

**SIEM INDUSTRIES INC.**  
P.O. BOX 10718, HARBOUR PLACE - 5<sup>TH</sup> FLOOR, 103 SOUTH CHURCH STREET  
GEORGE TOWN, GRAND CAYMAN KY1-1006, CAYMAN ISLANDS

**PROXY STATEMENT**

ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD TUESDAY, 10 JULY 2007

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 11:00am, Tuesday, 10 July 2007 (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 15 June 2007. As of the date of record, 6 June 2006, the Company had 15,529,927 Common Shares issued and outstanding and each Common 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 2007.

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 6 June 2007, 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 other officers and directors of the Company, as a group:

Name of Beneficial Owners or Identity of Group	Shares Beneficially Owned	Percentage of Common Shares
Sero Trust (1)	8,755,638	56.4%
Kristian Siem (2)	1,878,356	12.1%
Other Officers and Directors as a Group	101,671	0.7%

(1) *The Sero Trust, whose potential beneficiaries include the mother and certain of the brothers of Mr. Kristian Siem, Chairman of the Company, is the beneficial owner of the Common Shares through its wholly-owned subsidiary, Elderberry Holdings Limited, which is the direct owner of the Common Shares. The trustee for the Sero Trust holds voting and dispositive power over its shareholding.*

(2) *Mr. Siem directly owns 1,878,356 Common Shares, or approximately 12.1% of the Common Shares. The Ores Trust is the beneficial owner of 1,352,432 Common Shares, or approximately 8.7% of the Common Shares, through its wholly-owned subsidiary, Siem Holding Inc., which is the direct owner of the Common Shares. Mr. Siem and his wife and children are potential beneficiaries of the Ores Trust. Each of Mr. Siem and the trustee for the Ores Trust hold separate voting and dispositive powers over their respective shareholdings.*

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 four current Directors, two Directors will have their terms expiring at the Annual General Meeting and a third Director will have his appointment expiring at the same time. These Directors have been nominated for election to the Board for terms ending in 2010. If any of the nominees

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 believes that its nominees will be available.

<i>Nominees</i>	<i>Age</i>	<i>Director Since</i>	<i>Term Expiring</i>	<i>Principal Occupation or Employment</i>
Kristian Siem	58	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	55	1993	2007	Managing director and the vice chairman of U.S. Investment Banking for Lazard Frères & Co. and also chairman of LFCM Holdings which includes the operations of Lazard Capital Markets and Lazard Alternative Investments.
Ivar Siem	61	2007	2007	Chairman and chief executive office of Blue Dolphin Energy Company and chairman and president of Drillmar, Inc. He is the brother of Kristian Siem.

## 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 31 December 2007. 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.

## DIRECTORS WITH CONTINUING TERMS

<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	76	1995	2009	Private investor and the father-in-law of Kristian Siem.

## COMMITTEES OF THE BOARD

The Audit Committee, with Messrs. Moross 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.

## 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

The Company recorded aggregate fees for the services of its directors and officers for fiscal years 2006 and 2005 were approximately \$4,509,000 and \$2,154,000, respectively. Directors 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:

*Management Services Agreement, Years 2005-2009* – Following the expiration of the former MSA at the end of 2004, a new 5-year MSA was agreed between the Company and Mr. Siem effective January 1, 2005. Many of the terms are similar to the former MSA. Mr. Siem must devote a minimum 50% of his professional time, skill and labor to perform his duties for and promote the interests of the Company. The annual compensation consists of a base compensation in the amount of \$700,000 plus additional compensation equal to 5% of the audited net income in excess of \$4,000,000. The fees payable under this MSA for fiscal years 2006 and 2005 were \$4,252,000 and \$1,842,000, respectively.

*Management Services Agreement* – 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 2006 and 2005 were approximately \$221,000 and \$206,000, respectively.

#### 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 and mailing addresses are P.O. Box 10718, Harbour Place - 5<sup>th</sup> Floor, 103 South Church Street, George Town, Grand Cayman KY1-1006, CAYMAN ISLANDS, 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 31 December 2006, the Board of Directors conducted 4 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 31 December 2006 is enclosed.

Selected financial data for the fiscal years ended 31 December 2006 and 2005, Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal years ended 31 December 2006 and 2005 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 FISCAL YEAR ENDED 31 DECEMBER 2007*

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 2007, shareholder proposals must be received by the Company at its Cayman Islands office by 27 March 2008.

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 (2) by mail to either of the Company's President at P.O. Box 10718, George Town, Grand Cayman KY1-1006, CAYMAN ISLANDS or to the Company's Registrar at American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10273-0923, USA.

By order of the Board of Directors,

Michael Delouche, Secretary  
15 June 2007