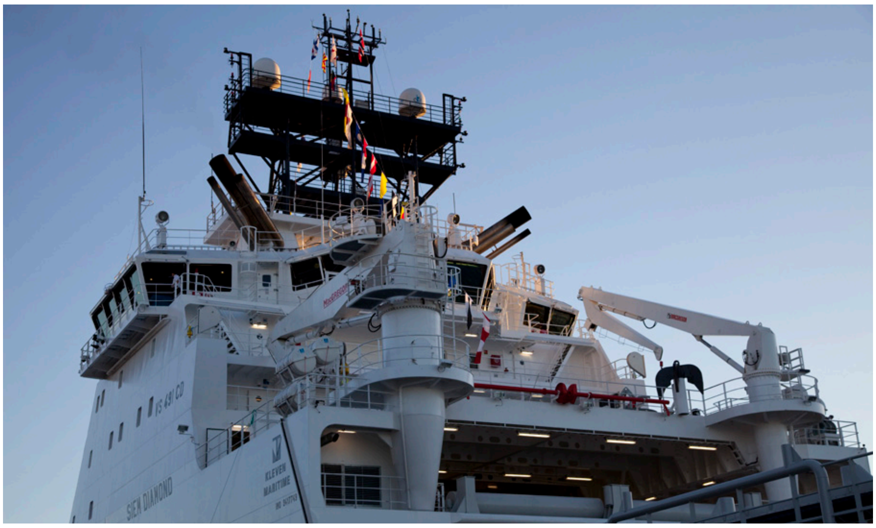
Fourth Quarter Report 2010 and Fiscal Year 2010

This is Siem Offshore

The Company's vision is to be a preferred supplier of marine services to the oil and gas industry based on quality and reliability, and by providing cost efficient solutions by close cooperation with customers.



Siem Diamond.

The Company was founded as a stand-alone entity in 2005 and has become a significant operator of modern support vessels for the global oil and gas industry. The Group had 33 vessels in operation and 9 vessels under construction at the end of December 2010. The total fleet of 42 in operation and under construction, includes, among others, 13 platform supply vessels ("PSVs"), four multipurpose, ROV support vessels ("MRSVs") and eight anchor handling, tug, supply vessels ("AHTS vessels"). The Company will become one of the world's largest owner and operator of large AHTS vessels following the delivery of the new building program.

Siem Offshore has one of the world's most modern fleet of offshore support vessels and is as such capable to meet the increased requirements from clients and new geographical areas. The Group provides a wide range of services from its vessels, equipment and experienced onshore and offshore personnel with high focus on Health, Safety, Environment and Quality.

The Group's headquarters is located in Kristiansand, Norway. The Group has also offices in Brazil, Turkey and India and is represented in Nigeria.

The Company's shares are listed on the Oslo Stock Exchange.

Report for the Fourth Quarter 2010 and Fiscal Year 2010

24 February 2011 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and twelve months ended 31 December 2010.

Selected Financial Information

	2010	2009	2010	2009
	Q4	Q4	Jan-Dec	Jan-Dec
(Amounts in USD million)	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
Operating revenue	60.9	49.2	228.3	183.6
Operating margin	18.0	10.4	74.6	57.9
Operating margin, %	29 %	21 %	33 %	32 %
Operating profit	7.8	3.6	17.2	80.7
Profit before taxes and minorities	2.9	11.7	10.3	102.0
Net profit attributable to shareholders	4.1	14.7	10.2	102.4

Highlights Fourth Quarter 2010

- PSV Siem Mollie was sold in December and the Company recorded a net gain of USD 7 million in the fourth quarter
- Delivery of the seventh AHTS vessel, the “Siem Diamond”, owned by the Company and the first AHTS vessel, the “Siem Garnet”, owned by the pool partner, Singa Star, whereupon the pool arrangement for the current eight vessels became effective and managed by the Company.
- Four AHTS vessels commenced operations for Petrobras in Brazil, under their respective four year contracts.
- The Company replaced its NOK 1.8 billion loan and guarantee facility for six AHTS vessels with a NOK 2.5 billion loan and guarantee facility for same number of vessels. The new facility provides increased debt leverage from 50% up to 70% on vessels with long term employment.

Subsequent Events

- Delivery of the second AHTS vessel, the “Siem Opal ”, to the pool partner, Singa Star.
- Sale of the Company’s minority shareholding of 34% in the company, WellCem AS, at a price equal to cost.
- One year contract extension for the MRSV “Siem Marlin”, with charterer’s option to extend for a further 2 year + 1 year.
- The Company has agreed to acquire a large-size PSV of VS 485-design. The investment will be done through the 51% owned subsidiary Siem Meling Offshore DA at a price of NOK 345 million. The vessel will partly be financed by a debt facility of NOK 262 million. The vessel shall commence 1 +1 year charter for Statoil upon delivery from the yard, which is scheduled in mid-March 2011. The vessel is a sister vessel of the “Siem Pilot”.

Results

Results for the Fourth Quarter 2010
The operating revenue for the fourth quarter was USD 60.9 million compared to USD 49.2 million for the same period in 2009. The operating margin was USD 18.0 million compared to USD 10.4 million for the same period in 2009. Operating margin as a percentage of revenue was 29% compared to 21% for the same period in 2009.

The majority of the Company's vessels are employed on long term contracts. However, certain of the AHTS vessels have been employed in the North Sea spot market during the quarter. The North Sea spot market has been volatile and relativly weak due to an oversupply of vessels, and the charter rates obtained have at times been below direct operation cost.

The Company had eleven PSVs in operation at the end of fourth quarter (2009: eleven). All PSVs operated on long-term contracts, of which one was on a bareboat contract. The PSV "Siem Mollie" was redelivered from its charterer at the end of October. The vessel operated in the North Sea spot market until it was sold in December. The PSV fleet earned operating revenue of USD 26.7 million and had 93% utilisation (2009: USD 21.9 million and 93%). The operating margin for the PSV fleet was USD 15.9 million (2009: USD 8.9 million). The PSV fleet recorded 70 days off-hire related to dry-dockings or contract demobilisation (2009: 66 days).

The Company had four MRSVs in operation at the end of fourth quarter (2009: five). All MRSVs operated on long-term contracts, of which one was on a bareboat contract. The MRSV fleet earned operating revenue of USD 14.1 million and had 99% utilisation (2009: USD 18.0 million and 99%). The operating margin for the MRSV fleet was USD 9.0 million (2009: USD 4.9 million). The MRSV fleet recorded 4 days technical off-hire (2009: 0 days).

The Company had eight AHTS vessels in operation at the end of fourth quarter (2009: two), of which one is owned by the pool partner. The Company and the pool partner have agreed to operate all AHTS vessels with similar design in a pool managed by the Company, and to share the net result from such pool on a proportional basis. During fourth quarter, four AHTS vessels commenced long-term contracts for Petrobras in Brazil and one AHTS vessel commenced a six-months contract with Statoil in the Barents Sea. The remaining three AHTS vessels operated on short-term contracts and in the North Sea spot market. The AHTS fleet earned operating revenue of USD 15.1 million and had 74% utilisation. The operating margin for the AHTS fleet was USD 1.4 million. The AHTS fleet recorded 144 days off-hire, of which 137 days related to mobilization of four vessels for operations in Brazil.

The Company had a fleet of nine Brazilian vessels at the end of fourth quarter, of which seven vessels operated on long-term contracts and two vessels were idle. The Brazilian vessels earned operating revenue of USD 4.1 million and had 73% utilisation (2009: USD 6.1 million and 88%). The operating margin for the Brazilian vessels was USD (0.5) million (2009: USD 0.4 million). The Brazilian vessels recorded 18 days off-hire, including dry-dockings (2009: 0 days).

Operating profit was USD 7.8 million compared to USD 3.6 million for the same period in 2009. The operating profit includes depreciation and amortisation amounted to USD 20.7 million, compared to USD 10.3 million for the same period of 2009. A net gain of USD 7.0 million for the sale "Siem Mollie" was recorded in the fourth quarter. Net currency exchange gains were recorded on forward contracts of USD 3.4 million, due to weaker USD, of which USD 2.5 million is unrealised.

Net financial items were USD (4.9) million (2009: USD 8.2 million) and includes a revaluation loss of non-USD currency items of USD (1.2) million (2009: USD 5.7 million) due to the weaker USD. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currencies. The financial income includes a gain of USD 2.2 million on the sale of an interest swap agreement and USD 2 million in additional interest compensation related to a shipyard loan that was fully repaid in third quarter. The result from associated companies was USD 1.5 million and includes, among others, net results of USD 2.2 million for the 50% owned "Joides Resolution" and USD (0.9) million for the 41%-owned well-stimulation vessel "Big Orange XVIII".

The net profit attributable to shareholders was USD 4.1 million, or USD 0.01 per share, compared to a net profit USD 14.7 million, or USD 0.04 per share, in 2009.

Results for the Full Year 2010
The operating revenue for 2010 was USD 228.3 million compared to USD 183.6 million in 2009. The operating margin was USD 74.6 million compared to USD 57.9 million in 2009. Operating margin as a percentage of revenue was 33%, similar to 2009.

The PSV fleet earned operating revenue of USD 98.2 million and had 96% utilisation (2009: USD 91.8 million and 91%). The operating margin for the PSV fleet was USD 53.6 million (2009: USD 81.7 million). The PSV fleet recorded 165 days off-hire related to dry-dockings or contract mobilisation/demobilisation (2009: 163 days).

The MRSV fleet earned operating revenue of USD 61.6 million and had 98% utilisation (2009: USD 62.9 million and 99%). The operating margin for the MRSV fleet was USD 35.7 million (2009: USD 46.9 million). The MRSV fleet recorded 14 days off-hire related to dry-dockings or contract mobilisation/demobilisation (2009: 99 days).

The AHTS fleet earned operating revenue of USD 35.0 million and had 75% utilisation. The operating margin for the AHTS fleet was USD 2.7 million. The AHTS fleet recorded 261 days off-hire, primarily related to mobilisation for long term contracts.

The Brazilian vessels earned operating revenue of USD 22.7 million and had 83% utilisation. The operating margin for the Brazilian vessels was USD 5.2 million (2009: USD 5.3 million). The Brazilian vessels recorded 73 days off-hire related to dry-dockings or contract mobilisation (2009: 70 days).

Operating profit was USD 17.2 million compared to USD 80.7 million in 2009. The operating profit includes net currency exchange gains(losses) on forward contracts of USD (4.8) million (2009: USD 52.8 million) of which USD 3.5 million is unrealized.

Net financial items were USD (6.9) million (2009: USD 21.3 million) and includes a revaluation gain of non-USD currency items of USD 3.0 million (2009: USD 19.1 million) due to the weaker USD. The result from associated companies totals USD 10.0 million and includes, among others, net results of USD 8.0 million for the 50%-owned "Joides Resolution", USD 2.6 million for the 35%-owned limited partnership KS Ocean Commander and USD (0.2) million for the 41%-ownership in the well stimulation vessel "Big Orange XVIII".

The net profit attributable to shareholders was USD 10.2 million, or USD 0.03 per share, compared to a net profit USD 102.4 million, or USD 0.35 per share, for the same period 2009.

Newbuilding Program

Vessels under Construction in Norway
The Company took delivery of its seventh AHTS vessel in October 2010 in the series of eight to be owned by the Company. The remaining AHTS vessel is scheduled for delivery in April 2011. The future yard instalment for this vessel is equivalent to USD 83.2 million.

Vessels under Construction in Brazil
Two fast supply vessels and two fast crew vessels are scheduled for delivery in first and second quarter 2011. Each of these four vessels shall commence 8 year firm +8 year option contracts for Petrobras.

The two OSRVs are scheduled for delivery in first and second quarter 2012. Both vessels shall commence 8 year firm +8 year option contracts for Petrobras.

The two large-size PSVs are scheduled for delivery in 2012 and 2013 and do not have contracts at this time.

Total future yard instalments for vessels are equivalent to USD 184.8 million at year-end. Such yard instalments fall due with USD 41.1 million in 2011, and USD 143.7 million in 2012 and thereafter.

Financing and Capital Structure

Cash and Equity
Net cash flow from operations during 2010 was USD 39.4 million and the cash position at year-end was USD 115.2 million.

Shareholders' equity was USD 745.3 million at year end, equivalent to USD 1.88 per share.

Debt Financing
The balance sheet included gross interest-bearing debt in the equivalent of USD 810.2 million at year end. The Company made total drawings in the equivalent of USD 504.0 million under credit facilities during 2010 and paid debt instalments in the equivalent of USD 139.1 million during 2010.

The Company has secured debt-financing for all vessels under construction in Norway and Brazil.

Fleet Employment and Contract Backlog

The majority of the fleet is in long-term contracts. The contract cover at year end 2010 for the PSV fleet was 70% for 2011, 42% for 2012 and 19% for 2013. The contract cover for the MRSV fleet was 100% for 2011, 80% for 2012 and 19% for 2013 and for the AHTS fleet 61% for 2011, 57% for 2012 and 57% for 2013. The contract cover for the Brazilian vessels was 76% for 2011, 55% for 2012 and 48% for 2013.

The total backlog for firm contracts for all vessels at the end of December was USD 903 million, including the 50%-ownership in the Joides Resolution, the 41%-ownership in the Big Orange XVIII and vessels under construction. The backlog is split with USD 257 million for 2011 and USD 646 million for 2012 and thereafter.

Four AHTS vessels have commenced the four-year contracts with Petrobras during fourth quarter and have successfully started operation in Brazil.

QHSE

The QHSE performance in the fourth quarter was good and is a result of continuous commitment to and focus on QHSE on board the vessels. The safety records for the year ended 31 December 2010 report zero work related lost time injuries and no major discharges to the environment.

Technology Investment

The main focus within Siem WIS has been to improve the Pressure Control Device ("the PCD") based on the experiences from the Gullfaks C operation for Statoil. These improvements are important to qualify the PCD for the second offshore operation for Statoil, which is aimed to be the final qualification of the PCD. Statoil cannot give any firm date for such second offshore operation, due to the rebuilding for further implementation of Managed Pressure Drilling ("MPD") on Gullfaks C.

Siem WIS has also progressed on the PCD qualification for Shell, which is an extended API test to qualify for High Pressure High Temperature ("HTHP") wells. Shell is the largest user of MPD in the world and has drilled more than 200 MPD wells pr year, with an outlook for nearly 400 wells in 2011. More than 50 of such wells require PCD equipment qualified for HTHP.

Egil Josefsen has been appointed as new CEO in Siem WIS and he will start in his new position at first opportunity and latest within second quarter.
Mr. Josefsen has previous experiences from BJ Services, Halliburton and Petroleum Technology Company, and holds currently the position as CEO of Well-Cem AS. Mr. Josefsen's main priority will be to manage the further commercialization of Siem WIS.

Market and Outlook

The number of offshore support vessels in the North Sea spot market remained at high levels as predicted. However, the majority of newbuilds have already been delivered and, for AHTS vessels in particular, we only expect a handful newbuilds to enter the market before the summer season.

The spot market is expected to strengthen in second quarter due to a large number of vessels leaving the North Sea, and only a limited number of newbuilds entering the market. This, in combination with increased activity, is likely to tighten the market. There has been a steady rise, both over the last three and twelve months, in the number of rigs working in the North Sea. We expect this activity to increase further during the coming year as new rigs enters the market. This will again lead to increased rig moves and drilling support. There is also likely to be a significant demand for offshore support vessels in the arctic region this season.

The number of tenders and fixtures are still positive with Petrobras (Brazil) as the largest taker of modern offshore support vessels. There are also signs of increased tendering activity in West Africa.

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

24 February 2011

Kristian Siem, Chairman
www.siemoffshore.com

Consolidated Income Statement

(Amounts in USD 1,000)	Note	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	60 917	49 170	228 302	183 558
Operating expenses		-34 932	-33 383	-127 636	-106 004
Administration expenses		-8 027	-5 420	-26 024	-19 620
Operating margin		**17 959**	**10 367**	**74 641**	**57 934**
Depreciation and amortisation	4	-20 699	-10 333	-59 286	-37 191
Gain on sale of assets		7 050	2 915	6 281	1 047
Gain on sale of interest rate derivatives (CIRR)		93	92	368	6 097
Gain (loss) on currency exchange forward contracts		3 381	537	-4 789	52 805
Operating profit	**4**	**7 783**	**3 577**	**17 213**	**80 691**
Financial income		5 180	2 944	8 130	7 760
Financial expenses		-10 369	-4 088	-28 027	-13 238
Result from associated companies		1 547	3 619	10 036	7 660
Net currency gain (loss)		-1 224	5 686	2 962	19 124
Net financial items		**-4 867**	**8 161**	**-6 899**	**21 306**
Profit before taxes and minorities		**2 915**	**11 738**	**10 315**	**101 997**
Tax benefit (expense)		832	3 001	-622	1 831
Net profit		**3 747**	**14 740**	**9 692**	**103 829**
Minorities interest		-305	8	-468	1 439
Net profit attributable to shareholders		**4 054**	**14 732**	**10 162**	**102 390**
Average number of shares outstanding ('000)		395 752	359 774	377 417	292 474
Earnings per share (basic and diluted) USD		0.01	0.04	0.03	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in USD 1 000)	2010 Q4	2009 Q4	2010 Jan-Dec	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Net profit before minorities	3 747	14 740	9 692	103 829
Other comprehensive income (expense):				
Currency translation differences	-4 338	-5 454	672	25 545
Total comprehensive income for the period	**-591**	**9 286**	**10 364**	**129 374**
Attributable to minorities	-329	-34	-583	4 430
Comprehensive income attributable to shareholders	**-262**	**9 319**	**10 949**	**124 944**

Consolidated Statement of Financial Position

(Amounts in USD 1,000)	Note	31.12.2010	31.12.2009
		Unaudited	*Audited*
NON-CURRENT ASSETS			
Vessels and equipment	5	1 268 799	761 921
Vessel under construction	5	105 991	208 511
Capitalised project cost	5	19 102	546
Investment in associates and other long-term receivables		37 789	33 365
CIRR loan deposit 1)		65 006	73 225
Deferreded tax asset		6 254	4 888
Intangible assets	5	8 903	9 232
Total non-current assets		**1 511 844**	**1 091 688**
Debtors, prepayments and other current assets	8	84 454	101 202
Cash and cash equivalents	8	115 185	91 088
Total current assets		**199 639**	**192 290**
Total assets		**1 711 483**	**1 283 978**
EQUITY			
Paid-in capital		537 212	482 697
Other reserves		-7 859	-8 646
Retained earnings		215 968	205 805
Shareholders´ equity		**745 320**	**679 855**
Minorities		**23 750**	**22 872**
Total equity	**6**	**769 070**	**702 728**
LIABILITIES			
Borrowings falling due after 1 year	7,8	744 631	403 134
CIRR loan 1)	7	65 006	73 225
Other non-current liabilities	7,8,10	12 586	8 223
Total non-current liabilities		**822 223**	**484 582**
Borrowings falling due within 1 year	7,8	65 589	43 036
Accounts payable and other current liabilities	10	54 601	53 632
Total current liabilities		**120 190**	**96 668**
Total liabilities		**942 412**	**581 250**
Total equity and liabilities		**1 711 483**	**1 283 978**

1) Commercial Interest Reference Rate

Consolidated Statement of Cash Flows

(Amounts in USD 1,000)	31.12.10	31.12.09
	Unaudited	*Audited*
CASH FLOW FROM OPERATIONS		
Profit before taxes, excluding interest	23 690	106 588
Interest paid	-12 755	-10 782
Paid taxes in the period	-491	-2 363
Result from associated companies	-10 036	-7 660
Loss (gain) on sale of assets	-6 281	-1 047
Depreciation and amortization	59 286	37 191
Effect of unreal. currency exchange forward contracts	-3 636	-31 202
Change in short-term receivable and payables	-10 612	3 009
CIRR	-368	-6 097
Other changes	602	-8 409
Net cash flow from operations	**39 401**	**79 230**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interest received	4 896	6 110
Investments in fixed assets	-510 281	-361 568
Repayment of loan to shipyard	26 317	0
Received from sale of fixed assets	31 645	4 208
Dividend from associated companies	6 447	629
Investment in associated companies	-475	-972
Cash flow from investments	**-441 452**	**-351 593**
CASH FLOW FROM FINANCING ACTIVITIES		
Settlement for sale of interest rate derivatives	0	-12 554
Received from raising of new equity	55 976	147 410
Received from raising of new borrowing	503 948	217 984
Repayment of borrowing	-139 118	-61 228
Cash flow from financing activities	**420 806**	**291 612**
Effect of exchange rate differences	5 342	-1 532
Net change in cash	**24 097**	**17 717**
Cash at bank start of period	91 088	73 371
Cash at bank end of period	115 185	91 088

Notes to the Financial Information

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 2010 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 2009 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 2009. With effect from 1 January 2010, new standards, amendment to standards and interpretations have become effective. The adoption of these amendments has 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 91% of the long-term interest bearing debt was subject to floating interest rates at the end of fourth quarter 2010. The remaining part 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.

Delays and non-delivery of the vessels under construction is likely to result in a loss of income for the Company and could also possibly lead to breach of contract in respect of contracts entered into between the Company and third parties concerning employment of vessels.

Note 4 - Segment Reporting

(Amounts in USD 1 000)	2010 Oct-Dec	2009 Oct-Dec	2010 Jan-Dec	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area				
Platform Supply Vessels	26 662	21 939	98 214	91 843
Brazilian Vessels	4 088	6 123	22 704	21 579
Multipurpose ROV Support Vessels	14 101	17 994	61 621	62 935
Anchor Handling Tug Supply Vessels	15 114	313	34 968	164
Combat Management Systems	837	2 010	8 447	4 859
Other	111	791	2 347	2 178
Total operating revenue	**60 917**	**49 170**	**228 302**	**183 558**
Depreciation and amortisation by business area				
Platform Supply Vessels	8 149	5 423	25 191	22 740
Brazilian Vessels	370	650	1 913	2 304
Multipurpose ROV Support Vessels	2 860	2 950	9 490	10 375
Anchor Handling Tug Supply Vessels	8 911	1 125	21 414	1 125
Other	410	185	1 280	647
Total depreciation and amortisation	**20 700**	**10 333**	**59 287**	**37 191**
Operating profit by business area				
Platform Supply Vessels	7 721	9 163	28 391	28 713
Brazilian Vessels	-911	-276	3 285	2 976
Multipurpose ROV Support Vessels	6 126	4 854	26 229	16 024
Anchor Handling Tug Supply Vessels	-7 476	-4 204	-18 738	-5 724
Combat Management Systems	182	347	1 253	10
Other	2 138	-6 307	-23 206	38 692
Total operating profit	**7 783**	**3 577**	**17 213**	**80 691**

Note 5 - Vessels Under Construction and Vessels and Equipment

(Amounts in USD 1 000)	**Vessels and equipment**	**Vessels under construction**	**Capitalised project costs**	**Total**
Balance at 1 January 2010	843 925	208 511	1 472	1 053 908
Investments	17 501	471 776	21 003	510 280
Delivery of vessels	574 296	-574 296		0
The year's disposal at cost	-28 998	0		-28 998
Effect of exchange rate differences	-3 040	0	-5	-3 045
Purchase cost per 31 December 2010	**1 403 684**	**105 991**	**22 470**	**1 532 145**
Accumulated depreciation at 1 January 2010	-82 004	0	-926	-82 930
The year's ordinary depreciation	-56 515	0	-2 441	-58 956
The year's disposal of accumulated depreciation	3 634	0	0	3 634
Accumulated depreciation at 31 December 2010	**-134 884**	**0**	**-3 367**	**-138 252**
Net book value at 31 December 2010	**1 268 800**	**105 991**	**19 102**	**1 393 892**
	Economic life			
	2.5-30 years			

The balance of capitalised project costs relates to specific contracts. The costs are amortised over the term of the specific charter contracts. Interest expenses to construction financing is capitalised from 01.01.2009

(Amounts in USD 1 000)	**Intangible assets**
Balance at 1 January 2010	9 232
Investments	0
Effect of exchange rate differences	0
Purchase cost per 31 December 2010	**9 232**
Accumulated depreciation at 1 January 2010	0
The year's ordinary depreciation	-330
Accumulated depreciation at 31 December 2010	**-330**
Net book value at 31 December 2010	**8 903**

The intangible assets recorded are related to Siem WIS AS patented technology for the drilling industry. The booked amount consists of both assets under development and developed assets, depreciation are related to developed assets.

Note 6 - Consolidated Statement of Changes in Equity

(Amounts in USD 1,000)	Total number of shares	Share capital	Share prem. reserves	Other reserves
Equity as of 01.01.2010	**359 774 219**	**3 598**	**479 099**	**-8 646**
Effect of exchange rate differences				787
Total comprehensive income / (expense)		**0**	**-213 290**	**787**
The year's net profit				
Share issues in partially owned subsidiaries				
Shares issues in Siem Offshore Inc	35 977 421	360	54 155	
Equity as of 31.12.10	**395 751 640**	**3 958**	**533 254**	**-7 859**
Equity as of 01.01.2009	**253 891 866**	**2 539**	**333 059**	**-31 200**
Effect of exchange rate differences				22 554
Share issue August 2009	105 882 353	1 059	146 040	
The year's net profit				
Share issues in partially owned subsidiaries				
Equity as of 31.12.09	**359 774 219**	**3 598**	**479 099**	**-8 646**

(Amounts in USD 1,000)	Retained earnings	Shareholders' equity	Minority interest	Total equity
Equity as of 01.01.2010	**205 806**	**679 856**	**22 872**	**702 728**
Effect of exchange rate differences		787	-115	672
Total comprehensive income / (expense)	**0**	**787**	**-115**	**672**
The year's net profit	10 162	10 162	-468	9 694
Share issues in partially owned subsidiaries			1 461	1 461
Shares issues in Siem Offshore Inc		54 515		54 515
Equity as of 31.12.10	**215 968**	**745 320**	**23 750**	**769 071**
Equity as of 01.01.2009	**103 415**	**407 813**	**18 131**	**425 944**
Effect of exchange rate differences		22 554	2 991	25 545
Share issue August 2009		147 099		147 099
The year's net profit	102 390	102 390	1 439	103 829
Share issues in partially owned subsidiaries			311	311
Equity as of 31.12.09	**205 805**	**679 857**	**22 872**	**702 728**

Note 7 - Long-term Debt

Borrower/ creditor/ guarantor	Curr- ency	Facility amount	Drawn amount currency	Drawn amount USD	Interest rate	Matu- rity	Instalments
Siem Offshore Rederi AS:							6 Quarterly instal- ments of USD 5 170
HSH Nordbank AG	USD	150 505	150 505	150 505	(Libor + 2.25 %)	2015	12 Quarterly instal- ments of USD 3 734
Eksportfinans /GIEK / HSH Nordbank AG	USD	100 124	100 124	100 124	(Fixed and Libor +2.25 %)	2021	Semi annual instal- ments of USD 4 667
DvB Bank N.V. Nordic Branch	GBP	8 090	8 090	12 527	(Libor + 1.00 %)	2013	Semi annual instal- ments of GBP 520
Eksportfinans /GIEK / Sparebank1 SR-Bank / ABN AMRO	NOK	2 470 434		302 594	(Libor + 1.90 %)	2015	Semi annual instal- ments of USD 12 960
Eksportfinans / SpareBank1 SR-Bank	NOK	418 104		65 425	(Nibor + 2.25 %)	2022	Quarterly instalments of USD 1 392
Siem Industries Inc	USD	90 000	67 385	67 385	(Libor +3 %)	2011	
Siem Meling Offshore DA:							
SpareBank1 SR-Bank	NOK	292 266	292 266	49 905	(Nibor + 0.90 %)	2013	Semi annual instal- ments of NOK 11 766
SpareBank1 SR-Bank	NOK	247 467	247 467	42 256	(Nibor + 1.45 %)	2022	Semi annual instal- ments of NOK 8 553
Siem Consub SA:							
Banco Nacional Development Social	USD	1 379	1 379	1 379	(6.8125 % fixed)	2012	Semi annual instal- ments of USD 460
Banco do Brasil	USD	24 737	22 134	22 134	(3.3 % fixed)	2027	Monthly instalments of USD 129
Total Borrowings				814 934			
Eksportfinans (CIRR loan)	NOK	380 700	380 700	65 006			

Total borrowings include USD 4,7 million in capitalised bank charges to be amortised during the term of the loans.
Facility amount is reduced by instalments paid.

Note 8 - Net Interest Bearing Debt

(Amounts in USD 1,000)	**31.12.2010**	**31.12.2009**
	Unaudited	*Audited*
Bank deposit	115 185	91 088
Short-term interest bearing receivable	0	27 697
Total receivable / cash	**115 185**	**118 785**
Short-term interest bearing debt	-65 589	-43 036
Long-term interest bearing debt	-744 631	-405 048
Total debt	-810 220	-448 084
Net interest bearing debt	**-695 035**	**-329 299**

Note 9 - Commitments

Committed capital expendures to be paid in future periods:

(Amounts in USD 1,000)	**31.12.2010**	**31.12.2009**
Combined contract value end of period for the vessels	374 015	936 232
Instalments paid	105 991	208 511
Unpaid instalments (to be paid in 2011 or later)	**268 024**	**727 721**

Instalments falling due over the next years	**USD**
2011	124 332
2012	78 418
2013	65 274
Total	**268 024**

The Company had a remaining newbuilding program for one AHTS vessel, two fast supply vessels, two fast crew boats, two OSRVs and two large-size PSVs at the end of fourth quarter 2010.

Note 10 - Taxes

(Amounts in USD 1,000)	**Liability tonnage tax regime**
Tax liability 1 January 2010	-1 544
Tax expense	2 809
Paid	1 402
Effect of exchange rate differences	135
Tax liability, new tonnage tax legislation as of 31 December 2010	**2 803**

Tax liabilities

(Amounts in USD 1, 000)	**Tonnage tax regime**	**Other tax regime**	**Total tax liabilities**
Long term tax liabilities falling due after 1 year	1 825	111	1 936
Payable taxes falling due within 1 year	978	13 977	14 955
Tax liabilities as of 31 December 2010	**2 803**	**14 088**	**16 890**

Tax expense

(Amounts in USD 1,000)	**Tonnage tax regime**	**Other tax regime**	**Total tax expense**
Taxes	985	-253	732
Change in deferred tax/deferred tax asset	1 825	1 366	3 191
Over/under provisions in previous year	0	-3 301	-3 301
Total tax expense as of 31 December 2010	**2 809**	**-2 187**	**622**

Deferred tax of USD 6,4 million is recorded as intangible assets as of 31 December 2010.

Companies that were taxed under the old tonnage tax regime could choose between entering into the new tonnage tax regime or exit the old tonnage tax regime with effect from 1 January 2007. Siem Offshore has decided to enter the new tonnage tax regime for relevant companies.

Two thirds of a transitional taxable gain has been levied upon entry and 10 % of the original balance was to be entered as income each year from 2007 through 2017. Tax expenses regarding the old tonnage tax regime were reversed in December 2009 after the Norwegian Supreme Court, on 12 February 2010, concluded that the tranitional rules to the tonnage tax regime from 2007 were unconstitutional. The unconstitutional rules states that untaxed profits under the old tonnage tax regime should become taxable over a 10 year period when entering into a new tonnage tax regime. In 2011 the government has effected amendments to the transitional rules. The amendments imply that the tax liability related to untaxed profits accumulated prior to 2007 can be settled once and for all with an effective taxation of 6,7%. It is voluntarily for the tonnage taxed companies to accept the 6,7% taxation. Companies that do not elect the voluntary settlement will be subject to taxation upon distribution of untaxed profits and at exit from the tonnage tax regime. Companies not electing the voluntary settlement will also be prohibited from granting loans or furnishing security in favour of related parties. Siem Offshore has decided to elect the voluntary settlement. The settlement of untaxed profits prior to 2007 has been included in the total tax expense for 2010.

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