

**SIEM OFFSHORE INC.
REPORT FOR THE THIRD QUARTER 2015**



29 October 2015 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the third quarter and nine months ended 30 September 2015.

SELECTED FINANCIAL INFORMATION

(Amounts in USD millions)	2015	2014	2015	2014	2014
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	82.0	153.4	332.4	376.2	491.3
Operating margin	24.9	59.3	104.8	134.4	194.1
Operating margin, %	30 %	39 %	32 %	36 %	40 %
Operating profit (loss)	(2.0)	40.1	(56.4)	87.4	84.3
Profit (loss) before taxes	(9.5)	26.2	(77.5)	57.4	73.4
Net profit (loss)	(9.8)	25.3	(80.4)	55.2	70.7
Net profit (loss) attributable to shareholders	(8.9)	18.5	(78.4)	45.2	58.1

HIGHLIGHTS FOR THE THIRD QUARTER

- The Board of Siem Offshore Inc. appointed Idar Hillersøy as Chief Executive Officer of the Company with effect from 1 August 2015.
- USD 100 million Rights Issue successfully completed and new registered share capital is USD 8,420,213.80, corresponding to a total of 842,021,380 shares with a nominal value of USD 0.01 per share.
- Received notice of early termination for the vessel “Siem Carrier” due to Petrobras inability to obtain operating license for the vessel.
- Agreed with Petrobras to terminate the contracts for three smaller Brazilian flagged supply/crew vessels.
- Extended contract for the R/V “JOIDES Resolution” to Texas A&M Research Foundation (TAMRF) until 30 September 2016. TAMRF has further options to extend the charter until 30 September 2023 on an annual basis.
- Two AHTS vessels in lay-up at the end of the third quarter. One additional AHTS vessel will be placed into lay-up in the fourth quarter.
- Siem Europe S.a r.l. announced a mandatory offer to the shareholders of the Company at an offer price of NOK 1.80 per share.
- Aggregate backlog for the Offshore Support Vessels segment and the Industrial Segment is USD1.47 billion at the end of the third quarter.

SUBSEQUENT EVENTS

- Agreed a 9-month contract with 2 x 6 month options for the AHTS vessel “Siem Amethyst” to Woodside Energy Ltd for operation in Australia.
- Agreed to extend the delivery of “Siem Daya 1” until 16 November 2015 with 30 November 2015 as cancelling date.
- The mandatory offer to acquire the shares in the Company not already owned by Siem Europe S.a r.l. was approved by Oslo Stock Exchange on 6 October 2015. The offer is valid until 4 November 2015 at 16:30(CET).

MARKET AND OUTLOOK

The North Sea spot market for AHTS vessels and PSV vessels has continued the negative trend from the previous quarters with softening rates and decreasing utilization. Vessel owners continue to put vessels into lay-up and additional lay-ups are expected. We see similar trends world-wide and the outlook for the OSV market is expected to remain challenging for several years. Siem Offshore Contractors experienced an increased tendering activity for EPIC-based contracts for both medium- and high-voltage power cables in the offshore windfarm (“OWF”) market with scheduled marine installation activities in 2017, 2018 and 2019.

RESULTS AND FINANCE

Income Statements (3Q 2015 over 3Q 2014)

Operating revenues were USD82.0 million (2014: USD153.4 million). The operating margin was USD24.9 million (2014: USD59.3 million) and the operating margin as a percentage of revenues was 30% (2014: 39 %).

Administration expenses were USD8.0 million (2014: USD12.5 million).

Operating profit (loss) was USD(2.0) million (2014: USD40.1 million) after depreciation and amortisation expenses of USD28.5 million (2014: USD24.7 million). Net currency exchange gains (losses) of USD1.5 million (2014: USD(6.5) million) were recorded on currency derivative contracts of which USD9.0 million was unrealised (2014: USD(6.0) million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses.

Net financial items were USD(8.2) million (2014: USD(14.3) million) and included a net revaluation gain (loss) of non-USD currency items of USD7.4 million (2014: USD(0.9) 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 USD16.7 million included a net unrealised loss of USD(1.0) 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(8.9) million (2014: USD18.5 million), or USD(0.02) per share (2014: USD 0.05 per share)

Income Statements (YTD 30 September 2015 over YTD 30 September 2014)

Operating revenues were USD332.4 million (2014: USD376.2 million). The operating margin was USD104.8 million (2014: USD134.4 million) and the operating margin as a percentage of revenues was 32% (2014: 36%).

Administration expenses were USD29.1 million (2014: USD36.5 million).

Operating profit (loss) was USD(56.4) million (2014: USD87.4 million) after depreciation and amortisation expenses of USD81.6 million (2014: USD69.4 million) and impairment costs of USD56 million (2014: USD0-). Net currency exchange gains (losses) of USD(23.8) million (2014: USD3.6 million) were recorded on currency derivative contracts of which USD2.1 million was unrealised gain (2014: USD0.2 million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses.

Net financial items were USD(21.7) million (2014: USD(31.5) million) and included a net revaluation gain (loss) of non-USD currency items of USD14.0 million (2014: USD5.6 million) due to changes in currency exchange rates during the nine months ended 30 September 2015. 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 USD41.5 million included a net unrealised gain of USD0.2 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(78.4) million (2014: USD45.2 million), or USD (0.19) per share (2014: USD 0.12 per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD736.5 million at 30 September 2015 (31 December 2014: USD785.0 million), equivalent to USD0.87 per share (2014: USD2.03 per share). Net cash flow from operations for the first nine months of 2015 was USD36.1 million and the cash position at 30 September 2015 was USD157.8 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.2 billion. The Company made total drawings in the equivalent of USD104.8 million under credit facilities during the first nine months of 2015 and made principal repayments of USD87.8 million. The weighted average cost of debt for the Company was approximately 4.3% p.a. at 30 September, including the effect of fixed interest rate swap agreements.

The Company has 9 vessels (including one vessel for the 50% owned Secunda Canada LP) under construction and all vessels have secured debt-financing.

The share capital has increased by the 454,430,000 new shares issued in the Rights Issue and the new share registered share capital is USD 8,420,213.80, corresponding to a total of 842,021,380 shares with a nominal value of USD 0.01 per share.

Total future yard instalments for vessels under construction were equivalent to USD453 million at the end of the quarter. These instalments fall due with USD58 million in 2015 and USD395 million in 2016.

OFFSHORE SUPPORT VESSELS SEGMENT

The Fleet

The fleet in operation at the end of the third quarter totalled 45 vessels (2014: 44 vessels), including partly-owned vessels, two vessels in lay-up and two vessels operated on behalf of a pool member.

Results for the Third Quarter 2015

Platform Supply Vessels (PSVs)

The Company had twelve PSVs in operation, consolidated on a 100% basis, at the end of the quarter (2014: twelve). These PSVs recorded operating revenues of USD16.4 million and had 68% utilisation (2014: USD29.8 million and 98%). The operating margin before administration expense for these PSVs was USD7.5 million, (2014: USD18.7 million) and the operating margin as a percentage of revenues was 46% (2014: 63%).

One PSV is employed offshore West Africa, three are employed offshore Brazil, three are employed in the North Sea/Europe and one PSV is on a bareboat contract. Three vessels have been commercially idle in third quarter and one vessel has received an early termination due to Petrobras failing to obtain operating license for the vessel. The Company has currently three vessels idle in West Africa and one vessel idle in Brazil, all tendering for work.

Offshore Subsea Construction Vessels (OSCVs)

The Company had six OSCVs in operation at the end of the quarter (2014: six).

The OSCVs earned operating revenues of USD26.3 million and had 88% utilisation (2014: USD30.1 million and 100%). The operating margin before administration expense for the OSCVs was USD15.8 million (2014: USD21.1 million) and the operating margin as a percentage of revenues was 60% (2014: 70%).

Five OSCVs operated on long-term contracts, with two operating in the US Gulf of Mexico, and three vessels in the North Sea/Europe. One vessel came off a long-term contract outside West Africa in mid-July. The vessel is currently on short-term employment and the vessel will commence a five-year term contract in the fourth quarter 2015.

Anchor Handling Tug Supply (AHTS) Vessels

The Company had 10 AHTS vessels in operation at the end of the quarter (2014: ten), of which two are owned by a pool partner. Two of the AHTS vessels are placed in lay-up and one additional AHTS Vessel will be put into lay-up in fourth quarter 2015. All ten vessels are operated under a pool agreement where revenues and costs are shared in accordance with the pool agreement.

The AHTS fleet earned operating revenues of USD14.2 million based on 56% utilisation (2014: USD47.4 million and 90%). The operating margin before administration expense was USD3.5 million (2014: USD23.5 million) and the operating margin as a percentage of revenues was 24% (2014: 50%).

One AHTS vessel is operating on a long-term contract in Brazil and one AHTS vessel was operating for Siem Offshore Contractors for most of the third quarter. One AHTS vessel has recorded 17 days commercial off-hire related to a scheduled 5-year dry-docking.

The remaining AHTS vessels have been operating in the spot market in the North Sea/Europe during the quarter.

Other Vessels

The Company had a fleet of eight smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil spill recovery vessels) in operation at the end of the quarter (2014: eight). All vessels operated on term contracts in Brazil. The Company agreed with Petrobras to terminate the contracts for three smaller Brazilian flagged supply/crew vessels and these came off contract in September. The termination was agreed without penalty and is in line with the Company's strategy to focus on a modern, environmentally and technically advanced fleet. The fleet earned operating revenues of USD5.0 million and had 94% utilisation (2014: USD4.7million and 88%). The operating margin before administration expense for the fleet was USD1.4 million (2014: USD(0.2) million) and the operating margin as a percentage of revenues was 28% (2014: (5)%).

The 50%-owned company, Secunda Canada LP, has a fleet of six offshore support vessels operating offshore Canada. The fleet earned operating revenues of USD9.5 million and had 98% utilisation (2014: USD12.5 million and 86%). The operating margin before administration expense for the fleet was USD3.9 million (2014: USD4.5 million), and the operating margin as a percentage of revenues was 39% (2014: 36%). 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 third quarter was USD 0.5million (2014: USD0.1 million).

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD1.7 million (2014: USD1.8 million) and an operating margin of USD0.8 million (2014: USD0.7 million). The operating

margin as a percentage of revenue was 46% (2014: 36%). These results are recorded in accordance with the equity method.

Results for the First Nine Months ended 30 September 2015

Platform Supply Vessels (PSVs)

The PSV fleet recorded operating revenues of USD62.9 million and had 80% utilisation (2014: USD73.9 million and 94%). The operating margin before administration expense for these PSVs was USD33.8 million, (2014: USD40.6 million) and the operating margin as a percentage of revenues was 54% (2014: 55%).

Offshore Subsea Construction Vessels (OSCVs)

The OSCV fleet earned operating revenues of USD87.3 million and had 95% utilisation (2014: USD72.9 million and 98%). The operating margin before administration expense for the OSCVs was USD58.7 million (2014: USD50.2 million) and the operating margin as a percentage of revenues was 67% (2014: 69%).

Anchor Handling Tug Supply (AHTS) Vessels

The AHTS fleet earned operating revenues of USD43.8 million based on 60% utilisation (2014: USD130.3 million and 88%). The operating margin before administration expense was USD11.0 million (2014: USD59.0 million) and the operating margin as a percentage of revenues was 25% (2014: 45%).

Other Vessels

The fleet of smaller Brazilian flagged vessels earned operating revenues of USD17.7 million and had 94% utilisation (2014: USD14.2 million and 90%). The operating margin before administration expense for the fleet was USD6.0 million (2014: USD0.4 million) and the operating margin as a percentage of revenues was 34% (2014: 3%).

The 50%-owned company, Secunda Canada LP, earned operating revenues of USD25.1 million and had 83% utilisation (2014: USD22.2 million and 81%). The operating margin before administration expense for the fleet was USD9.0 million (2014: USD7.3 million), and the operating margin as a percentage of revenues was 36% (2014: 33%). 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 first nine months was USD0.6 million (2014: USD0.8 million).

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD5.0 million (2014: USD3.6 million) and an operating margin of USD1.8 million (2014: USD1.3 million). The operating margin as a percentage of revenue was 36% (2014: 38%). These results are recorded in accordance with the equity method.

Contract Backlog for Offshore Support Vessels

The Contract Backlog in per cent of each of the above categories of vessels is as follows:

Contract Backlog, %	2015	2016	2017
PSVs	54%	36%	17%
OSCVs *	91%	100%	91%
AHTS vessels	10%	5%	-
Brazilian-flagged vessels	100%	100%	100%
Secunda	89%	58%	26%
Big Orange XVIII	100%	75%	8%

* The Contract Backlog reflects the sale of "Siem Daya 1" in November 2015.

The total contract backlog of firm contracts for the Offshore Support Vessels segment at 30 September 2015 was USD1.2 billion, including Big Orange XVIII, Secunda and the vessels under construction, and is allocated as follows:

(Amounts in USD millions)	2015	2016	2017 onwards
Backlog	55	238	915

Health, Safety, Environment & Quality (HSEQ)

The Company's target is zero personal injuries, no damage to the environment and no damage to or loss of equipment and property.

The good HSEQ performance continued with no serious incidents throughout the fleet. The safety records this year report no serious injury to personnel or discharges to the environment.

Newbuilding Program

The Company had 9 vessels under construction at 30 September 2015. Six vessels were under construction in Poland, two in Germany and one in Brazil. These 9 vessels included one oil spill recovery vessel ("OSRV") for delivery in 2015, four dual-fuel PSVs with one for delivery in 2015 and three in 2016, one Cable-Lay Vessel ("CLV") for delivery in 2016, one AHTS vessel 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 for 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.

INDUSTRIAL SEGMENT

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

Results for the Third Quarter 2015

Siem Offshore Contractors ("SOC") generated gross revenues of USD17.2 million in the third quarter 2015. The projects within SOC are accounted for using the percentage-of-completion method and no profit margin will be recorded until the respective projects are at minimum 25% completion. SOC recorded USD1.7 million in margin from its various projects in the third quarter before administrative expense. Subject to the margin being forecasted as positive and prior to the project reaching a percentage-of-completion where margin is recognized, project revenue are recorded to match the costs of progress of execution.

Project Overview

All contractual works on the Amrumbank West OWF ("Offshore Wind Farm") project for E.ON Kraftwerke GmbH were completed in the second quarter. The remaining margin was recorded on the project in third quarter 2015.

The Baltic 2 OWF project for EnBW Baltic 2 GmbH is scheduled to be completed in the fourth quarter 2015. A positive margin was recorded on the project in 2014 as well as the first three quarters in 2015. The remaining margin will be recorded in the fourth quarter 2015.

The company is currently working on the following projects:

- The Nordsee One OWF project for Nordsee One GmbH is on track for completion by the third quarter 2016.

- The Nordsee One OWF export cable project for TenneT Offshore GmbH is scheduled for completion in fourth quarter 2016.
- The Veja Mate OWF project is on track for completion by second quarter 2017.

No margin will be recorded on any of the three above-mentioned projects in 2015.

Ocean Breeze Energy GmbH chartered the AHTS vessel “Siem Emerald” and the ISV “Siem Moxie” as dedicated walk-to-work vessels in the second quarter 2015. Both vessels recorded a positive margin in the second and the third quarter 2015. The charter for the AHTS vessel “Siem Emerald” ended in the third quarter 2015. The charter for the ISV “Siem Moxie” continues into 2016.

Results for the First Nine Months Ended 30 September 2015

Siem Offshore Contractors (“SOC”) generated gross revenues of USD 103.3 million. The projects within SOC are accounted for using the percentage-of-completion method, and no margin will be recorded until the respective projects are minimum 25% complete. SOC recorded USD 18.2 in margin from its various projects, before administrative expense.

Technology Investment – Siem WIS

Results for the Third Quarter 2015

Siem WIS recorded operating revenues of USD1.8 million (2014: USD0.2 million) and an operating margin before administration expenses of USD0.4 million (2014: USD0.0 million). The operating margin as a percentage of revenue was 24%.

The Julius project that commenced late April was finalised end August after 4 months in operation. The operation went very well and was a success for Siem WIS.

The Managed Pressure Drilling (“MPD”) operation on Gullfaks A commenced 18th of September and is still ongoing. The initial planned Lista/Shetland reservoir has been drilled successfully, and Statoil have now decided to also drill the next section using the MPD technique. Preparation and planning work is ongoing for the Valemon operation. Siem WIS has received the call-off notice, and discussions are currently ongoing with regards to start-up of the MPD drilling on the Valemon field.

Results for the first Nine Months ended 30 September 2015

Siem WIS recorded operating revenues of USD4.1million (2014: USD0.8 million) and an operating margin before administration expenses of USD2.0 million (2014: USD0.3 million). The operating margin as a percentage of revenue was 49% (2014: 40%).

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

Results for the Third Quarter 2015

The scientific core-drilling vessel “JOIDES Resolution” recorded operating revenues of USD6.5 million (2014: USD6.6 million) and an operating margin before administration expenses of USD3.6 million (2014: USD3.4million). The operating margin as a percentage of revenue was 55% (2014: 52%).

The Charterer extended the contract for the “JOIDES Resolution” until 30 September 2016 and holds further options to extend the charter until 30 September 2023 on an annual basis.

Results for the Nine Months ended 30 September 2015

The “JOIDES Resolution” recorded operating revenues of USD19.5 million (2014: USD19.4 million) and an operating margin before administration expenses of USD10.6 million (2014: USD10.6 million). The operating margin as a percentage of revenue was 55% (2014: 55%).

Contract Backlog for the Industrial Segment

The total Contract Backlog for the Industrial Segment at 30 September 2015 was USD258 million and is allocated as follows:

<u>(Amounts in USD millions)</u>	<u>2015</u>	<u>2016</u>	<u>2017 onwards</u>
Siem Offshore Contractors	15	159	58
JOIDES Resolution	7	19	-

On behalf of the Board of Directors of Siem Offshore Inc.
29 October 2015

Eystein Eriksrud, Chairman

Idar Hillersøy, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS



	Note	2015	2014	2015	2014	2014
		3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
<i>(Amounts in USD 1 000)</i>		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	4	82 018	153 384	332 439	376 153	491 312
Operating expenses		-49 087	-81 608	-198 599	-205 287	-250 153
Administration expenses		-8 009	-12 495	-29 092	-36 486	-47 033
Operating margin		24 922	59 280	104 748	134 380	194 125
Depreciation and amortisation	4, 5	-28 447	-24 649	-81 623	-69 420	96 883
Impairment of vessels	5	-	-	-56 000	-	-29 000
Gain (loss) on sales of fixed assets		13	11 940	13	18 575	18 728
Gain of sale of interest rate derivatives (CIRR)	6	92	92	276	276	368
Gain (loss) on currency derivative contracts		1 476	-6 527	-23 796	3 620	-3 023
Operating profit (loss)	4	-1 944	40 136	-56 382	87 431	84 316
Financial revenues		1 165	916	5 822	3 174	9 091
Financial expenses		-16 742	-14 352	-41 543	-40 329	-55 868
Net currency gain (loss)		7 416	-864	14 018	5 631	34 092
Net financial items		-8 161	-14 300	-21 702	-31 524	-12 685
Result from associated companies		639	354	611	1 490	1 808
Profit/(loss) before taxes		-9 465	26 190	-77 474	57 397	73 439
Tax benefit / (expense)	7	-296	-914	-2 893	-2 199	-2 729
Net profit/(loss)	6	-9 761	25 276	-80 367	55 198	70 710
Attributable to non-controlling interest		-857	6 759	-2 013	10 006	12 563
Attributable to shareholders		-8 904	18 517	-78 354	45 192	58 147
Weighted average number of shares outstanding ('000)		446 868	387 591	417 390	387 591	387 591
Earnings(loss) per share (basic and diluted)		-0.02	0.05	-0.19	0.12	0.15
Comprehensive Income Statements		2015	2 014	2015	2014	2014
<i>(Amounts in USD 1 000)</i>		3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net profit/(loss)		-9 761	25 276	-80 367	55 198	70 710
Other comprehensive income (expense)						
Items that will not be reclassified to profit or loss						
Pension remeasurement gain (loss)		-	-	-	-	1 510
Items that may be subsequently reclassified to profit or loss						
Cash flow hedges		-33 240	-17 265	-59 580	-8 817	-14 622
Currency translation differences		29 300	-3 014	49 148	2 492	-11 100
Total comprehensive income for the period		-13 701	4 997	-90 799	48 874	46 499
Attributable to non-controlling interest		-747	6 647	-1 805	9 770	12 271
Attributable to shareholders		-12 954	-1 650	-88 994	39 104	34 228

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



<i>(Amounts in USD 1 000)</i>	Note	30.09.2015	30.09.2014	31.12.2014
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Non-current assets				
Vessels and equipment	5, 9	1 463 796	1 489 348	1 743 693
Vessels under construction	5,8	196 649	170 554	130 515
Capitalised project cost	5	6 585	7 646	10 965
Investment in associates and other long-term receivables		39 921	27 646	43 654
CIRR loan deposit 1)	6	22 390	36 056	28 453
Deferred tax asset		12 667	12 358	12 591
Intangible assets	5	24 239	27 031	25 937
Total non-current assets		1 766 247	1 770 640	1 995 809
Debtors, prepayments and other current assets		161 108	128 487	147 152
Asset held for sale		104 167	213 097	-
Cash and cash equivalents	6	157 842	91 464	117 623
Total current assets		423 118	433 049	264 774
Total assets		2 189 365	2 203 689	2 260 584
Equity				
Paid-in capital		625 235	526 236	526 236
Other reserves		-115 700	-26 093	-45 491
Retained earnings		226 927	290 541	304 237
Shareholders' equity		736 462	790 684	784 983
Non-controlling interest		41 009	36 647	38 666
Total equity		777 472	827 331	823 649
Liabilities				
Borrowings	6, 8	1 074 931	1 007 248	1 087 757
CIRR loan 1)	6	22 390	36 056	28 453
Other non-current liabilities		41 088	21 459	38 532
Total non-current liabilities		1 138 409	1 064 763	1 154 742
Borrowings	6	113 420	233 791	126 603
Accounts payable and other current liabilities		160 064	77 804	155 590
Total current liabilities		273 485	311 595	282 193
Total liabilities		1 411 894	1 376 358	1 436 935
Total equity and liabilities		2 189 365	2 203 689	2 260 584

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS



	2015	2014	2014
<i>(Amounts in USD 1 000)</i>	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operations			
Profit (loss) before taxes, excluding interest	-41 254	89 439	117 702
Interest paid	-38 275	-34 141	-46 362
Taxes paid	-2 163	-4 529	-8 957
Results from associated companies	-611	-1 490	-1 808
Loss/(gain) on sale of assets	-13	-18 575	-18 728
Value of employee services	1 043	1 720	2 462
Impairment of vessels	56 000	-	29 000
Depreciation and amortisation	81 623	69 420	96 883
Effect of unreal. currency exchange forward contracts	-2 134	225	5 613
Change in short-term receivables and payables	-21 528	-37 695	19 918
CIRR	-276	-276	-368
Other changes	3 687	-8 541	-11 010
Net cash flow from operations	36 100	55 557	184 345
Cash flow from investing activities			
Interest received	3 114	3 096	4 171
Investments in fixed assets	-98 834	-432 591	-525 674
Proceeds from sale of fixed assets	-12	76 054	76 290
Dividend from associated companies	945	278	298
Investment in associated companies	-2 149	-11 146	-12 201
Cash flow from investing activities	-96 936	-364 309	-457 136
Cash flow from financing activities			
Proceeds from issue of new equity	98 999	-	-
Dividend payment	-	-	-6 533
Contribution from non-controlling interests of consolidated subsidiaries	6 309	762	1 336
Proceeds from bank overdraft	-1 747	4 910	5 624
Proceeds from new long-term borrowing	104 845	402 048	447 701
Repayment of long-term borrowing	-87 809	-103 192	-131 936
Cash flow from financing activities	120 597	297 996	316 193
Net change in cash	59 761	-10 756	43 401
Cash at bank start of period	117 623	101 206	101 206
Effect of exchange rate differences	-19 541	1 015	-26 985
Cash at bank end of period	157 842	91 464	117 623

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY



<i>(Amounts 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, 2015	387 591 380	3 876	522 361	-45 491	304 237	784 983	38 666	823 649
Change previous periods				-197	-	-197		-197
Net profit to shareholders					-78 354	-78 354	-2 013	-80 367
Value of employee services					1 043	1 043		1 043
Cash flow hedge				-59 580		-59 580		-59 580
Currency translation differences				-10 432		-10 432	208	-10 223
Total comprehensive income / (expense)		-	-	-70 209	-77 310	-147 519	-1 805	-149 324
Share issues in partially owned subsidiaries						-	6 298	6 298
Capital reduction in partially owned subsidiaries							-2 149	-2 149
Shares issues in Siem Offshore Inc	454 430 000	4 544	94 455			98 999		98 999
Equity on September 30, 2015	842 021 380	8 420	616 815	-115 700	226 927	736 462	41 009	777 472

<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	842 021 380	8 420	616 816	-116 243	226 927	735 918	41 010	776 929
Change previous periods					58 147	58 147	12 563	70 710
Net profit to shareholders					2 462	2 462		2 462
Value of employee services					1 510	1 510		1 510
Pension remeasurement				-14 621				
Currency translation differences				-11 100		-25 721	-293	-26 014
Total comprehensive income / (expense)		-	-	-25 721	60 609	34 888	12 270	47 158
Share issues in partially owned subsidiaries						-	1 336	1 336
Capital reduction in partially owned subsidiaries							-12 201	-12 201
Buyback 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	-45 490	304 237	784 984	38 665	823 647

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 30 September 2015 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 2014 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 2014. 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 35% of the long-term interest-bearing debt was subject to floating interest rates at the end of the third quarter 2015. 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 STATEMENTS

Note 4 – Segment Reporting by Business Area

<i>(Amounts in USD 1 000)</i>	2015	2014	2015	2014	2014
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue by business area					
Platform Supply Vessels (1)	16 432	29 832	62 918	73 923	104 423
Offshore Subsea Construction Vessels	26 339	30 091	87 263	72 937	104 844
Anchor Handling Tug Supply Vessels (1)	14 201	47 427	43 841	130 325	142 480
Other vessels in Brazil	5 034	4 691	17 674	14 172	19 351
Other/Intercompany elimination	-6 196	-6 237	-10 086	-11 134	-15 854
Operating revenue, OSV segment	55 810	105 804	201 610	280 224	355 244
Combat Management Systems	711	1 515	3 897	4 746	6 075
Submarine Power Cable activities	17 213	39 275	103 307	70 939	101 479
Scientific Core-Drilling	6 540	6 559	19 531	19 439	25 914
Siem WIS	1 761	230	4 110	806	2 601
Operating revenue, Industrial segment	26 207	47 579	130 829	95 929	136 069
Total operating revenue	82 018	153 384	332 439	376 153	491 312
<i>(Amounts in USD 1 000)</i>	2015	2014	2015	2014	2014
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating profit by business area					
Platform Supply Vessels	-1 159	12 417	-7 749	23 565	35 437
Offshore Subsea Construction Vessels	9 944	15 723	16 804	35 103	48 073
Anchor Handling Tug Supply Vessels	-7 155	13 822	-42 800	30 488	39 232
Other vessels in Brazil	533	-908	3 170	-1 479	-35 343
Other/Intercompany elimination	491	1 962	3 602	3 538	2 521
Operating profit, OSV segment	2 654	43 015	-26 973	91 215	89 919
Combat Management Systems	199	-140	-293	-134	-8
Submarine Power Cable activities	-1 071	2 204	14 643	3 302	15 581
Scientific Core-Drilling	2 738	2 399	8 113	7 660	9 429
Siem WIS	-35	-351	726	-906	355
Operating profit, Industrial segment	1 831	4 111	23 190	9 922	25 357
Administration expenses	-8 009	-12 495	-29 092	-36 176	-47 033
Currency gain / (loss)	1 581	5 504	-23 507	22 471	16 074
Total operating profit	-1 944	40 136	-56 382	87 431	84 316

- (1) Platform Supply Vessel Category and Anchor Handling Tug Supply Vessel Category includes I/C revenue from contracting work for the 100% owned subsidiary "Siem Offshore Contractors GmbH" which is included in the I/C eliminations table above.

NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Vessels Under Construction and Vessels and Equipment

<i>(Amounts in USD 1 000)</i>	Land and buildings	Vessels and equipment	Vessels under construction	Capitalised project costs	Total
Balance on January 1, 2015	4 128	2 138 949	145 015	17 597	2 305 689
Correction Opening balance 01.01.2015	-151	6 325	-	1 821	7 995
Capital expenditure	274	26 275	72 055	-253	98 351
Movement between groups	-	-	-	-	-
The year's disposal at cost	-	-113 248	-	-	-113 248
<u>Effect of exchange rate differences</u>	-554	-77 591	-12 921	-	-91 067
Purchase cost on September 30, 2015	3 697	1 981 734	204 149	18 140	2 207 720
Accumulated depreciation on January 1, 2015	-433	-384 451	-	-6 632	-391 516
Accumulated impairment on January 1, 2015	-	-14 500	-14 500	-	-29 000
Correction of opening balance 01.01.2015	-	-1 402	-	-687	-2 089
The year's depreciation	-	-7 000	7 000	-	-
Impairment of vessels (Note 9)	-65	-76 712	-	-4 237	-81 014
Reversal of impairment (Note 9)	-	-56 000	-	-	-56 000
The year's disposal of accumulated depreciation	-	9 143	-	-	9 143
<u>Effect of exchange rate differences</u>	61	9 724	-	-	9 785
Accum. depreciation on September 30, 2015	-437	-521 198	-7 500	-11 556	-540 689
Net book value on September 30, 2015	3 259	1 460 536	196 649	6 585	1 667 030
		Economic life 2.5-30 years			

Intangible assets

<i>(Amounts in USD 1 000)</i>	Goodwill	Research and development	Trademarks and licences	Total
Balance on January 1, 2015	17 318	2 704	9 683	29 705
Movement between groups	-	87	7	94
Investments	-	483	-	483
<u>Effect of exchange rate differences</u>	-1 359	-381	-56	-1 796
Purchase cost on September 30, 2015	15 959	2 892	9 634	28 486
Accumulated depreciation on January 1, 2015	-	-2 588	-1 180	-3 768
Movement between groups	-	-	51	51
The year's ordinary depreciation	-	-707	-8	-715
<u>Effect of exchange rate differences</u>	-	185	-	185
Accumulated depreciation on September 30, 2015	-	-3 110	-1 137	-4 247
Net book value on September 30, 2015	15 959	-218	8 498	24 239

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

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 STATEMENTS

Note 6 – Net Interest-Bearing Debt

<i>(Amount in USD 1 000)</i>	30.09.2015	31.12.2014
	<i>Unaudited</i>	<i>Audited</i>
Total cash	157 842	117 623
Short-term interest bearing-debt	-113 420	-126 603
Long-term interest bearing-debt	-1 074 931	-1 087 757
Total interest-bearing debt	-1 188 351	-1 214 360
Net interest-bearing debt	-1 030 509	-1 096 737

The interest-bearing debt is denominated in currencies as follows: USD 76%, NOK 22% and EUR 2%. Long-term loan for the financing of “Siem Daya 1” has been moved to short-term loan in 1Q 2015. This corresponds to the reallocation “Siem Daya 1” from fixed assets to assets held-for-sale.

Unearned CIRR	30.09.2015	31.12.2014
Beginning of year	1 786	2 155
Recognized in the profit and loss account	-276	-368
End of period	1 510	1 786

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 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:

<i>(Amounts in USD 1 000)</i>	30.09.2015	31.12.2014
Combined contract value end of period for the vessels	657 432	678 076
Instalments paid	204 149	127 606
Unpaid instalments	453 283	550 470

Instalments falling due over the next two years

<i>(Amounts in USD 1 000)</i>	USD
2015	57 904
2016	395 379
Total	453 283

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 one for delivery in 2015 and three in 2016, one Cable-Lay Vessel (“CLV”) for delivery in 2016, one Anchor Handling Tug Supply Vessel (“AHTS”) to be delivered in 2015 (for Secunda) and two Well-Intervention Vessels (“WIVs”) 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 late 2015.

Note 9 – Exceptional items

<i>(Amounts in USD 1 000)</i>	2015	2014	2015	2014	2014
	3Q	3Q	Jan-Sep	Jan-Sep	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating items					
Impairment charge relating to vessel-segments:					
AHTS vessels	13 000		13 000		
PSV vessels	20 000		20 000		
OSCV vessels	23 000		23 000		
Brazilian built Oil Spill Recovery vessels					29 000
Reversal of 2014 impairment of Oil Spill Recovery vessels	-14 000		-14 000		
Brazilian built crew- and supply vessels	14 000		14 000		
Total	56 000	-	56 000	-	29 000

An impairment charge has been recognised against vessels within several segments of the company. As values are believed to be under pressure for the foreseeable future, the Company has concluded to record a impairment charge. Brokers valuation have been obtained and tested against book values, which for some of the vessels were higher than Brokers valuation. At year-end 2014 an impairment charge of USD 29,000 was recognised for two of the Brazilian built Oil Spill Recovery Vessels. At the end of first half 2015, USD 14,000 of this impairment were reversed as the Company believe that the 2014 impairment was in excess. Four of the Brazilian built fast crew- and fast supply vessels were charged with impairment at USD 14,000 at the end of first half 2015 as book values were higher than fair market values.

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