SIEM OFFSHORE INC.
REPORT FOR THE FOURTH QUARTER AND FISCAL YEAR 2016

23 February 2017 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and fiscal year ended 31 December 2016.

SELECTED FINANCIAL INFORMATION

	2016	2015	2016	2015
(Amounts in USD millions)	4Q	4Q	Jan-Dec	Jan - Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	132.6	90.0	469.1	422.4
Operating margin	30.3	13.8	128.3	118.5
Operating margin, %	23 %	15 %	27 %	28 %
Operating profit/(loss)	(86.0)	(112.4)	(49.6)	(168.7)
Profit/(loss) before taxes	(76.9)	(114.2)	(96.2)	(191.7)
Net profit/(loss)	(77.7)	(116.0)	(95.6)	(196.4)
Net profit (loss) attributable to shareholders	(69.2)	(108.3)	(82.1)	(186.7)

HIGHLIGHTS FOR THE FOURTH QUARTER

- Siem Offshore Contractors ("SOC") was awarded a contract for the transportation and installation of a portion of the inner array grid cable system of the Hornsea Offshore Wind Farm, Project One in UK waters. The project engineering phase has commenced and the maritime installation work is scheduled to be undertaken in Q4 2018.
- SOC was also awarded a turnkey contract for the supply and installation of the inner array grid cable system contract for the Trianel Windpark Borkum II. The project engineering phase has commenced. The maritime installation work is tentatively scheduled to be undertaken in Q3 2018, but the timing is subject to a final decision by the client which is expected to be made in Q2 2017.
- Cancelled a shipbuilding contract with Remontowa S.A. in Poland for the 3rd dual fuel PSV in a series of four vessels due to delay in delivery. The Company has been repaid all pre-delivery installments made under the contract which were covered by refund guarantees with interest.
- Took delivery of the second of two well-intervention vessels ("WIV") built at a German shipyard which commenced a 7-year contract.
- Took delivery of the dual fuel PSV ("Siem Thiima") from a Polish shipyard and the vessel commenced a five-year contract with an international oil company for operation in Australian waters.
- Conducted a periodic review of vessel values, receivables and investments in subsidiaries and recorded aggregate impairments of USD74.0 million.
- Recorded aggregate backlog for the Offshore Support Vessels ("OSV") segment and the Industrial Segment of USD1.22 billion at 31 December.

SUBSEQUENT EVENTS

- Concluded the sale of the 1999-built PSV "Siem Supplier".
- Cancelled a shipbuilding contract for the 4th dual fuel PSV due to extended delay in delivery. The Company has been repaid all pre-delivery installments made under the contract covered by refund guarantees.

MARKET AND OUTLOOK

The OSV market continued to be depressed during the fourth quarter with an increase in the number of vessels in lay-up. Low activity within the oil-service industry has led to reductions in chartering rates and increased idle periods. Going forward, we believe that the excess vessel capacity will last for several years and continue to make the market difficult and might force owners to put more vessels into lay-up. The charter rates and margins are below what is sustainable for the industry in the long-run.

RISKS, FINANCE PLAN AND GOING CONCERN

The Company is exposed to a number of risks, among which the most important is the demand for its services. The low oil price has resulted in a significant decline in exploration and production spending and related drilling activities. The low oil price and the excess capacity in the offshore service vessel fleet has increased the competition amongst owners for the existing vessel requirements thus further depressing charter rates.

The Company began to implement comprehensive cost reduction measures at the end of 2014 with the onset of a slowdown in the industry to reduce the Company's cost base and to preserve liquidity for ongoing operations.

The current market situation created material uncertainty related to the expected level of revenues going forward and placed pressure on the Company's cash position used in operations and the servicing of debt.

Following months of negotiations, the Company announced last summer that its proposed Finance Plan had received approval from all of its bank lenders; however, the approval of the Finance Plan remains subject to the Company's reaching agreement with the holders of its two public bonds to extend the maturity dates of the bonds on terms that are acceptable to the banks. The Finance Plan gives support to the Company's contention that it is a viable, going concern and provides a solid financial platform to meet the challenges presented by the oil and gas services market during the next several years. The approvals included 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 from the Company's banks for the next three years. A formal discussion with the bond holders will commence. However, if the Company is unable to reach an agreement with its bondholders, then the agreements for financial relief and relaxation of debt covenants that were made available under the Finance Plan will terminate and the Company as a going concern will become less certain.

RESULTS AND FINANCE 2016

Income Statements (4Q 2016 over 4Q 2015)

Operating revenues were USD132.6 million (2015: USD90.0 million). The operating margin was USD30.3 million (2015: USD13.8 million) and the operating margin as a percentage of revenues was 23% (2015: 15%).

Administration expenses were USD10.4 million (2015: USD9.5 million).

Operating profit/(loss) was USD(86.0) million (2015: USD(112.4) million) after depreciation and amortisation expenses of USD27.6 million (2015: USD25.4 million) and impairment expenses of USD74.0 million (2015: USD110.2 million). At the end of the quarter, the Company conducted its periodic review of the valuations of its vessels, receivables and investments in subsidiaries and recorded impairments as considered necessary. Approximately USD59.0 million of the impairments relates to certain vessels, USD1.0 million to intangibles and USD14.0 million relates to long-term receivables. The net currency exchange gains/(losses) of USD(14.4) million (2015: USD(7.0) million) were recorded on currency derivative contracts of which USD1.9 million was an unrealised loss (2015: USD0.1 million). The currency derivative contracts are entered into in order to hedge non-USD operating expenses. The net gain/(loss) on sales of fixed assets was USD(0.6) million (2015: USD16.3 million).

Net financial items were USD9.1 million (2015: USD0.3 million) and included a net revaluation gain/(loss) of non-USD currency items of USD19.6 million (2015: USD8.1 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 USD11.9 million included a net unrealised gain of USD2.4 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(69.2) million (2015: USD(108.3) million), or USD(0.08) per share (2015: USD(0.13) per share).

Income Statements (YTD 31 December 2016 over YTD 31 December 2015)

Operating revenues were USD469.1 million (2015: USD422.4 million). The operating margin was USD128.3 million (2015: USD118.5 million) and the operating margin as a percentage of revenues was 27% (2015: 28%).

Administration expenses were USD33.1 million (2015: USD38.6 million).

Operating profit/(loss) was USD(49.6) million (2015: USD(168.7) million) after depreciation and amortization expenses of USD111.8 million (2015: USD107.0 million) and impairment costs for vessels of USD60.2 million (2015: USD159.5 million), other impairments related to receivables and subsidiaries of USD15.4 million and impairment related to intangibles USD1.0 million (2015:USD6.7 million). Net currency exchange gains/(losses) of USD(7.8) million (2015: USD(30.8) million) were recorded on currency derivative contracts of which USD0.9 million was an unrealised gain (2015: USD2.1 million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses. The net gains/(losses) on sales of fixed assets was USD(0.4) million (2015: USD16.3 million).

Net financial items were USD(46.7) million (2015: USD(21.4) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(3.8) million (2015: USD22.1 million) due to changes in currency exchange rates during 2016. 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 USD55.3 million included a net unrealised gain of USD2.2 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(82.1) million (2015: USD(186.7) million), or USD(0.10) per share (2015: USD(0.36) per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD549.1 million at 31 December 2016 (31 December 2015: USD632.2 million), equivalent to USD0.65 per share (2015: USD0.75 per share). Net cash flow from operations for the fiscal year 2016 was USD64.8 million and the cash position at 31 December 2016 was USD101.3 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.5 billion. The Company made total drawings of the equivalent of USD455.7 million under credit facilities during fiscal year 2016 and made principal repayments of USD188.4 million. The weighted average cost of debt for the Company was approximately 3.9% p.a. at 31 December 2016, including the effect of fixed interest rate swap agreements.

The share capital is USD8,420,214 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 fourth quarter totalled 46 vessels (2015: 45 vessels), including partly-owned vessels. Ten vessels were in lay-up at the end of the quarter.

Results for the Fourth 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 USD12.6 million and had 64% utilisation (2015: USD13.5 million and 62%). The operating margin before administration expenses was USD3.2 million (2015: USD4.9 million) and the operating margin as a percentage of revenues was 25% (2015: 36%).

Three PSVs were mobilizing for short-term employment outside Argentina, one PSV was employed offshore Canada, four PSVs were employed in the North Sea/Europe, one PSV was steaming to Australia and one PSV was on a bareboat contract. Three vessels were in lay-up at the end of fourth quarter.

Offshore Subsea Construction Vessels (OSCVs) and Well Intervention Vessels (WIVs)

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

The OSCVs and WIVs earned operating revenues of USD29.6 million and had 88% utilisation (2015: USD24.1 million and 88%). The operating margin before administration expenses for the OSCVs and WIVs was USD13.1 million (2015: USD10.9 million) and the operating margin as a percentage of revenues was 44% (2015: 45%). Two OSCVs operated on long-term contracts, with one operating in the US Gulf of Mexico and one vessel operating in the North Sea/Europe. Two vessels operated on short-term employment within the renewable market and one vessel operated on a short-term contract performing walk-to-work duties in the North Sea/UK sector. One WIV operated under a long-term contract with operations in Brazil and the second WIV was mobilizing for the same at the end of the quarter.

Anchor Handling Tug Supply (AHTS) Vessels

The Company had ten AHTS vessels at the end of the quarter (2015: ten). Until the pool agreement was terminated on 30 June 2016, the ten vessels were operated under a pool agreement where revenues and costs were shared in accordance with the pool agreement. With effect 1 July 2016, the Company and its pool partner sold their ten AHTS vessels into a new AHTS vessel company, Siem AHTS Pool AS ("SAP"), and SAP was 100% consolidated within the group accounts.

The AHTS vessel fleet earned operating revenues of USD8.3 million based on 33% utilisation (2015: USD10.9 million and 37%). The operating margin before administration expenses was USD(0.8) million (2015: USD1.0 million) and the operating margin as a percentage of revenues was (10)% (2015: 10%).

Two vessels were on term contracts in Australia at the end of the quarter. Three vessels operated in the spot market in the North Sea/Europe and five vessels were in lay-up during the fourth quarter.

Other Vessels

The Company had a fleet of six smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil-spill recovery vessels) at the end of the quarter (2015: seven). Five vessels operated under term contracts in Brazil and one vessel was in lay-up at the end of the quarter. The fleet earned operating revenues of USD5.6 million and had 79% utilisation (2015: USD3.7 million and 92%). The operating margin before administration expenses for the fleet was USD2.5 million (2015: USD1.1 million) and the operating margin as a percentage of revenues was 45% (2015: 30%).

The Canadian fleet had five offshore support vessels operating offshore Canada at the end of the quarter. The fleet earned operating revenues of USD8.9 million and had 88% utilisation. The operating margin before administration expenses for the fleet was USD4.2 million and the operating margin as a percentage of revenues was 48%.

The results for Secunda were recorded in accordance with the equity method for the first five months in 2016 and included within results from associated companies. After the acquisition of the remaining 50% ownership interest in Secunda Canada LP, Siem Offshore became the 100% owner of Secunda and its accounts have been fully consolidated with effect from 1 June 2016.

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD0.6 million (2015: USD0.6 million) and an operating margin of USD0.1 million (2015: USD0.2 million). The operating margin as a percentage of revenue was 17% (2015: 27%). These results are recorded in accordance with the equity method.

Results for the Year ended 31 December 2016

Platform Supply Vessels (PSVs)

The PSV fleet recorded operating revenues of USD62.1 million and had 77% utilisation (2015: USD76.5 million and 75%). The operating margin before administration expenses for these PSVs was USD28.1 million, (2015: USD38.7 million) and the operating margin as a percentage of revenues was 45% (2015: 51%).

Offshore Subsea Construction Vessels (OSCVs) and Well Intervention Vessels (WIVs)

The OSCVs and the WIVs earned operating revenues of USD97.2 million and had 92% utilisation (2015: USD111.3 million and 94%). The operating margin before administration expenses for the OSCVs and WIVs was USD44.5 million (2015: USD69.6 million) and the operating margin as a percentage of revenues was 46% (2015: 63%).

Anchor Handling Tug Supply (AHTS) Vessels

The Company's interest in the AHTS fleet represents operating revenues of USD48.3 million based on 39% utilisation (2015: USD54.7 million and 55%). The operating margin before administration expenses was USD10.8 million (2015: USD(2.0) million) and the operating margin as a percentage of revenues was 22% (2015: (4)%).

Other Vessels

The fleet of smaller Brazilian flagged vessels earned operating revenues of USD20.1 million and had 73% utilisation (2015: USD21.3 million and 86%). The operating margin before administration expenses for the fleet was USD8.6 million (2015: USD7.1 million) and the operating margin as a percentage of revenues was 43% (2015: 33%).

The Canadian fleet earned operating revenues of USD24.5 million and had 73% utilisation. The operating margin before administration expenses for the fleet was USD12.5 million and the operating margin as a percentage of revenues was 51%. The results for Secunda were recorded in accordance with the equity method for the first five months in 2016 and were fully consolidated commencing with effect from 1 June 2016.

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD2.3 million (2015: USD2.7 million) and an operating margin of USD0.4 million (2015: USD0.7 million). The operating margin as a percentage of revenue was 16% (2015: 26%). These results are recorded in accordance with the equity method.

Contract Backlog for Offshore Support Vessels (OSV)

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

Contract Backlog,	2017	2018	2019
PSVs	51%	36%	23%
OSCVs and WIVs	55%	43%	29%
AHTS vessels	8%	0%	0%
Brazilian-flagged vessels	69%	41%	33%
Canadian fleet	48%	45%	26%
Big Orange XVIII	100%	8%	0%

The total contract backlog of firm contracts for the OSV segment at 31 December 2016 was USD0.9 billion, including "Big Orange XVIII", and is allocated as follows:

(Amounts in USD million)	2017	2018	2019 onwards
Backlog	194	164	565

Health, Safety, Environment & Quality (HSEQ)

The health and safety of the Company's vessel crews and employees is first priority in the Company's daily operations and the focus and effort of the Company is to create a safe environment for its people, to cause no harm to the environment or its assets and constantly to seek improvement in these endeavors.

The safety records for 2016 indicate that there were no serious injuries to personnel or discharges to the environment.

INDUSTRIAL SEGMENT

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

Results for the Fourth Quarter 2016

Siem Offshore Contractors ("SOC") generated gross revenues of USD64.3 million in the fourth quarter 2016 (2015: USD29.0 million). The projects within SOC are accounted for using the percentage-of-completion method and profit margin will not be recorded until the respective project's offshore operation has commenced and the project has reached 25% technical progress. The operating margin before administration expenses was USD13.1 million (2015: USD1.5 million). 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.

Project Overview

SOC is currently working on the following projects:

- The Nordsee One OWF (Inner Array Grid) project is on plan to be ready for completion and taking over in the first quarter 2017. All offshore work has successfully been completed.
- The Nordsee One OWF (Export Cable) project is on track for completion and delivery in the second quarter 2017. All remaining offshore testing work is scheduled to be completed in the first quarter 2017.
- The Veja Mate OWF (Inner Array Grid) project is progressing ahead of schedule. The project is scheduled for completion in the second quarter 2017.
- The Beatrice OWF (Inner Array Grid) project is progressing in the engineering and procurement phase. The cable fabrication and the first offshore operation are planned to start in the first quarter 2017.
- The Ocean Breeze Energy walk-to-work charter is serviced by the "Siem Marlin" with planned replacement by the "Siddis Mariner" in the first quarter 2017.
- The Hornsea OWF One (Inner Array Grid) project has been awarded and engineering work has started.
- The Trianel Windpark Borkum II OWF (Inner Array Grid) project has been awarded and engineering work has started under the pre-work contract.

The operational performance of the innovative 'Siem Duo' has been excellent. The "Siem Aimery" and the "Siem Moxie" have proven their capabilities of executing cable installation works to the highest safety- and quality standards within a challenging offshore environment. Both vessels have demonstrated their advanced operability whereby cable lay, gangway, and post-trenching operations were undertaken at harsh winter weather condition.

Results for the Year ended 31 December 2016

SOC generated gross revenues of USD193.8 million (2015: USD132.3 million) and recorded USD30.0 million (2015: USD19.8 million) in margin from its various projects before administrative expenses.

Technology Investment – Siem WIS

Results for the Fourth Quarter 2016

Siem WIS recorded operating revenues of USD1.0 million (2015: USD0.7 million) and an operating margin before administration expenses of USD0.5 million (2015: USD0.4 million).

In the fourth quarter of 2016, Siem WIS performed two operations with it's pressure control drilling (PCD) system. In total, five operations were performed in 2016 with satisfactory results. There have been no lost time incidents in 2016. In December, Siem WIS was awarded a frame agreement with Statoil for the delivery of PCD services. The next of two contracts will commence operations in the first quarter of 2017.

Results for the Year ended 31 December 2016

Siem WIS recorded operating revenues of USD3.6 million (2015: USD4.8 million) and an operating margin before administration expenses of USD1.5 million (2015: USD2.4 million). The operating margin as a percentage of revenue was 42% (2015: 50%).

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

Results for the Fourth Quarter 2016

The scientific core-drilling vessel "JOIDES Resolution" recorded operating revenues of USD6.7 million (2015: USD6.6 million) and an operating margin before administration expenses of USD3.6 million (2015: USD3.5 million). The operating margin as a percentage of revenue was 54% (2015: 53%).

Results for the Year ended 31 December 2016

The "JOIDES Resolution" recorded operating revenues of USD26.4 million (2015: USD26.2 million) and an operating margin before administration expenses of USD15.1 million (2015: USD14.2 million). The operating margin as a percentage of revenue was 57% (2015: 54%).

Contract Backlog for the Industrial Segment

The total Contract Backlog for the Industrial Segment at 31 December 2016 was USD 293 million and is allocated as follows:

(Amounts in USD million)	2017	2018	2019 onwards
Siem Offshore Contractors	111	87	23
"JOIDES Resolution"	26	26	20

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

23 February 2017

Eystein Eriksrud, Chairman

Idar Hillersøy, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

(Amounts in USD 1 000)	Note	2016 4Q	2015 4Q	2016 Jan-Dec	2015 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	132 614	90 011	469 123	422 449
Operating expenses		-91 843	-66 727	-307 769	-265 326
Administration expenses		-10 425	-9 483	-33 059	-38 575
Operating margin		**30 346**	**13 801**	**128 295**	**118 548**
Depreciation and amortization	5	-27 629	-25 402	-111 771	-107 025
Impairment of vessels	5,9	-58 971	-103 465	-60 180	-159 465
Impairment of intangibles	5,9	-1 015	-6 705	-1 015	-6 705
Impairment related to long term receivables	9	-13 979	-	-15 379	-
Gain/(loss) on sales of fixed assets	5	-594	16 304	-423	16 317
Gain on bargain purchase	10	188	-	18 312	-
Gain on sale of interest rate derivatives (CIRR)	6	92	92	368	368
Gain/(loss) on currency derivative contracts		-14 444	-6 978	-7 762	-30 775
Operating profit/(loss)	4	**-86 005**	**-112 353**	**-49 555**	**-168 735**
Financial revenues		1 391	5 361	12 471	11 184
Financial expenses		-11 896	-13 135	-55 312	-54 677
Net currency gain/(loss) on revaluation		19 634	8 092	-3 835	22 110
Net financial items		**9 129**	**318**	**-46 676**	**-21 384**
Result from associated companies		-11	-2 170	19	-1 560
Profit/(loss) before taxes		**-76 887**	**-114 206**	**-96 212**	**-191 679**
Tax benefit / (expense)	7	-775	-1 843	626	-4 737
Net profit/(loss)		**-77 662**	**-116 049**	**-95 586**	**-196 416**
Attributable to non-controlling interest		-8 416	-7 716	-13 469	-9 729
Attributable to shareholders		**-69 246**	**-108 333**	**-82 117**	**-186 687**
Weighted average number of outstanding shares('000)		842 021	842 021	842 021	518 318
Earnings(loss) per share (basic and diluted)		-0,08	-0,13	-0,10	-0,36

Comprehensive Income Statement *(Amounts in USD 1 000)*	2016 4Q	2015 4Q	2016 Jan-Dec	2015 Jan-Dec
	Unaudited	Unaudited	*Unaudited*	*Audited*
Net profit/(loss)	**-77 662**	**-116 049**	**-95 586**	**-196 416**
Other comprehensive income (expense):				
Items that will not be reclassified to profit or loss:				
Pension remeasurement gain/(loss)	230	-1 178	230	-1 178
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges	-294	34 726	30 936	-51 245
Currency translation differences	-2 357	-14 388	-30 959	-9 687
Total comprehensive income for the period	**-80 083**	**-96 888**	**-95 379**	**-258 526**
Attributable to non-controlling interest	-8 357	-7 715	-12 271	-9 520
Attributable to shareholders of the Company	**-71 727**	**-89 173**	**-83 108**	**-249 006**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in USD 1 000)	Note	31.12.2016	31.12.2015
		Unaudited	*Audited*
Non-current assets			
Vessels and equipment	5, 9	1 980 228	1 391 695
Vessels under construction	5, 8	8 258	185 064
Capitalized project cost	5	5 623	5 381
Investment in associates and other long-term receivables		33 884	68 258
CIRR loan deposit 1)	6	76 215	88 002
Deferred tax asset		11 467	11 668
Intangible assets	5, 9	16 977	16 849
Total non-current assets		**2 132 652**	**1 766 916**
Debtors, prepayments and other current assets		178 316	115 994
Assets held-for-sale		1 099	3 459
Cash and cash equivalents	6	101 323	148 753
Total current assets		**280 738**	**268 206**
Total assets		**2 413 390**	**2 035 122**
Equity			
Paid-in capital		625 219	625 219
Other reserves		-107 490	-108 151
Retained earnings		31 378	115 147
Shareholders´ equity		**549 107**	**632 215**
Non-controlling interest		98 878	33 293
Total equity		**647 985**	**665 508**
Liabilities			
Borrowings	6, 8	1 293 059	1 007 925
CIRR loan 1)	6	76 215	88 002
Other non-current liabilities		51 421	43 238
Total non-current liabilities		**1 420 695**	**1 139 165**
Borrowings	6	177 834	114 660
Accounts payable and other current liabilities		166 876	115 788
Total current liabilities		**344 710**	**230 448**
Total liabilities		**1 765 405**	**1 369 613**
Total equity and liabilities		**2 413 390**	**2 035 122**

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOW

(Amounts in USD 1 000)	2016 Jan-Dec	2015 Jan-Dec
	Unaudited	*Audited*
Cash flow from operations		
Net profit/(loss)	-95 586	-196 416
Interest expense	50 115	51 796
Interest income	-8 487	-4 223
Tax expense	-626	4 737
Interest paid	-52 338	-50 649
Taxes paid	-603	-2 272
Results from associated companies	-19	1 560
Loss/(gain) on sale of assets	423	-16 317
Gain from bargain purchase	-18 312	-
Value of employee services	516	-1 728
Impairment of vessels	60 180	159 465
Impairment of intangibles	1 015	6 705
Impairment related to subsidiaries/long term receivables	15 379	-
Depreciation and amortization	111 771	107 025
Effect of unreal. currency exchange forward contracts	-871	-2 074
Changes in short-term receivables and payables	-20 938	-25 149
CIRR	-368	-368
Other changes	23 589	10 373
Net cash flow from operations	**64 841**	**42 462**
Cash flow from investing activities		
Interest received	8 501	4 233
Investments in fixed assets	-491 870	-149 631
Proceeds from sale of fixed assets	9 751	122 193
Proceeds from sale of shares	-	2 620
Investment in subsidiaries	-201	-2 510
Cash received from acquisition of subsidiary	3 314	-
Dividend from associated companies	-	1 355
Investment in associated companies	-	-3 576
Cash flow from investing activities	**-470 505**	**-25 315**
Cash flow from financing activities		
Proceeds from issue of new equity	-	98 983
Contribution from non-controlling interests of consolidated subsidiaries	77 953	4 744
Proceeds from bank overdraft	-	-4 014
Proceeds from new long-term borrowing	455 706	109 583
Repayment of long-term borrowing	-188 360	-182 820
Cash flow from financing activities	**345 300**	**26 476**
Net change in cash	**-60 364**	**43 623**
Cash at bank start of period	148 753	117 623
Effect of exchange rate differences	12 934	-12 494
Cash at bank at end of period	**101 323**	**148 753**

CONSOLIDATED STATEMENT 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				-	-1 682	**-1 682**	**-100**	**-1 782**
Net profit to shareholders					-82 117	**-82 117**	-13 469	**-95 585**
Value of employee services				516		**516**		**516**
Pension remeasurement					230	**230**		**230**
Currency revaluation					-201	**-201**		**-201**
Cash flow hedge				41		**41**		**41**
Currency translation differences				105		**105**	1 198	**1 303**
Total comprehensive income/(expense)		**-**	**-**	**661**	**-83 769**	**-83 108**	**-12 371**	**-95 479**
Share issue in partially owned subsidiary		-	-	-	-	-	77 956	**77 956**
Equity on 31 December 2016	**842 021 380**	**8 420**	**616 799**	**-107 490**	**31 378**	**549 107**	**98 878**	**647 985**

(Amounts in USD 1 000)								
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**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 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 69% of the long-term interest-bearing debt was subject to floating interest rates at the end of December 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. As of the time of this report, the Company has no vessels under construction.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Segment Reporting by Business Area

(Amounts in USD 1 000)	2016 4Q	2015 4Q	2016 Jan-Dec	2015 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area				
Platform Supply Vessels (1)	12 599	13 537	62 058	76 455
Offshore Subsea Construction Vessels and Well Intervention Vessels (1)	29 642	24 053	97 232	111 315
Anchor Handling Tug Supply Vessels (1)	8 299	10 850	48 326	54 692
Other vessels in Brazil	5 611	3 669	20 143	21 326
Canadian fleet	8 858	-	24 474	-
Other/Intercompany eliminations	-4 315	763	-9 256	-9 323
Operating revenue, OSV segment	**60 694**	**52 872**	**242 976**	**254 465**
Combat Management Systems	-150	844	2 410	4 741
Submarine Power Cable activities	64 348	29 000	193 774	132 307
Scientific Core-Drilling	6 745	6 632	26 376	26 164
Siem WIS	977	662	3 587	4 773
Other/Intercompany eliminations	-	-	-	-
Operating revenue, Industrial Segment	**71 920**	**37 139**	**226 147**	**167 984**
Total operating revenue	**132 614**	**90 011**	**469 123**	**422 449**

(Amounts in USD 1 000)	2016 4Q	2015 4Q	2016 Jan-Dec	2015 Jan - Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating profit by business area				
Platform Supply Vessels 1)	-47 857	-21 226	-43 081	-28 980
Offshore Subsea Construction Vessels and Well Intervention Vessels (1)	-4 287	3 194	7 406	19 998
Anchor Handling Tug Supply Vessels 1)	-11 119	-91 430	-29 496	-134 230
Other vessels in Brazil	1 067	308	3 184	3 478
Canadian fleet	394		5 739	-
Other/Intercompany eliminations	-14 989	-7 019	-11 996	-3 413
Operating profit, OSV segment	**-76 791**	**-116 174**	**-68 244**	**-143 147**
Combat Management Systems	-597	85	31	-208
Submarine Power Cable activities	14 909	1 213	30 540	15 856
Scientific Core-Drilling	2 677	2 595	11 391	10 709
Siem WIS	-831	-7	-710	720
Other/Intercompany eliminations	-	-	-	-
Operating profit, Industrial segment	**16 157**	**3 886**	**41 253**	**27 076**
Administration expenses	-10 425	-9 483	-33 059	-38 575
Gain (loss) from sale of fixed assets	-594	16 304	-423	16 317
Gain from bargain purchase	-	-	18 312	-
Gain sale of interest rate derivatives	92	92	368	368
Currency gain/(loss)	-14 444	-6 978	-7 762	-30 775
Total operating profit	**-86 005**	**-112 353**	**-49 555**	**-168 735**

(1) Platform Supply Vessel, Offshore Subsea Construction Vessels and Anchor Handling Tug Supply Vessel categories 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	3	156 202	333 544	2 083	**491 832**
Business combinations	-	106 563	-	-	**106 563**
Delivery of vessels	-	505 685	-505 685	-	**-**
The year's disposal at cost	-	-58 757	-10 424	-27	**-69 207**
Effect of exchange rate differences	-11	-2 760	25	-	**-2 746**
Purchase cost on December 31, 2016	**302**	**2 709 407**	**10 024**	**14 732**	**2 734 466**
Accumulated depreciation on January 1, 2016	-20	-437 104	-	-7 296	**-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	-13	-109 393	-	-1 873	**-111 279**
Impairment of vessels	-	-43 620	- 1 766	-	**-45 385**
The year's disposal of accumulated depreciation	-	32 440	-	59	**32 499**
The year's disposal of accumulated impairment	-	9 633	-		**9 633**
Effect of exchange rate differences	3	56	-	-	**59**
Accumulated depreciation on December 31, 20	**-30**	**-729 452**	**-1 766**	**-9 109**	**-740 357**
Net book value on December 31, 2016	**272**	**1 979 956**	**8 258**	**5 623**	**1 994 109**

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	-	38	-	**38**
Effect of exchange rate differences	-581	61	7	**-514**
Purchase cost on December 31, 2016	**16 097**	**12 125**	**387**	**28 608**
Accumulated depreciation on January 1, 2016	**-**	**-10 764**	**-347**	**-11 111**
The year's ordinary depreciation	-	-493	-	**-492**
Effect of exchange rate differences	-	-21	-7	**-28**
Accumulated depreciation on December 31, 20	**-**	**-11 278**	**-354**	**-11 631**
Net book value on December 31, 2016	**16 097**	**847**	**33**	**16 977**

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 referes to assets that are not yet commercialized.

Impairment has been indified for vessels, receivables and intangibles. See note 9 for further details.

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Net Interest-Bearing Debt

(Amounts in USD 1 000)	**31.12.2016**	**31.12.2015**
	Unaudited	*Audited*
Cash and cash equivalents	101 323	148 753
Total cash	**101 323**	**148 753**
Short-term interest-bearing debt	177 834	114 660
Long-term interest-bearing debt	1 293 059	1 007 925
Gross interest-bearing debt	**1 470 893**	**1 122 585**
Net interest-bearing debt	**1 369 570**	**973 832**

Unearned CIRR *)	**31.12.2016**	**31.12.2015**
Beginning of year	1 418	1 786
Recognized in the profit and loss account	-368	-368
End of period	**1 050**	**1 418**

The interest-bearing debt is denominated in currencies as follows: USD 86.8%, NOK 12.2 % and CAD 1.0%.

*) Commercial Interest Reference Rate

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 on 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)	**31.12.2016**	**31.12.2015**
Combined contract value end of period for the vessels	-	596 594
Instalments paid	-	200 694
Unpaid instalments	**-**	**395 900**

The Company had one vessel under construction at the end of the quarter. After year-end the contract was cancelled due to delayed delivery from the yard. The Company has been repaid all predelivery installments.

Note 9 – Exceptional items

(Amounts in USD 1 000)	**2016 4Q**	**2015 4Q**	**2016 Jan-Dec**	**2015 Jan-Dec**
Operating items	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Impairment charge relating to vessel-segments:				
AHTS vessels	-	82 138	-	95 138
PSV	48 222	19 478	49 431	39 478
OSCV	10 749	1 849	10 749	24 849
Total impairment charge for vessels and equipment	**58 971**	**103 465**	**60 180**	**159 465**
Impairment charge relating to intangibles	1 015	6 704	1 015	6 704
Impairment charge related to subsidiaries/long-term receivabl	13 979	1 443	15 379	1 443
Total charge for impairments	**73 965**	**111 612**	**76 574**	**167 612**

At 31 December 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 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 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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