

FOURTH QUARTER REPORT 2014



The Company's vision is to become the leading provider and the most attractive employer offering marine services to the offshore energy service industry. The Company shall deliver quality and reliable contracted services in a timely manner by executing cost-efficient solutions developed in active collaboration and cooperation with our customers.

Siem Offshore owns and operates one of the world's most modern fleet of offshore support vessels, equipped to meet the increased requirements from clients and demands from operation in the most harsh environments. Siem Offshore has 46 vessels in operation and 9 vessels under construction. Vessels in operation included two anchor handling, tug, supply vessels operated on behalf of a pool partner.

The total fleet comprised of 55 vessels, including, among others, Platform Supply Vessels (PSVs), Offshore Subsea Construction Vessels (OSCVs), Anchor Handling, Tug, Supply vessels (AHTS vessels), Well-Intervention Vessels (WIVs) and Canadian flagged vessels comprised of both AHTS vessels and PSVs. The fleet provides a broad spectrum of services offered by a highly experienced and competent crew with a

strong focus on Health, Safety, Environment and Quality. The Company's vision is to become the leading provider and the most attractive employer offering marine services to the offshore energy service industry. The Company shall deliver quality and reliable contracted services in a timely manner by executing cost-efficient solutions developed in active collaboration and cooperation with our customers.

Siem Offshore commenced operations with effect from 1 July 2005. The Company is registered in the Cayman Islands and is listed on the Oslo Stock Exchange (OSE Symbol: SIOFF). The Company's headquarters are located in Kristiansand, Norway and additional subsidiary offices are located in Brazil, Germany, the Netherlands, Ghana, USA, India, Poland and Australia. The Company is tax resident in Norway.

OUR CORE VALUES ARE:

Caring

Committed

Competitive

REPORT FOR THE FOURTH QUARTER AND FISCAL YEAR 2014

26 February 2015 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and fiscal year ended 31 December 2014.

SELECTED FINANCIAL INFORMATION

(Amounts in USD million)	2014	2013	2014	2013
	4Q	4Q	Jan-Dec	Jan-Dec
	Unaudited	Unaudited	Unaudited	Audited
Operating revenues	137.7	95.0	491.3	364.0
Operating margin	59.7	27.2	194.1	122.7
Operating margin, %	43 %	29 %	40 %	34 %
Operating profit/ (loss)	(3.1)	6.1	84.3	69.3
Profit/ (loss) before taxes	16.0	(9.1)	73.4	18.0
Net profit/ (loss)	15.5	(3.7)	70.7	21.5
Net profit/ (loss) attributable to shareholders	13.0	(3.8)	58.1	22.0

HIGHLIGHTS FOURTH QUARTER

- The fleet in operation at the end of the fourth quarter totalled 46 vessels (4Q 2013: 42 vessels), including partly owned vessels and two vessels operated on behalf of a pool member.
- The fourth quarter included an early termination fee of USD 9.0 million following the cancellation of seasonal work for three vessels in the Kara Sea.
- The subsidiary Siem Offshore Contractors continued the installation of submarine power cables for two of its projects. Siem Offshore Contractors recorded USD 12.7 million as project margin on two of its projects.
- Four AHTS vessels have been off-hire for an accumulated 175 days due to dry-docking, repair and maintenance.
- The Company has conducted a review of vessel valuations and elected to record total costs of USD 33 million related to certain Brazilian-built vessels, of which USD 29 million is recorded as an impairment of vessel values and USD 4 million is recorded as a provision in relation to future operations.
- Obtained USD 60 million in a Revolving Credit Facility provided by Siem Industries Inc.
- Total firm contract backlog for vessels of USD 1.55 billion at 31 December 2014.

VESSEL DELIVERIES AND CONTRACTS

- The PSV “Siem Symphony” was delivered from a Norwegian yard in November and commenced a four year contract with Total E&P Norge AS.
- The OSRV “Siem Maragogi” was delivered from a Brazilian

yard in December and commenced an eight-year contract with Petrobras.

- Agreed a three-year contract for the OSCV “Siem N-Sea” (ex. “Siem Stork”) with commencement 1 January 2015.
- The charterer declared three month extension until 9 June 2015 for the PSVs “Siem Hanne” and “Sophie Siem”.

SUBSEQUENT EVENTS

- Petrobras informed in January that the current contracts for four AHTS vessels employed in Brazil will not be extended following contract expiry during February 2015. Petrobras took similar actions against all owners whose vessel contracts were expiring. Alternative employment shall be pursued globally for these four vessels.
- A USD 350 million loan and guarantee facility has been signed for two new well-intervention vessels (“WIVs”) under construction in Germany. The WIVs are scheduled for delivery during first half of 2016, and both WIVs shall commence 7-year charters upon delivery from the yard.
- Agreed a one year contract with Petrobras for the PSV “Siem Giant” with commencement latest September 2015.
- Daya Materials Bhd. (“Daya”) has been given until mid-April to arrange for financing and to pay the full 10% deposit on the two 2013-built OSCVs “Siem Daya 1” and “Siem Daya 2”, which are negotiated to be sold to Daya. The subsequent delivery of the vessels shall thereafter take place latest by mid July. The recent volatility in the market for offshore vessels has increased the uncertainty of this transaction to be concluded. Both vessels are on long-term charters to Daya.
- Debt financing obtained for the three dual-fuelled PSVs under construction in Poland.

RESULTS

RESULTS AND FINANCE

Results for the Fourth Quarter 2014

Operating revenues were USD 137.7 million (2013: USD 95.0 million). The operating margin was USD 59.7 million (2013: USD 27.2 million) and the operating margin as a percentage of revenues was 43% (2013: 29%).

Administration expenses were USD 10.9 million (2013: USD 19.3 million).

Operating profit(losses) was USD (3.1) million (2013: USD 6.1 million) after depreciation and amortisation of USD 56.5 million (2013: USD 20.1 million). All vessels delivered from yards since 2005 are depreciated linearly based on a 27-year lifetime. The Company has conducted a review of vessel valuations and elected to record impairments of USD 29 million on certain Brazilian-built vessels. Net currency exchange gains (losses) of USD (6.6) million (2013: USD (2.5) million) were recorded on currency forward contracts of which USD (5.4) million was unrealised.

Net financial items were USD 19.2 million (2013: USD (15.2) million) and includes a net revaluation gain (loss) of non-USD currency items of USD 28.5 million (2013: USD (6.6) 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 USD 15.5 million include a net unrealised loss of USD 0.4 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 attributable to shareholders was USD 13.0 million, or USD 0.03 per share (2013: USD (3.7) million, or USD (0.01) per share).

Platform Supply Vessels

The Company had twelve PSVs in operation, consolidated on a 100% basis, at the end of the quarter (2013: twelve). These PSVs recorded operating revenues of USD 30.5 million and had 94% utilisation (2013: USD 24.0 million and 86%). The operating margin before administrative expense for these PSVs was USD 18.2 million, (2013: USD 12.7 million) and the operating margin as a percentage of revenues was 60% (2013: 53%).

Three of the PSVs are employed offshore West Africa, four are employed offshore Brazil, three are employed in the North Sea region and one PSV is on a bareboat contract. One vessel came off a firm contract during fourth quarter.

The twelve PSVs recorded four days commercial off-hire due to maintenance.

Offshore Subsea Construction Vessels

The Company had six OSCVs in operation at the end of the quarter (2013: four).

The OSCVs earned operating revenues of USD 31.9 million and had 100% utilisation (2013: USD 16.3 million and 100%). The operating margin before administrative expense for the

OSCVs was USD 21.0 million (2013: USD 10.8 million) and the operating margin as a percentage of revenues was 66% (2013: 66%).

The six OSCVs operated on long-term contracts, with two operating in the US Gulf of Mexico, one outside West Africa and three vessels in the North/UK Sea and Europe.

The OSCVs recorded two days commercial off-hire related to dry-docking, maintenance or mobilization.

Anchor Handling Tug Supply Vessels

The Company had ten AHTS vessels in operation at the end of the quarter (2013: ten), of which two are owned by a pool partner. All ten vessels are operated under a pool agreement where revenues and costs are shared in accordance with the pool agreement.

Siem Offshore's interest in the AHTS fleet represents operating revenues of USD 34.7 million based on 74% utilisation (2013: USD 32.5 million and 87%). The operating margin before administrative expense was USD 18.5 million (2013: USD 17.5 million) and the operating margin as a percentage of revenues was 53% (2013: 54%).

Petrobras informed in January that the current contracts for four of the five AHTS vessels employed in Brazil will not be extended following contract expiry during February 2015. Alternative employment shall be pursued globally for these four vessels. One AHTS vessel is operating for Siem Offshore Contractors and the remaining four AHTS vessels are operating in the North Sea spot market following the completion of contracts in the Kara Sea and Morocco.

The AHTS vessels recorded 175 days commercial off-hire related to dry-docking, maintenance or mobilization

Other Vessels

The Company had a fleet of nine smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil spill recovery vessels) in operation at the end of the quarter (2013: eight). All vessels operated on term contracts in Brazil. The fleet earned operating revenues of USD 5.2 million and had 92% utilisation (2013: USD 5.4 million and 87%). The operating margin before administrative expense for the fleet was USD (3.9) million (2013: USD (0.3) million). The Company recorded USD 4 million in provision in relation to future operations. The fleet recorded 19 days commercial off-hire related to dry-docking and maintenance.

The scientific core-drilling vessel "JOIDES Resolution" recorded operating revenues of USD 6.5 million (2013: USD 6.4 million) and an operating margin before administrative expense of USD 2.3 million (2013: USD 3.5 million). The operating margin as a percentage of revenues was 36% (2013: 55%).

The 50%-owned company Secunda had a fleet of six offshore support vessels operating offshore Canada. The fleet earned operating revenues of USD 9.4 million and had 80% utilisation.

The operating margin before administrative expense for the fleet was USD 2.7 million, and the operating margin as a percentage of revenues was 29%. The results for Secunda are recorded in accordance with the equity method and included as results from associated companies. Siem Offshore's 50% share of the net result for the fourth quarter was USD 0.1 million.

Submarine Power Cable Installation

Gross revenues included USD 30.5 million of revenue in Siem Offshore Contractors ("SOC"). The projects within SOC are accounted for using the percentage-of-completion method. According to the Company policy, no margin recognition will be recorded on SOC's projects until the respective projects are minimum 25% complete. SOC recorded USD 12.7 million in margin before administrative expense on two of its projects. Subject to a forecasted positive margin, project revenues are recorded at a similar figure as project costs until margin is recognized. This has an impact on the overall percentage of operating margin for Siem Offshore on a consolidated basis.

Results for the Full Year 2014

The operating revenues for the full year were USD 491.3 million (2013: USD 364.0 million). The operating margin was USD 194.1 million (2013: USD 122.7 million) and the operating margin as a percent of revenues was 40% (2013: 34%).

Operating profit was USD 84.3 million (2013: USD 69.3 million) and included depreciation and amortisation of USD 125.9 million (2013: USD 75.8 million). All vessels delivered from yards since 2005 are depreciated linearly based on a 27-year lifetime. Net currency exchange gains (losses) of USD (3.0) million (2013: USD (7.8) million) were recorded on currency forward contracts, of which USD 5.6 million was unrealised gain. Gain on sale of fixed assets was USD 18.7 million (2013: USD 29.8 million).

Net financial items were USD (10.9) million (2013: USD (51.3) million) and includes a revaluation gain (loss) of non-USD currency items of USD 34.1 million (2013: USD (22.7) million) due to stronger USD during the period. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currency. The financial expenses of USD 55.9 million included an unrealized loss of USD (0.4) million related to interest swap agreements (mark-to-market adjustment) which were entered into for hedging long-term interest rate exposure on floating rate borrowing.

The net profit attributable to shareholders was USD 58.1 million, or USD 0.15 per share (2013: USD 22.0 million, or USD 0.06 per share).

Platform Supply Vessels

The PSV fleet earned operating revenues of USD 104.4 million and had 94% utilisation (2013: USD 94.6 million and 83%).

The operating margin before administrative expense for the PSV fleet was USD 58.9 million (2013: USD 42.9 million) and the operating margin as a percentage of revenues was 56% (2013: 45%).

Offshore Subsea Construction Vessels

The OSCV fleet earned operating revenues of USD 104.8 million and had 98% utilisation (2013: USD 41.4 million and 100%). The operating margin before administrative expense for the OSCV fleet was USD 71.2 million (2013: USD 26.9 million) and the operating margin as a percentage of revenues was 68% (2013: 65%).

Anchor Handling Tugs Supply Vessels

Siem Offshore's interest in the AHTS fleet represents operating revenues of USD 142.5 million and 84% utilisation (2013: USD 131.9 and 86% utilization). The operating margin before administrative expense for the AHTS vessels was USD 77.5 million (2013: USD 67.9 million) and the operating margin as a percentage of revenues was 54% (2013: 51%).

Other Vessels

The fleet of smaller Brazilian flagged vessels earned operating revenue of USD 19.4 million and had 91% utilisation (2013: USD 24.1 million and 92%). The operating margin before administrative expense for the fleet was USD (3.5) million (2013: USD 6.7 million) and the operating margin as a percentage of revenues was (18)% (2013: 28%).

The scientific core-drilling vessel "Joides Resolution" recorded operating revenues of USD 25.9 million (2013: USD 36.9 million) with an operating margin before administrative expense of USD 12.9 million (2013: USD 20.4 million) and the operating margin as a percentage of revenues was 50% (2013: 55%).

The 50%-owned company Secunda earned operating revenues of USD 38.7 million and had 80% utilisation. The operating margin for the fleet was USD 15.5 million, and the operating margin before administrative expense as a percentage of revenues was 40%. The results for Secunda are recorded in accordance with the equity method and included as results from associated companies. Siem Offshore's 50% share of the net result for 2014 was USD 0.9 million.

Submarine Power Cable Installation

Gross revenues included USD 101.5 million for SOC. The projects within SOC are accounted for using the percentage-of-completion method. Total project margin before administrative expense of USD 17.1 million was recognized on projects during 2014.

Project revenues are recorded at a similar figure as project costs until the project has reached minimum 25%. This has an impact on the overall percentage of operating margin for Siem Offshore on a consolidated basis

NEWBUILDING PROGRAM

The Company had 9 vessels under construction at the end of 2014. Six vessels were under construction in Poland, two in Germany and one in Brazil. These 9 vessels include one oil spill recovery vessels ("OSRVs") for delivery in 2015, four dual-fuel PSVs with two for delivery in 2015 and two in 2016, one Cable-Lay Vessel ("CLV") for delivery in 2015, one Anchor Handling Tug Supply Vessel ("AHTS") for delivery in 2015 and two Well-Intervention Vessels ("WIVs") for delivery in 2016. The Company has secured long-term employment for the OSRV, one of the four dual-fuelled PSVs, and the two WIVs. The CLV shall be utilised by Siem Offshore Contractors, for project work within the submarine power cable installation, repair and maintenance segment.

Total future yard instalments for vessels under construction were equivalent to USD 550 million at the end of the quarter. These instalments fall due with USD 242 million in 2015, and USD 308 million in 2016.

FINANCING AND CAPITAL STRUCTURE

Cash and Equity

Net cash flow from operations for the fiscal year was USD 184.3 million and the cash position at 31 December 2014 was USD 117.6 million.

Shareholders' equity was USD 785 million at the end of the fiscal year, equivalent to USD 2.03 per share.

Debt Financing

The balance sheet included gross interest-bearing debt equivalent to USD 1.2 billion. The Company made total drawings in the equivalent of USD 448 million under credit facilities during the year and made principal repayments of USD 132 million. The weighted average cost of debt for the Company was approximately 4.5% p.a. at the end of the year, including the effect of interest rate swaps.

The Company has nine vessels under construction. The Company has secured debt-financing for eight of these vessels. One of the vessels under construction is owned by Secunda, which is owned 50% by Siem Offshore.

The Company's debt facility for six AHTS vessels has a balloon repayment in 2015. The term for this debt facility shall either be renegotiated or automatically extended subject to certain requirements regarding vessel employment.

FLEET EMPLOYMENT AND CONTRACT BACKLOG

The contract backlog at 31 December 2014 for the PSV fleet, which is consolidated on a 100% basis, was 58% for 2015, 42% for 2016 and 25% for 2017. The contract backlog for the OSCV

fleet was 88% for 2015, 83% for 2016 and 77% for 2017. The contract backlog for the AHTS vessel fleet was 15% for 2015, 5% for 2016 and 0% for 2017. The contract backlog for the fleet of smaller Brazilian-flagged vessels was 91% for 2015, 89% for 2016 and 89% for 2017.

The total contract backlog of firm contracts for all vessels at 31 December 2014 was USD 1.55 billion, including firm contract for the "JOIDES Resolution", the 41%-ownership in the "Big Orange XVIII", the 50% ownership in Secunda Canada LP and vessels under construction. The total contract backlog is allocated with USD 276 million in 2015, USD 203 million in 2016 and USD 1.07 billion in 2017 and thereafter.

The total contract backlog of firm contracts within the submarine power cable segment at 31 December 2014 was USD 118 million. The contract backlog is allocated with USD 92 million in 2015 and USD 26 million in 2016. The contract backlog does not include Nordsee One OWF Inner Array Grid System project as the client's final investment decision is expected in early 2015.

QHSE

The good QHSE performance continued in the fourth quarter with no serious incidents throughout the fleet. The safety records for the full year report no serious injury to personnel or discharges to the environment.

SUBMARINE POWER CABLE ACTIVITIES

SOC commenced the installation of the remaining 65 submarine cables of the 2nd installation campaign on the Amrumbank West Offshore Wind Farm ("OWF") project in the fourth quarter. SOC envisages the project completion during second quarter 2015. Margin has only been recognised on the Humber Gateway project, which was a stand-alone project initiated by the client during a stand-by period of the initial project.

The installation of 86 submarine cables on the Baltic 2 OWF progressed well during the quarter. Based on the project progress, margin was recorded in fourth quarter 2014. SOC currently envisages the project completion by fourth quarter 2015.

The Nordsee One OWF Export Cable System project involves the engineering, procurement, installation and commissioning ("EPIC") of a dual 155kV submarine cable system on a consortium basis with J-Power Systems ("JPS"). In light of a delay in the construction of the Nordsee One OWF, the installation of the submarine cable system is expected to commence in second quarter 2016. No margin will be recorded on this project prior to commencement of installation activities. SOC currently envisages the project completion during 2016.

The Nordsee One OWF Inner Array Grid System project was awarded in April 2014 and involves the EPIC-based installation of 59 submarine cables. The project is currently still subject to a financial close, whereby Canada-based Northland Power Inc. acquired a 85% share of the project company, Nordsee, One GmbH, from the project developer RWE Innogy GmbH in September 2014. The project remains on track for completion by first quarter 2017. SOC is actively involved in engineering works for this project and these are scheduled for completion by end of first quarter 2015. No margin will be recorded on this project pending commencement of installation activities in 2016.

TECHNOLOGY INVESTMENT (SIEM WIS)

The managed pressure drilling ("MPD") operation onboard Mærsk Gallant commenced late October and was completed mid-January 2015. The pressure control device ("PCD") is demobilised due to rig move and will be mobilised again for the Julius project to commence in second quarter 2015. The awarded Gudrun project is currently estimated to commence in second quarter 2015 and Siem WIS is preparing for two offshore operations during second quarter 2015. The Valemon project is estimated to commence in third quarter 2015.

MARKET AND OUTLOOK

The fourth quarter started with high activity in the North Sea for the AHTS vessels. During November, the activity level for AHTS vessels in the North Sea was reduced and it was further reduced during December leaving an oversupplied market both on the UK and Norwegian side of the North Sea.

The PSV market started with high activity in October, but rates slowly dropped in November and December. The significant decline in the oil price represents a new market environment

for the whole offshore oil and gas industry, including the oil companies and the total oil service industry.

The order-book for additional OSVs in general represents an additional threat to the already unfavourable market balance for vessel owners. The market is expected to be very challenging for a number of years.

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

26 February 2015

Eystein Eriksrud
Chairman

Terje Sørensen
Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

	Note	2014	2013	2014	2013
		4Q	4Q	Jan-Dec	Jan-Sep
(Amount in USD 1 000)		Unaudited	Unaudited	Unaudited	Audited
Operating revenues	4	137 736	95 013	491 312	363 955
Operating expenses		-67 133	-48 509	-250 153	-190 591
Administration expenses		-10 857	-19 275	-47 033	-50 701
Operating margin		59 746	27 229	194 125	122 663
Depreciation and amortisation	4,5	-56 463	-20 124	-125 883	-75 841
Gain (loss) on sales of fixed assets		153	1 384	18 728	29 827
Gain of sale of interest rate derivatives (CIRR)	7	92	92	368	368
Gain (loss) on currency exchange forward contracts		-6 642	-2 476	-3 023	-7 756
Operating profit	4	-3 115	6 104	84 316	69 261
Financial revenues		5 917	1 116	9 091	5 434
Financial expenses		-15 540	-10 492	-55 868	-36 132
Result from associated companies		317	854	1 808	2 046
Net currency gain (loss)		28 461	-6 645	34 092	-22 651
Net financial items		19 157	-15 168	-10 877	-51 303
Profit/(loss) before taxes		16 042	-9 064	73 439	17 959
Tax benefit / (expense)	10	-530	-5 390	-2 729	3 585
Net profit/(loss)	6	15 512	-3 673	70 710	21 544
Net profit/ (loss) attributable to non-controlling interest		2 557	117	12 563	-456
Net profit/ (loss) attributable to shareholders		12 955	-3 790	58 147	22 000
Weighted average number of shares outstanding ('000)		387 591	387 591	387 591	389 078
Earnings(loss) per share (basic and diluted)		0,03	-0,01	0,15	0,06
Comprehensive Income Statements		2014	2013	2014	2013
		4Q	4Q	Jan-Dec	Jan-Dec
		Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss)		15 512	-3 673	70 710	21 544
Other comprehensive income (expense)					
Items that will not be reclassified to profit or loss					
Pension remeasurement gain (loss)		1 510	1 155	1 510	1 155
Items that may be subsequently reclassified to profit or loss					
Cash flow hedges		-5 805	0	-14 622	0
Currency translation differences		-13 592	1 369	-11 100	-8 320
Total comprehensive income for the period		-2 375	-1 149	46 499	14 378
Net profit/ (loss) attributable to non-controlling interest		2 500	119	12 271	-373
Net profit/ (loss) attributable to shareholders		-4 876	-1 269	34 228	14 751

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amount in USD 1 000)	Note	31.12.2014	31.12.2013
		Unaudited	Audited
Non-current assets			
Vessels and equipment	5	1 743 693	1 440 332
Vessels under construction	5,9	130 515	127 711
Capitalised project cost	5	10 965	11 027
Investment in associates and other long-term receivables		43 654	27 590
CIRR loan deposit 1)	7	28 453	41 718
Deferred tax asset		12 591	11 770
Intangible assets	5	25 937	29 737
Total non-current assets		1 995 809	1 689 886
Current assets			
Debtors, prepayments and other current assets		147 152	93 490
Asset held for sale		-	18 121
Cash and cash equivalents	8	117 623	101 206
Total current assets		264 774	212 817
Total assets		2 260 584	1 902 703
Equity			
Paid-in capital		526 236	526 236
Other reserves		-45 491	-19 769
Retained earnings		304 237	250 161
Shareholders' equity		784 983	756 628
Non-controlling interest		38 666	37 260
Total equity	6	823 649	793 888
Liabilities			
Borrowings	7,8	1 087 757	863 074
CIRR loan 1)	7	28 453	41 718
Other non-current liabilities		38 532	30 438
Total non-current liabilities		1 154 742	935 231
Borrowings	7,8	126 603	98 426
Accounts payable and other current liabilities		155 590	75 158
Total current liabilities		282 193	173 584
Total liabilities		1 436 935	1 108 815
Total equity and liabilities		2 260 584	1 902 703

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2014	2013
<i>(Amount in USD 1 000)</i>	Jan-Dec	Jan-Dec
	Unaudited	<i>Audited</i>
Cash flow from operations		
Profit before taxes, excluding interest	117 702	49 205
Interest paid	-46 362	-32 325
Taxes paid	-8 957	-9 832
Results from associated companies	-1 808	-2 046
Loss/(gain) on sale of assets	-18 728	-29 827
Value of employee services	2 462	3 125
Depreciation and amortisation	125 883	75 841
Effect of unreal. currency exchange forward contracts	5 612	12 200
Change in short-term receivables and payables	19 918	-17 536
CIRR	-368	-368
Other changes	-11 010	10 549
Net cash flow from operations	184 345	58 986
Cash flow from investing activities		
Interest received	4 171	5 339
Investments in fixed assets	-525 674	-329 413
Proceeds from sale of fixed assets	76 290	85 998
Dividend from associated companies	-777	90
Investment in associated companies	-11 146	-14 406
Cash flow from investing activities	-457 136	-252 392
Cash flow from financing activities		
Dividend payment	-6 533	0
Buyback of shares	0	-8 728
Contribution from non-controlling interests of consolidated subsidiaries	1 336	657
Proceeds from bank overdraft	5 624	962
Proceeds from new long-term borrowing	447 701	320 319
Repayment of long-term borrowing	-131 936	-128 833
Cash flow from financing activities	316 193	184 378
Effect of exchange rate differences	-26 985	3 166
Net change in cash	16 417	-5 862
Cash at bank start of period	101 206	107 068
Cash at bank end of period	117 623	101 206

NOTES TO THE FINANCIAL INFORMATION

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 2014 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 2013 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 2013. With effect from 1 January 2014, new standards, amendments to standards and interpretations have become effective. 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 32% of the long-term interest-bearing debt was subject to floating interest rates at the end of fourth quarter 2014. The remaining portion of the debt is subject to fixed interest rates.

3.2 - Currency risk

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

3.3 - Liquidity risk

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

3.4 - Yard risk

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

NOTES TO THE FINANCIAL INFORMATION

Note 4 - Segment Reporting by Business Area

	2014	2013	2014	2013
(Amount in USD 1 000)	4Q	4Q	Jan-Dec	Jan-Dec
	Unaudited	Unaudited	Unaudited	Audited
Operating revenue by business area				
Platform Supply Vessels (1)	30 500	23 962	104 423	94 630
Offshore Subsea Construction Vessels	31 907	16 260	104 844	41 407
Anchor Handling Tug Supply Vessels	34 731	32 545	142 480	131 894
Other vessels in Brazil	5 178	5 444	19 351	24 103
Combat Management Systems	1 329	1 287	6 075	7 987
Submarine Power Cable Installation	30 540	8 097	101 479	23 151
Scientific Core-Drilling	6 475	6 374	25 914	36 898
Other	5 635	1 043	14 799	3 884
Intercompany eliminations (1)	-8 560	0	-28 052	0
Total operating revenue	137 736	95 013	491 312	363 955
Depreciation and amortisation by business area				
Platform Supply Vessels	6 362	5 663	23 434	21 288
Offshore Subsea Construction Vessels	8 032	2 739	23 122	7 072
Anchor Handling Tug Supply Vessels	9 717	9 458	38 230	38 883
Other vessels in Brazil (2)	29 965	636	31 865	2 989
Submarine Power Cable Installation	439	210	1 530	440
Scientific Core-Drilling	553	864	3 490	3 264
Other	1 395	553	4 212	1 904
Total depreciation and amortisation	56 463	20 124	125 883	75 841
Operating profit by business area				
Platform Supply Vessels	11 872	7 037	35 437	21 640
Offshore Subsea Construction Vessels	12 970	8 042	48 073	19 782
Anchor Handling Tug Supply Vessels	8 744	8 084	39 232	29 023
Other vessels in Brazil	-33 864	-954	-35 343	3 750
Combat Management Systems	126	158	-8	1 360
Submarine Power Cable Installation	12 278	1 180	15 581	3 425
Scientific Core-Drilling	1 770	2 604	9 429	17 139
Other	-17 010	-20 046	-28 084	-26 857
Total operating profit	-3 115	6 104	84 316	69 261

(1) Platform Supply Vessel Segment, Anchor Handling Tug Supply Vessel Segment and Other includes 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.

(2) 2014 figures include impairment of vessels with USD 29 million..

(3) 2014 figures include impairment of vessels with USD 29 million and USD 4 million as a provision for future operations.

NOTES TO THE FINANCIAL INFORMATION

Note 5 - Vessels Under Construction and Vessels and Equipment

(Amount in USD 1 000)

	Land and buildings	Vessels and equipment	Vessels under construction	Capitalised project costs	Total
Balance on January 1, 2014	4 853	1 764 128	127 711	24 764	1 921 455
Capital expenditure	156	228 565	290 367	6 567	525 656
Movement between groups	-	24 918	-4 073	-	20 845
Delivery of vessels	-	263 723	-263 723	-	-
The year's disposal at cost	-	-84 846	-	-13 733	-98 580
Effect of exchange rate differences	-881	-57 539	-5 268	-	-63 688
Purchase cost on December 31, 2014	4 128	2 138 949	145 015	17 597	2 305 689
Accumulated depreciation on January 1, 2014	-412	-328 236	-	-13 736	-342 384
The year's ordinary depreciation	-110	-103 463	-14 500	-6 629	-124 702
The year's disposal of accumulated depreciation	-	24 560	-	13 733	38 293
Effect of exchange rate differences	90	8 188	-	-	8 278
Accumulated depreciation on December 31, 2014	-433	-398 951	-14 500	-6 632	-420 515
Net book value on December 31, 2014	3 695	1 739 998	130 515	10 965	1 885 173

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

Intangible assets

(Amount in USD 1 000)

	Goodwill	Research and development	Trademarks and licences	Total
Balance on January 1, 2014	19 629	3 279	9 781	32 689
Movement between groups	-	-	-	-
Investments	-	19	-	19
Effect of exchange rate differences	-2 310	-594	-98	-3 002
Purchase cost on December 31, 2014	17 318	2 704	9 683	29 705
Accumulated depreciation on January 1, 2014	-	-1 774	-1 177	-2 951
Movement between groups	-	-	-	-
The year's ordinary depreciation	-	-1 074	-90	-1 163
Effect of exchange rate differences	-	260	87	346
Accumulated depreciation on December 31, 2014	-	-2 588	-1 180	-3 768
Net book value on December 31, 2014	17 318	116	8 503	25 937

Goodwill was recorded following Siem Offshore's purchase of Siem Offshore Contractors. Trademarks and licences refer to Siem WIS AS patented technology for the drilling industry. The figures include assets under development and developed assets, and the depreciation refers to assets that are not yet commercialized.

NOTES TO THE FINANCIAL INFORMATION

Note 6 - Consolidated Statement of Changes in Equity

<i>(Amount in USD 1 000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity on January 1, 2014	387 591 380	3 876	522 361	-19 769	250 161	756 629	37 260	793 888
Change previous periods					-1 510	-1 510		-1 510
Net profit to shareholders					58 147	58 147	12 563	70 710
Value of employee services					2 462	2 462		2 462
Pension remeasurement					1 510	1 510		1 510
Currency translation differences				-25 721		-25 721	-293	-26 014
Total comprehensive income / (expense)				-25 721	60 609	34 887	12 271	47 158
Share issues in partially owned subsidiaries						-	1 336	1 336
Capital reduction in partially owned subsidiaries							-12 201	-12 201
Buy back of shares						-		-
Dividend paid					-6 533	-6 533		-6 533
Shares issues in Siem Offshore Inc						-		-
Equity on December 31, 2014	387 591 380	3 876	522 361	-45 491	304 237	784 983	38 666	823 649
Equity on January 1, 2013	393 924 836	3 939	531 025	-11 366	225 824	749 423	36 976	786 399
Change previous periods					-1 943	-1 943		-1 943
Net profit to shareholders					22 000	22 000	-456	21 544
Value of employee services					3 125	3 125		3 125
Pension remeasurement					1 155	1 155		1 155
Currency translation differences				-8 403		-8 403	83	-8 320
Total comprehensive income / (expense)		-	-	-8 403	24 337	15 934	-373	15 561
Share issues in partially owned subsidiaries						-	657	657
Buy back of shares	-6 333 456	-63	-8 664			-8 728		-8 728
Equity on December 31, 2013	387 591 380	3 876	522 361	-19 769	250 161	756 629	37 260	793 888

NOTES TO THE FINANCIAL INFORMATION

Note 7 - Long-term Debt

Currency <i>(Amounts in USD 1 000)</i>	Total facility	Committed total facility	Drawn amount currency	Balance 31.12.14 USD	Interest rate	Maturity
USD	223 000	223 000	223 000	79 132	Floating	2017
USD	112 000	112 000	112 000	62 791	Fixed/Floating	2021
USD	28 000	28 000	28 000	19 600	Floating	2019
USD	23 162	23 162	16 482	16 482	Fixed	2027
USD	117 753	117 753	114 085	114 085	Fixed	2027
USD	58 879	58 879	49 740	49 740	Fixed	2031
NOK	2 520 000	2 160 000	0	234 118	Floating	2015
NOK	427 000	427 000	0	43 153	Floating	2022
NOK	4 900	4 900	4 900	626	Floating	2019
NOK	3 400	3 400	3 400	412	Floating	2019
NOK	16 802	16 802	16 802	1 663	Floating	2019
NOK	871 500	871 500	871 500	49 123	Fixed/Floating	2023
NOK	600 000	600 000	600 000	80 719	Floating	2018
NOK	2 020 567	1 873 213	0	295 611	Fixed	2018
NOK	240 000	240 000	240 000	32 288	Fixed/Floating	2019
NOK	231 125	231 125	207 833	27 960	Fixed/Floating	2019
NOK	435 000	435 000	0	0	Fixed/Floating	2027
NOK	360 000	360 000	0	0	Fixed/Floating	2027
EUR	49 770	49 770	21 330	25 931	Floating	2016
NOK	700 000	700 000	700 000	94 172	Floating	2019
Capitalized bank charges				-13 245		
Total Borrowings				1 214 360		
CIRR, NOK		211 500	211 500	28 453		

Total borrowings include USD 13,2 million in capitalised bank charges to be amortised during the term of the respective loan facilities. The Company has entered into fixed interest swap agreements for part of the long term borrowings.

Unearned CIRR	31.12.2014	31.12.2013
Beginning of year	2 155	2 523
Recognized in the profit and loss account	-368	-368
Paid for buy back of CIRR options	0	0
End of period	1 787	2 155

NOTES TO THE FINANCIAL INFORMATION

Note 8 - Net Interest-Bearing Debt

<i>(Amount in USD 1 000)</i>	31.12.2014	31.12.2013
	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	117 623	101 206
Total cash	117 623	101 206
Short-term interest bearing-debt	-126 603	-98 426
Long-term interest bearing-debt	-1 087 757	-863 074
Total interest-bearing debt	-1 214 360	-961 500
Net interest-bearing debt	-1 096 737	-860 294

Note 9 - Commitments

Committed capital expenses to be paid in future periods

<i>(Amount in USD 1 000)</i>	31.12.2014	31.12.2013
Combined contract value end of period for the vessels	695 485	828 680
Instalments paid	145 015	127 711
Unpaid instalments	550 470	700 969

Instalments falling due over the next two years

<i>(Amount in USD 1 000)</i>	USD
2015	242 062
2016	308 408
Total	550 470

The Company had 9 vessels under construction at the end of the quarter.

Six of these vessels are under construction in Poland and two in Germany. These 8 vessels include four dual-fuel PSVs with two for delivery in 2015 and two in 2016, one Cable-Lay Vessel ("CLV") for delivery in 2015, one Anchor Handling Tug Supply Vessel ("AHTS") to be delivered in 2015 (Secunda) and two Well-Intervention Vessels ("WIV") for delivery in 2016. The commitment for the AHTS for Secunda is not included in the above figures.

The Company had one oil spill recovery vessel ("OSRV") under construction in Brazil at the end of the quarter. The vessel is scheduled for delivery in 2015.

NOTES TO THE FINANCIAL INFORMATION

Note 10 - Taxes

(Amount in USD 1 000)

	Liability tonnage tax regime
Tax liability January 1, 2014	39
Tax expense	2
Paid	-15
Effect of exchange rate differences	-4
Tax liability, new tonnage tax legislation on December 31, 2014	22

Tax liabilities

(Amount in USD 1 000)

	Tonnage tax regime	Other tax regime	Total tax liabilities
Long term tax liabilities falling due after 1 year	0	6 368	6 368
Payable taxes falling due within 1 year	22	4 983	5 005
Tax liabilities on December 31, 2014	22	11 351	11 373

Tax expense

(Amount in USD 1 000)

	Tonnage tax regime	Other tax regime	Total tax expense
Taxes	-2	-3 939	-3 941
Change in deferred tax/deferred tax asset	0	1 179	1 179
Over / under provisions in previous year	0	33	33
Total tax expense on December 31, 2014	-2	-2 726	-2 729

The tax expense for the period relates to corporate income tax and withholding taxes for operating both in Norway and other jurisdictions.



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