



SIEM OFFSHORE INC.

REPORT FOR THE THIRD QUARTER 2005

31 October 2005 – Siem Offshore Inc. (Oslo Stock Exchange: SIOFF) today reports results for the third quarter 2005.

GENERAL

Business

Siem Offshore Inc was established in October 2004 as a wholly-owned subsidiary of Subsea 7 Inc for the purpose of acquiring and operating offshore supply vessels. In June 2005, Subsea 7 determined that it would transfer all of its non-subsea construction and related activities to Siem Offshore. At its annual general meeting held in July 2005, the Subsea 7 shareholders approved the distribution of Siem Offshore shares to Subsea 7 shareholders by way of a dividend in specie such that Subsea 7 shareholders would receive one share of Siem Offshore for each share of Subsea 7 that they held. The distribution was completed in August 2005 with the new Siem Offshore shares allocated a value of NOK 4.14 per share. The Siem Offshore shares were listed on the Oslo Stock Exchange on 12 August 2005 under the ticker “SIOFF”.

The activities of Siem Offshore Inc. include:

- six VS 470 mk II platform supply vessels (PSVs) to be delivered by the Norwegian yards Aker Langsten and Aker Aukra with the first vessel to be delivered on 31 October 2005
- 50% of the vessel “JOIDES Resolution”, a specialized research drillship, taking core samples from the sea floor for research purposes
- a Brazilian subsidiary that owns and operates 10 supply/crew vessels in Brazil
- 41% of the well stimulation vessel “Big Orange XVIII”
- two software development projects for combat management systems for the Brazilian Navy

Strategy

The strategy for Siem Offshore is to build on the present fleet of the six new PSVs, to grow the company within offshore support vessels. In order to achieve economies of scale and stronger presence in the market, the Company seek to combine with other operators in the same field.

FINANCIALS

Results

The Company’s statutory accounts commencing 1 July 2005 represent the total activities of the Company following the spin-off as described above. The statutory accounts prior to 1 July 2005 represent the accounts for the entity that is the party to the shipbuilding contracts for the six new PSVs.

Pro forma accounts have been prepared to reflect the restated accounts of the Company as if the distribution had been implemented with effect 1 January 2004. The pro forma accounts are used when reference is made to comparative figures.

The acquisition of the shares in Rovde Shipping AS, as announced 13 September 2005 and further described below, is conditional to the selling shareholders obtaining tax relief from the Ministry of

Finance, as well as certain other subjects. If the Transaction is not completed by 31 December 2005 the agreement will be terminated unless extended by mutual consent. The financial figures of Rovde Shipping AS are thus not included in the statutory or pro forma figures.

The operating revenues and EBITDA for the third quarter 2005 were USD 4.5 million and USD 1.8 million, respectively, as compared to USD 4.1 million and USD 1.1 million, respectively, for the pro forma third quarter 2004. The result from affiliated companies was USD 1.6 million and USD 1.4 million for the third quarter 2005 and pro forma third quarter 2004, respectively. The results from affiliated companies are included in the EBITDA figures.

Depreciation and amortisation was USD 0.9 million for the third quarter 2005 as compared to USD 0.6 million for the pro forma third quarter 2004.

The EBIT for third quarter 2005 was USD 0.9 million as compared to USD 0.5 million for the pro forma third quarter 2004.

Net financial cost was USD 0.2 million for the third quarter 2005 as compared to a net cost of USD 0.3 million for the pro forma third quarter 2004.

Total tax for the third quarter 2005 was USD 0.3 million.

The net result for the third quarter 2005 was USD 0.5 million, or USD 0.33 cent per diluted share, compared to a pro forma net result of USD 0.2 million for the same period in 2004.

Cash-Flow and Balance Sheet

The cash position per end of third quarter was USD 26 million. Tangible fixed assets per end of third quarter totalled USD 21.6 million, of which paid yard instalments for the six PSVs under construction represents USD 12.3 million (NOK 76 million). Future yards instalments will be approximately NOK 138 million in fourth quarter 2005 and approximately NOK 577 million in 2006.

Financial fixed assets per end of third quarter totalled USD 7.2 million, of which the Company's shares in the partly owned vessels Joides Resolution (50%) and Big Orange XVIII (41%) is booked at USD 4.4 million and USD 2.5 million, respectively. None of the owning companies for the party owned vessels have financial debt.

The interest-bearing debt per 30 September 2005 was USD 6 million and represents a long-term loan from the Brazilian Development Bank.

Following the distribution of Siem Offshore's shares in August 2005, the Company had 134,833,222 shares issued and outstanding. In September 2005, Siem Offshore purchased 3,100,000 of its own shares in the market at an average price of NOK 4.2558 per share. The acquired shares are treated as cancelled and the net outstanding shares equal 131,733,222.

According to the Articles of Association, the Board has the authority to repurchase up to 10% of its outstanding shares during a 12-month period based on the number of outstanding shares at the commencement of such period.

COMMENTS ON ACTIVITIES

PSVs

The naming ceremony for the two vessels to be delivered by Aker Langsten AS was held on 29 October 2005. The first and second vessels were named "Sasha" and "Sophie", respectively. The first vessel will be delivered on 31 October 2005. The second vessel from Aker Langsten AS is scheduled for delivery in mid January 2006, which represents a seven weeks delay. The four

vessels from Aker Aukra AS are scheduled to be delivered on contract delivery dates during the period May to June 2006.

The Company holds an option for the construction of two additional vessels. This option can be exercised during a predetermined interval in the first half of 2006.

The Company has entered into a loan agreement with Eksportfinans ASA and a guarantee facility agreement with HSH Nordbank AG for the financing of the six PSVs. The loan and the guarantee facility agreements are each in the amount of USD 88.5 million. The loan will be repaid in quarterly instalments of USD 1.8 million following the delivery of the sixth vessel with a balloon payment of USD 36.9 million after 7 years.

JOIDES Resolution

The JOIDES Resolution is owned 100% by Overseas Drilling Limited (ODL), of which the Company owns 50%. The vessel is currently on contract with the Texas A&M Research Foundation (TAMRF) for the Integrated Ocean Drilling Program's Phase I into January 2006.

ODL has signed a Letter of Intent (LOI) with TAMRF for the use of the JOIDES Resolution as a Scientific Ocean Drilling Vessel for the Integrated Ocean Drilling Program's Phase II. Signing of firm contract is scheduled within 15 December 2005.

The operational phase of the contract has an initial duration until the fourth quarter 2013 with 10 additional years of options and is scheduled to commence during first-half of 2007. The estimated contract value for the initial duration is approximately USD 140 million. The operational phase of the contract can be terminated by TAMRF at any time with a USD 3 million termination fee. ODL will be responsible for carrying out the engineering and the major conversion of the vessel prior to the operational phase at TAMRF's cost. Separate day rates for the vessel are agreed for the pre-conversion period and the conversion period.

Brazilian activities

The supply/crew vessels in Brazil continued on contracts with Petrobras and performed well during the third quarter with an utilisation rate of 98%. The completion of the Modfrag project is envisaged to be delayed until first quarter 2006 due to a foreseen late delivery of the final vessel by the Brazilian Navy.

Big Orange

The vessel Big Orange XVIII, owned 41%, is on a time charter contract with Schlumberger until August 2010 for well stimulation work in the North Sea Basin.

TRANSACTION WITH ROVDE SHIPPING AS

The Company entered into an agreement on 13 September 2005 with all the shareholders of Rovde Shipping AS (Rovde) whereby the Company agreed to buy all shares of Rovde for a consideration of 37,139,024 new ordinary shares in the Company (Transaction). The completion of the Transaction is subject to the selling shareholders obtaining tax relief from the Ministry of Finance, as well as certain other subjects. If the Transaction is not completed by 31 December 2005, the agreement will be terminated unless extended by mutual consent.

Following the issuance of new shares, the number of outstanding Company shares will increase to 168,872,246 shares.

It has been agreed that the chairman of Rovde, Mr Kaspar Overaa, and Mr Ulf H. Sordal shall be appointed as members of the board of directors of the Company.

The Transaction is made with the view to build a larger company with economies of scale and market strength for vessels serving the offshore industry. Rovde will be responsible for the

operation of the Company's six new PSVs. Rovde has 160 employees of which 10 are onshore. The Rovde fleet currently includes four small-size PSV/AHTS with standby and oil-recovery capabilities and two partly owned modern large-size PSVs.

MARKET AND OUTLOOK

During the last months the North Sea offshore market has continued to be strong, both in the PSVs (platform supply vessels) and AHTS (anchor handling tug supply vessels) segment. The winter is traditionally a low season due to the weather, but we expect the market to hold up during this winter with a balance in supply and demand of vessels.

On behalf of the Board of Directors of Siem Offshore Inc
29 October 2005

Kristian Siem
Chairman

www.siemoffshore.com

Siem Offshore Inc - Accounts prepared in accordance with IFRS

The pro forma accounts are restated accounts
as if the current activities had been owned from 1 January 2004

Profit & Loss Account

<i>(Unaudited figures in USD 1,000)</i>	3Q 2005	Pro forma 3Q 2004	Pro forma YTD 30.09.05	Pro forma YTD 30.09.04	Pro forma 2004
Operating revenue	4,531	4,112	15,821	14,509	22,895
Result from affiliated companies	1,583	1,361	4,317	6,705	7,966
Total revenues	6,113	5,473	20,138	21,215	30,861
Total Operating costs	-4,314	-4,396	-14,198	-12,817	-19,653
EBITDA	1,800	1,076	5,940	8,397	11,207
Depreciation and amortisation	-922	-609	-2,255	-1,772	-2,051
Impairment	0	0	-1,037	0	-6,154
Gain / (loss) on sale	0	0	0	52	57
EBIT	878	466	2,648	6,678	3,060
Net currency items	-49	-50	-4,075	-246	-249
Financial income	53	8	149	86	108
Financial costs	-162	-283	-544	-715	-371
Net financial items	-158	-326	-4,469	-876	-513
Result before taxes	720	140	-1,821	5,802	2,547
Taxes	-273	8	-766	97	0
Result for the period	447	149	-2,587	5,899	2,548

Balance Sheet

<i>(Unaudited figures in USD 1,000)</i>	Proforma 30/09/2005	Pro forma 30/09/2004	Pro forma 31/12/2004
Fixed assets			
Intangible fixed assets	0	6,208	0
Tangible fixed assets	21,659	5,059	11,720
Financial fixed assets	7,153	6,668	6,307
Total long-term assets	28,812	17,934	18,027
Debtors, prepayments and other current assets	21,542	35,951	34,951
Bank deposits and short-term investments	26,117	2,102	37,782
Total current assets	47,660	38,053	72,733
Total assets	76,472	55,988	90,759
Shareholders' equity			
Paid-in capital	88,153	40,799	75,135
Other equity	-26,548	-11,424	-6,847
Result for the period	-2,587	5,898	2,548
Total shareholders' equity	59,018	35,273	70,836
Liabilities			
Deferred taxes	0	0	0
Other provisions	489	501	527
Total provisions	489	501	527
Finance debt and leases falling due after 1 year	5,055	6,863	6,767
Other long-term liabilities	921	715	436
Total other long-term liabilities	5,976	7,578	7,204
Finance debt and leases falling due within 1 year	919	1,293	1,295
Trade creditors and other Short-term liabilities	10,069	11,343	10,897
Total current liabilities	10,989	12,635	12,193
Total liabilities	17,454	20,715	19,923
Total shareholders' equity and liabilities	76,472	55,988	90,759

Siem Offshore Inc - Accounts prepared in accordance with IFRS
The comparable 2004 figures are the historical figures as per statutory requirements

Profit & Loss Account

<i>(Unaudited figures in USD 1,000)</i>	3Q 2005	3Q 2004	YTD 30.09.05	YTD 30.09.04	31/12/2004
Operating revenue	4,531	0	4,531	0	0
Result from affiliated companies	1,583	0	1,583	0	0
Total revenues	6,113	0	6,113	0	0
Total Operating costs	-4,314	0	-4,315	0	-3
EBITDA	1,800	0	1,799	0	-3
Depreciation and amortisation	-922	0	-922	0	0
Impairment	0	0	0	0	0
Gain on sale	0	0	0	0	0
EBIT	878	0	877	0	-3
Net currency items	-49	0	-4,020	0	-1
Financial income	53	0	53	0	0
Financial costs	-162	0	-162	0	0
Net financial items	-158	0	-4,129	0	-1
Result before taxes	720	0	-3,252	0	-4
Taxes	-273	0	-273	0	0
Result for the period	447	0	-3,525	0	-4
Average number of issued shares ('000)	134,463	-	-	-	-
Earnings per share, cent per share	0.33	-	-	-	-

Balance Sheet

<i>(Unaudited figures in USD 1,000)</i>	30/09/2005	30/09/2004	31/12/2004
Fixed assets			
Intangible fixed assets	0	0	0
Tangible fixed assets	21,659	0	2,001
Financial fixed assets	7,153	0	0
Total long-term assets	28,812	0	2,000
Debtors, prepayments and other current assets	21,542	0	51
Bank deposits and short-term investments	26,117	0	0
Total current assets	47,660	0	51
Total assets	76,472	0	2,052
Shareholders' equity			
Paid-in capital	88,153	0	50
Other equity	-25,610	0	0
Result for the period	-3,525	0	-4
Total shareholders' equity	59,018	0	46
Liabilities			
Deferred taxes	0	0	0
Other provisions	489	0	0
Total provisions	489	0	0
Finance debt and leases falling due after 1 year	5,055	0	0
Other long-term liabilities	921	0	0
Total other long-term liabilities	5,976	0	0
Finance debt and leases falling due within 1 year	919	0	0
Trade creditors and other Short-term liabilities	10,069	0	2,006
Total current liabilities	10,989	0	2,006
Total liabilities	17,454	0	2,006
Total shareholders' equity and liabilities	76,472	0	2,052

Siem Offshore Inc - Notes to the 3Q 2005 report

Net interest bearing debt

<i>(Amounts in USD 1 000)</i>	30.09.2005	30.09.2004	31.12.2004
Bank deposits and short-term investments	26 117	0	0
Short-term interest bearing debt	-919	0	0
Long-term interest bearing debt	-5 976	0	0
Net interest bearing debt	19 222	0	0

Shareholders' equity

<i>(Amounts in USD 1 000)</i>	30.09.2005	30.09.2004	31.12.2004
Shareholders' equity beginning of period	46	0	50
Raising of new equity (net)	63 336	0	0
Own shares	-2 033	0	0
Result for the period	-3 525	0	-4
Currency translation differences	1 195	0	0
Shareholders' equity end of period	59 018	0	46

Cash-flow analysis

<i>(Amounts in USD 1 000)</i>	30.09.2005	30.09.2004	31.12.2004
Cash-flow from operations			
Profit before taxes, excluding interest	-3 173	0	-4
Interest paid	-114	0	0
Paid taxes in the period	-273	0	0
Result from affiliated companies	-1 583	0	0
Dividend received	0	0	0
Depreciation, amortisation and impairment of fixed assets	922	0	0
Change in working capital	-17 468	0	1 955
Other changes	1 380	0	0
Cash-flow from operations	-20 308	0	1 951
Cash flow from investment			
Interest received	46	0	0
Investment in fixed assets and instalments shipbuilding contract	-20 673	0	-2 001
Investment in affiliated companies	-5 550	0	0
Cash-flow from investments	-26 177	0	-2 001
Cash-flow from financing activities			
New equity	63 336	0	50
Buy back of own shares	-2 033	0	0
Assumed interest bearing debt	6 434	0	0
Repayment of long-term interest bearing debt	-460	0	0
Cash-flow from financing activities	67 277	0	50
Effect of exchange rate differences	5 326	0	0
Net change in cash	26 117	0	0
Cash at bank start of period	0	0	0
Cash at bank end of period	26 117	0	0
Net change in cash	26 117	0	0