786)	13,384	(14,089)
Other revenues	1,763	3,195	2,957	4,462
	<u>60,791</u>	<u>40,110</u>	<u>209,133</u>	<u>177,931</u>
Vessel operating expenses (1)	(37,520)	(36,895)	(130,716)	(132,360)
Amortization and depreciation	(2,483)	(10,380)	(14,293)	(22,159)
Interest expense	(428)	(2,189)	(8,665)	(12,316)
General and administrative expenses	(6,172)	(911)	(14,324)	(8,091)
Currency exchange gains (losses)	3,618	456	3,272	1,616
Other income (expenses)	(783)	2	(968)	(909)
Noncontrolling interest expense	(491)	7,094	(3,114)	6,197
Income before income taxes	16,532	(2,713)	40,325	9,909
Income tax expense (benefit)	104	(549)	137	1,334
Net income	<u>\$ 16,428</u>	<u>\$ (2,164)</u>	<u>\$ 40,188</u>	<u>\$ 8,575</u>
Net income per common share, basic and diluted	<u>\$ 0.98</u>	<u>\$ (0.13)</u>	<u>\$ 2.39</u>	<u>\$ 0.51</u>
Wtd. average no. of shares outstanding	<u>16,794</u>	<u>16,797</u>	<u>16,794</u>	<u>16,797</u>

(1) Voyage expenses reclassified from vessel operating expenses to vessel operating revenues.

CONSOLIDATED BALANCE SHEETS

	December 31,	December 31,
	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 38,153	\$ 42,416
Net trading securities and short-term notes receivable	31,416	26,276
Other current assets	17,151	55,973
Senior secured notes, notes receivable and other investments	43,443	25,041
Marketable equity securities	60,352	34,184
Investments in and advances to unconsolidated affiliates	210,621	158,259
Property and equipment, net	261,403	281,109
Other assets, including restricted cash	8,748	57,229
Total Assets	<u>\$ 671,287</u>	<u>\$ 680,487</u>
Accounts and other payables	\$ 13,712	\$ 25,322
Current maturities and short-term notes	11,013	25,512
Other current liabilities	13,809	20,555
Long-term debt	168,047	257,265
Other	9,889	5,366
Noncontrolling interests	27,465	38,617
Shareholders' equity:		
Common stock	4,198	4,198
Paid-in capital	75,451	12,578
Retained earnings	293,985	254,976
	<u>373,634</u>	<u>271,752</u>
Accumulated other comprehensive income	53,718	36,098
Total Shareholders' Equity	<u>427,352</u>	<u>307,850</u>
Total Liabilities and Shareholders' Equity	<u>\$ 671,287</u>	<u>\$ 680,487</u>