SIEM OFFSHORE INC.
REPORT FOR THE SECOND QUARTER AND FIRST HALF YEAR 2016

25 August 2016 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the second quarter and first half ended 30 June 2016.

SELECTED FINANCIAL INFORMATION

(Amounts in USD millions)	2016 2Q	2015 2Q	2016 1H	2015 1H	2015 Jan- Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	99.6	124.4	170.3	250.4	422.4
Operating margin	18.6	41.1	42.5	79.8	118.5
Operating margin, %	19%	33%	25%	32%	28%
Operating profit (loss)	1.3	(30.5)	10.3	(54.4)	(168.7)
Profit (loss) before taxes	(7.7)	(43.8)	(19.2)	(68.0)	(191.7)
Net profit (loss)	(7.9)	(45.0)	(17.5)	(70.6)	(196.4)
Net profit (loss) attributable to shareholders	(6.6)	(43.9)	(15.6)	(69.4)	(186.7)

HIGHLIGHTS FOR THE SECOND QUARTER

- Agreed a 5-year term contract with 2 x 1-year options for one dual-fuelled PSV for operation in Australia.
- Extension of charter for the scientific research vessel "Joides Resolution" until 30 September 2019. The charterer has further options to extend charter until 30 September 2023 on an annual basis.
- Agreed a 6-month extension of the contract for the PSV "Siem Pilot".
- SOC was awarded a turnkey supply and installation of the inner array grid cable system for the Beatrice Offshore Wind Farm project. Marine installation works are scheduled to commence in 2018.
- The Company acquired 50% of Secunda Canada LP ("Secunda") as part of the recapitalization of Secunda and increased its ownership to 100%.
- Secunda took delivery of the AHTS "Avalon Sea" from a yard in Poland in May and commenced a 6-year contract with an international oil company for operation outside of St John's, Newfoundland and Labrador, Canada.
- Terminated charter party for the OSCV "Siem Spearfish" due to default by the charterer.
- Took delivery of the cable-lay vessel ("CLV") "Siem Aimery" from a yard in Poland in April and commenced employment with Siem Offshore Contractors for project work within the submarine power cable installation, repair and maintenance segment.
- Took delivery of the first of two Well-Intervention Vessels ("WIV") from a yard in Germany and commenced a 7-year contract.
- Recorded aggregate backlog for the Offshore Support Vessels ("OSV") segment and the Industrial Segment of USD1.44 billion at 30 June 2016.

SUBSEQUENT EVENTS

- Extended the bareboat contract for MV "Hugin Explorer" by 15 months, increasing the period of the charter to 1 July 2019. The charterer has a purchase obligation at the end of the firm period.
- Concluded the sale of the PSV "Siem Carrier".
- Secunda was awarded 3-year term contracts, plus options, for two of its PSVs, the "Venture Sea" and the "Siem Hanne", with a major oil company.
- Received approval from all of its financing banks for a financial platform to position the Company for the expected challenging market in the coming years. The approvals, which are subject to the restructuring of the two public bonds issued by the Company, include a three-year extension of the final bullet payments of all mortgage debt due before 31 December 2019, deferral of instalments for the fleet of AHTS vessels for 2.5 years with a cash sweep mechanism, and the easing of certain debt covenant requirements for the next three years.
- Established a stand-alone AHTS vessel company, Siem AHTS Pool AS ("SAP"), into which the Company sold its 8 AHTS vessels and our unrelated partner sold its 2 AHTS vessels.

MARKET AND OUTLOOK

The North Sea spot market for OSVs improved towards the end of second quarter, particularly with respect to the AHTS rate levels. Based on the high-end versatile specification of our AHTS, the Company secured some vessels on medium-term contracts for subsea project-related work with operations commencing in late second into third quarter. The Company believes that the market will remain volatile for both the AHTS vessels and PSVs for an extended period with a number of rigs having been cold-stacked as end-clients continue to focus on cost-cutting and cash preservation.

In the renewables segment, Siem Offshore Contractors ("SOC") was awarded the Beatrice contract for works outside the northeast coast of Scotland. This is an EPIC contract for the inner-array grid cable-system between 84 wind turbines for the 588MW Beatrice Offshore Wind Farm with work scheduled for 2017/2018. SOC is experiencing a high level of tendering activity for further 2018/2019 contracts in the North Sea for both medium- and high-voltage power cables in the offshore wind-farm market.

RESULTS AND FINANCE

Income Statements (2Q 2016 over 2Q 2015)

Operating revenues were USD99.6 million (2015: USD124.4million). The operating margin was USD18.6 million (2015: USD41.1 million) and the operating margin as a percentage of revenues was 19% (2015: 33%).

Administration expenses were USD8.4 million (2015: USD10.9 million).

Operating profit/(loss) was USD 1.3 million (2015: USD(30.5) million) after depreciation and amortisation expenses of USD27.6 million (2015: USD26.4 million). A bargain purchase gain was recorded for USD 18.3 million following the acquisition of the remaining 50% shares in Secunda. The net currency exchange gains/(losses) of USD(7.1) million (2015: USD10.8 million) were recorded on currency derivative contracts of which USD10.0 million was an unrealised loss (2015: USD24.4 million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses. The net gain on sale of fixed assets was USD0.2 million (2015: nil).

Net financial items were USD(8.4) million (2015: USD(13.9) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(0.6) million (2015: USD(3.4) million) due to changes in currency exchange rates during the quarter. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currencies. The financial expenses of USD13.4 million included a net unrealised gain of USD0.2 million for interest swap agreements which are entered to hedge long-term interest rate exposure on floating rate borrowings.

The net profit/(loss) attributable to shareholders was USD(6.6) million (2015: USD(43.9) million), or USD(0.01) per share (2015: USD(0.11) per share).

Income Statements (1H 2016 over 1H 2015)

Operating revenues were USD170.3 million (2015: USD250.4 million). The operating margin was USD42.5 million (2015: USD79.8 million) and the operating margin as a percentage of revenues was 25% (2015: 32%).

Administration expenses were USD14.8 million (2015: USD21.1 million).

Operating profit/(loss) was USD10.3 million (2015: USD(54.4) million) after depreciation and amortization expenses of USD53.1 million (2015: USD53.2 million) and impairment costs of USD1.2 million (2015: USD56.0 million). Net currency exchange gains/(losses) of USD3.1 million (2015: USD(25.3) million) were recorded on currency derivative contracts of which USD(0.8) million was unrealised (2015: USD(6.9) million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses.

Net financial items were USD(29.4) million (2015: USD(13.5) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(11.0) million (2015: USD6.6 million) due to changes in currency exchange rates during the first half. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currencies. The financial expenses of USD26.5 million included a net unrealised loss of USD0.9 million for interest swap agreements (mark-to-market adjustment), which are entered into to hedge long-term interest rate exposure on floating rate borrowings.

The net profit/(loss) attributable to shareholders was USD(15.6) million (2015: USD(69.5) million).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD620.5 million at 30 June 2016 (31 December 2015: USD632.2 million), equivalent to USD0.74 per share (2015: USD0.75 per share). Earnings/(loss) per share first half-year was USD(0.02) (2015: USD(0.18)). Net cash flow from operations for first half-year 2016 was USD(1.8) million and the cash position at 30 June 2016 was USD80.1 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.3 billion. The Company made total drawings of the equivalent of USD194.1 million under credit facilities during first half-year 2016 and made principal repayments of USD127.1 million. The weighted average cost of debt for the Company was approximately 4.3% p.a. at 30 June 2016, including the effect of fixed interest rate swap agreements.

The Company has four vessels under construction at the end of the quarter. Total future yard instalments for vessels under construction were equivalent to USD229.1 million at the end of second quarter 2016. All of the instalments fall due in 2016.

The share capital is USD 8,420,214 representing a total of 842,021,380 shares with a nominal value of USD0.01 per share.

OFFSHORE SUPPORT VESSELS SEGMENT

The Fleet

The fleet in operation at the end of the second quarter totalled 46 vessels (2015: 46 vessels), including partly-owned vessels, eight vessels in lay-up, two vessels operated on behalf of a pool member and the "Joides Resolution".

Results for the Second Quarter 2016

Platform Supply Vessels (PSVs)

The Company had 13 PSVs in operation, consolidated on a 100% basis, at the end of the quarter (2015: 12). These PSVs recorded operating revenues of USD16.1 million and had an 82% utilisation (2015: USD21.9 million and 83%). The operating margin before administration expense was USD7.7 million (2015: USD10.9 million) and the operating margin as a percentage of revenues was 48% (2015: 54%).

Three PSVs are employed offshore West Africa, two are employed offshore Brazil, four are employed in the North Sea/Europe and two PSV's are on a bareboat contract. Two vessels have been in lay-up in second quarter. An agreement was reached to sell the platform supply vessel ("PSV") "Siem Carrier" and the vessel was moved to assets-held-for sale.

Offshore Subsea Construction Vessels (OSCVs)

The Company had five OSCVs in operation at the end of the quarter (2015: six).

The OSCVs earned operating revenues of USD16.3 million and had 96% utilisation (2015: USD30.6 million and 98%). The operating margin before administration expense for the OSCVs was USD6.2 million (2015: USD21.5 million) and the operating margin as a percentage of revenues was 38% (2015: 70%). Operating expenses include an accrual for bad debt of USD4.4 million related to the bankruptcy of a charterer and the terminated charter party. The Company is pursuing its rights against the charterer and owners under the charter party.

Three OSCVs operated on long-term contracts, with one operating in the US Gulf of Mexico and two vessels operating in the North Sea/Europe. One vessel has operated on short-term employment within the renewable market. The vessel related to the terminated charter continued its work for the end-client during the second quarter.

Anchor Handling Tug Supply (AHTS) Vessels

The Company had ten AHTS vessels in operation at the end of the quarter (2015: ten), of which two were owned by a pool partner. All vessels operated under a pool agreement where revenues and costs were shared in accordance with the pool agreement. The pool agreement was terminated with effect from 30 June 2016 and the Company and its pool partner sold their ten AHTS vessels into a new AHTS vessel company, Siem AHTS Pool AS ("SAP").

The AHTS fleet earned operating revenues of USD13.8 million based on 45% utilisation (2015: USD14.2 million and 67%). The operating margin before administration expense was USD2.3 million (2015: USD(2.4) million) and the operating margin as a percentage of revenues was 17% (2015: (17)%).

One vessel was operating on a long-term contract in Brazil which ended in June 2016, and was placed in lay-up in Norway. Two vessels were on term contracts in Australia at the end of the period.

Three vessels have been operating in the spot market in the North Sea/Europe during the quarter and four vessels were in lay-up during the second quarter.

Other Vessels

The Company had a fleet of six smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil spill recovery vessels) in operation at the end of the quarter (2015: nine). Five vessels operated on term contracts in Brazil and one vessel was in lay-up at the end of the quarter. The fleet earned operating revenues of USD5.3 million and had 70% utilisation (2015: USD5.9 million and 92%). The operating margin before administration expense for the fleet was USD2.1 million (2015: USD2.0 million) and the operating margin as a percentage of revenues was 40% (2015: 34%).

Secunda has a fleet of six offshore support vessels operating offshore Canada. The fleet earned operating revenues of USD8.7 million and had 90% utilisation (2015: USD9.2 million and 87%). The operating margin before administration expense for the fleet was USD2.4 million (2015: USD3.8 million) and the operating margin as a percentage of revenues was 27% (2015: 41%). The results for Secunda were recorded in accordance with the equity method for the first five months and are included under results from associated companies.

As part of a recapitalization of Secunda to provide capital finance for its new AHTS "Avalon Sea" and related importation cost and other working capital items, the Company acquired the 50% interest in Secunda held by an unrelated shareholder. After the recapitalization, Siem Offshore owns 100% of Secunda. The results for Secunda are recorded in accordance with the equity method for the first five months in 2016 and are fully consolidated with the effect from 1 June 2016.

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD0.5 million (2015: USD0.7 million) and an operating margin of USD0.1 million (2015: USD0.2 million). The operating margin as a percentage of revenue was 19% (2015: 28%). These results are recorded in accordance with the equity method.

Results for the First Half 2016

Platform Supply Vessels (PSVs)

The PSV fleet recorded operating revenues of USD33.7 million and had 80% utilisation (2015: USD46.5 million and 83%). The operating margin before administration expense for these PSVs was USD18.2 million, (2015: USD26.3 million) and the operating margin as a percentage of revenues was 54% (2015: 26.3%).

Offshore Subsea Construction Vessels (OSCVs)

The OSCV fleet earned operating revenues of USD35.4 million and had 94% utilisation (2015: USD60.9 million and 98%). The operating margin before administration expense for the OSCVs was USD14.4 million (2015: USD42.8 million) and the operating margin as a percentage of revenues was 41% (2015: 70%).

Anchor Handling Tug Supply (AHTS) Vessels

Siem Offshore's interest in the AHTS fleet represents operating revenues of USD27.1 million based on 40% utilisation (2015: USD29.6 million and 67%). The operating margin before administration expense was USD2.3 million (2015: USD1.1million) and the operating margin as a percentage of revenues was 17% (2015: 4%).

Other Vessels

The fleet of smaller Brazilian flagged vessels earned operating revenues of USD9.0 million and had 62% utilisation (2015: USD12.6 million and 92%). The operating margin before administration expense for the fleet was USD3.5 million (2015: USD4.5 million) and the operating margin as a percentage of revenues was 36% (2015: 36%).

The 100%-owned company, Secunda Canada LP, earned operating revenues of USD15.5 million and had 90% utilisation (2015: USD15.9 million and 87%). The operating margin before administration expense for the fleet was USD3.9 million (2015: USD5.4 million) and the operating margin as a percentage of revenues was 25% (2015: 34%). The results for Secunda are recorded in accordance with the equity method for the first five months in 2016 and are fully consolidated with the effect from 1 June 2016.

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD1.1 million (2015: USD1.7 million) and an operating margin of USD0.2 million (2015: USD0.5 million). The operating margin as a percentage of revenue was 19% (2015: 28%). These results are recorded in accordance with the equity method.

Contract Backlog for Offshore Support Vessels

The Contract Backlog as a percentage of each of the above categories of vessels is as follows:

Contract Backlog,	2016	2017	2018
PSVs	61%	42%	35%
OSCVs	80%	52%	39%
AHTS vessels	17%	8%	-
Well-intervention vessels	100%	100%	100%
Brazilian-flagged vessels	83%	83%	73%
Secunda	69%	54%	59%
Big Orange XVIII	100%	100%	8%

The total contract backlog of firm contracts for the OSV segment at 30 June 2016 was USD1.1 billion, including Big Orange XVIII, Secunda and the vessels under construction, and is allocated as follows:

(Amounts in USD million)	2016	2017	2018 onwards
Backlog	114	231	720

Health, Safety, Environment & Quality (HSEQ)

The Company's target includes zero personal injuries, no harm to the environment and no damage to or loss of equipment and property.

The good HSEQ performance has continued, passing one year on 22 July with zero Lost Time Incidents. The safety records this year report no serious injury to personnel or discharges to the environment.

Newbuilding Program

The Company, including subsidiaries, had four vessels under construction at 30 June 2016. Three vessels were under construction in Poland and one in Germany. These four vessels included three dual-fuelled PSVs and one Well-Intervention Vessel ("WIV"). All vessels are scheduled for delivery in 2016. The Company has secured long-term employment for one of the three dual-fuelled PSVs and for the WIV.

INDUSTRIAL SEGMENT

Submarine Power Cable Activities – Siem Offshore Contractors ("SOC")

Results for the Second Quarter 2016

Siem Offshore Contractors ("SOC") generated gross revenues of USD36.9 million in the second quarter 2016 (2015: USD45.1 million). The projects within SOC are accounted for using the percentage-of-completion method and no profit margin will be recorded until the respective project's offshore operation has commenced and the project has reached 25% technical progress. SOC recorded USD(1.5) million (2015: USD13.1 million) in margin from its various projects in the second quarter before administrative expense. Subject to the margin being forecasted as positive and prior to the project reaching a percentage-of-completion where margin is recognized, project revenues are recorded to match the costs of progress of execution. The negative operating margin is due to a late start and to the rescheduling of the offshore work sequence which improved operational efficiency and utilization of vessels but which also delayed the completion of payment milestones. The first milestones completion was achieved early July, leading to a positive result.

The offshore operation on the Nordsee One Inner Array Grid project has started this year with our Installation Support Vessel ("ISV") "Siem Moxie" and the newbuild Cable Lay Vessel ("CLV") "Siem Aimery". Both vessels are on charter to SOC for the cable installation projects and walk-to-work service.

Project Overview

SOC is currently working on the following projects:

- The Nordsee One Offshore Wind Farm ("OWF") (Inner Array Grid) project is on track for completion by the fourth quarter 2016. The offshore cable installation started in second quarter and is progressing well. The schedule is ahead of plan due to the good performance of both the Siem Aimery and Siem Moxie.
- The Nordsee One OWF (Export Cable) project is scheduled for completion in first quarter 2017. The offshore operation is planned for the second half year of 2016.
- The Veja Mate OWF (Inner Array Grid) project is on track for scheduled completion in second quarter 2017. The offshore operation is planned to commence in the second half year of 2016.

SOC closed the Baltic 2 OWF project in the second quarter.

In June 2016, SOC was awarded the contract for the turnkey supply and installation package of the inner array grid cable system for the 588 megawatt Beatrice Offshore Wind Farm. This project is planned to start offshore in 2017.

The tendering activity remains high with several prospects being pursued for 2018 and beyond.

Results for the First Half 2016

SOC generated gross revenues of USD 44.6 million. The projects within SOC are accounted for using the percentage-of-completion method and no profit margin will be recorded until the respective project offshore operation has commenced and the project has reached 25% technical progress. SOC recorded USD(0.8) million in margin from its various projects, before administrative expense. The negative operating margin is due to a late start and to the rescheduling of the offshore work sequence which improved operational efficiency and utilization of vessels but which also delayed the completion of payment milestones. The first milestones completion was achieved early July leading to a positive result.

Technology Investment – Siem WIS

Results for the Second Quarter 2016

Siem WIS recorded operating revenues of USD0.2 million (2015: USD1.8 million) and an operating margin before administration expenses of USD(0.2) million (2015: USD1.3 million).

In the second quarter Siem WIS had activities related to demobilization of equipment from the Gullfaks A operation, in addition to preparing for the two next operations.

Preparation for the Managed Pressure Drilling ("MPD") operation for Total's "Solaris Well" commenced end of June 2016 and the operation is ongoing.

A new Gullfaks A operation was planned for in May 2016, however, this operation was delayed and the system was mobilized during the summer months.

Results for the First Half 2016

Siem WIS recorded operating revenues of USD1.2 million (2015: USD2.3 million) and an operating margin before administration expenses of USD0.4 million (2015: USD1.6 million). The operating margin as a percentage of revenue was 32% (2015: 69%).

Scientific Core-Drilling – Overseas Drilling Ltd, owner of the "JOIDES Resolution"

Results for the Second Quarter 2016

The scientific core-drilling vessel "JOIDES Resolution" recorded operating revenues of USD6.5 million (2015: USD6.5 million) and an operating margin before administration expenses of USD4.0 million (2015: USD3.7 million). The operating margin as a percentage of revenue was 62% (2015: 55%).

Results for the First Half 2016

The "JOIDES Resolution" recorded operating revenues of USD13.0 million (2015: USD13.0 million) and an operating margin before administration expenses of USD7.8 million (2015: USD7.1 million). The operating margin as a percentage of revenue was 60% (2015: 55%).

Contract Backlog for the Industrial Segment

The total Contract Backlog for the Industrial Segment at 30 June 2016 was USD376 million and is allocated as follows:

(Amounts in USD million)	2016	2017	2018 onwards
Siem Offshore Contractors	124	97	72
"JOIDES Resolution"	13	26	44

On behalf of the Board of Directors of Siem Offshore Inc.

24 August 2016

Eystein Eriksrud, Chairman

Idar Hillersøy, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

(Amounts in USD 1 000)	Note	2016 2Q	2015 2Q	2016 1H	2015 1H	2015 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	99 557	124 425	170 314	250 420	422 449
Operating expenses		-72 518	-72 416	-112 992	-149 511	-265 326
Administration expenses		-8 418	-10 923	-14 796	-21 083	-38 575
Operating margin		**18 621**	**41 086**	**42 526**	**79 826**	**118 548**
Depreciation and amortization	5	-27 608	-26 426	-53 135	-53 176	-107 025
Impairment of vessels	5,9	-1 209	-56 000	-1 209	-56 000	-159 465
Impairment of intangibles	5,9	-	-	-	-	-6 705
Gain/(loss) on sales of fixed assets	5,9	213	15	568	-	16 317
Gain on bargain purchase	10	18 269	-	18 269	-	-
Gain on sale of interest rate derivatives (CIRR)	6	92	92	184	184	368
Gain/(loss) on currency derivative contracts		-7 081	10 780	3 054	-25 272	-30 775
Operating profit/(loss)	4	**1 297**	**-30 452**	**10 257**	**-54 438**	**-168 735**
Financial revenues		5 630	2 409	8 153	4 658	11 184
Financial expenses		-13 446	-12 867	-26 483	-24 801	-54 677
Net currency gain/(loss) on revaluation		-627	-3 420	-11 042	6 602	22 110
Net financial items		**-8 443**	**-13 878**	**-29 372**	**-13 541**	**-21 384**
Result from associated companies		-511	525	-49	-29	-1 560
Profit/(loss) before taxes		**-7 657**	**-43 806**	**-19 164**	**-68 008**	**-191 679**
Tax benefit / (expense)	7	-227	-1 238	1 710	-2 597	-4 737
Net profit/(loss)		**-7 884**	**-45 043**	**-17 454**	**-70 606**	**-196 416**
Attributable to non-controlling interest		-1 314	-1 107	-1 892	-1 156	-9 729
Attributable to shareholders		**-6 570**	**-43 936**	**-15 562**	**-69 449**	**-186 687**
Weighted average number of outstanding shares('000)		842 021	387 591	842 021	387 591	518 318
Earnings(loss) per share (basic and diluted)		-0,01	-0,11	-0,02	-0,18	-0,36

Comprehensive Income Statements *(Amounts in USD 1 000)*	2016 2Q	2015 2Q	2016 1H	2015 1H	2015 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Net profit/(loss)	**-7 884**	**-45 043**	**-17 454**	**-70 606**	**-196 416**
Other comprehensive income (expense):					
Items that will not be reclassified to profit or loss:					
Pension remeasurement gain/(loss)	231		231		-1 178
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	-2 721	6 053	31 317	-26 340	-51 245
Currency translation differences	-1 065	-3 502	-27 707	19 848	-9 687
Total comprehensive income for the period	**-11 439**	**-42 492**	**-13 614**	**-77 097**	**-258 526**
Attributable to non-controlling interest	-1 287	-1 139	-1 878	-1 058	-9 520
Attributable to shareholders of the Company	**-10 152**	**-41 353**	**-11 736**	**-76 040**	**-249 006**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in USD 1 000)	Note	30.06.2016	31.12.2015
		Unaudited	*Audited*
Non-current assets			
Vessels and equipment	5, 9	1 749 014	1 391 695
Vessels under construction	5, 8	79 019	185 064
Capitalized project cost	5	6 297	5 381
Investment in associates and other long-term receivables		65 941	68 258
CIRR loan deposit 1)	6	83 027	88 002
Deferred tax asset		11 812	11 668
Intangible assets	5, 9	18 079	16 849
Total non-current assets		**2 013 189**	**1 766 916**
Debtors, prepayments and other current assets		115 411	115 994
Assets held-for-sale		1 317	3 459
Cash and cash equivalents	6	80 050	148 753
Total current assets		**196 778**	**268 206**
Total assets		**2 209 967**	**2 035 122**
Equity			
Paid-in capital		625 219	625 219
Other reserves		-104 252	-108 151
Retained earnings		99 512	115 147
Shareholders´ equity		**620 479**	**632 215**
Non-controlling interest		31 415	33 293
Total equity		**651 894**	**665 508**
Liabilities			
Borrowings	6, 8	1 159 867	1 007 925
CIRR loan 1)	6	83 027	88 002
Other non-current liabilities		39 638	43 238
Total non-current liabilities		**1 282 533**	**1 139 165**
Borrowings	6	158 453	114 660
Accounts payable and other current liabilities		117 088	115 788
Total current liabilities		**275 541**	**230 448**
Total liabilities		**1 558 073**	**1 369 613**
Total equity and liabilities		**2 209 967**	**2 035 122**

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in USD 1 000)	**2016 1H**	**2015 1H**	**2015 Jan-Dec**
	Unaudited	*Unaudited*	*Audited*
Cash flow from operations			
Net profit/(loss)	-17 454	-70 606	-196 416
Interest expense	22 059	2 597	51 796
Interest income	-6 007	25 589	-4 223
Tax expense	-1 710	-2 071	4 737
Interest paid	-23 602	-25 803	-50 649
Taxes paid	850	-1 360	-2 272
Results from associated companies	49	29	1 560
Loss/(gain) on sale of assets	-568	-	-16 317
Gain from bargain purchase	-18 269	-	-
Value of employee services	265	713	-1 728
Impairment of vessels	1 209	56 000	159 465
Impairment of intangibles	-	-	6 705
Depreciation and amortization	53 135	53 176	107 025
Effect of unreal. currency exchange forward contracts	805	6 865	-2 074
Changes in short-term receivables and payables	-7 813	6 766	-25 149
CIRR	-184	-184	-368
Other changes	-4 581	3 359	10 373
Net cash flow from operations	**-1 814**	**55 071**	**42 462**
Cash flow from investing activities			
Interest received	6 004	2 069	4 233
Investments in fixed assets	-194 985	-55 100	-149 631
Proceeds from sale of fixed assets	568	-26	122 193
Proceeds from sale of shares	-	-	2 620
Investment in subsidiaries	-286	-	-2 510
Cash received at acquisition of subsidiary	4 599	-	-
Dividend from associated companies	-	945	1 355
Investment in associated companies	-	-2 271	-3 576
Cash flow from investing activities	**-184 100**	**-54 382**	**-25 315**
Cashflow from financing activities			
Proceeds from issue of new equity	-	-	98 983
subsidiaries	-	409	4 744
Proceeds from bank overdraft	-	-1 398	-4 014
Proceeds from new long-term borrowing	194 082	33 200	109 583
Repayment of long-term borrowing	-127 098	-71 202	-182 820
Cash flow from financing activities	**66 984**	**-38 990**	**26 476**
Net change in cash	**-118 931**	**-38 302**	**43 623**
Cash at bank start of period	148 753	117 623	117 623
Effect of exchange rate differences	50 227	-4 788	-12 494
Cash at bank at end of period	**80 050**	**74 533**	**148 753**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity on January 1, 2016	**842 021 380**	**8 420**	**616 799**	**-108 151**	**115 147**	**632 215**	**33 293**	**665 508**
Change previous periods					213	**213**		**213**
Net profit to shareholders					-15 562	**-15 562**	-1 892	**-17 454**
Value of employee services				265		**265**		**265**
Pension remeasurement					-	**-**		**-**
Currency revaluation					-286	**-286**		**-286**
Cash flow hedge				24		**24**		**24**
Currency translation differences				3 610		**3 610**	14	**3 624**
Total comprehensive income/(expense)		**-**	**-**	**3 899**	**-15 535**	**-11 736**	**-1 878**	**-13 615**
Equity on June 30, 2016	**842 021 380**	**8 420**	**616 799**	**-104 252**	**99 512**	**620 479**	**31 415**	**651 894**

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity on January 1, 2015	**387 591 380**	**3 876**	**522 361**	**-45 491**	**304 237**	**784 983**	**38 666**	**823 649**
Change previous periods					-869	**-869**		**-869**
Net profit to shareholders					-186 687	**-186 687**	-9 729	**-196 416**
Value of employee services				-1 728		**-1 728**		**-1 728**
Pension remeasurement					1 178	**1 178**		**1 178**
Currency revaluation				-9 687	-2 710	**-12 398**	209	**-12 189**
Cash flow hedge				-65 866		**-65 866**		**-65 866**
Reclassification to profit or loss				14 621		**14 621**		**14 621**
Total comprehensive income / (expense)		**-**	**-**	**-62 660**	**-189 088**	**-251 749**	**-9 520**	**-261 270**
Share issues in partially owned subsidiaries						-	6 276	**6 276**
Capital reduction in partially owned subsidiaries						**-**	-4 811	**-4 811**
Impairment of excess value partially owned subsidiaries						**-**	2 682	**2 682**
Shares issues in Siem Offshore Inc.	454 430 000	4 544	94 438			**98 983**	-	**98 983**
Equity on December 31, 2015	**842 021 380**	**8 420**	**616 799**	**-108 151**	**115 147**	**632 215**	**33 293**	**665 508**

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2016 has been prepared in accordance with IAS 34 – Interim Financial. Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

24 August 2016

Eystein Eriksrud Chairman (sign.)	Kristian Siem (sign.)	John C. Wallace (sign.)
Michael Delouche (sign.)	Alexander Monnas (sign.)	Idar Hillersøy (sign.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 30 June 2016 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015 which have been prepared in accordance with IFRSs.

Note 2 – Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015 and with new standards, amendments to standards and interpretations that have become effective in 2016. The adoption of these amendments had no material impact on the reported income or net assets of the Company.

Note 3 – Financial Risks

3.1 Interest Risk

The Company is exposed to changes in interest rates as approximately 58% of the long-term interest-bearing debt was subject to floating interest rates at the end of June 2016. The remaining portion of the debt is subject to fixed interest rates.

3.2 Currency Risk

The Company is exposed to currency risk as revenue and costs are denominated in various currencies. The Company is also exposed to currency risk due to future yard instalments in relation to shipbuilding contracts and long-term debt in various currencies. Forward exchange contracts are entered into in order to reduce the currency risk related to future cash flows.

3.3 Liquidity Risk

The Company is financed by debt and equity. If the Company fails to repay or refinance its credit facilities, additional equity financing may be required. There can be no assurance that the Company will be able to repay its debts or extend the debt repayment schedule through re-financing of credit facilities. There is no assurance that the Company will not experience cash flow shortfalls exceeding the Company's available funding sources or to remain in compliance with minimum cash requirements. Further, there is no assurance that the Company will be able to raise new equity or arrange new credit facilities on favourable terms and in amounts necessary to conduct its ongoing and future operations should this be required.

3.4 Yard Risk

The process for construction of new vessels is associated with numerous risks. Among the most critical risk factors in relations to such construction is the risk of not receiving the vessels on time, at budget and with agreed specifications. In addition, there is the risk of yards experiencing financial or operational difficulties resulting in bankruptcy or otherwise adversely affecting the construction process. The Company has obtained certain guarantees of financial compensation including refund guarantees in case of delays and non-delivery. Further, the Company has the right to cancel contracts if delivery of vessels is significantly delayed. However, no assurance can be given that all risks have been fully covered.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Segment Reporting by BusinessArea

(Amounts in USD 1 000)	2016 2Q	2015 2Q	2016 1H	2015 1H	2015 Jan - Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area					
Platform Supply Vessels (1)	16 067	21 866	33 674	46 486	76 455
Offshore Subsea Construction Vessels	16 274	30 568	35 432	60 924	111 315
Anchor Handling Tug Supply Vessels	13 815	14 161	27 112	29 640	54 692
Well intervention vessels	1 855	-	1 855	-	-
Other vessels in Brazil	5 299	5 924	9 017	12 639	21 326
Canadian built fleet	3 987	-	3 987	-	-
Other/Intercompany elimination	-2 093	-2 394	-1 711	-3 890	-9 323
Operating revenue, OSV segment	**55 205**	**70 125**	**109 367**	**145 799**	**254 465**
Combat Management Systems	805	943	2 211	3 186	4 741
Submarine Power Cable activities	36 941	45 070	44 567	86 094	132 307
Scientific Core-Drilling	6 445	6 517	12 979	12 992	26 164
Siem WIS	161	1 769	1 191	2 349	4 773
Operating revenue, Industrial Segment	**44 352**	**54 300**	**60 947**	**104 621**	**167 984**
Total operating revenue	**99 557**	**124 425**	**170 314**	**250 420**	**422 449**

(Amounts in USD 1 000)	2016 2Q	2015 2Q	2016 1H	2015 1H	2015 Jan - Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating profit by business area					
Platform Supply Vessels 1)	122	-14 633	4 257	-6 590	-28 980
Offshore Subsea Construction Vessels	490	-7 378	2 919	6 860	19 998
Anchor Handling Tug Supply Vessels 1)	-7 537	-25 672	-12 645	-35 645	-134 230
Well intervention vessels	-365	-	-365	-	-
Other vessels in Brazil	761	1 060	871	2 637	3 478
Canadian built fleet	1 234	-	1 234	-	-
Other/Intercompany elimination	2 956	483	2 725	3 111	-3 413
Operating profit, OSV segment	**-2 339**	**-46 139**	**-1 004**	**-29 627**	**-143 147**
Combat Management Systems	-57	-466	-43	-492	-208
Submarine Power Cable activities	-1 931	12 645	-1 719	15 714	15 856
Scientific Core-Drilling	3 047	2 709	5 961	5 376	10 709
Siem WIS	-498	835	-216	761	720
Operating profit, Industial segment	**561**	**15 723**	**3 983**	**21 360**	**27 076**
Administration expenses	-8 418	-10 923	-14 795	-21 083	-38 575
Gain from sale of fixed assets	213	15	568	-	16 317
Gain from bargain purchase	18 269	-	18 269	-	-
Gain sale of interest rate derivatives	92	92	184	184	368
Currency gain/(loss)	-7 081	10 781	3 054	-25 272	-30 775
Total operating profit	**1 297**	**-30 452**	**10 257**	**-54 438**	**-168 735**

(1) Platform Supply Vessel category and Anchor Handling Tug Supply Vessel category include Intercompany revenue from contracting work for the 100% owned subsidiary "Siem Offshore Contractors GmbH" which is included in the Intercompany eliminations in the table above.

NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Vessels Under Construction and Vessels and equipment

(Amounts in USD 1 000)	Land and buildings	Vessels and equipment	Vessels under construction	Capitalised project costs	Total
Purchase cost on January 1, 2016	**310**	**2 002 474**	**192 564**	**12 676**	**2 208 024**
Capital expenditure	-	19 985	172 048	2 951	**194 984**
Business combinations	-	106 586	-	-	**106 586**
Movement between groups	-	4 525		-871	**3 654**
Delivery of vessels	-	285 745	-285 618		**127**
The year's disposal at cost	-	-6 365	-	-	**-6 365**
Effect of exchange rate differences	4	5 128	25	-	**5 157**
Purchace cost on June 30, 2016	**314**	**2 418 078**	**79 019**	**14 756**	**2 512 167**
Accumulated depreciation on January 1, 2016	**-20**	**-437 104**	**-**	**-7 295**	**-444 419**
Accumulated impairment on January 1, 2016	**-**	**-173 965**	**-7 500**	**-**	**-181 465**
Movement between groups	-	-7 500	7 500	-	**-**
The year's depreciation	-6	-51 720	-	-1 164	**-52 890**
The year's disposal of accumulated depreciation	-	1 377	-	-	**1 377**
Effect of exchange rate differences	-	-440	-	-	**-440**
Accumulated depreciation on June 30, 2016	**-26**	**-669 352**	**-**	**-8 459**	**-677 837**
Net book value on June 30, 2016	**288**	**1 748 726**	**79 019**	**6 297**	**1 834 330**

The balance of capitalised project costs relates to specific contracts. The costs are amortized over the term of the specific charter contracts.

Intangible assets

(Amounts in USD 1 000)	Goodwill	Research and development	Trademarks and licences	Total
Purchase cost on January 1, 2016	**15 555**	**12 026**	**380**	**27 961**
Business combinations	1 123	-	-	**1 123**
Investments	-	28	-	**28**
Effect of exchange rate differences	260	141	18	**419**
Purchase cost on June 30, 2016	**16 938**	**12 195**	**398**	**29 531**
Accumulated depreciation on January 1, 2016				
Accumulated impairment on January 1, 2016	**-**	**-10 765**	**-347**	**-11 112**
The year's ordinary depreciation	-	-245	-	**-245**
Effect of exchange rate differences	-	-79	-16	**-95**
Accumulated depreciation on June 30, 2016	**-**	**-11 089**	**-363**	**-11 452**
Net book value on June 30, 2016	**16 938**	**1 106**	**34**	**18 079**

NOTES TO THE FINANCIAL STATEMENTS

The balance of capitalised project costs relates to specific contracts. The costs are amortized over the term of the specific charter contracts.
Goodwill was recorded following Siem Offshore's purchase of Siem Offshore Contractors.
Trademarks and licences refer to Siem WIS AS patented technology for the drilling industry. The figures include assets under development and developed assets, and the depreciation refers to assets that are not yet commercialized.

Note 6 – Net Interest-Bearing Debt

(Amounts in USD 1 000)	**30.06.2016**	**31.12.2015**
	Unaudited	*Audited*
Total cash	**80 050**	**148 753**
Short-term interest bearing-debt	158 453	114 660
Long-term interest bearing-debt	1 159 867	1 007 925
Total interest-bearing debt	**1 318 320**	**1 122 585**
Net interest-bearing debt	**1 238 270**	**973 832**

Unearned CIRR *)	**30.06.2016**	**31.12.2015**
Beginning of year	1 418	1 786
Recognized in the profit and loss account	-184	-368
End of period	**1 234**	**1 418**

The interest-bearing debt is denominated in currencies as follows: USD 71.6%, NOK 24.9 % and EUR 4.5 %.

Note 7 – Taxes

The Company is subject to taxes in several jurisdictions where significant judgement is required in calculating the tax provision for the Company. There are several transactions for which the ultimate tax cost is uncertain and for which the Company makes provisions based on an assessment of internal estimates, tax treaties and tax regulations in countries of operation, and appropriate external advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax charge in the period in which the outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Committed capital

Committed capital expenses to be paid in future period:

(Amounts in USD 1 000)	**30.06.2016**	**31.12.2015**
Combined contract value end of period for the vessels	490 062	596 594
Instalments paid	260 968	200 694
Unpaid instalments	**229 094**	**395 900**

Instalments falling due over the next two years

(Amounts in USD 1 000)	**USD**
2016	229 094
2017	-
Total	**229 094**

The Company had four vessels under construction at the end of the quarter.
Three of these vessels are under construction in Poland and one in Germany. These four vessels include three dual-fuel PSVs and one Well-Intervention Vessel. All vessels are shceduled for delivery in 2016.

Note 9 – Exceptional items

(Amounts in USD 1 000)	**2016 2Q**	**2015 2Q**	**2016 1H**	**2015 1H**	**2015 Jan-Dec**
Operating items	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Impairment charge relating to vessel-segments:					
AHTS vessels	-	13 000	-	13 000	39 507
PSV	1 209	20 000	1 209	20 000	24 849
OSCV	-	23 000	-	23 000	95 109
Total impairment charge for vessels and equipment	**1 209**	**56 000**	**1 209**	**56 000**	**159 465**
Impairment charge relating to intangibles	-	-	-	-	6 705
Total charge for impairments	**1 209**	**56 000**	**1 209**	**56 000**	**166 170**

At 30 June 2016 impairment tests were performed for vessels and capitalized equipment and investments in subsidiaries and the company indentified possible impairment for such assets. Valuation was received from accredited brokers for all vessels. In addition, value-in-use calculations were performed for all vessels to test broker's values. Value-in-use calculations have been based on conservative residual values.

Note 10 – Gain from Bargain Purchase

During the second quarter, the Company acquired the remaining 50% interest in Secunda from the previous owner, a private equity partnership. The former owner had considered and determined that it did not wish to continue the ongoing financial commitments and obligations that are required of owners in the offshore shipping industry and sold its interest to the Company. As a result of the acquisition, the Company recognized a bargain purchase gain of USD 18.3 million.

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