REPORT FOR THE 1ST HALF YEAR AND 2ND QUARTER 2010

SIEM OFFSHORE

This is Siem Offshore

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

The Company was founded as a stand-alone entity in 2005 and has become a significant operator of modern support vessels for the global oil and gas industry. The Group had 31 vessels in operation and 12 vessels under construction at the end of June 2010. The total fleet of 43 in operation and under construction, includes, among others, 12 platform supply vessels ("PSVs"), 4 multipurpose, ROV support vessels ("MRSVs") and 8 anchor handling, tug, supply vessels ("AHTS vessels"). The Company will become one of the world's largest owner and operator of large AHTS vessels following the delivery of the new building program.

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

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

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

Report for the 1st Half Year and 2nd quarter 2010

19 August 2010 – Siem Offshore Inc. (“the Company”; Oslo Stock Exchange: SIOFF) reports results for the second quarter and the first six months ended 30 June 2010.

Highlights First Six Months 2010

Selected Financial Information

(Amounts in USD million)	2010 Q2	2009 Q2	2010 Jan-Jun	2009 Jan-Jun
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*
Operating revenue	59.6	44.1	109.5	87.9
Operating margin	25.1	13.1	37.2	32.0
Operating margin, %	42%	30%	34%	36%
Operating profit	0.4	14.7	(5.3)	49.8
Profit before taxes and minorities	(10.7)	20.3	(20.3)	54.8
Net profit attributable to shareholders	(10.8)	19.2	(20.9)	53.1

Contracts:

- Contracted the MRSV “Siem Dorado” out on bareboat charter for three years commencing January 2010.
- Awarded contracts for four AHTS vessels by Petrobras in Brazil for a firm period of four years, with client’s option for additional four years on terms to be mutually agreed.
- Extended charter for the MRSV “Ocean Commander” to October 2010 before sale of the vessel in June 2010 by its owner, KS Ocean Commander, which is owned 35% by the Company.
- Received one-year extension on same terms for the MRSV “Siem Marlin” charter to April 2011.
- Received one-year extensions for the PSV “Sophie Siem” and “Siddis Skipper” charters to March 2011 and January 2012, respectively.
- Siem WIS AS, a 60%-owned subsidiary, obtained and completed its first commercial contract for the Siem WIS’ Pressure Control Device with Statoil ASA.

Vessel Deliveries:

- Took deliveries of two AHTS vessels and one PSV.

Subsequent Events

- Raised gross proceeds of NOK 349 million through a private placement on 6 July 2010 of approximately 36 million shares at NOK 9.70 per share.
- Took deliveries in July 2010 of the two AHTS vessels “Siem Ruby” and “Siem Topaz”, vessel number five and six in the series of eight AHTS vessels to be delivered from a Norwegian yard. “Siem Topaz” has obtained a contract with Statoil in the Barents Sea for a firm period for three wells, with options for one additional well.
- Negotiated an increase of the available amounts under a short-term credit facility provided by its largest shareholder, Siem Industries Inc., from USD 50 million to USD 90 million in July 2010. The pricing reflects market terms.
- Accepted a committed offer from a bank syndicate in August 2010 for a NOK 2,520 million loan and guarantee facility for the refinancing of six AHTS vessels.

Results

Results for the Second Quarter 2010
The operating revenue for the second quarter 2010 was USD 59.6 million compared to USD 44.1 million for the same period in 2009. The operating margin was USD 25.1 million compared to USD 13.1 million for the same period in 2009. Operating margin as a percent of revenue was 42% compared to 30% for the same period in 2009.

The Company had twelve PSVs in operation at the end of second quarter (2009: eleven), including the "Siem Pilot" that was delivered in April. All PSVs operated on long-term contracts, of which one on a bareboat contract. The PSV fleet earned operating revenue of USD 25.3 million and had 100% utilisation during the quarter (2009: USD 24.1 million and 95%). The PSV fleet recorded zero days off-hire during the quarter related to dry-dockings or contract mobilisation (2009: 25 days). The operating margin for the PSV fleet was USD 14.6 million (2009: 13.8 million).

The Company had four MRSVs in operation at the end of second quarter (2009: five). The "Ocean Commander" was sold and delivered to its new owner in mid-June. All MRSVs operated on long-term contracts, of which one on a bareboat contract. The MRSV fleet earned operating revenue of USD 16.8 million and had 100% utilisation during the quarter (2009: USD 13.8 million and 80%). The MRSV fleet recorded zero days off-hire during the quarter related to dry-dockings or contract mobilisation (2009: 22 days). The operating margin for the MRSV fleet was USD 10.3 million (2009: 2.5 million).

The Company had four AHTS vessels in operation at the end of second quarter (2009: 0). The "Siem Aquamarine" was delivered in May. The AHTS vessels operated on short-term contracts and in the North Sea spot market during the quarter. The AHTS fleet earned operating revenue of USD 7.9 million and had 81% utilisation during the quarter. The AHTS fleet recorded 2 days off-hire during the quarter related to dry-dockings or contract mobilisation. The operating margin for the AHTS fleet was USD 2.2 million.

The Company had a fleet of nine Brazilian vessels in operation at the end of second quarter. Eight vessels operated on long-term contracts and one vessel operated in the Brazilian spot market during the quarter. The Brazilian vessels earned operating revenue of USD 6.2 million and had 86% utilisation during the quarter. Brazilian vessels recorded 15 days off-hire during the quarter related to dry-dockings or contract mobilisation (2009: 0). The operating margin for the Brazilian vessels was USD 1.9 million. Operating profit for the second quarter was USD 0.4 million compared to USD 14.7 million for the same period in 2009. The operating profit includes net currency exchange losses on forward contracts of USD 12.1 million, due to stronger USD during the quarter. USD 5.7 million of such losses is unrealised. Depreciation and amortisation were USD 12.7 million in second quarter compared to USD 9.0 million in same period 2009.

Net financial items were USD (11.1) million (2009: USD (5.6) million) in second quarter and includes a revaluation loss of non-USD currency items of USD (9.7) million (2009: USD 3.9 million) due to the 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 result from associated companies totals USD 3.6 million and include, among others, net results of USD 1.5 million for the 50% owned "Joides Resolution", USD 2.2 million for the 35% owned limited partnership KS Ocean Commander and USD 0.2 million for the 41% ownership in the well stimulation vessel "Big Orange XVIII". The net result for the KS Ocean Commander includes a gain of USD 2 million related to the sale of the "Ocean Commander".

The net profit (loss) attributable to shareholders for the second quarter 2010 was USD (10.8) million, or USD (0.03) per share, compared to a net profit USD 19.2 million, or USD 0.08 per share, for the second quarter 2009.

Results for the First Six Months Ended 30 June 2010
The operating revenue for the first half 2010 was USD 109.4 million compared to USD 87.9 million for the same period in 2009. The operating margin for the first half was USD 37.2 million compared to USD 32.0 million for the same period in 2009. Operating margin as a percent of revenue was 34% compared to 36% in 2009.

The PSV fleet earned operating revenue of USD 45.7 million and had 96% utilisation during the first six months (2009: USD 48.9 million and 95%). The PSV fleet recorded 65 days off-hire related to dry-dockings or contract mobilisation (2009: 73 days). The operating margin for the PSV fleet was USD 24.4 million (2009: 28.4 million).

The MRSV fleet earned operating revenue of USD 33.9 million and had 97% utilisation during the first six months (2009: USD 27.3 million and 87%). The MRSV fleet recorded 5 days off-hire related to dry-dockings or contract mobilisation (2009: 36 days). The operating margin for the MRSV fleet was USD 17.8 million (2009: 9.8 million).

The AHTS fleet earned operating revenue of USD 9.8 million and had 80% utilisation. The AHTS fleet recorded 2 days off-hire related to dry-dockings or contract mobilisation. The operating

margin for the AHTS fleet was USD 0.04 million.
The Brazilian vessels earned operating revenue of USD 12.2 million and had 87% utilisation during the first six months. The Brazilian vessels recorded 15 days off-hire related to dry-dockings or contract mobilisation (2009: 23 days). The operating margin for the Brazilian vessels was USD 3.8 million.

Operating profit (loss) for the first half year was USD (5.3) million compared to USD 49.8 million for the same period in 2009. The operating loss includes net currency exchange losses on forward contracts of USD 19.1 million, due to stronger USD. USD 8.8 million of such losses is unrealised. Depreciation and amortisation were USD 23.6 million in first half compared to USD 17.4 million in same period 2009.

Net financial items were USD (15.0) million (2009: USD (4.9) million) in first half and includes a revaluation loss of non-USD currency items of USD (13.2) million (2009: USD 4.8 million) due to the 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 result from associated companies totals USD 5.7 million and include, among others, net results of USD 3.7 million for the 50% owned “Joides Resolution”, USD 2.4 million for the 35%-owned limited partnership KS Ocean Commander and USD 0.4 million for the 41%-ownership in the well stimulation vessel “Big Orange XVIII”. The net result for the KS Ocean Commander includes a gain of USD 2 million related to the sale of the “Ocean Commander”. The net profit (loss) attributable to shareholders for the first half year was USD (20.9) million, or USD (0.06) per share, compared to a net profit USD 33.9 million or USD 0.21 per share, for the same period 2009.

Remaining Newbuilding Program

Vessels under Construction in Norway

The Company took delivery of the fifth and sixth AHTS vessels in July 2010, in the series of eight to be delivered from the Norwegian yard. The remaining two AHTS vessels are scheduled for delivery at the end of third quarter 2010 and at the end of first quarter 2011. Future yard instalments for vessels under construction in Norway, including the two delivered in July, are equivalent to USD 292.6 million at 30 June and fall due with USD 218.8 million in 2010 and USD 73.8 million in 2011.

Vessels under Construction in Brazil

The two fast supply vessels and the two fast crew vessels are scheduled for delivery throughout the years 2010 – 2013. All of these four vessels shall commence 8+8 years contracts for Petrobras from delivery.

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

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

Total future yard instalments for vessels under construction in Brazil are the equivalent to USD 210.4 million at 30 June 2010. Such yard instalments fall due with USD 32.5 million in 2010, USD 35.9 million in 2011, and USD 142.0 million in 2012 and thereafter.

Financing And Capital Structure

Cash and Equity

Net cash flow from operations during the first half year was USD 45.5 million and the cash position at 30 June 2010 was USD 28.0 million.

Shareholders’ equity was USD 560.8 million at 30 June 2010, equivalent to USD 1.56 per share. The total number of issued shares was 359,774,219, each with a nominal value of USD 0.01.

The Company raised gross proceeds of NOK 349 million, equivalent to USD 54.9 million, on 6 July 2010 through a private placement of approximately 36 million shares at NOK 9.70 per share. The private placement was directed towards larger shareholders of the Company and international professional investors. Total outstanding shares after this issue is 395,751,640 shares, each with nominal value of USD 0.01.

Debt Financing

The balance sheet included gross interest-bearing debt in the equivalent of USD 560.8 million at 30 June 2010. The Company made total drawing in the equivalent of USD 96.7 million under credit facilities during the first six months, including USD 50 million under a credit facility provided by its largest shareholder, Siem Industries Inc. The Company paid debt instalments in the equivalent of USD 20.5 million during the first six months.

The maximum drawings under the loan and guarantee facilities of USD 112 million and NOK 1,764 million are limited to equivalent debt leverage of 60% and 50%, respectively, and subject to certain vessel employments. The contract backlog for certain vessels has not qualified for the maximum debt financing of such vessels at delivery from yards.

The Company accepted a committed offer from a bank syndicate in August 2010 for a NOK 2,520 million loan and guarantee facility for the debt financing of six AHTS vessels, negotiated following the award of the announced long-term contracts for four AHTS vessels. The facility shall replace the current loan and guarantee facility of NOK 1,764 million for the same vessels. The new facility provides increased debt leverage from 50% to 70%, subject to contract employment.

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

Fleet Employment And Contract Backlog

The majority of the fleet is employed on, or shall commence, long-term contracts. The contract cover at the end of June 2010 for the PSV fleet was 92% for 2010, 76% for 2011 and 43% for 2012. The contract cover for the fleet of MRSVs and AHTS vessels was 100% for 2010, 82% for 2011 and 62% for 2012, and 33% for 2010, 75% for 2011 and 75% for 2012, respectively. The contract cover for the Brazilian vessels was 81% for 2010, 76% for 2011 and 56% for 2012.
The total backlog for firm contracts for all vessels at the end of June was USD 1.billion, including the 50% ownership in the Joides Resolution and the 41% ownership in the Big Orange. Thebacklog is split with USD 120 million for 2010, USD 265 million for 2011 and USD 638 million for 2012 and thereafter.
It is expected that two AHTS vessels shall commence the four-year operations in Brazil during fourth quarter 2010 and two vessels during first quarter 2011. The transit and mobilisation is assumed to be five weeks per vessel.

QHSE

The QHSE performance in the first six months has been good and is a result of strong commitment to and focus on QHSE on board the vessels. The safety records report no work related lost time injuries or major discharges to the environment. The Board is pleased to note that the results are in line with the Company's objective of zero harm to personnel and the environment.

Technology Investments

The Company's 60%-owned subsidiary, Siem WIS AS, has completed its first commercial job with its Pressure Control Device for Statoil ASA. The operation was performed successfully on Statoil's Gullfaks field and was completed in July. The system is now being refurbished and prepared for the next job.

Market And Outlook

The market for offshore vessels operating in the North Sea spot market has improved in second quarter 2010 compared to previous quarter. The market for AHTS vessels in the North Sea has been positively affected by the high demand of large-size supply vessels. The AHTS vessels can service this demand.

The tender activity for large AHTS vessels has continued to improve and several vessels will leave the North Sea market for operation in Brazil.

The long-term outlook for activity within the offshore service industry is considered to be good. Increased activity in harsh environment drilling activity will require larger vessels with high specification. The Company was recently awarded a contract with Statoil in the Barents Sea for one of the AHTS vessels which confirms that the Company's AHTS fleet is attractive in virtually all regions of the world.

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

19 August 2010

Kristian Siem, Chairman
www.siemoffshore.com

Consolidated Income Statement

(Amounts in USD 1,000)	Note	2010 Q2	2009 Q2	2010 Jan-Jun	2009 Jan-Jun	2009 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	59 623	44 112	109 429	87 903	183 558
Operating expenses		-28 917	-26 659	-60 685	-47 148	-106 004
Administration expenses		-5 560	-4 326	-11 581	-8 760	-19 620
Operating margin		**25 146**	**13 127**	**37 163**	**31 995**	**57 934**
Depreciation and amortisation	4	-12 729	-9 040	-23 592	-17 403	-37 191
Gain (loss) on sale of assets		31	-1 862	31	-1 855	1 047
Gain on sale of interest rate derivatives (CIRR)		92	92	184	5 274	6 097
Gain (loss) on currency exchange forward contracts		-12 144	12 407	-19 115	31 810	52 805
Operating profit (loss)	**4**	**396**	**14 724**	**-5 330**	**49 821**	**80 691**
Financial income		720	2 986	2 188	3 787	7 760
Financial expenses		-5 756	-3 315	-9 616	-5 947	-13 238
Result from associated companies		3 645	2 028	5 660	2 310	7 660
Net currency gain (loss)		-9 676	3 870	-13 219	4 765	19 124
Net financial items		**-11 068**	**5 570**	**-14 987**	**4 916**	**21 306**
Profit (loss) before taxes and minorities		**-10 673**	**20 294**	**-20 317**	**54 737**	**101 997**
Tax benefit (expense)		8	-674	-517	-694	1 831
Net profit (loss)		**-10 665**	**19 619**	**-20 834**	**54 043**	**103 829**
Minorities interest		83	433	75	921	1 439
Net profit (loss) attributable to shareholders		**-10 751**	**19 187**	**-20 909**	**53 121**	**102 390**
Average number of shares outstanding ('000)		359 774	253 892	359 774	253 892	292 474
Earnings / (loss) per share (basic and diluted), (in USD)		-0,03	0,08	-0,06	0,21	0,35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in USD 1 000)	2010 Q2	2009 Q2	2010 Jan-June	2009 Jan-June	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Net profit (loss) before minorities	-10 665	19 619	-20 834	54 043	103 829
Other comprehensive income (expense):					
Currency translation differences	-70 132	5 850	-100 149	5 374	25 545
Total comprehensive income (expense) for the period	**-80 798**	**25 469**	**-120 983**	**59 417**	**129 374**
Attributable to minorities	-1 255	1 039	-1 894	2 181	4 430
Comprehensive income (expense) attributable to shareholders	**-79 546**	**24 431**	**-119 089**	**57 236**	**124 944**

Consolidated Statement of Financial Position

(Amounts in USD 1,000)	Note	30.06.2010	30.06.2009	31.12.2009
		Unaudited	*Unaudited*	*Audited*
NON-CURRENT ASSETS				
Vessels and equipment	5	841 380	556 137	761 921
Vessel under construction	5	195 840	172 007	208 511
Capitalised project cost	5	17	966	546
Investment in associates and other long-term receivables		37 980	23 701	33 365
CIRR loan deposit 1)		63 545	69 612	73 225
Intangible assets		14 010	12 662	14 120
Total non-current assets		**1 152 772**	**835 085**	**1 091 688**
Debtors, prepayments and other current assets	8	92 456	93 228	101 202
Cash and cash equivalents	8	28 031	49 717	91 088
Total current assets		**120 486**	**142 945**	**192 290**
Total assets		**1 273 258**	**978 030**	**1 283 978**
SHAREHOLDERS´ EQUITY				
Paid-in capital		482 697	335 598	482 697
Other reserves		-106 826	-27 085	-8 646
Retained earnings		184 897	156 536	205 805
Shareholders´ equity		**560 767**	**465 049**	**679 855**
Minorities		**21 455**	**20 706**	**22 872**
Total equity	**6**	**582 222**	**485 755**	**702 728**
LIABILITIES				
Borrowings falling due after 1 year	7,8	461 605	308 134	403 134
CIRR loan 1)	7	63 545	69 612	73 225
Other non-current liabilities	7,8,10	9 222	14 036	8 223
Total non-current liabilities		**534 372**	**391 782**	**484 582**
Borrowings falling due within 1 year	7,8	99 329	63 485	43 036
Accounts payable and other current liabilities	10	57 336	37 008	53 632
Total current liabilities		**156 665**	**100 493**	**96 668**
Total liabilities		**691 036**	**492 275**	**581 250**
Total equity and liabilities		**1 273 258**	**978 030**	**1 283 978**

1) Commercial Interest Reference Rate

Consolidated Statement of Cash Flows

(Amounts in USD 1,000)	**30.06.2010**	**30.06.2009**	**31.12.2009**
	Unaudited	*Unaudited*	*Audited*
CASH FLOW FROM OPERATIONS			
Profit /(loss) before taxes, excluding interest	-15 471	57 116	106 588
Interest paid	-7 179	-4 782	-10 782
Paid taxes in the period	-1 540	-1 528	-2 363
Result from associated companies	-5 660	-2 310	-7 660
Gain (loss) on sale of assets	-31	1 855	-1 047
Depreciation and amortization	23 592	17 403	37 191
Effect of unreal. currency exchange forward contracts	7 880	-31 755	-31 202
Change in short-term receivable and payables	-3 720	-12 742	3 009
CIRR	-184	-5 274	-6 097
Other changes	-2 225	657	-8 409
Net cash flow from operations	**-4 537**	**18 639**	**79 230**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Interest received	1 523	2 127	6 110
Investments in fixed assets	-197 221	-125 407	-361 568
Loan to shipyard	10 122	0	0
Received from sale of fixed assets	58	8	4 208
Dividend from associated companies	2 255	629	629
Investment in associated companies	-1 389	-972	-972
Cash flow from investments	**-184 651**	**-123 615**	**-351 593**
CASH FLOW FROM FINANCING ACTIVITIES			
Settlement for sale of interest rate derivatives	0	-9 486	-12 554
Received from raising of new equity	476	393	147 410
Received from raising of new borrowing	146 707	99 936	217 984
Repayment of borrowing	-20 499	-14 296	-61 228
Cash flow from financing activities	**126 684**	**76 547**	**291 612**
Effect of exchange rate differences	-553	4 775	-1 532
Net change in cash	**-63 057**	**-23 654**	**17 717**
Cash at bank start of period	91 088	73 371	73 371
Cash at bank end of period	28 031	49 717	91 088

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2010 has been prepared in accordance with IAS 34 – Interim Financial. Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

19 August 2010

Kristian Siem
Chairman
(sign.)

Richard England
(sign.)

Bjørn Johansen
(sign.)

Eystein Eriksrud
(sign.)

Michael Delouche
(sign.)

David Mullen
(sign.)

Terje Sørensen
(Sign.)

Notes to the Financial Information

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 30 June 2010 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs.

Note 2 - Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009. With effect from 1 January 2010, new standards, amendment to standards and interpretations have become effective. The adoption of these amendments has had no material impact on the reported income or net assets of the Company.

Note 3 - Financial Risks

3.1 - Interest risk
The Company is exposed to changes in interest rates as approximately 87% of the long-term interest bearing debt was subject to floating interest rates at the end of first half year 2010. The remaining part of the debt is subject to fixed interest rates.

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

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

3.4 - Yard risk
The process for construction of new vessels is associated with numerous risks. Among the most critical risk factors in relations to such construction is the risk of not receiving the vessels on time, at budget and with agreed specifications. In addition, there is the risk of yards experiencing financial or operational difficulties resulting in bankruptcy or otherwise adversely affecting the construction process. The Company has obtained certain guarantees of financial compensation including refund guarantees in case of delays and non-delivery. Further, the Company has the right to cancel contracts if delivery of vessels is significantly delayed. However, no assurance can be given that all risks have been fully covered. Delays and non-delivery of the vessels under construction is likely to result in a loss of income for the Company and could also possibly lead to breach of contract in respect of contracts entered into between the Company and third parties concerning employment of vessels.

Note 4 - Segment Reporting

(Amounts in USD 1 000)	2010 Q2	2009 Q2	2010 Jan-Jun	2009 Jan-Jun	2009 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area					
Platform Supply Vessels	25 327	24 112	45 704	48 898	91 843
Brazilian Vessel	6 166	5 310	12 203	9 818	21 579
Multipurpose ROV Support Vessels	16 817	13 761	33 888	27 289	62 935
Anchor Handling Tug Supply Vessels	7 917	0	9 789	0	164
Combat Management Systems	2 066	546	5 895	1 506	4 859
Other	1 330	383	1 950	392	2 178
Total operating revenue	**59 623**	**44 112**	**109 429**	**87 903**	**183 558**
Depreciation and amortisation by business area					
Platform Supply Vessels	5 858	5 909	11 170	11 679	22 740
Brazilian Vessel	588	547	1 168	1 041	2 304
Multipurpose ROV Support Vessels	2 085	2 426	4 482	4 393	10 375
Anchor Handling Tug Supply Vessels	3 889	0	6 280	0	1 125
Other	309	158	492	290	647
Total depreciation and amortisation	**12 729**	**9 040**	**23 592**	**17 403**	**37 191**
Operating profit by business area					
Platform Supply Vessels	8 748	2 169	13 257	7 962	28 713
Brazilian Vessel	1 312	4 763	2 588	8 777	2 976
Multipurpose ROV Support Vessels	8 247	5	13 353	5 417	16 024
Anchor Handling Tug Supply Vessels	-1 655	-475	-6 316	-475	-5 724
Combat Management Systems	333	-22	841	-285	10
Other	-16 478	8 284	-29 054	28 425	38 692
Total operating profit	**396**	**14 724**	**-5 330**	**49 821**	**80 691**

Note 5 - Vessels Under Construction and Vessels and Equipment

(Amounts in USD 1 000)	**Vessels and equipment**	**Vessels under construction**	**Capitalised project costs**	**Total**
Balance at 1 January 2010	843 925	208 511	1 472	1 053 908
Investments	2 571	194 650		197 221
Delivery of vessels	195 458	-195 458		0
The year's disposal at cost	-27	0		-27
Effect of exchange rate differences	-95 602	-11 863	-17	-107 482
Purchase cost per 30 June 2010	**946 325**	**195 840**	**1 455**	**1 143 620**
Accumulated depreciation at 1 January 2010	-82 004	0	-926	-82 930
The year's ordinary depreciation	-22 970	0	-513	-23 482
The year's disposal of accumulated depreciation	27	0	0	27
Accumulated depreciation at 30 June 2010	**-104 946**	**0**	**-1 439**	**-106 385**
Net book value at 30 June 2010	**841 379**	**195 840**	**17**	**1 037 236**
	Economic life			
	2.5-30 years			

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

Interest expenses to construction financing is capitalised from 01.01.2009

Note 6 - Consolidated Statement of Changes in Equity

(Amounts in USD 1,000)	Total number of shares	Share capital	Share prem. reserves	Other reserves
Equity as of 01.01.2010	**359 774 219**	**3 598**	**479 099**	**-8 646**
Effect of exchange rate differences				-98 180
The year's net profit				
Share issues in partially owned subsidiaries				
Equity as of 30.06.10	**359 774 219**	**3 598**	**479 099**	**-106 826**
Equity as of 01.01.2009	**253 891 866**	**2 539**	**333 059**	**-31 200**
Effect of exchange rate differences				4 114
The year's net profit				
Share issues in partially owned subsidiaries				
Equity as of 30.06.09	**253 891 866**	**2 539**	**333 059**	**-27 086**

(Amounts in USD 1,000)	Retained earnings	Shareholders' equity	Minority interest	Total equity
Equity as of 01.01.2010	**205 806**	**679 856**	**22 872**	**702 728**
Effect of exchange rate differences		-98 180	-1 969	-100 149
The year's net profit	-20 909	-20 909	75	-20 834
Share issues in partially owned subsidiaries			476	476
Equity as of 30.06.10	**184 897**	**560 767**	**21 454**	**582 222**
Equity as of 01.01.2009	**103 415**	**407 813**	**18 131**	**425 944**
Effect of exchange rate differences		4 114	1 260	5 374
The year's net profit	53 121	53 121	921	54 042
Share issues in partially owned subsidiaries			393	393
Equity as of 30.06.09	**156 536**	**465 049**	**20 706**	**485 755**

Note 7 - Long-term Debt

Borrower/ creditor/ guarantor	Currency	Facility amount	Drawn amount currency	Drawn amount USD	Interest rate	Maturity	Instalments
Siem Offshore Rederi AS:							
HSH Nordbank AG	USD	175 000	175 000	175 000	Libor + 2.25%	2015	8 Quarterly instalments of USD 5 625 12 Quarterly instalments of USD 4 062
Eksportfinans /GIEK / HSH Nordbank AG	USD	112 000	91 907	91 907	Fixed and Libor + 2.25%	2021	Semi annual instalments of USD 4 097
DvB Bank N.V. Nordic Branch	GBP	8 610	8 610	12 925	Libor + 1%	2013	Semi annual instalments of GBP 520
Eksportfinans /GIEK / HSH Nordbank AG	NOK	1 764 000	0	136 173	Libor + 2.75%	2015	Semi annual instalments of USD 4 144
SpareBank1 SR-Bank	NOK	427 000	0	0	Nibor + 2.25%	2022	Quarterly intalments of NOK 8 895
Siem Industries Inc.	USD	90 000	50 000	50 000	Libor + 3%	2011	
Siem Meling Offshore DA:							
SpareBank1 SR-Bank	NOK	304 033	304 033	46 796	Nibor + 0.90%	2013	Semi annual instalments of NOK 11 766
SpareBank1 SR-Bank	NOK	256 000	256 000	39 403	Nibor + 1.45%	2022	Semi annual instalments of NOK 8 553
Siem Consub SA:							
Banco Nacional Development Social	USD	1 838	1 838	1 838	6.8125% fixed	2012	Semi annual instalments of USD 460
Banco do Brasil	USD	24 037	10 657	10 657	3.3% fixed	2027	Monthly instalments of USD 129
Total Borrowings				564 699			
Eksportfinans (CIRR loan)	NOK	412 850	412 850	63 545			

Net borrowings is USD 561 million after deducting activated borrowing fee. The fee is amortized during the term of the loan.

Margin payable under the loan agreement (USD 112 000 million facility, USD 175 000 million facility, NOK 1 764 000 million facility) has been increased with 0.50 per cent per annum to temporarily waive certain requirements for a fixed period of 15 months.

Note 8 - Net Interest Bearing Debt

(Amounts in USD 1,000)	**30.06.2010**	**30.06.2009**	**31.12.2009**
	Unaudited	*Unaudited*	*Audited*
Bank deposit	28 031	49 717	91 088
Short-term interest bearing receivable	15 392	25 077	27 697
Total receivable / cash	**43 422**	**74 794**	**118 785**
Short-term interest bearing debt	-99 329	-63 485	-43 036
Long-term interest bearing debt	-461 605	-309 870	-405 048
Total debt	-560 934	-373 355	-448 084
Net interest bearing debt	**-517 512**	**-298 561**	**-329 299**

Note 9 - Future Yard Commitments

(Amounts in USD 1,000)	**30.06.2010**	**31.12.2009**
Combined contract value end of period for the vessels	698 852	936 232
Instalments paid	195 840	208 511
Unpaid instalments (to be paid in 2010 or later)	**503 012**	**727 721**

Instalments falling due over the next years	
2010	251 342
2011	109 617
2012 and thereafter	142 053
Total	**503 012**

Note 10 - Taxes

(Amounts in USD 1,000)	**Liability tonnage tax regime**
Long term tax liability 1 January 2010 (due to the new Norwegian tonnage tax legislation)	-1 544
Tax expense	84
Paid	-190
Effect of exchange rate differences	138
Tax liability, new tonnage tax legislation as of 30 June 2010	**-1 513**

Tax liabilities

(Amounts in USD 1, 000)	**Tonnage tax regime**	**Other tax regime**	**Total tax liabilities**
Long term tax liabilities falling due after 1 year	0	2 567	2 567
Payable taxes falling due within 1 year	-1 513	13 301	11 788
Tax liabilities as of 30. June 2010	**-1 513**	**15 868**	**14 355**

Tax expense

(Amounts in USD 1,000)	**Tonnage tax regime**	**Other tax regime**	**Total tax expense**
Taxes	84	432	517
Change in deferred tax/deferred tax asset	0	0	0
Total tax expense as of 30 June 2010	**84**	**432**	**517**

Financial Calendar

Q3 2010	*Thursday 28 October*

Siem Offshore Inc

c/o Siem Offshore AS
Markensgate 8
4611 Kristiansand
Norway

Postal address:
P.O. Box 425
N-4664 Kristiansand S, Norway

Telephone:
+47 38 60 04 00

Telefax:
+47 37 40 62 86

E-mail:
siemoffshore@siemoffshore.com

www.siemoffshore.com