



# **SIEM INDUSTRIES**

## **PRESS RELEASE**

For Immediate Release

## **SIEM INDUSTRIES INC.**

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## **SIEM INDUSTRIES INC.** **REPORTS RESULTS FOR FIRST QUARTER**

GEORGE TOWN, GRAND CAYMAN, 14 JUNE 2004 – SIEM INDUSTRIES INC. reports the results for the quarter ended 31 March 2004.

Net income for the quarter ended 31 March 2004 was \$932,000, or \$0.06 per share (2003: \$(4,872,000), or \$(0.29) per share).

Operating revenues and expenses for the quarter of \$57,564,000 and \$41,662,000 were comparable to the levels reported for the same period last year (2003: \$57,727,000 and \$41,571,000. Net gains for the quarter were \$2,018,000 (2003: \$426,000). Equity in the losses of unconsolidated affiliates for the quarter were \$(11,731,000) (2003: \$(12,909,000)).

The Company's consolidated results include the results from DSND, Inc. (OSE Symbol: DSND), STAR Reefers, Inc. (OSE Symbol: STAR) and Siem Thoen Car Carriers Inc. (STCC) that are owned 72.2%, 66.5% and 88.1%, respectively, by the Company.

The major component of the equity losses discussed above was recorded with respect to Subsea 7, Inc., a joint venture company operating in the offshore construction industry that is 50%-owned by each of DSND and Halliburton Company. Such equity losses amounted to \$(13,671,000) (2003: \$(14,010,000)). The first quarter is traditionally the weakest quarter for the offshore construction industry due to seasonal variations that result in low margin jobs and low vessel utilization. The operations other than Subsea 7 made positive contributions to DSND's results.

STAR operates in a business that is also seasonal with the first and second quarters being the strongest for the ocean-borne transportation of fruit and other refrigerated products from the southern hemisphere to the northern hemisphere. During the quarter, STAR operated 45 vessels. As 2004 commenced, the market was down and did not strengthen until March. Although market rates were down approximately 7% when compared to the same period in 2003, STAR's rates were up by approximately 7% because it had contracts for a significant portion of its capacity. At present, the historically high fuel prices and scrap steel prices are placing increased pressure on owners to scrap older, lower quality vessels. In addition, the increased EU banana quota is expected to result in more volumes being shipping by the leading fruit majors thus creating a demand for more modern, reliable quality tonnage.

STCC operates three car carriers with five-year contracts expiring in 2005. Two of the vessels have contracts with options to extend. The third vessel recently received a new five-year contract which will commence at the end of the vessel's current contract.

As reported in May 2004, Siem Industri Kapital AB, the Company's 64%-owned Swedish subsidiary, sold its entire interest in "A" and "B" shares issued by Broström AB, a shipping company, for an aggregate sale price of SEK359 million, or approximately USD46 million. Proceeds from the sale will be used for paydown of credit facilities and working capital purposes.

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 week.

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 equities and 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](http://www.siemindustries.com)".



**SUMMARY FINANCIAL DATA (UNAUDITED)**

QUARTER ENDED 31 MARCH 2004  
(in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>Quarter Ended 31 March,</u>	
	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 57,564	\$ 57,727
Interest income	1,881	1,549
Gains (losses) on investments	2,018	426
Equity in income (loss) of unconsolidated affiliates	(11,731)	(12,909)
Other	363	152
	<u>50,095</u>	<u>46,945</u>
Operating expenses	(41,662)	(41,571)
Amortization and depreciation	(4,028)	(4,770)
Interest expense	(2,613)	(3,704)
General and administrative	(1,789)	(1,407)
Currency exchange gains (losses)	71	(1,370)
Other	(64)	(90)
Minority interests expense	970	1,967
Income (loss) before income taxes	980	(4,000)
Income tax expense (benefit)	48	872
Net income (loss)	<u>\$ 932</u>	<u>\$ (4,872)</u>
Net income per common share, basic and diluted	<u>\$ 0.06</u>	<u>\$ (0.29)</u>
Wtd. average no. of shares outstanding	<u>16,794</u>	<u>16,797</u>

CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u>	<u>December 31,</u>
	<u>2004</u>	<u>2003</u>
Cash and cash equivalents, including restricted cash	\$ 47,655	\$ 42,416
Net trading securities and short-term notes receivable	53,424	60,055
Other current assets	21,408	22,194
Restricted cash	9,575	13,782
Senior secured notes, notes receivable and other investments	24,167	25,041
Marketable equity securities	39,707	34,184
Investments in unconsolidated affiliates	140,019	158,259
Property and equipment, net	277,565	281,109
Goodwill	41,324	41,701
Other assets	2,129	1,746
Total Assets	<u>\$ 656,973</u>	<u>\$ 680,487</u>
Accounts and other payables	\$ 20,338	\$ 25,322
Current maturities and short-term notes	28,769	25,512
Other current liabilities	12,905	20,555
Long-term debt	232,913	257,265
Other	5,367	5,366
Minority interests	46,827	38,617
Shareholders' equity:		
Common stock	4,198	4,198
Paid-in capital	12,578	12,578
Retained earnings	255,908	254,976
	<u>272,684</u>	<u>271,752</u>
Accumulated other comprehensive income	37,170	36,098
Total Shareholders' Equity	<u>309,854</u>	<u>307,850</u>
Total Liabilities and Shareholders' Equity	<u>\$ 656,973</u>	<u>\$ 680,487</u>