

**SIEM OFFSHORE INC.**  
**REPORT FOR THE FOURTH QUARTER AND FISCAL YEAR 2015**

25 February 2016 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and fiscal year ended 31 December 2015.

**SELECTED FINANCIAL INFORMATION**

(Amounts in USD millions)	2015	2014	2015	2014
	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	90.0	137.7	422.4	491.3
Operating margin	13.8	59.7	118.5	194.1
Operating margin	15%	43%	28%	40%
Operating profit	(112.4)	(3.1)	(168.7)	84.3
Profit (loss) before taxes	(114.2)	16.0	(191.7)	73.4
Net profit/ (loss)	(116.0)	15.5	(196.4)	70.7
Net profit/ (loss) attributable to shareholders	(108.3)	13.0	(186.7)	58.1

**HIGHLIGHTS FOR THE FOURTH QUARTER**

- Completed the sale and delivery of the offshore subsea construction vessel (“OSCV”) “Siem Daya 1” in fourth quarter and a recorded a gain of USD16.6 million.
- Agreed 145-day term contracts with options for two Platform Supply Vessels (“Siem Sasha” and “Sophie Siem”) with an international oil company.
- Agreed a 9-month term contract with 2 x 6 month options for the AHTS vessel “Siem Amethyst” for operation in Australia.
- Agreed a 4-year bareboat contract for the vessel “Siem Hanne” for operation in Canada.
- Placed two additional AHTS vessels into lay-up in the quarter; the Company had five AHTS vessels and two large PSVs in lay-up at year end.
- Conducted a review of vessel values, capitalized equipment and investments in subsidiaries and recorded impairments of an aggregate USD111.6 million.
- Completed Rights Issue for USD100 million in new equity.
- Recorded aggregate backlog for the Offshore Support Vessels (“OSV”) segment and the Industrial Segment for USD1.42 billion at the end of the fourth quarter.

**SUBSEQUENT EVENTS**

- Agreed a letter of intent for the sale of the platform supply vessel “Siem Carrier” with delivery and financial closing agreed to take place by end of February 2016.
- Terminated the 5-year charter party for the OSCV “Siem Marlin” due to non-performance of the charterer’s obligations.

**MARKET AND OUTLOOK**

The North Sea spot market for AHTS vessels and PSVs continued to be soft throughout most of fourth quarter before improving towards quarter end with increasing rates and utilization due to harsh weather and multiple prolonged parallel operations.

Vessel owners continue to put vessels into lay-up. Further lay-ups are expected despite the short-term improved market conditions experienced at year-end. The outlook for the OSV market is expected to remain challenging for several years.

Siem Offshore Contractors experienced 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 (4Q 2015 over 4Q 2014)**

Operating revenues were USD90.0 million (2014: USD137.7 million). The operating margin was USD13.8 million (2014: USD59.7 million) and the operating margin as a percentage of revenues was 15% (2014: 43%).

Administration expenses were USD9.5 million (2014: USD10.9 million). The fourth quarter includes a net charge of USD 2.7 million related to a share option program exit for certain employees.

Operating profit (loss) was USD(112.4) million (2014: USD(3.1) million) after depreciation and amortisation expenses of USD25.4 million (2014: USD27.5 million) and impairment expenses of USD110.2 million (2014: USD29.0 million). All vessels delivered from yard since 2005 are depreciated linearly based on a 27-year life. At the end of the quarter, the Company conducted its periodic review of the valuations of its vessels, equipment and investments in subsidiaries and recorded impairments as considered necessary. Approximately USD103.5 million of the impairments relates to certain vessels and USD8.1 million relates to investments in its subsidiaries. The net currency exchange gains (losses) of USD(7.0) million (2014: USD(6.6) million) were recorded on currency derivative contracts of which USD0.1 million was an unrealised gain (2014: USD(5.4) million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses. The net gain on sale of fixed assets was USD16.3 million (2014: USD0.2 million) and included a USD16.6 million gain on the sale of the OSCV “Siem Daya 1” in December 2015.

Net financial items were USD0.3 million (2014: USD18.8 million) and included a net revaluation gain (loss) of non-USD currency items of USD8.1 million (2014: USD28.5 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 USD13.1 million included a net unrealised gain of USD2.0 million for interest swap agreements which are entered to hedge long-term interest rate exposure on floating rate borrowings.

The net profit/(loss) attributable to shareholders was USD(108.3) million (2014: USD13.0 million), or USD(0.13) per share (2014: USD 0.03 per share)

### **Income Statements (YTD 31 December 2015 over YTD 31 December 2014)**

Operating revenues were USD422.4 million (2014: USD491.3 million). The operating margin was USD118.5 million (2014: USD194.1 million) and the operating margin as a percentage of revenues was 28% (2014: 40%).

Administration expenses were USD38.6 million (2014: USD47.0 million).

Operating profit (loss) was USD(168.7) million (2014: USD84.3 million) after depreciation and amortisation expenses of USD107.0 million (2014: USD96.9 million) and impairment expenses of USD166.2 million (2014: USD29.0 million). Net currency exchange gains (losses) of USD(30.8) million (2014: USD(3.0) million) were recorded on currency derivative contracts of which USD2.1 million was an

unrealised gain (2014: USD5.6 million). The currency derivative contracts are entered into in order to hedge future non-USD yard instalments and non-USD operating expenses. The net gain on sale of fixed assets was USD16.3 million (2014: USD18.7 million).

Net financial items were USD(21.4) million (2014: USD(12.7) million) and included a net revaluation gain (loss) of non-USD currency items of USD22.1 million (2014: USD34.1 million) due to changes in currency exchange rates during 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 USD54.7 million included a net unrealised gain of USD2.2 million for interest swap agreements which are entered to hedge long-term interest rate exposure on floating rate borrowings.

The net profit/(loss) attributable to shareholders was USD(186.7) million (2014: USD58.1 million), or USD(0.36) per share (2014: USD0.15 per share).

### **Statements of Financial Position and Cash Flows**

Shareholders' equity was USD632.2 million at 31 December 2015 (31 December 2014: USD785.0 million), equivalent to USD0.75 per share (2014: USD2.03 per share). Net cash flow from operations for fiscal year 2015 was USD147.5 million and the cash position at 31 December 2015 was USD148.8 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.1 billion. The Company made total drawings in the equivalent of USD109.6 million under credit facilities during fiscal year 2015 and made principal repayments of USD182.8 million. The weighted average cost of debt for the Company was approximately 4.3% p.a. at 31 December, including the effect of fixed interest rate swap agreements.

The Company has 8 vessels (including one vessel for the 50%-owned Secunda Canada LP) under construction.

The share capital was increased by the 454,430,000 new shares issued at completion of the Rights Issue and the registered share capital was increased to USD8,420,213.80, 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 USD396 million at the end of 2015. All of the instalments fall due in 2016.

## **OFFSHORE SUPPORT VESSELS SEGMENT**

### **The Fleet**

The fleet in operation at the end of the fourth quarter totalled 43 vessels (2014: 44 vessels), including partly-owned vessels, seven vessels in lay-up and two vessels operated on behalf of a pool member, and Joides Resolution.

### **Results for the Fourth Quarter 2015**

#### **Platform Supply Vessels (PSVs)**

The Company had thirteen PSVs in operation, consolidated on a 100% basis, at the end of the quarter (2014: twelve). These PSVs recorded operating revenues of USD13.5 million and had 62% utilisation (2014: USD30.5 million and 94%). The operating margin before administration expense for these PSVs was USD4.9 million, (2014: USD18.2 million) and the operating margin as a percentage of revenues was 36% (2014: 60%).

Three PSVs are employed offshore West Africa, three are employed offshore Brazil, three are employed in the North Sea/Europe and two PSV's are on a bareboat contract. Two vessels have been in lay-up in fourth quarter.

### **Offshore Subsea Construction Vessels (OSCVs)**

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

The OSCVs earned operating revenues of USD24.1 million and had 88% utilisation (2014: USD31.9 million and 100%). The operating margin before administration expense for the OSCVs was USD10.9 million (2014: USD21.0 million) and the operating margin as a percentage of revenues was 45% (2014: 66%). The vessel "Siem Daya1" was delivered to new owner in fourth quarter and the Company recorded USD16.6 million in gain of sales of fixed assets. USD30.0 million of the purchase price for the vessel is a sellers credit from Siem Offshore in the form of a convertible bond with 4 years duration.

Four OSCVs operated on long-term contracts, with two operating in the US Gulf of Mexico, and two vessels operating in the North Sea/Europe. One vessel has operated on short term employment outside West Africa.

A five year contract for one OSCV was terminated by the Company due to no-fulfilment of the charterers obligations prior to the commencement of the firm contract.

### **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. The Company had five AHTS vessels in lay-up at year end 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 USD9.8 million based on 37% utilisation (2014: USD34.7 million and 74%). The operating margin before administration expense was USD1.0 million (2014: USD18.5 million) and the operating margin as a percentage of revenues was 10% (2014: 53%).

One AHTS vessel is operating on a long-term contract in Brazil which is up for renewal in June 2016, and one AHTS vessel started on a 9-months term contract for operation in Australia.

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

One AHTS vessel recorded 44 days commercial off-hire related to mobilisation for a firm contract in Australia.

### **Other Vessels**

The Company had a fleet of seven smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil spill recovery vessels) in operation at the end of the quarter (2014: nine). Five vessels operated on term contracts in Brazil and two vessels were idle at the end of the quarter. The fleet earned operating revenues of USD3.7 million and had 68% utilisation (2014: USD5.2 million and 92%). The operating margin before administration expense for the fleet was USD1.1 million (2014: USD(3.9) million) and the operating margin as a percentage of revenues was 30% (2014: (27)%).

The 50%-owned company, Secunda Canada LP, has a fleet of five offshore support vessels operating offshore Canada. The fleet earned operating revenues of USD8.4 million and had 93% utilisation (2014: USD9.4 million and 80%). The operating margin before administration expense for the fleet was USD3.1 million (2014: USD2.7 million), and the operating margin as a percentage of revenues was 37% (2014: 29%). The results for Secunda are recorded in accordance with the equity method and included as results

from associated companies. The Company's share of the net results for the fourth quarter was USD(0.8)million (2014: USD0.1 million).

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD0.6 million (2014: USD1.8 million) and an operating margin of USD0.2 million (2014: USD0.7 million). The operating margin as a percentage of revenue was 27% (2014: 36%). These results are recorded in accordance with the equity method.

## **Results for the Year Ended 31 December 2015**

### **Platform Supply Vessels (PSVs)**

The PSV fleet recorded operating revenues of USD76.5 million and had 75% utilisation (2014: USD104.4 million and 94%). The operating margin before administration expense for these PSVs was USD38.7 million, (2014: USD58.9 million) and the operating margin as a percentage of revenues was 51% (2014: 56%).

### **Offshore Subsea Construction Vessels (OSCVs)**

The OSCV fleet earned operating revenues of USD111.3 million and had 94% utilisation (2014: USD104.8 million and 98%). The operating margin before administration expense for the OSCVs was USD69.6 million (2014: USD71.2 million) and the operating margin as a percentage of revenues was 63% (2014: 68%).

### **Anchor Handling Tug Supply (AHTS) Vessels**

The AHTS fleet earned operating revenues of USD53.6 million based on 55% utilisation (2014: USD142.5 million and 84%). The operating margin before administration expense was USD(2.0) million (2014: USD77.5 million) and the operating margin as a percentage of revenues was (4)% (2014: 54%).

### **Other Vessels**

The fleet of smaller Brazilian flagged vessels earned operating revenues of USD21.3 million and had 86% utilisation (2014: USD19.4 million and 91%). The operating margin before administration expense for the fleet was USD7.1 million (2014: USD(3.5) million) and the operating margin as a percentage of revenues was 33% (2014: (18)%).

The 50%-owned company, Secunda Canada LP, earned operating revenues of USD33.1 million and had 86% utilisation (2014: USD38.7 million and 80%). The operating margin before administration expense for the fleet was USD11.9 million (2014: USD15.5 million), and the operating margin as a percentage of revenues was 36% (2014: 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 the twelve months was USD(0.3) million (2014: USD0.9 million).

The 41%-ownership in the "Big Orange XVIII" recorded operating revenues of USD2.7 million (2014: USD3.6 million) and an operating margin of USD0.7 million (2014: USD1.3 million). The operating margin as a percentage of revenue was 26% (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, %	2016	2017	2018
PSVs	60%	31%	24%
OSCVs	80%	71%	40%
AHTS vessels	11%	-	-
Brazilian-flagged vessels	57%	57%	49%
Secunda	71%	38%	19%
Big Orange XVIII	100%	8%	-

The total contract backlog of firm contracts for the OSV segment at 31 December 2015 was USD1.2 billion, including Big Orange XVIII, Secunda and the vessels under construction, and is allocated as follows:

(Amounts in USD millions)	2016	2017	2018 onwards
Backlog	231	217	707

### 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 8 vessels under construction at 31 December 2015. Five vessels were under construction in Poland, two in Germany and one in Brazil. These 8 vessels included one oil spill recovery vessel ("OSRV"), three dual-fuel PSVs, one Cable-Lay Vessel ("CLV"), one AHTS vessel, and two Well-Intervention Vessels ("WIVs"), all vessels for delivery in 2016. The Company has secured long-term employment for the OSRV, and for the AHTS vessel, 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. For the three dual-fuel PSVs, the company is tendering for firm contracts.

## INDUSTRIAL SEGMENT

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

#### Results for the Fourth Quarter 2015

Siem Offshore Contractors ("SOC") generated gross revenues of USD29.0 million in the fourth 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 USD1.5 million in margin from its various projects in the fourth 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 successfully completed in the second quarter 2015. The remaining margin on the project was recorded in the third quarter 2015.

The Baltic 2 OWF project for EnBW Baltic 2 GmbH is in its final stage. The take-over for the six clusters has been achieved and the first full load trial successfully completed. A positive margin was recorded on the project in 2014 and 2015. The remaining margin will be recorded upon completion of the remaining works in 2016.

SOC is currently working on the following projects:

- The Nordsee One OWF (Inner Array Grid) project for Nordsee One GmbH is on track for completion by fourth quarter 2016.
- The Nordsee One OWF (Export Cable) project for TenneT Offshore GmbH is scheduled for completion in first quarter 2017.
- The Veja Mate OWF (Inner Array Grid) project is on track for completion by second quarter 2017.

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

### **Results for the Year Ended 31 December 2015**

SOC generated gross revenues of USD132.3 million. The projects within SOC are accounted for using the percentage-of-completion method and margins will not be recorded until the respective projects are a minimum 25% complete. SOC recorded USD19.8 million in margin from its various projects before administrative expense. Overall, the fiscal year 2015 was a successful year for SOC and this trend is expected to continue in 2016.

### **Technology Investment – Siem WIS**

#### **Results for the Fourth Quarter 2015**

Siem WIS recorded operating revenues of USD0.7 million (2014: USD0.2 million) and an operating margin before administration expenses of USD0.4 million (2014: USD0.0 million).

The Managed Pressure Drilling (“MPD”) operation on Gullfaks A commenced in September 2015 and was successfully completed in November 2015.

The Valemon operation has been suspended since beginning of November. One of Siem WIS’s pressure control device (“PCD”) systems is currently allocated and on suspension dayrate for the Valemon operation. Drilling on Valemon is ongoing. Utilisation of MPD will be depended of the results from the formation integrity test planned to be performed end February 2016.

Siem WIS entered into an agreement with Statoil in December 2015 for the delivery of PCD services to its Gullfaks field. The first call-off was issued early 2016 and the operation has now started on Gullfaks.

#### **Results for the Year Ended 31 December 2015**

Siem WIS recorded operating revenues of USD4.8 million (2014: USD2.6 million) and an operating margin before administration expenses of USD2.4 million (2014: USD0.3 million).

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

**Results for the Fourth Quarter 2015**

The scientific core-drilling vessel “JOIDES Resolution” recorded operating revenues of USD6.6 million (2014: USD6.5 million) and an operating margin before administration expenses of USD3.5 million (2014: USD2.3million). The operating margin as a percentage of revenue was 53% (2014: 36%).

**Results for the Year Ended 31 December 2015**

The “JOIDES Resolution” recorded operating revenues of USD26.2 million (2014: USD25.9 million) and an operating margin before administration expenses of USD14.2 million (2014: USD10.6 million). The operating margin as a percentage of revenue was 54% (2014: 50%).

**Contract Backlog for the Industrial Segment**

The total Contract Backlog for the Industrial Segment at 31 December 2015 was USD217 million and is allocated as follows:

<u>(Amounts in USD millions)</u>	<u>2016</u>	<u>2017</u>	<u>2018 onwards</u>
Siem Offshore Contractors	149	49	-
JOIDES Resolution	19	-	-

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

25 February 2016

Eystein Eriksrud, Chairman

Idar Hillersøy, Chief Executive Officer



**CONSOLIDATED INCOME STATEMENTS**

	Note	2015 4Q	2014 4Q	2015 Jan-Dec	2014 Jan-Dec
<i>(Amounts in USD 1 000)</i>					
Operating revenues	4	90 011	137 736	422 449	491 312
Operating expenses		-66 727	-67 133	-265 326	-250 153
Administration expenses		-9 483	-10 857	-38 575	-47 033
<b>Operating margin</b>		<b>13 801</b>	<b>59 746</b>	<b>118 548</b>	<b>194 125</b>
Depreciation and amortisation	5	-25 402	-27 463	-107 025	-96 883
Impairment of vessels	5, 9	-103 465	-29 000	-159 465	-29 000
Impairment of intangibles	5, 9	-6 705	-	-6 705	-
Gain (loss) on sales of fixed assets	5	16 304	153	16 317	18 728
Gain on sale of interest rate derivatives (CIRR)	6	92	92	368	368
Gain (loss) on currency derivative contracts		-6 978	-6 642	-30 775	-3 023
<b>Operating profit (loss)</b>	<b>4</b>	<b>-112 353</b>	<b>-3 115</b>	<b>-168 735</b>	<b>84 316</b>
Financial revenues		5 361	5 917	11 184	9 091
Financial expenses		-13 135	-15 540	-54 677	-55 868
Net currency gain (loss) on revaluations		8 092	28 461	22 110	34 092
<b>Net financial items</b>		<b>318</b>	<b>18 839</b>	<b>-21 384</b>	<b>-12 685</b>
Result from associated companies	9	-2 170	317	-1 560	1 808
<b>Profit/(loss) before taxes</b>		<b>-114 205</b>	<b>16 042</b>	<b>-191 679</b>	<b>73 439</b>
Tax benefit / (expense)	7	-1 843	-530	-4 737	-2 729
<b>Net profit/(loss)</b>		<b>-116 049</b>	<b>15 512</b>	<b>-196 416</b>	<b>70 710</b>
Attributable to non-controlling interest		-7 716	2 557	-9 729	12 563
<b>Attributable to shareholders</b>		<b>-108 333</b>	<b>12 955</b>	<b>-186 687</b>	<b>58 147</b>
Weighted average number of shares outstanding (000's)		842 021	387 591	518 318	387 591
Earnings(loss) per share (basic and diluted)		-0.13	0.03	-0.36	0.15
<b>Comprehensive Income Statements</b>					
<i>(Amounts in USD 1 000)</i>					
		2015 4Q	2 014 4Q	2015 Jan-Dec	2014 Jan-Dec
Net profit/(loss)		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Other comprehensive income (expense):</b>		-116 049	15 512	-196 416	70 710
<b>Items that will not be reclassified to profit or loss:</b>					
Pension remeasurement gain (loss)		-1 178	1 510	-1 178	1 510
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Cash flow hedges		34 726	-5 805	-24 854	-14 622
Currency translation differences		-14 388	-13 592	34 760	-11 100
<b>Total comprehensive income for the period</b>		<b>-96 888</b>	<b>-2 375</b>	<b>-187 687</b>	<b>46 499</b>
Attributable to non-controlling interest		-7 715	2 500	-9 520	12 271
<b>Attributable to shareholders</b>		<b>-89 173</b>	<b>-4 876</b>	<b>-178 167</b>	<b>34 228</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Amounts in USD 1 000)</i>	<b>Note</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
		<i>Unaudited</i>	<i>Audited</i>
<b>Non-current assets</b>			
Vessels and equipment	5, 9	1 391 695	1 743 693
Vessels under construction	5, 8	185 064	130 515
Capitalised project cost	5	5 381	10 965
Investment in associates and other long-term receivables		68 258	43 654
CIRR loan deposit 1)	6	88 002	28 453
Deferred tax asset		11 668	12 591
Intangible assets	5, 9	16 849	25 937
<b>Total non-current assets</b>		<b>1 766 916</b>	<b>1 995 809</b>
Debtors, prepayments and other current assets		115 994	147 152
Asset held for sale		3 459	-
Cash and cash equivalents	6	148 753	117 623
<b>Total current assets</b>		<b>268 206</b>	<b>264 774</b>
<b>Total assets</b>		<b>2 035 122</b>	<b>2 260 584</b>
<b>Equity</b>			
Paid-in capital		625 219	526 236
Other reserves		-60 438	-45 491
Retained earnings		67 434	304 237
<b>Shareholders' equity</b>		<b>632 215</b>	<b>784 983</b>
Non-controlling interest		33 293	38 666
<b>Total equity</b>		<b>665 508</b>	<b>823 649</b>
Borrowings	6, 8	1 007 925	1 087 757
CIRR loan 1)	6	88 002	28 453
Other non-current liabilities		43 238	38 532
<b>Total non-current liabilities</b>		<b>1 139 165</b>	<b>1 154 742</b>
Borrowings	6	114 660	126 603
Accounts payable and other current liabilities		115 788	155 590
<b>Total current liabilities</b>		<b>230 448</b>	<b>282 193</b>
<b>Total liabilities</b>		<b>1 369 614</b>	<b>1 436 935</b>
<b>Total equity and liabilities</b>		<b>2 035 122</b>	<b>2 260 584</b>

1) Commercial Interest Reference Rate

## CONSOLIDATED STATEMENTS OF CASH FLOWS



<i>(Amounts in USD 1 000)</i>	2015	2014
	Jan-Dec <i>Unaudited</i>	Jan-Dec <i>Audited</i>
<b>Cash flow from operations</b>		
Profit (loss) before taxes, excluding interest	-144 106	117 702
Interest paid	-50 649	-46 362
Taxes paid	-2 272	-8 957
Results from associated companies	1 560	-1 808
Loss/(gain) on sale of assets	-16 317	-18 728
Value of employee services	-1 728	2 462
Impairment of vessels	159 465	29 000
Impairment of intangibles	6 705	-
Depreciation and amortisation	107 025	96 883
Effect of unreal. currency exchange forward contracts	-2 074	5 613
Change in short-term receivables and payables	78 981	19 918
CIRR	-368	-368
Other changes	11 241	-11 010
<b>Net cash flow from operations</b>	<b>147 462</b>	<b>184 345</b>
<b>Cash flow from investing activities</b>		
Interest received	4 233	4 171
Investments in fixed assets	-149 631	-525 674
Proceeds from sale of fixed assets	20 683	76 290
Investment in subsidiaries	-2 510	-
Dividend from associated companies	1 355	278
Investment in associated companies	-3 576	-12 201
<b>Cash flow from investing activities</b>	<b>-129 445</b>	<b>-457 136</b>
<b>Cashflow from financing activities</b>		
Proceeds from issue of new equity	98 983	-
Dividend payment	-	-6 533
Contribution from non-controlling interests of consolidated subsidiaries	-42 111	1 336
Proceeds from bank overdraft	-4 014	5 624
Proceeds from new long-term borrowing	109 583	447 701
Repayment of long-term borrowing	-182 820	-131 936
<b>Cash flow from financing activities</b>	<b>-20 378</b>	<b>316 193</b>
<b>Net change in cash</b>	<b>-2 361</b>	<b>43 401</b>
Cash at bank start of period	117 623	101 206
Effect of exchange rate differences	33 490	-26 985
<b>Cash at bank end of period</b>	<b>148 753</b>	<b>117 623</b>

**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	Shareholder equity	Non- Controlling interest	Total equity
<b>Equity on January 1, 2015</b>	<b>387 591 380</b>	<b>3 876</b>	<b>522 361</b>	<b>-45 491</b>	<b>304 237</b>	<b>784 983</b>	<b>38 666</b>	<b>823 649</b>
Change previous periods				-	-46 854	-46 854		-46 854
Net profit to shareholders					-186 687	-186 687	-9 729	-196 416
Value of employee services					-1 728	-1 728		-1 728
					1			
Pension remeasurement					178	1 178		1 178
Intercompany currency revaluation					-2 510	-2 510		-2 510
Cash flow hedge				-24 854		-24 854		-24 854
Currency translation differences				9 906	-201	9 705	209	9 914
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>-14 948</b>	<b>-236 803</b>	<b>-251 750</b>	<b>-9 520</b>	<b>-261 271</b>
Share issues in partially owned subsidiaries							6 276	6 276
Capital reduction in partially owned subsidiaries							-4 811	-4 811
Impairment of excess value partially owned subsidiaries							2 682	2 682
Shares issues in Siem Offshore Inc	454 430 000	4 544	94 438			98 983		98 983
<b>Equity on December 31, 2015</b>	<b>842 021 380</b>	<b>8 420</b>	<b>616 799</b>	<b>-60 439</b>	<b>67 434</b>	<b>632 215</b>	<b>33 293</b>	<b>665 508</b>

<i>(Amount in USD 1 000)</i>	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholder equity	Non- Controlling interest	Total equity
<b>Equity on January 1, 2014</b>	<b>387 591 380</b>	<b>3 876</b>	<b>522 361</b>	<b>-19 769</b>	<b>250 161</b>	<b>756 629</b>	<b>37 260</b>	<b>793 888</b>
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
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>-25 721</b>	<b>60 609</b>	<b>34 887</b>	<b>12 271</b>	<b>47 158</b>
Share issues in partially owned subsidiaries							1 336	1 336
Capital reduction in partially owned subsidiaries							-12 201	-12 201
Dividend paid					-6 533	-6 533		-6 533
<b>Equity on December 31, 2014</b>	<b>387 591 380</b>	<b>3 876</b>	<b>522 361</b>	<b>-45 491</b>	<b>304 237</b>	<b>784 983</b>	<b>38 666</b>	<b>823 649</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 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 and with new standards, amendments to standards and interpretations that have become effective in 2015. 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 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
	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Operating revenue by business area</b>				
Platform Supply Vessels (1)	13 537	30 500	76 455	104 423
Offshore Subsea Construction Vessels	24 053	31 907	111 315	104 844
Anchor Handling Tug Supply Vessels (1)	9 770	34 731	53 612	142 480
Other vessels in Brazil	3 669	5 178	21 326	19 351
Other/Intercompany elimination	1 843	-4 720	-8 242	-15 854
<b>Operating revenue, OSV segment</b>	<b>52 872</b>	<b>97 597</b>	<b>254 465</b>	<b>355 244</b>
Combat Management Systems	844	1 329	4 741	6 075
Submarine Power Cable activities	29 000	30 540	132 307	101 479
Scientific Core-Drilling	6 632	6 475	26 164	25 914
Siem WIS	662	1 795	4 773	2 601
<b>Operating revenue, Industrial segment</b>	<b>37 139</b>	<b>40 139</b>	<b>167 984</b>	<b>136 069</b>
<b>Total operating revenue</b>	<b>90 011</b>	<b>137 736</b>	<b>422 449</b>	<b>491 312</b>
<i>(Amounts in USD 1 000)</i>	2015	2014	2015	2014
	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
<b>Operating profit by business area</b>				
Platform Supply Vessels (1)	-21 226	11 872	-28 980	35 437
Offshore Subsea Construction Vessels	3 194	12 970	19 998	48 073
Anchor Handling Tug Supply Vessels (1)	-91 430	8 744	-134 230	39 232
Other vessels in Brazil	308	-33 864	3 478	-35 343
Other/Intercompany elimination	-7 019	-1 017	-3 413	2 521
<b>Operating profit, OSV segment</b>	<b>-116 174</b>	<b>-1 295</b>	<b>-143 147</b>	<b>89 919</b>
Combat Management Systems	85	126	-208	-8
Submarine Power Cable activities	1 213	12 278	15 856	15 581
Scientific Core-Drilling	2 595	1 770	10 709	9 429
Siem WIS	-7	1 261	720	355
<b>Operating profit, Industrial segment</b>	<b>3 886</b>	<b>15 435</b>	<b>27 076</b>	<b>25 357</b>
Administration expenses	-9 483	-10 857	-38 575	-47 033
Currency gain/ (loss)	9 418	-6 397	-14 089	16 074
<b>Total operating profit</b>	<b>-112 353</b>	<b>-3 115</b>	<b>-168 735</b>	<b>84 316</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5 – Vessels Under Construction and Vessels and Equipment

<i>(Amounts in USD 1 000)</i>	<b>Land and buildings</b>	<b>Vessels and equipment</b>	<b>Vessels under construction</b>	<b>Capitalised project costs</b>	<b>Total</b>
<b>Balance on January 1, 2015</b>	<b>4 128</b>	<b>2 138 949</b>	<b>145 015</b>	<b>17 597</b>	<b>2 305 689</b>
Correction Opening balance 01.01.15	-	6 325	-	1 821	<b>8 146</b>
Capital expenditure	63	27 776	122 614	461	<b>150 914</b>
Movement between groups	-	1 024	-	-1 024	-
Delivery of vessels	-	62 970	-62 970	-	-
The year's disposal at cost	-3 805	-155 484	-	-6 179	<b>-165 468</b>
Effect of exchange rate differences	-75	-79 086	-12 095	-	<b>-91 256</b>
<b>Purchase cost on December 31, 2015</b>	<b>310</b>	<b>2 002 474</b>	<b>192 564</b>	<b>12 676</b>	<b>2 208 024</b>
<b>Accumulated depreciation on January 1, 2015</b>	<b>-433</b>	<b>-384 451</b>	-	<b>-6 632</b>	<b>-391 516</b>
<b>Accumulated impairment on January 1, 2015</b>	-	<b>-14 500</b>	<b>-14 500</b>	-	<b>-29 000</b>
Correction Opening balance 01.01.15	-	-1 501	-	-687	<b>-2 188</b>
Movement between groups	-	-7 000	7 000	-	-
The year's depreciation	-	-101 272	-	-4 813	<b>-106 085</b>
Impairment of vessels	-	-159 465	-	-	<b>-159 465</b>
The year's disposal of accumulated depreciation	410	46 907	-	4 836	<b>52 153</b>
Effect of exchange rate differences	3	10 214	-	-	<b>10 217</b>
<b>Accumulated depreciation on December 31, 2015</b>	<b>-20</b>	<b>-611 069</b>	<b>-7 500</b>	<b>-7 296</b>	<b>-625 884</b>
<b>Net book value on December 31, 2015</b>	<b>290</b>	<b>1 391 405</b>	<b>185 064</b>	<b>5 381</b>	<b>1 582 140</b>

<i>(Amounts in USD 1 000)</i>	<b>Goodwill</b>	<b>Research and development</b>	<b>Trademarks and licences</b>	<b>Total</b>
<b>Balance on January 1, 2015</b>	<b>17 318</b>	<b>2 704</b>	<b>9 683</b>	<b>29 705</b>
Movement between groups	-	9 240	-9 240	-
Investments	-	561	7	568
Effect of exchange rate differences	-1 763	-480	-69	-2 312
<b>Purchase cost on December 31, 2015</b>	<b>15 555</b>	<b>12 025</b>	<b>380</b>	<b>27 961</b>
Accumulated depreciation on January 1, 2015	-	-2 588	-1 180	-3 768
Movement between groups	-	-777	841	64
The year's ordinary depreciation	-	-932	-9	-940
Impairment of intangibles	-	-6 705		-6 705
Effect of exchange rate differences	-	238		238
<b>Accumulated depreciation on December 31, 2015</b>	<b>-</b>	<b>-10 764</b>	<b>-347</b>	<b>-11 112</b>
<b>Net book value on December 31, 2015</b>	<b>15 555</b>	<b>1 261</b>	<b>33</b>	<b>16 849</b>

## NOTES TO THE FINANCIAL STATEMENTS

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.

### Note 6 – Net Interest-Bearing Debt



<i>(Amount in USD 1 000)</i>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	148 753	117 623
Short-term interest bearing receivable		
<b>Total cash</b>	<b>148 753</b>	<b>117 623</b>
Short-term interest bearing-debt	-114 660	-126 603
Long-term interest bearing-debt	-1 007 925	-1 087 757
<b>Total interest-bearing debt</b>	<b>1 122 585</b>	<b>-1 214 360</b>
<b>Net interest-bearing debt</b>	<b>-973 832</b>	<b>-1 096 737</b>

<b>Unearned CIRR</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Beginning of year	1 786	2 155
Recognized in the profit and loss account	-368	-368
Paid for buyback of CIRR options	0	0
<b>End of period</b>	<b>1 418</b>	<b>1 786</b>

The interest-bearing debt is denominated in currencies as follows: USD 71%, NOK 24% and EUR 5%.

## **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 assesment 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**

<i>(Amounts in USD 1 000)</i>	<b>31.12.2015</b>	<b>31.12.2014</b>
Combined contract value end of period for the vessels	596 594	678 076
Instalments paid	200 694	127 606
<b>Unpaid instalments</b>	<b>395 900</b>	<b>550 470</b>

**Instalments falling due over the next two years**

<i>(Amounts in USD 1 000)</i>	<b>USD</b>
2016	395 900
2017	-
<b>Total</b>	<b>395 900</b>

The Company had 8 vessels under construction at the end of the quarter.

Five of these vessels are under construction in Poland and two in Germany. These seven vessels include three dual-fuel PSVs, one Cable-Lay Vessel (“CLV”), one Anchor Handling Tug Supply Vessel (“AHTS”) (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 February 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 9 – Exceptional items

	2015	2014	2015	2014
<i>(Amounts in USD 1 000)</i>	4Q	4Q	Jan-Dec	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Impairment charge relating to vessel-segments:				
AHTS vessels	82 138	-	95 138	-
PSV	19 478	-	39 478	-
OSCV	1 849	-	24 849	-
Brazilian-built oil spill and recovery vessels	-	29 000	-	29 000
Reversal of 2014 impairment of oil spill vessels	6 000	-	-8 000	-
Brazilian-built crew and supply vessels	-6 000	-	8 000	-
<b>Total impairment charge for vessels and equipment</b>	<b>103 465</b>	<b>29 000</b>	<b>159 465</b>	<b>29 000</b>
Impairment charge relating to intangibles	6 705	-	6 705	-
Impairment related to investment in subsidiaries	1 443	-	1 443	-
<b>Total charge for impairments</b>	<b>111 612</b>	<b>29 000</b>	<b>167 612</b>	<b>29 000</b>

In light of the turmoil in the oil service industry, impairment tests have been performed for all vessels and equipment and intangible assets and the Company has identified possible impairment for such assets. Each vessel constitutes a cash generating unit and is tested separately for impairment except for AHTS vessels which operates in a pool and are considered as one cash generating unit. Valuations have been received from accredited brokers for all vessels. Due to a limited number of sale and purchase transactions in the current market, there is a large uncertainty related to the received broker estimates. Value-in-use calculations have therefore been performed for all vessels to compare with brokers' values. Value-in-use calculations have been based on conservative terminal amounts. The discount rate used in the value-in-use calculation is a real average cost of capital after tax ranging from 7,59%-9,62%. Impairment for certain Brazilian flagged vessels of USD 29,000 made at year end 2014 has been reallocated at year end 2015 to reflect updated value-in-use calculations. Such reallocations have a zero effect on the total impairment recorded in Q4 2015.



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