



# **SIEM INDUSTRIES**

## **PRESS RELEASE**

For Immediate Release

## **SIEM INDUSTRIES INC.**

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### **SIEM INDUSTRIES INC.** **REPORTS PRELIMINARY RESULTS FOR 2002**

HAMILTON, BERMUDA, 9 June 2003 – SIEM INDUSTRIES INC. reports the preliminary results for the year and fourth quarter ended 31 December 2002.

Net income for the year ended 31 December 2002 was \$50,901,000, or \$3.00 per share (2001: \$(27,883,000), or \$(1.64) per share). Net income for the fourth quarter ended 31 December 2002 was \$4,358,000, or \$0.26 per share (2001: \$(16,296,000), or \$(0.96) 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.

Gains (losses) for the year and quarter were \$8,606,000 and \$5,293,000, respectively (2001: \$(28,328,000) and \$(9,640,000)). Equity in the income (losses) of unconsolidated affiliates for the year and quarter were \$(2,826,000) and \$(1,011,000), respectively (2001: \$(9,834,000) and \$(6,392,000)).

Currency exchange gains (losses) for the year and quarter were \$35,246,000 and \$8,276,000, respectively (2001: \$(3,324,000) and \$(1,578,000)). The currency exchange gain reflects a reversal of currency exchange losses that have been recorded during the past several years with respect to the Company's substantial holdings in non-U.S. dollar denominated cash and investments.

The consolidated statements of operation for 2002 include the operations of Siem Thoen Car Carriers since its inception in late-July 2002 and the operations of DSND Inc. (OSE Symbol: 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 11 July 2003. The annual report and proxy materials will be distributed in the next couple weeks. Additional information can be obtained from the Company's website "[www.siemindustries.com](http://www.siemindustries.com)".

The Chairman's Statement for 2002 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 Four Seasons Capital AB. Further, the Company invests, through its acquisition and reorganization fund, in the high yield securities issued by companies in those industries in which it has experience.

## **TO OUR SHAREHOLDERS:**

The nature of the Company's activities, which are focused on acquisitions and reorganizations, is such that we should expect earnings to be volatile. Fiscal 2002 was our second best year ever despite less than acceptable returns from the operations of DSND and STAR Reefers. The Company's net income was **\$50.9 million**, or \$3.00 per share (2001: net loss of \$27.9 million, or \$1.64).

I am satisfied that we have a professional management team throughout the group that is able and motivated to develop our businesses in an efficient way.

The combination of the subsea activities of **DSND** and Halliburton to create Subsea 7 was concluded in May 2002. Subsea 7 operates as an autonomous group directed by its board with equal representation from DSND and Halliburton. Subsea 7 is well-positioned to take a leading role in its sector of the oil and gas service industry. EPIC (engineering, procurement, installation and construction) contracts in the offshore construction field are both complex and demanding. Risk management, involving detailed contract documentation, thorough planning and skilful job execution, is essential to achieving positive results. Strong competition between subsea contractors has made it possible for the clients to lay off large risks onto the contractors without providing sufficient margins to meet the effects of such risks. As a consequence, this industry has suffered huge losses. We believe that a greater appreciation for realistic expectations now exists amongst contractors and that the risk/reward relationship will be healthier in the future.

DSND refinanced its debt at the end of the year and established a solid financial foundation. See DSND's website at "[www.dsnd.com](http://www.dsnd.com)" for additional information.

**STAR Reefers Inc** has established itself as one of the three leading reefer operators in the world. The pool and joint commercial operations with NYK of Japan are successful and contribute to the consolidation of this industry. The market is improving slowly from a low level. STAR has been profitable despite the weak market and its cash flow was sufficient to reduce bank debt from \$158 million to \$129.7 million. Pursuant to its strategy of providing a reliable, first class transportation service for perishable products, STAR sold 6 older vessels and replaced them with 5 newer vessels during the year. See STAR Reefers' website at "[www.star-reefers.com](http://www.star-reefers.com)" for further information.

I took the chair of the board of **Four Seasons Capital AB** in Sweden at the end of February 2002 and my former colleague from Norwegian Cruise Line, Hans Golteus, was appointed managing director. The objective is to develop the seven industrial holdings in the Four Season's portfolio through rationalization and combinations that make each business stronger.

The three **car carriers** that we acquired in July have performed well under the term contracts with Volkswagen. The market for car carriers has strengthened since our purchase.

The **Investment Area** of our operations, which includes certain reorganization projects, performed well during the year. Difficult trading conditions for equities were more than compensated by the results achieved from the management of the different financial projects and currency exchange gains. The Siem Acquisition and Reorganisation Fund generated a return of 21.7%. We felt that our currency exchange operations had an acceptable level of risk because of the inherent hedging possibilities available to us by the use of Norwegian kroner to buy U.S. dollar based assets through the purchase of shares in our Norwegian subsidiaries and because of our belief that the kroner was undervalued relative to the dollar. There were no foreign exchange contracts outstanding at year end.

We expect **fiscal 2003** to be a better year for our four industrial operations. Our ownership levels in the four main industrial holdings range between 64 and 88% and two of these subsidiaries are listed on the Oslo Stock Exchange.

Our principle priority is to assist our subsidiaries in their efforts to improve both performance and, particularly, profitability in the future. An evaluation of the present structure of the group will be considered by the Board as a second priority.

I take this opportunity to thank our shareholders for their support of the Company and to commend my colleagues at all levels for their excellent attitude and cooperation during a challenging year.

Kristian Siem, Chairman  
June 9, 2003



**SUMMARY FINANCIAL DATA (UNAUDITED)**

QUARTER AND YEAR ENDED 31 DECEMBER 2002

(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>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Operating revenues	\$ 23,245	\$ 25,371	\$ 116,875	\$ 85,471
Interest income	4,282	4,603	16,986	18,874
Gains (losses) on investments	5,293	(9,640)	8,606	(28,328)
Equity in income (loss) of unconsolidated affiliates	(1,011)	(6,392)	(2,826)	(9,834)
Other	1,675	(1,056)	2,722	1,044
	<u>33,484</u>	<u>12,886</u>	<u>142,363</u>	<u>67,227</u>
Operating expenses	(21,847)	(22,008)	(82,005)	(56,118)
Amortization and depreciation	(10,912)	(3,180)	(20,380)	(12,872)
Interest expense	(7,099)	(1,703)	(15,805)	(17,616)
General and administrative	(1,098)	(2,040)	(7,978)	(4,992)
Currency exchange loss (gain)	8,276	(1,578)	35,246	(3,324)
Other	(390)	—	(628)	—
Minority interests expense	3,169	1,125	(582)	(342)
Income (loss) before income taxes and cumulative effect of accounting change	3,583	(16,498)	50,231	(28,037)
Income tax expense (benefit)	266	(202)	371	(154)
Income (loss) before cumulative effect of accounting change	3,317	(16,296)	49,860	(27,883)
Cumulative effect of accounting change, net of taxes	1,041	—	1,041	—
Net income (loss)	<u>\$ 4,358</u>	<u>\$ (16,296)</u>	<u>\$ 50,901</u>	<u>\$ (27,883)</u>
Basic and diluted income (loss) per common share:				
Income (loss) before cumulative effect of accounting change	\$ 0.20	\$ (0.96)	\$ 2.94	\$ (1.64)
Cumulative effect of accounting change, net of taxes	0.06	—	0.06	—
Net income (loss)	<u>\$ 0.26</u>	<u>\$ (0.96)</u>	<u>\$ 3.00</u>	<u>\$ (1.64)</u>
Wtd. average no. of shares outstanding	<u>16,849</u>	<u>16,997</u>	<u>16,959</u>	<u>17,001</u>

<u>CONSOLIDATED BALANCE SHEETS</u>	<u>December 31,</u> <u>2002</u>	<u>December 31,</u> <u>2001</u>
Cash and cash equivalents, including restricted cash	\$ 54,192	\$ 72,672
Net trading securities and short-term notes receivable	21,246	99,615
Other current assets	49,555	15,674
Senior secured notes, notes receivable and other investments	26,918	43,622
Marketable equity securities	33,030	52,040
Investments in unconsolidated affiliates	173,403	69,333
Property and equipment, net	298,803	193,523
Goodwill	38,397	—
Other assets	2,129	3,139
Total Assets	<u>\$ 697,673</u>	<u>\$ 549,618</u>
Accounts and other payables	\$ 38,721	\$ 19,608
Current maturities and short-term notes	30,908	20,863
Other current liabilities	14,829	2,271
Long-term debt	269,622	228,700
Other	8,852	2,673
Minority interests	45,049	15,628
Shareholders' equity:		
Common stock	4,199	4,249
Paid-in capital	12,578	12,578
Retained earnings	247,286	198,877
	<u>264,063</u>	<u>215,704</u>
Accumulated other comprehensive income	25,629	44,171
Total Shareholders' Equity	<u>289,692</u>	<u>259,875</u>
Total Liabilities and Shareholders' Equity	<u>\$ 697,673</u>	<u>\$ 549,618</u>