



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC.

PRELIMINARY RESULTS AND CHAIRMAN'S STATEMENT FOR 2003

GEORGE TOWN, GRAND CAYMAN, 26 May 2004 – SIEM INDUSTRIES INC. reports the preliminary results for the year ended 31 December 2003.

Net income for the year ended 31 December 2003 was \$5,166,000, or \$0.31 per share (2002: \$50,901,000, or \$3.00 per share). Net income for the fourth quarter ended 31 December 2003 was \$(5,573,000), or \$(0.33) per share (2002: \$4,358,000, or \$0.26 per share). Results for both the year and quarter ended 31 December 2002 included \$0.06 per share related to a change in accounting principle.

Net gains for the year and quarter were \$11,953,000 and \$8,502,000, respectively (2002: \$8,606,000 and \$5,293,000). Equity in the losses of unconsolidated affiliates for the year and quarter were \$(17,242,000) and \$(18,939,000), respectively (2002: \$(2,826,000) and \$(1,011,000)). The major component of the equity losses was recorded with respect to Subsea 7, Inc., a company owned 50:50 by DSND Inc. (OSE Symbol: DSND) and Halliburton Company. Such losses amounted to \$(18,190,000) and \$(16,258,000) for the year and quarter ended 31 December 2003, respectively. Net currency exchange gains for the year and quarter were \$1,616,000 and \$456,000, respectively (2002: \$35,246,000 and \$8,276,000).

The consolidated statements of operation for 2003 include a full year of operations for DSND and Siem Thoen Car Carriers (STCC) as compared to 2002 when operations included STCC since its inception in July 2002 and DSND for the month of December 2002 following its consolidation at the end of November 2002.

The Company will hold its Annual General Meeting of Shareholders in the Cayman Islands on 9 July 2004. The annual report and proxy materials will be distributed in the next couple weeks.

The Chairman's Statement for 2003 is attached.

SIEM INDUSTRIES INC. currently holds interests in four industrial areas including the oil and gas services industry, the ocean transport of refrigerated cargoes, the ocean transport of automobiles and Swedish industrial investments through Siem Capital AB (formerly, Four Seasons Capital AB). Further, the Company invests, through its acquisition and reorganization fund, in the high yield securities issued by companies in such industries in which the Company has experience. Additional information can be obtained from the Company's website "www.siemindustries.com".

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS:

The net income of **\$5.2 million** does not fairly reflect how productive 2003 has been for the Company.

DSND has addressed most of its problems and dealt with its loss-making activities. First quarter 2004 results will confirm that all assets other than Subsea 7, Inc. (SS7) are contributing to group profit.

SS7, DSND's 50% joint venture with Halliburton, made progress on several fronts. The technical and operational execution of its EPIC (engineering, procurement, installation and construction) contracts and other contracts were performed to the customers' satisfaction. A review of SS7's fleet of vessels resulted in the decision to sell a number of owned vessels and terminate chartered-in tonnage. This program is now completed and the number of vessels has been reduced from 23 to 14. The safety record at SS7 is amongst the best in the industry. The market outlook is good.

The contractual environment for contractors in the oil and gas industry continues to be in favour of their customers, the operators. The contractor is forced to accept unreasonable risks during contract negotiations. Variation orders for additional work are rarely paid on time and are often the subject of endless discussions. The operating margins are affected and contractors have, in many cases, reported large losses despite performing the jobs on time and to the customers' satisfaction. This situation causes contractors to protect their interests at the expense of project efficiency. A hostile working relationship reduces cooperation between the operator and contractor and this ultimately results in increased costs for the operator.

STAR Reefers sold 9 vessels and purchased 4 vessels, thus reducing the average age of its fleet from 14 to 12 years. The market improved, but operating costs affected STAR Reefers' results which did not meet our expectations. STAR Reefers' new technical director has moved into its new offices in London and is working closely with the commercial side of the operation. This should help to improve performance and reduce costs.

The three car carriers have continued to perform well under the long-term contracts with Volkswagen.

Siem Industriekapital (SIAB) in Sweden (formerly, Four Seasons Venture Capital AB) has made progress. The share price of its largest holding, Broström AB, moved from SEK38.50 at the beginning of 2003 to SEK72 at the end. The entire shareholding was sold at an average price of SEK80.40 in May 2004. SIAB used the proceeds to reduce its debt from SEK203 million to SEK30 million and has SEK180 million available for distribution to its shareholders. Improved focus on the operation and strategy throughout the portfolio of remaining Swedish industrial companies is beginning to show results.

Siem Acquisition and Reorganisation Fund (SARF) and other investment activities have produced satisfactory results with a return of 19.2% for 2003. SARF and its affiliates have earned a return of 59.2% p.a. from our active involvement with PlaneStation plc and investment in its mezzanine notes which were acquired in 2001.

These notes, approximately USD6,060,000 at the end of 2003, were repaid in full in January 2004. SARF's holding in the bonds issued by Northern Offshore Ltd. (NOF) has also required our active attention. We have been disappointed that the NOF Directors did not propose an equitable restructuring solution in 2003 and hope that progress will be made in 2004.

At the end of 2003, the Company's shareholders equity was \$304,441,000, or \$18.13 per share. I expect 2004 to show improved results reflecting the good groundwork covered during the last year.

Kristian Siem, Chairman

26 May 2004

SUMMARY FINANCIAL DATA (UNAUDITED)
 QUARTER AND YEAR ENDED 31 DECEMBER 2003
 (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>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 37,639	\$ 23,245	\$ 163,913	\$ 116,875
Interest income	6,560	4,282	11,692	16,986
Gains (losses) on investments	8,502	5,293	11,953	8,606
Equity in income (loss) of unconsolidated affiliates	(18,939)	(1,011)	(17,242)	(2,826)
Other	3,195	1,675	4,462	2,722
	<u>36,957</u>	<u>33,484</u>	<u>174,778</u>	<u>142,363</u>
Operating expenses	(36,895)	(21,847)	(132,360)	(82,005)
Amortization and depreciation	(10,970)	(10,912)	(22,749)	(20,380)
Interest expense	(2,189)	(7,099)	(12,316)	(15,805)
General and administrative	(741)	(1,098)	(7,921)	(7,978)
Currency exchange gains (losses)	456	8,276	1,616	35,246
Other	2	(390)	(909)	(628)
Minority interests expense	7,258	3,169	6,361	(582)
Income (loss) before income taxes and cumulative effect of accounting change	(6,122)	3,583	6,500	50,231
Income tax expense (benefit)	(549)	266	1,334	371
Income (loss) before cumulative effect of accounting change	(5,573)	3,317	5,166	49,860
Cumulative effect of accounting change, net of taxes	—	1,041	—	1,041
Net income (loss)	<u>\$ (5,573)</u>	<u>\$ 4,358</u>	<u>\$ 5,166</u>	<u>\$ 50,901</u>
Basic and diluted income (loss) per common share:				
Income (loss) before cumulative effect of accounting change	\$ (0.33)	\$ 0.20	\$ 0.31	\$ 2.94
Cumulative effect of accounting change, net of taxes	—	0.06	—	0.06
Net income (loss)	<u>\$ (0.33)</u>	<u>\$ 0.26</u>	<u>\$ 0.31</u>	<u>\$ 3.00</u>
Wtd. average no. of shares outstanding	<u>16,794</u>	<u>16,849</u>	<u>16,796</u>	<u>16,959</u>

<u>CONSOLIDATED BALANCE SHEETS</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2003</u>	<u>2002</u>
Cash and cash equivalents, including restricted cash	\$ 56,198	\$ 54,192
Net trading securities and short-term notes receivable	26,276	21,246
Other current assets	55,973	49,555
Senior secured notes, notes receivable and other investments	25,041	26,918
Marketable equity securities	34,184	33,030
Investments in unconsolidated affiliates	155,106	173,403
Property and equipment, net	281,109	298,803
Goodwill	38,665	38,397
Other assets	4,192	2,129
Total Assets	<u>\$ 676,744</u>	<u>\$ 697,673</u>
Accounts and other payables	\$ 25,151	\$ 38,721
Current maturities and short-term notes	25,512	30,908
Other current liabilities	20,555	14,829
Long-term debt	257,265	269,622
Other	5,366	8,852
Minority interests	38,454	45,049
Shareholders' equity:		
Common stock	4,198	4,199
Paid-in capital	12,578	12,578
Retained earnings	251,567	247,286
	<u>268,343</u>	<u>264,063</u>
Accumulated other comprehensive income	36,098	25,629
Total Shareholders' Equity	<u>304,441</u>	<u>289,692</u>
Total Liabilities and Shareholders' Equity	<u>\$ 676,744</u>	<u>\$ 697,673</u>