Third Quarter Report 2010

SIEM
OFFSHORE

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 Sapphire upon its arrival in Brazil.

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 10 vessels under construction at the end of September 2010. The total fleet of 43 in operation and under construction, includes, among others, 14 platform supply vessels ("PSVs"), 4 multipurpose, ROV support vessels ("MRSVs") and 8 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 Third Quarter 2010

28 October 2010 – Siem Offshore Inc. (“the Company”; Oslo Stock Exchange: SIOFF) reports results for the third quarter and nine months ended 30 September 2010.

Highlights Third Quarter 2010

- Raised net proceeds of NOK 347 million through a private placement of approximately 36 million shares at NOK 9.70 per share on 6 July 2010.
- Awarded contract for the AHTS vessel “Siem Topaz” for operations in the Barents Sea. The contract is for a firm period for three wells, with options for one additional well, and the vessel commenced the contract in October 2010.
- Delivery of the two AHTS vessels “Siem Ruby” and “Siem Topaz”, vessel number five and six in the series of eight AHTS vessels under construction.

Selected Financial Information

(Amounts in USD million)	**3Q 2010**	**3Q 2009**	**YTD 2010**	**YTD 2009**
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*
Operating revenue	58.0	46.5	167.4	134.4
Operating margin	19.5	15.6	56.7	47.6
Operating margin, %	34 %	33 %	34 %	35 %
Operating profit	14.8	27.3	9.4	77.1
Profit before taxes and minorities	27.7	35.5	5.9	90.3
Net profit attributable to shareholders	27.0	35.5	6.1	87.7

Subsequent Events

- In October, the Company replaced its NOK 1.76 billion loan and guarantee facility for six AHTS vessels with a NOK 2.52 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 profitable long term employment.

- The AHTS vessels “Siem Sapphire” and “Siem Emerald” have this week commenced operations for Petrobras in Brazil, under the respective four-year contracts.
- The AHTS vessel “Siem Diamond” was delivered in October. The “Siem Diamond” will be employed in the North Sea spot market until it will be mobilised for operations in Brazil together with its sister vessel “Siem Pearl”. The two vessels are expected to commence operation in Brazil within December 2010.

Results

Results for the Third Quarter 2010

The operating revenue for the third quarter 2010 was USD 58.0 million compared to USD 46.5 million for the same period in 2009. The operating margin was USD 19.5 million compared to USD 15.6 million for the same period in 2009. Operating margin as a percent of revenue was 34% compared to 33% for the same period in 2009.

The majority of the Company's vessels have continued on their respective long term contracts. However, certain of the AHTS vessels have been employeed in the North Sea spot market. The North Sea spot market has been volatile and relative weak compared to previous years, due to an oversupply of vessels, and the obtained charter rates have at times been below break-even rates.

The Company had twelve PSVs in operation at the end of third quarter (2009: eleven). All PSVs operated on long-term contracts, of which one was on a bareboat contract. One PSV will be redelivered from charter at maturity of the contract within end of October. The PSV fleet earned operating revenue of USD 25.8 million and had 97% utilisation (2009: USD 21.0 million and 93%). The PSV fleet recorded 30 days off-hire related to dry-dockings or contract mobilisation (2009: 22 days). The operating margin for the PSV fleet was USD 13.3 million (2009: USD 10.7 million).

The Company had four MRSVs in operation at the end of third 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 13.6 million and had 100% utilisation (2009: USD 17.7 million and 97%). The MRSV fleet recorded zero days off-hire related to dry-dockings or contract mobilisation (2009: 13 days). The operating margin for the MRSV fleet was USD 8.9 million (2009: USD 8.8 million).

The Company had six AHTS vessels in operation at the end of third quarter (2009: one). The "Siem Ruby" and "Siem Topaz" were delivered on 16 July and 20 July, respectively. The AHTS vessels operated on short-term contracts and in the North Sea spot market. The AHTS fleet earned operating revenue of USD 10.1 million and had 73% utilisation. The AHTS fleet recorded 88 days off-hire related to dry-dockings and contract mobilization of which 39 days related to the "Siem Topaz" for the contract in the Barents Sea, 32 days related to "Siem Sapphire" and "Siem Emerald" as part of the mobilization for the contracts in Brazil, and 16 days related to various post-delivery issues for one vessel. The mobilization of the four vessels for the contracts in Brazil will continue in fourth quarter with an expected 135 total days off-hire for the "Siem Sapphire", "Siem Emerald", "Siem Pearl" and the "Siem Diamond". The operating margin for the AHTS fleet was USD 1.3 million.

The Company had a fleet of nine Brazilian vessels in operation at the end of third quarter. Eight vessels operated on long-term contracts and one vessel operated in the Brazilian spot market. The Brazilian vessels earned operating revenue of USD 6.4 million and had 83% utilisation (2009: USD 5.6 million and 83%). Brazilian vessels recorded 18 days off-hire related to dry-dockings or contract mobilisation (2009: 45 days). The operating margin for the Brazilian vessels was USD 2.0 million (2009: USD 2.0 million).

Operating profit was USD 14.8 million compared to USD 27.3 million for the same period in 2009. The operating profit includes net currency exchange gains on forward contracts of USD 10.9 million, due to weaker USD. USD 9.9 million of such gains are unrealised. Depreciation and amortisation amounted to USD 15.0 million, compared to USD 9.5 million for the same period of 2009. A loss on sale on fixed assets of USD 0.8 million was recorded.

Net financial items were USD 13.0 million (2009: USD 8.2 million) and includes a revaluation gain of non-USD currency items of USD 17.4 million (2009: USD 8.7 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 result from associated companies was USD 2.8 million and includes, among others, net results of USD 2.1 million for the 50% owned "Joides Resolution" and USD 0.8 million for the 41% ownership in the well-stimulation vessel "Big Orange XVIII".

The net profit attributable to shareholders was USD 27.0 million, or USD 0.07 per share, compared to a net profit USD 34.5 million, or USD 0.12 per share, for the third quarter 2009.

Results for the Nine Months Ended 30 September 2010

The operating revenue for the nine months ended 30 September was USD 167.4 million compared to USD 134.4 million for the same period in 2009. The operating margin was USD 56.7 million compared to USD 47.6 million for the same period in 2009. Operating margin as a percentage of revenue was 34% compared to 35% in 2009.

The PSV fleet earned operating revenue of USD 71.5 million and had 96% utilisation (2009: USD 69.9 million and 94%). The PSV fleet recorded 96 days off-hire related to dry-dockings or contract mobilisation (2009: 75 days). The operating margin for the PSV fleet was USD 37.7 million (2009: USD 39.0 million).

The MRSV fleet earned operating revenue of USD 47.5 million and had 98% utilisation (2009: USD 44.9 million and 91%). The MRSV fleet recorded 5 days off-hire related to dry-dockings or contract mobilisation (2009: 68 days). The operating margin for the MRSV fleet was USD 26.7 million (2009: USD 18.6 million).

The AHTS fleet earned operating revenue of USD 19.9 million and had 76% utilisation. The AHTS fleet recorded 117 days off-hire related to dry-dockings and contract mobilisation. The operating margin for the AHTS fleet was USD 1.2 million.

The Brazilian vessels earned operating revenue of USD 18.6 million and had 86% utilisation. The Brazilian vessels recorded 33 days off-hire related to dry-dockings or contract mobilisation (2009: 45 days). The operating margin for the Brazilian vessels was USD 5.7 million (2009: USD 4.9 million).

Operating profit was USD 9.4 million compared to USD 77.1 million for the same period in 2009. The operating profit includes net currency exchange losses on forward contracts of USD 8.2 million (2009: USD 52.3 million gain), due to stronger USD. USD 1.0 million of such losses are unrealised. Depreciation and amortisation amounted to USD 38.6 million compared to USD 26.9 million for the same period of 2009.

Net financial items were USD (2.0) million (2009: USD 13.1 million) and includes a revaluation gain of non-USD currency items of USD 4.2 million (2009: USD 13.4 million) due to the weaker USD. The result from associated companies totals USD 8.5 million and include, among others, net results of USD 5.8 million for the 50% owned “Joides Resolution”, USD 2.4 million for the 35%-owned limited partnership KS Ocean Commander and USD 0.7 million for the 41%-ownership in the well stimulation vessel “Big Orange XVIII”. The net result for the KS Ocean Commander includes a gain of USD 2 million related to the sale of the “Ocean Commander”.

The net profit attributable to shareholders was USD 6.1 million, or USD 0.02 per share, compared to a net profit USD 87.7 million, or USD 0.32 per share, for the same period 2009.

Newbuilding Program

Vessels under Construction in Norway
The Company took delivery of the fifth and sixth AHTS vessels in July 2010 and the seventh AHTS vessel in October 2010 in the series of eight to be delivered from the Norwegian yard. The last remaining AHTS vessel is scheduled for delivery at the end of first quarter 2011. Future yard instalments for vessels under construction in Norway were equivalent to USD 164.2 million at 30 September. Such instalments fall due with USD 82.1 million in 2010 and USD 82.1 million in 2011.

Vessels under Construction in Brazil
The two fast supply vessels and the two fast crew vessels are scheduled for delivery in the years 2010 – 2011. Each of these four vessels shall commence 8+8 years contracts for Petrobras from delivery.

The two OSRVs are scheduled for delivery in 2012. Both vessels shall commence 8+8 years contracts for Petrobras from delivery.

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 under construction in Brazil are the equivalent to USD 198.9 million at 30 September 2010. Such yard instalments fall due with USD 22.2 million in 2010, USD 33.6 million in 2011, and USD 143.1 million in 2012 and thereafter.

Financing and Capital Structure

Cash and Equity
Net cash flow from operations during the third quarter was USD 29.4 million and the cash position at 30 September 2010 was USD 84.0 million.

Shareholders’ equity was USD 745.6 million at 30 September 2010, equivalent to USD 1.88 per share.

The Company raised net proceeds of NOK 346.6 million, equivalent to USD 54.5 million, on 6 July 2010 through a private placement of approximately 36 million shares at NOK 9.70 per share. Total outstanding shares after this issue is 395,751,640 shares, each with nominal value of USD 0.01.

Debt Financing
The balance sheet included gross interest-bearing debt in the equivalent of USD 710.1 million at 30 September 2010. The Company made total drawings in the equivalent of USD 159.9 million under credit facilities during the third quarter, including additional USD 45.0 million under a credit facility provided by its largest shareholder, Siem Industries Inc. The Company paid debt instalments in the equivalent of USD 39.6 million during third quarter, including instalments to Siem Industries Inc of USD 27.6 million.

The NOK 1.76 billion loan and guarantee facility was replaced on 1st October with the new AHTS loan and guarantee facilitiy of NOK 2.52 billion. Three of the AHTS vessels contracted to Petrobras are financed under the NOK 2.52 billion loan and guarantee facility and will qualify for the 70% debt leverage at commencement of the contract.

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 employed on, or shall commence, long-term contracts. The contract cover at the end of September 2010 for the PSV fleet was 91% for 2010, 76% for 2011 and 43% for 2012. The contract cover for the MRSV fleet was 100% for 2010, 82% for 2011 and 62% for 2012 and for the AHTS fleet 33% for 2010, 54% for 2011 and 50% for 2012. The contract cover for the Brazilian vessels was 78% for 2010, 76% for 2011 and 56% for 2012.

The total backlog for firm contracts for all vessels at the end of September was USD 970 million, including the 50% ownership in the Joides Resolution, the 41% ownership in the Big Orange XVlll and vessels under construction. The backlog is split with USD 59 million for 2010, USD 259 million for 2011 and USD 652 million for 2012 and thereafter.

Two AHTS vessels have commenced the four-year contract with Petrobras this week and two AHTS vessels will commence the four-year contract later in fourth quarter 2010. The mobilisation and transit period is assumed to be six weeks per vessel.

QHSE

The QHSE performance in the third quarter was good and is a result of continuous commitment to and focus on QHSE on board the vessels. The safety records as of 30 September report zero work related lost time injuries and no major discharges to the environment.

Technology Investment

Siem WIS AS is entering into a new phase of its development and is currently working to strengthen the organization, both onshore and offshore.
The further commercialization of the Siem WIS MPD products is ongoing and the next job with Statoil is expected late 2010 or early 2011.

Market and Outlook

Several offshore support vessels have returned to the North Sea spot market after completing seasonal work in other regions, and further vessels are expected to return to the North Sea. The North Sea spot market has deteriorated during the third quarter 2010 compared to previous quarter, and it is expected to remain weak over the winter season.

The long-term outlook is positive with generally higher E&P spending and expected increased demand for offshore support vessels world-wide. The growth rate for the fleet of larger offshore support vessels will decrease in 2011. However, the recent speculative orders for large PSVs are of some concern.

There is an increase in the tendering and fixture activity in the global rig market compared with the previous year. This will have a general positive impact on the demand for offshore support vessels.

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

28 October 2010

Kristian Siem, Chairman
www.siemoffshore.com

Consolidated Income Statements

(Amounts in USD 1,000)	Note	2010 Q3	2009 Q3	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	57 955	46 485	167 384	134 388	183 558
Operating expenses		-32 018	-25 473	-92 704	-72 621	-106 004
Administration expenses		-6 416	-5 440	-17 997	-14 200	-19 620
Operating margin		**19 521**	**15 571**	**56 683**	**47 566**	**57 934**
Depreciation and amortisation	4	-14 995	-9 455	-38 587	-26 858	-37 191
Gain (loss) on sale of assets		-800	-13	-769	-1 868	1 047
Gain on sale of interest rate derivatives (CIRR)		92	731	276	6 005	6 097
Gain (loss) on currency exchange forward contracts		10 945	20 458	-8 170	52 268	52 805
Operating profit (loss)	**4**	**14 762**	**27 292**	**9 432**	**77 113**	**80 691**
Financial income		763	1 029	2 950	4 816	7 760
Financial expenses		-8 038	-3 203	-17 657	-9 150	-13 238
Result from associated companies		2 831	1 731	8 490	4 041	7 660
Net currency gain		17 406	8 673	4 187	13 438	19 124
Net financial items		**12 961**	**8 230**	**-2 030**	**13 145**	**21 306**
Profit before taxes and minorities		**27 722**	**35 522**	**7 402**	**90 258**	**101 997**
Tax benefit (expense)		-937	-476	-1 454	-1 170	1 831
Net profit		**26 785**	**35 046**	**5 948**	**89 088**	**103 829**
Minorities interest		-239	510	-164	1 431	1 439
Net profit attributable to shareholders		**27 021**	**34 536**	**6 111**	**87 657**	**102 390**
Average number of shares outstanding ('000)		395 752	299 928	359 774	269 794	292 474
Earnings per share (basic and diluted)		0.07	0.12	0.02	0.32	0.35

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in USD 1 000)	2010 Q3	2009 Q3	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Net profit before minorities	26 785	35 046	5 948	89 088	103 829
Other comprehensive income (expense):					
Currency translation differences	105 159	25 625	5 010	30 999	25 545
Total comprehensive income for the period	**131 944**	**60 671**	**10 958**	**120 087**	**129 374**
Attributable to minorities	1 640	2 283	-254	4 464	4 430
Comprehensive income attributable to shareholders	**130 300**	**58 387**	**11 211**	**115 623**	**124 944**

Consolidated Statements of Financial Position

(Amounts in USD 1,000)	Note	30.09.10	30.09.2009	31.12.2009
		Unaudited	*Unaudited*	*Audited*
NON-CURRENT ASSETS				
Vessels and equipment	5	1 140 458	667 848	761 921
Vessel under construction	5	182 719	178 640	208 511
Capitalised project cost	5	8	797	546
Investment in associates and other long-term receivables		45 823	29 361	33 365
CIRR loan deposit 1)		68 831	76 876	73 225
Deferred tax asset		4 888	3 430	4 888
Intangible assets	5	9 013	9 232	9 232
Total non-current assets		**1 451 740**	**966 184**	**1 091 688**
Debtors, prepayments and other current assets	8	73 306	100 935	101 202
Cash and cash equivalents	8	83 981	124 733	91 088
Total current assets		**157 286**	**225 668**	**192 290**
Total assets		**1 609 026**	**1 191 852**	**1 283 978**
EQUITY				
Paid-in capital		537 212	482 706	482 697
Other reserves		-3 546	-3 234	-8 646
Retained earnings		211 917	191 072	205 805
Shareholders´ equity		**745 583**	**670 543**	**679 855**
Minorities		**23 095**	**22 906**	**22 872**
Total equity	**6**	**768 678**	**693 450**	**702 728**
LIABILITIES				
Borrowings falling due after 1 year	7,8	581 493	311 819	403 134
CIRR loan 1)	7	68 831	76 876	73 225
Other non-current liabilities	7,8,10	12 953	11 099	8 223
Total non-current liabilities		**663 278**	**399 794**	**484 582**
Borrowings falling due within 1 year	7,8	128 586	63 820	43 036
Accounts payable and other current liabilities	10	48 485	34 789	53 632
Total current liabilities		**177 071**	**98 609**	**96 668**
Total liabilities		**840 348**	**498 402**	**581 250**
Total equity and liabilities		**1 609 026**	**1 191 852**	**1 283 978**

1) Commercial Interest Reference Rate

Consolidated Statement of Cash Flows

(Amounts in USD 1,000)	30.09.2010	31.12.2009
	Unaudited	*Audited*
CASH FLOW FROM OPERATIONS		
Profit before taxes, excluding interest	16 899	106 588
Interest paid	-7 889	-10 782
Paid taxes in the period	-971	-2 363
Result from associated companies	-8 490	-7 660
Loss (gain) on sale of assets	769	-1 047
Depreciation and amortization	38 587	37 191
Effect of unreal. currency exchange forward contracts	2 250	-31 202
Change in short-term receivable and payables	-10 386	3 009
CIRR	-276	-6 097
Other changes	-1 086	-8 409
Net cash flow from operations	**29 407**	**79 230**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interest received	2 477	6 110
Investments in fixed assets	-380 382	-361 568
Repayment of loan to shipyard	26 317	0
Received from sale of fixed assets	-742	4 208
Dividend from associated companies	2 255	629
Investment in associated companies	-475	-972
Cash flow from investments	**-350 550**	**-351 593**
CASH FLOW FROM FINANCING ACTIVITIES		
Settlement for sale of interest rate derivatives	0	-12 554
Received from raising of new equity	55 062	147 410
Received from raising of new borrowing	306 614	217 984
Repayment of borrowing	-42 349	-61 228
Cash flow from financing activities	**319 327**	**291 612**
Effect of exchange rate differences	-5 291	-1 532
Net change in cash	**-7 108**	**17 717**
Cash at bank start of period	91 088	73 371
Cash at bank end of period	83 981	91 088

Notes to the Financial Information

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 30 September 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 90% of the long-term interest bearing debt was subject to floating interest rates at the end of third 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 Q3	2009 Q3	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area					
Platform Supply Vessels	25 844	21 006	71 548	69 904	91 843
Brazilian Vessels	6 413	5 638	18 616	15 456	21 579
Multipurpose ROV Support Vessels	13 632	17 652	47 520	44 941	62 935
Anchor Handling Tug Supply Vessels	10 066	-149	19 855	-149	164
Combat Management Systems	1 715	1 343	7 610	2 849	4 859
Other	285	995	2 235	1 387	2 178
Total operating revenue	**57 955**	**46 485**	**167 384**	**134 388**	**183 558**
Depreciation and amortisation by business area					
Platform Supply Vessels	5 870	5 638	17 040	17 317	22 740
Brazilian Vessels	375	613	1 543	1 654	2 304
Multipurpose ROV Support Vessels	2 149	3 032	6 631	7 425	10 375
Anchor Handling Tug Supply Vessels	6 224	0	12 504	0	1 125
Other	377	172	869	462	647
Total depreciation and amortisation	**14 995**	**9 455**	**38 587**	**26 858**	**37 191**
Operating profit by business area					
Platform Supply Vessels	7 436	4 702	20 668	19 550	28 713
Brazilian Vessels	1 608	1 361	4 196	3 252	2 976
Multipurpose ROV Support Vessels	6 749	5 753	20 102	11 170	16 024
Anchor Handling Tug Supply Vessels	-4 947	-1 045	-11 263	-1 520	-5 724
Combat Management Systems	230	-52	1 071	-337	10
Other	3 686	16 573	-25 343	44 998	38 692
Total operating profit	**14 762**	**27 292**	**9 435**	**77 113**	**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	10 250	370 132	0	380 382
Delivery of vessels	397 357	-397 357	0	0
The year's disposal at cost	-27	0	0	-27
Effect of exchange rate differences	8 770	1 433	-11	10 192
Purchase cost per 30 September 2010	**1 260 275**	**182 719**	**1 461**	**1 444 455**
Accumulated depreciation at 1 January 2010	-82 004	0	-926	-82 930
The year's ordinary depreciation	-37 840	0	-527	-38 367
The year's disposal of accumulated depreciation	27	0	0	27
Accumulated depreciation at 30 September 2010	**-119 816**	**0**	**-1 453**	**-121 270**
Net book value at 30 September 2010	**1 140 459**	**182 719**	**8**	**1 323 186**
	Economic life			
	2.5-30 years			

The balance of capitalised project costs relates to specific contracts for the Brazilian crew/supply fleet. The costs are amortised over the term of the specific charter contracts.

Interest expenses to construction financing is capitalised from 01.01.2009

The intangible assets recorded at USD 9,013 at 30 September 2010 are related to Siem WIS AS patented technology for the drilling industry. The book amount consists of both asset under development, and developed asset. Depreciation related to developed assets amounts to USD 220 per 30 September 2010. Assets under development are not depreciated.

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				5 100
Total comprehensive income / (expense)		**0**	**-213 290**	**5 100**
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 30.09.10	**395 751 640**	**3 958**	**533 254**	**-3 546**
Equity as of 01.01.2009	**253 891 866**	**2 539**	**333 059**	**-31 200**
Effect of exchange rate differences				27 966
Share issue August 2009	105 882 353	1 059	146 049	
The year's net profit				
Share issues in partially owned subsidiaries				
Equity as of 30.09.09	**359 774 219**	**3 598**	**479 108**	**-3 234**

(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		5 100	-90	5 010
Total comprehensive income / (expense)	**0**	**5 100**	**-90**	**5 010**
The year's net profit	6 111	6 111	-164	5 948
Share issues in partially owned subsidiaries			476	476
Shares issues in Siem Offshore Inc		54 515		54 515
Equity as of 30.09.10	**211 917**	**745 583**	**23 094**	**768 677**
Equity as of 01.01.2009	**103 415**	**407 813**	**18 131**	**425 944**
Effect of exchange rate differences		27 966	3 033	30 999
Share issue August 2009		147 108		147 108
The year's net profit	87 657	87 657	1 431	89 088
Share issues in partially owned subsidiaries			311	311
Equity as of 30.09.09	**191 072**	**670 545**	**22 906**	**693 450**

Note 7 - Long-term Debt

Borrower/ creditor/ guarantor	Currency	Facility amount	Drawn amount currency	Drawn amount USD	Interest rate	Maturity	Instalments
Siem Offshore Rederi AS:							
							7 Quarterly instalments of USD 5 625
HSH Nordbank AG	USD	169 375	169 375	169 375	(Libor + 2.25 %)	2015	12 Quarterly instalments of USD 4 062
Eksportfinans /GIEK / HSH Nordbank AG	USD	112 000	102 478	102 478	(Fixed and Libor +2.25 %)	2021	Semi annual instalments of USD 4 097
DvB Bank N.V. Nordic Branch	GBP	8 090	8 090	12 840	(Libor + 1.00 %)	2013	Semi annual instalments of GBP 520
Eksportfinans /GIEK / HSH Nordbank AG	NOK	1 764 000		180 348	(Libor + 2.75 %)	2015	Semi annual instalments of USD 7 721
SpareBank1 SR-Bank	NOK	427 000		66 817	(Nibor + 2.25 %)	2022	Quarterly intalments 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	304 033	304 033	52 076	(Nibor + 0.90 %)	2013	Semi annual instalments of NOK 11 766
SpareBank1 SR-Bank	NOK	256 000	256 000	43 849	(Nibor + 1.45 %)	2022	Semi annual instalments of NOK 8 553
Siem Consub SA:							
Banco Nacional Development Social	USD	1 379	1 379	1 379	(6.8125 % fixed)	2012	Semi annual instalments of USD 460
Banco do Brasil	USD	24 037	17 509	17 509	(3.3 % fixed)	2027	Monthly instalments of USD 129
Total Borrowings				714 056			
Eksportfinans (CIRR loan)	NOK	401 850	401 850	68 831			

Total borrowings include USD 4 million in capitalized bank charges, to be amortized during the term of the loans.

Note 8 - Net Interest Bearing Debt

(Amounts in USD 1,000)	**30.09.2010**	**31.12.2009**
	Unaudited	*Audited*
Bank deposit	83 981	91 088
Short-term interest bearing receivable	0	27 697
Total receivable / cash	**83 981**	**118 785**
Short-term interest bearing debt	-128 586	-43 036
Long-term interest bearing debt	-581 493	-405 048
Total debt	-710 079	-448 084
Net interest bearing debt	**-626 098**	**-329 299**

Note 9 - Commitments

Committed capital expendures to be paid in future periods:

(Amounts in USD 1,000)	**30.09.2010**	**31.12.2009**
Combined contract value end of period for the vessels	545 746	936 232
Instalments paid	182 719	208 511
Unpaid instalments (to be paid in 2010 or later)	**363 027**	**727 721**

Instalments falling due over the next years	**USD**
2010	104 323
2011	115 721
2012 and thereafter	142 983
Total	**363 027**

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

Note 10 - Taxes

(Amounts in USD 1,000)	**Liability tonnage tax regime**
Long term tax liability 1 January 2010	-1 544
Tax expense	84
Paid	1 329
Effect of exchange rate differences	126
Tax liability, new tonnage tax legislation as of 30 September 2010	**-5**

Tax liabilities

(Amounts in USD 1, 000)	**Tonnage tax regime**	**Other tax regimes**	**Total tax liabilities**
Long term tax liabilities falling due after 1 year	0	2 565	2 565
Payable taxes falling due within 1 year	-5	14 106	14 101
Tax liabilities as of 30 September 2010	**-5**	**16 671**	**16 666**

Tax expense

(Amounts in USD 1,000)	**Tonnage tax regime**	**Other tax regimes**	**Total tax expense**
Taxes	84	1 370	1 454
Change in deferred tax/ deferred tax asset	0	0	0
Total tax expense as of 30 September 2010	**84**	**1 370**	**1 454**

Deferred tax of USD 4.9 million is recorded as intangible assets as of 30 September 2010.

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