



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. **REPORTS SECOND QUARTER RESULTS**

GEORGE TOWN, GRAND CAYMAN, 9 AUGUST 2004 – SIEM INDUSTRIES INC. reports the results for the quarter and six months ended 30 June 2004.

Net income for the quarter ended 30 June 2004 was \$9,788,000, or \$0.58 per share (2003: \$12,118,000, or \$0.72 per share). Net income for the six months ended 30 June 2004 was \$10,721,000, or \$0.64 per share (2003: \$7,757,000, or \$0.46 per share).

Vessel operating revenues and vessel operating expenses for the quarter in the amounts of \$65,835,000 and \$51,448,000 were higher than the corresponding amounts for the comparable period last year (2003: \$47,380,000 and \$38,623,000).

Equity in the income (losses) of unconsolidated affiliates for the quarter and six months periods were \$5,253,000 and \$(6,478,000), respectively (2003: \$11,817,000 and \$(1,092,000)).

The Company's consolidated results include the results from Siem Offshore, Inc. (OSE Symbol: SIEM), STAR Reefers, Inc. (OSE Symbol: SRI) and Siem Thoen Car Carriers Inc. (STCC) that are owned 72.2%, 66.5% and 88.1%, respectively, by the Company. DSND, Inc. changed its name to Siem Offshore Inc. following its Annual General Meeting in July 2004.

STAR operates in a seasonal industry with the first two calendar quarters being the most active for the ocean-borne transportation of fruit and other refrigerated products. For more information, please visit STAR's website at www.star-reefers.com.

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

Major components of the equity income (losses) noted above for the quarter ended 30 June 2004 include \$(3,892,000), \$3,304,000 and \$5,644,000, related to the Company's investments in Subsea 7, Inc., Overseas Drilling Ltd. and Siem Industriekapital AB (formerly, Four Seasons Capital AB), respectively. Major components of the equity income (losses) for the six months ended 30 June 2004 include \$(17,563,000), \$5,122,000 and \$-0-, related to Subsea 7, Overseas Drilling and Siem Industriekapital, respectively.

Subsea 7 is a joint venture company, owned 50%-owned by each of Siem Offshore and Halliburton Company, that operates in the offshore construction industry. 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. Although activity started to increase during the second quarter, the results were impacted by reduced utilization of vessels and equipment and by one-time writedowns for the termination of two chartered in vessels and provisions booked against variation orders that are currently being negotiated on projects completed during the quarter. Overseas Drilling is another joint venture company, owned 50% by each of Siem Offshore and Transocean Inc., that owns the scientific ocean research/drilling vessel, *Joides Resolution*. The vessel successfully completed a contract for the Japanese Petroleum Exploration Company in May 2004 and commenced a new 12-month contract with Texas A&M Research Foundation for the Integrated Ocean Drilling Program shortly thereafter. Siem Offshore's remaining operations made positive contributions to its results for both the quarter and six month periods ended 30 June 2004. For more information on Siem Offshore and its affiliates, please visit www.siemoffshore.com.

As reported in May 2004, Siem Industrikapital AB, a Swedish affiliate in which the Company holds a 64% beneficial ownership interest, sold its shares in Broström AB, a shipping company, for a sale price of SEK359 million and a gain of approximately SEK95 million. The Company recorded equity income for Siem Industrikapital based on this gain for the quarter ended 30 June 2004.

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 (parent company of Siem Industrikapital AB). Further, the Company invests, through its acquisition and reorganization fund, in the 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".



SUMMARY FINANCIAL DATA (UNAUDITED)
QUARTER AND SIX MONTHS ENDED 30 JUNE 2004
(in thousands, except per share amounts)

CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>Quarter Ended June 30,</u>		<u>Six Mos. Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Vessel operating revenues	\$ 65,835	\$ 47,380	\$ 123,399	\$ 113,813
Interest income	355	1,840	2,095	3,464
Gains (losses) on investments	341	506	2,359	689
Equity in income (losses) of unconsolidated affiliates	5,253	11,817	(6,478)	(1,092)
Other revenues	538	828	983	1,547
	<u>72,322</u>	<u>62,371</u>	<u>122,358</u>	<u>118,421</u>
Vessel operating expenses	(51,448)	(38,623)	(92,853)	(89,243)
Amortization and depreciation	(3,975)	(4,516)	(8,004)	(9,242)
Interest expense	(2,484)	(3,554)	(5,037)	(7,182)
General and administrative expenses	(2,160)	(1,761)	(4,204)	(2,968)
Currency exchange gains (losses)	(613)	1,459	(543)	89
Other expenses	(167)	(89)	(231)	(180)
Minority interest expense	(1,705)	(3,083)	(735)	(994)
Income before income taxes	9,770	12,204	10,751	8,701
Income tax expense (benefit)	(18)	86	30	944
Net income	<u>\$ 9,788</u>	<u>\$ 12,118</u>	<u>\$ 10,721</u>	<u>\$ 7,757</u>
Net income per common share, basic and diluted	<u>\$ 0.58</u>	<u>\$ 0.72</u>	<u>\$ 0.64</u>	<u>\$ 0.46</u>
Wtd. average no. of shares outstanding	<u>16,794</u>	<u>16,797</u>	<u>16,794</u>	<u>16,797</u>

CONSOLIDATED BALANCE SHEETS

	<u>June 30,</u>	<u>December 31,</u>
	<u>2004</u>	<u>2003</u>
Cash and cash equivalents, including restricted cash	\$ 39,417	\$ 42,416
Net trading securities and short-term notes receivable	33,472	26,276
Other current assets	57,655	55,973
Senior secured notes, notes receivable and other investments	10,074	25,041
Marketable equity securities	41,202	34,184
Investments in and advances to unconsolidated affiliates	139,536	158,259
Property and equipment, net	278,631	281,109
Goodwill	38,805	41,701
Other assets, including restricted cash	11,149	15,528
Total Assets	<u>\$ 649,941</u>	<u>\$ 680,487</u>
Accounts and other payables	\$ 13,145	\$ 25,322
Current maturities and short-term notes	33,879	25,512
Other current liabilities	13,723	20,555
Long-term debt	218,925	257,265
Other	5,499	5,366
Minority interests	48,605	38,617
Shareholders' equity:		
Common stock	4,198	4,198
Paid-in capital	12,578	12,578
Retained earnings	265,692	254,976
	<u>282,468</u>	<u>271,752</u>
Accumulated other comprehensive income	33,697	36,098
Total Shareholders' Equity	<u>316,165</u>	<u>307,850</u>
Total Liabilities and Shareholders' Equity	<u>\$ 649,941</u>	<u>\$ 680,487</u>