



# SIEM INDUSTRIES

## SIEM INDUSTRIES INC.

P.O. BOX 10718 APO, HARBOUR PLACE - 5TH FLOOR  
103 SOUTH CHURCH STREET, GEORGE TOWN  
GRAND CAYMAN, CAYMAN ISLANDS, BWI  
TELEPHONE NO.: +1.345.949.1030  
TELEFAX NO.: +1.345.946.3342

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD AT 12:00 NOON, FRIDAY, JULY 15, 2005

To the Shareholders of SIEM INDUSTRIES INC.:

Please accept notice that the Annual General Meeting of Shareholders of Siem Industries Inc. (the "Company") will be held at 12:00 noon local time on Friday, July 15, 2005, at the Company's office located at Harbour Place, 5<sup>th</sup> Floor, 103 South Church Street, George Town, Grand Cayman, Cayman Islands, BWI. The purpose of the meeting will be to:

1. Elect a director for the term ending in 2008;
2. Approve appointment of PricewaterhouseCoopers as auditors for the Company for the fiscal period ending December 31, 2005;
3. Transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on June 3, 2005 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual General Meeting and any adjournments thereof.

If you do not plan to attend the meeting, we request that shareholders complete, date, sign and deliver the enclosed form of proxy either: (1) by telefax to the Company's Secretary at telefax nos. +1.345.946.3342 or +1.713.224.1165 or (2) by mail to either of the Company's President at P.O. Box 10718 APO, George Town, Grand Cayman, Cayman Islands BWI or to the Company's Registrar at American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10273-0923.

By order of the Board of Directors of  
SIEM INDUSTRIES INC.

/s/ Michael Delouche  
Michael Delouche, Secretary

PLEASE COMPLETE, SIGN, DATE AND MAIL OR TELEFAX THE ENCLOSED PROXY

**SIEM INDUSTRIES INC.**  
P.O. BOX 10718 APO, HARBOUR PLACE - 5<sup>TH</sup> FLOOR, 103 SOUTH CHURCH STREET  
GEORGE TOWN, GRAND CAYMAN, CAYMAN ISLANDS, BWI

**PROXY STATEMENT**

ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD FRIDAY, JULY 15, 2005

GENERAL

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Siem Industries Inc., a Cayman Islands corporation (the "Company"), of proxies for the Annual General Meeting of Shareholders of the Company to be held at 12:00 noon, Friday, July 15, 2005 (the "Annual Meeting") and at any adjournments thereof. This proxy statement and the enclosed form of proxy are first being mailed to shareholders on or about June 10, 2005. As of the date of record, June 3, 2005, the Company had 16,766,992 shares of common stock issued and outstanding and each share is entitled to one vote.

PROXIES

Properly completed and signed proxies that are received prior to the Annual Meeting will be voted in accordance with the instructions of the persons executing the proxy. In the absence of such instructions, the proxies will be voted "FOR" the election of the Board of Directors' nominees as directors and "FOR" approval of the appointment of PricewaterhouseCoopers as auditors for the Company for fiscal year 2005.

Any shareholder signing and returning a proxy may revoke it at any time prior to its being voted by filing a written revocation with the Secretary of the Company, by filing a duly executed proxy bearing a later date or by voting in person at the meeting.

Management knows of no business that will be presented to the meeting other than as set forth in the proxy statement. If any other matter properly comes before the meeting, the persons named as proxies will vote on such matter in their discretion.

SHARE OWNERSHIP

The following table sets forth certain information, as of June 3, 2005, with respect to the only persons known to the Company who owned beneficially more than ten percent of the Company's common shares, US\$0.25 par value per share (Common Shares), its only outstanding equity securities, and the Common Shares owned by officers and directors of the Company, as a group:

<i>Name of Beneficial Owners or Identity of Group</i>	<i>Shares Beneficially Owned</i>	<i>Percentage of Common Shares</i>
Sero Trust (1)	8,852,688	52.8%
Storebrand Livforsikring AS (2)	1,714,500	10.2%
Officers and Directors as a Group (3)	1,382,092	8.2%

- (1) *The Sero Trust, whose potential beneficiaries include the mother and certain of the brothers of Mr. Kristian Siem, Chairman and Chief Executive Officer of the Company, is the owner of Elderberry Holdings Limited.*
- (2) *Storebrand acquired its ownership interest in the early 1990's through private placements.*
- (3) *Mr. Siem personally owns 1,378,992 Common Shares, or approximately 8.2%. The Ores Trust owns 1,352,432 Common Shares, or approximately 8.1% of the Common Shares. Mr. Siem and his wife and children are potential beneficiaries of the trust. Mr. Siem and the trustee for the Ores Trust hold separate voting and dispositive powers over their respective holdings.*

## PROPOSAL 1. ELECTION OF DIRECTORS

The Company's Board of Directors is divided into three classes. Each Director holds office for a three-year term and until a successor has been elected and qualified. Of the six current Directors, two Directors will have their terms expiring at the Annual General Meeting. Mr. Frank Capstick has announced his decision to retire from the Board. Therefore, only one Director will be nominated for re-election to the Board for a term ending in 2008. If the nominee becomes unavailable for election, the persons named as proxies shall have the right to cast votes in their discretion for a substitute nominee. The Company has no reason to believe that its nominee will not be unavailable.

<i>Nominees</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiring</i>	<i>Principal Occupation or Employment</i>
Frank Capstick	76	1997	2005	President of the Company from 1990 to 2003.
Michael Delouche	48	2003	2005	Controller of the Company from 1991 to 2003, Secretary since 1993, Vice-President in 2002 and President since 2003 and a director on the Boards of STAR Reefers Inc. and Siem Offshore Inc.

<i>Directors Continuing In Office</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiring</i>	<i>Principal Occupation or Employment</i>
M.D. Moross	74	1995	2006	Private investor and the father-in-law of Kristian Siem.
Rune Holen	42	2000	2006	Partner in Storebrand Alternative Investments ASA and director on the Boards of Alliance Venture I.P. and several private equity fund-of-funds managed by Storebrand.
Kristian Siem	56	1982	2007	Chairman of the Company, Chairman of STAR Reefers Inc., Siem Offshore Inc., Subsea 7 Inc. and Siem Capital AB and a director on the Boards of Transocean Inc. and North Atlantic Small Companies Investment Trust plc.
Barry W. Ridings	53	1993	2007	Managing Director of Lazard Frères & Co. and a director on the Board of New Valley Corporation.

## COMMITTEES OF THE BOARD

The Audit Committee, with Messrs. Holen and Ridings as members, reviews the relationship of the Company with its independent auditors and the details of its bookkeeping and finances. The Compensation Committee, with Messrs. Ridings and Moross as members, reviews and establishes the compensation program, of whatever form, for officers, directors and employees of the Company.

## PROPOSAL 2. APPROVAL OF APPOINTMENT OF AUDITORS

The Board of Directors proposes that the shareholders approve its appointment of PricewaterhouseCoopers as auditors of the Company for the reporting year ending December 31, 2005. Representatives of PricewaterhouseCoopers are expected to be available at the Annual Meeting. They will have an opportunity to address the meeting if they so desire and are expected to respond to appropriate questions.

## EXECUTIVE OFFICERS

The executive officers are appointed by and serve at the pleasure of the Board of Directors. The normal procedure is for the Board of Directors to convene a meeting immediately following the Annual General Meeting of Shareholders at which time the appointments to the individual offices are proposed and confirmed.

<i>Name</i>	<i>Office</i>	<i>Officer Since</i>
Michael Delouche	President and Secretary	1991

## COMPENSATION OF DIRECTORS AND OFFICERS

The aggregate fees incurred by the Company for the services of its directors and officers for fiscal years 2004 and 2003 were approximately \$2,487,000 and \$857,000, respectively. Messrs. Ridings, Holen, Moross and Capstick are entitled to a director's fee of \$18,000 per annum and reimbursements of expenses incurred on behalf of the Company. Specific agreements for the services of certain other directors and officers are as follows:

- (1) A management services agreement (the "MSA") between the Company and Mr. Siem commenced January 1, 2000. The MSA provides for Mr. Siem's employment and devotion of a minimum 50% of his professional time, skill and labor to perform his duties for and promote the interests of Siem Industries. The compensation consists of a base compensation in the amount of \$300,000 plus additional compensation equal to 5% of the audited net income for each year. The fees payable under the MSA were \$2,209,000 and \$629,000 for fiscal years 2004 and 2003, respectively.
- (2) Mr. Delouche is seconded to the Company under a separate management services agreement which provides for reimbursement for certain expenses incurred by him. The reimbursements for fiscal years 2004 and 2003 were approximately \$206,000 and \$204,000, respectively.

Performance units have been awarded in accordance with the Company's 1987 Performance Unit Plan (the "Plan"), as amended, by the Compensation Committee of the Board of Directors. The Plan provides that performance units shall be granted at a value no less than 110% of the average closing price of the Company's Common Shares for the 20 trading days prior to the date of the award. The aggregate sum of the performance unit value, which is determined by multiplying the number of performance units by the value per performance unit, is credited to the individual's performance unit account on the date of the award. Grants of awards vest 20% per year in five-year award periods; however, all rights to the performance unit account are forfeited if the individual's employment ceases before the end of the award period with certain reasonable exceptions including the death, total disability or retirement after age 60 of the individual.

Under the Plan, the amount of payment to the individual after the end of the award period is equal to the number of vested performance units multiplied by the difference between the closing price of the Company's Common Shares on the date of payment and the value of the performance units awarded. At the Company's option, the payment can be made in either cash or Company Common Shares.

The term of the Plan is the earlier of the vesting of an aggregate 1,600,000 performance units by the participants or January 2007.

The following table summarizes the performance unit awards which have been granted and are currently outstanding:

Name	PERFORMANCE UNITS	
	No. of Performance Units Awarded and Outstanding Granted May 1995 at \$3.00 per Unit	Granted May 1996 at \$5.50 per Unit
Kristian Siem	400,000	60,000
M.D. Moross	—	28,000
Barry W. Ridings	28,000	—
Michael Delouche	40,000	20,000

A total of 274,200 of the Performance Units originally granted in 1995 and 1996 have been forfeited.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company receives management, consulting and advisory services from certain individuals who are seconded to the Company under the MSA and a separate management agreement as previously noted.

The Company's Chairman holds an option to purchase the property housing the offices of Siem Kapital AS, a wholly-owned subsidiary, which is located in Oslo, Norway. The option provides for a one-year period commencing on the date that Mr. Siem is no longer an officer or director with the Company or any of its subsidiaries during which time he can purchase the property at the price paid by Siem Kapital. This option is subject to review by the Compensation Committee.

ADDITIONAL INFORMATION

*OFFICE*

The Company's registered office is located at c/o Maples and Calder, South Church Street, Grand Cayman, Cayman Islands, British West Indies. The Company's principal executive office is P.O. Box 10718 APO, Harbour Place - 5<sup>th</sup> Floor, 103 South Church Street, George Town, Grand Cayman, Cayman Islands, BWI, telephone no. +1.345.949.1030 and telefax no. +1.345.946.3342. Siem Kapital AS owns its office facility which is located at Jerpefaret 12, Voksenlia, N-0788 Oslo, Norway.

*MEETINGS*

For the year ended December 31, 2004, the Board of Directors conducted 3 regular meetings.

*EXPENSES OF SOLICITATION*

The cost of soliciting proxies, including reimbursement of expenses incurred by brokers, custodians, nominees and fiduciaries who may mail solicitation material to their principals, will be borne by the Company. The solicitation is being made by use of the mails, but also may be made by telephone and personal contact by employees of the Company.

*ANNUAL REPORT*

The Annual Report of the Company for the year ended December 31, 2004 is enclosed.

Selected financial data for the fiscal years ended December 31, 2004, 2003 and 2002, Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal years ended December 31, 2004 and 2003 and the Consolidated Financial Statements of the Company, all of which are included in the Annual Report of the Company, are incorporated herein by reference.

*SHAREHOLDER PROPOSALS FOR MEETING OF SHAREHOLDERS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005*

Shareholders may present proposals for inclusion in the Company's proxy statement and for consideration at the next Annual General Meeting of Shareholders by submitting their proposals to the Company in a proper form and timely manner. In order to be considered for the meeting following the conclusion of fiscal year 2005, shareholder proposals must be received by the Company at its Cayman Islands office by March 24, 2006.

If you do not plan to attend the meeting, we request that shareholders complete, date, sign and deliver the enclosed form of proxy either: (1) by telefax to the Company's Secretary at telefax nos. +1.345.946.3342 or +1.713.224.1165 or (2) by mail to either of the Company's President at P.O. Box 10718 APO, George Town, Grand Cayman, Cayman Islands, BWI or to the Company's Registrar at American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10273-0923.

By order of the Board of Directors,

/s/ Michael Delouche

Michael Delouche, Secretary



# **SIEM INDUSTRIES**

## SUBSIDIARIES AND AFFILIATES

Siem Offshore Inc.  
Subsea 7 Inc.  
STAR Reefers Inc.  
STAR Reefers Pool Inc.  
Siem Car Carriers Inc.  
Siem Acquisition and Reorganisation Fund, Inc.  
Siem Drilling Ltd.  
Siem Capital AB  
Siem Kapital AS  
Siem Capital International Ltd.  
Siem Capital UK Ltd.  
DSND Bygg AS

## DIRECTORS

Kristian Siem, Chairman  
M.D. Moross  
Barry W. Ridings  
Rune Holen  
Frank Capstick  
Michael Delouche

## REGISTERED OFFICE

Siem Industries Inc.  
c/o Maples and Calder  
South Church Street  
George Town, Grand Cayman  
Cayman Islands, BWI

## EXECUTIVE OFFICE

Siem Industries Inc.  
P.O. Box 10718 APO  
Harbour Place - 5<sup>th</sup> Floor  
103 South Church Street  
George Town, Grand Cayman  
Cayman Islands, BWI  
Telephone: +1.345.949.1030  
Telefax: +1.345.946.3342

## OFFICE

Siem Kapital AS  
Jerpefaret 12, Voksenlia  
N-0788 Oslo, Norway

SIEM INDUSTRIES INC. HOME PAGE

[www.siemindustries.com](http://www.siemindustries.com)

Annual Report: Shareholders may obtain additional copies without charge. Please refer to the Company's Home Page for contact information.