Fourth Quarter Report 2011

SIEM OFFSHORE

This is Siem Offshore Inc.

The Company's aims to be a preferred supplier of marine services to the offshore oil and gas service industry. The Company shall deliver quality and reliable contracted services in a timely manner, and by executing cost-efficient solutions developed in active collaboration and cooperation with its customers to their satisfaction.

Siem Offshore was founded as a stand-alone entity in July 2005 and has become a significant owner and operator of modern offshore support vessels with 39 vessels in operation and six vessels under construction at end of 2011. Vessels in operation include two anchor handling, tug, supply vessels for a pool partner. The total fleet of 45 vessels includes, among others, thirteen platform supply vessels ("PSVs"), four multi-role support vessels ("MRSVs") and ten anchor handling, tug, supply vessels ("AHTS vessels").

The Company owns one of the world's most modern fleets of offshore support vessels and is equipped to meet the increased requirements from clients and demands from operating in new geographical areas, including harsh environments. The fleet provides a broad spectrum of services and is officered and crewed by experienced offshore personnel who maintain a proper emphasis on Health, Safety, Environment and Quality.

The Company's headquarters are located in Kristiansand, Norway. The Company also has offices in Brazil, Germany, Netherlands, USA and India and has representation in Nigeria.

The Company's shares are listed on the Oslo Stock Exchange (OSE Symbol: SIOFF).

Report For The Fourth Quarter 2011 and Fiscal Year 2011

23 February 2012 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and twelve months ended 31 December 2011.

Selected Financial Information

(Amounts in USD million)	4Q 2011 Unaudited	4Q 2010 Unaudited	2011 Unaudited	2010 Audited
Operating revenue	99.7	60.9	340.6	228.3
Operating margin	40.6	18.0	123.0	74.6
Operating margin, %	41 %	29 %	36 %	33 %
Operating profit	20.8	7.8	43.5	17.2
Profit(loss) before taxes and minorities	10.5	2.9	(3.8)	10.3
Net profit(loss) attributable to shareholders	9.8	4.1	(7.3)	10.2

Highlights Fourth Quarter 2011

- Highest historical quarterly operating margin (nominal and percentage)
- Highest fixture rates for North Sea AHTS vessels during 2011, but still volatile
- High utilisation in all three main segments (AHTS, PSV and MRSV)
- Sale of the mid-size PSV "Siem Danis" at a price of USD 34 million with delivery scheduled for first quarter 2012
- Cash position increased to USD 137 million from operations and renegotiated debt facility

Subsequent Events

- Entered into contracts for the two PSVs "Siem Louisa" and "Sophie Siem" for 100 days and 180 days respectively, with options, for operations offshore Ghana
- Extended the contract for the MRSV "Siem Marlin" until April 2013, with options, for operations offshore Nigeria

Results

Results for the Fourth Quarter 2011

The operating revenues for the fourth quarter were USD 99.7 million (2010: USD 60.9 million). The operating margin was USD 40.6 million (2010: USD 18.0 million) and the operating margin as a percentage of revenues was 41% (2010: 29%).

Operating profit was USD 20.8 million (2010: 7.8 million) and includes depreciation and amortisation of USD 21.1 million (2010: USD 20.7 million). Net currency exchange gain of USD 1.2 million (2010: USD 3.4 million) was recorded on forward contracts, of which USD 0.7 million is unrealised.

Net financial items were net expenses of USD 10.3 million (2010: USD 4.9 million) and included a revaluation loss of non-USD currency items of USD (2.5) million (2010: USD (1.2) million) due to the stronger USD. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currencies. The financial expenses includes an unrealised loss of USD (0.9) million for interest swap agreements which were entered into for hedging long-term interest rate exposure on floating rate debt.

The net profit attributable to shareholders was USD 9.8 million or USD 0.02 per share (2010: USD 4.1 million, or USD 0.01 per share).

The Company had eleven PSVs in operation at the end of the fourth quarter (2010: twelve). All PSVs operated on long-term contracts, of which one was on a bareboat contract. The PSV fleet earned operating revenue of USD 24.2 million and had 96% utilisation (2010: USD 26.7 million and 93%). The operating margin for the PSV fleet was USD 13.1 million, (2010: USD 15.9 million) and the operating margin as a percentage of revenue was 54% (2010: 60%). The PSV fleet recorded 5 days off-hire related to dry-dockings or contract demobilisation (2010: 70 days).

The Company had four MRSVs in operation at the end of fourth quarter (2010: four). All MRSVs operated on long-term contracts, of which one was on a bareboat contract. The MRSV fleet earned operating revenue of USD 14.5 million and had 100% utilisation (2010: USD 14.1 million and 99%). The operating margin for the MRSV fleet was USD 8.3 million (2010: USD 9.0 million) and the operating margin as a percentage of revenue was 57% (2010: 64%).The MRSV fleet recorded zero days off-hire related to dry-dockings or contract demobilisation (2010: 4 days).

The Company had ten AHTS vessels in operation at the end of the quarter (2010: eight), of which two are owned by our pool partner. During the quarter, four AHTS vessels operated on long-term contracts in Brazil, one AHTS vessel operated for Statoil in the North Sea, two AHTS vessels completed operations offshore Greenland and the remaining three AHTS vessels have operated in the North Sea spot market.

The AHTS fleet earned operating revenue of USD 37.6 million and had 86% utilisation (2010: USD 15.1 million and 74%). The operating margin for the AHTS fleet was USD 20.8 million (2010: USD 1.4 million) and the operating margin as a percentage of revenue was 55% (2010: 9%). The AHTS fleet recorded 43 days off-hire related to dry-dockings or contract demobilisation (2010: 18 days).

The Company had a fleet of eleven Brazilian vessels at the end of the quarter (2010: nine), of which eight vessels operated on long-term contracts, two vessels were idle and one vessel newly delivered from yard was under mobilization for a long-term contract. The Brazilian vessels earned operating revenue of USD 5.1 million and had 77% utilisation (2010: USD 4.1 million and 73%). The operating margin for the Brazilian vessels was USD (1.0) million (2010: USD (0.5) million) and the operating margin as a percentage of revenue was (20) % (2010: (13) %). The Brazilian vessels recorded one day off-hire related to dry-dockings or contract mobilization (2010: 18 days).

The cable installation segment, including the vessel "Siem Carrier", earned operating revenue of USD 4.2 million in the quarter. The operating margin for the cable installation segment was USD 0.8 million.

The Scientific core drilling vessel, "Joides Resolution", recorded operating revenue of USD 10.2 million with an operating margin of USD 5.8 million.

Results for the Full Year 2011

The operating revenues for 2011 was USD 340.6 million (2010: USD 228.3 million). The operating margin was USD 123.0 million (2010: USD 74.6 million) and the operating margin as a percent of revenue was 36% (2010: 33%).

Operating profit for 2011 was USD 43.5 million (2010: USD 17.2 million) and includes depreciation and amortisation of USD 81.4 million (2010: USD 59.3 million).

Net currency exchange gain(losses) of USD 1.5 million (2010: USD (4.8) million) were recorded on forward contracts, of which USD (1.4) million is unrealised.

Net financial items were net expenses of USD (47.3) million (2010: USD (6.9) million) and includes a revaluation gain (loss) of non-USD currency items of USD (10.6) million (2010: USD 3.0 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 was USD 2.4 million and includes, among others, net results of USD 4.1 million for the "Joides Resolution" during the period of 50% ownership until 1 August 2011 and USD (1.7) million for the 35%-owned limited partnership KS Ocean Commander. The net result from the 41%-ownership in the well stimulation vessel "Big Orange XVIII" was zero.

The net profit (loss) attributable to shareholders was USD (7.3) million, or USD (0.02) per share (2010: USD 10.2 million, or USD 0.03 per share).

The PSV fleet earned operating revenue of USD 96.7 million and had 95% utilisation (2010: USD 98.2 million and 96%). The operating margin for the PSV fleet was USD 50.5 million (2010: 53.6 million) and the operating margin as a percentage of revenue was 52% (2010: 55%). The PSV fleet recorded 146 days off-hire related to dry-dockings or contract mobilisation (2010: 165 days).

The MRSV fleet earned operating revenue of USD 57.5 million and had 100% utilisation (2010: USD 61.6 million and 98%). The operating margin for the MRSV fleet was USD 33.4 million (2010: 35.7 million) and the operating margin as a percentage of revenue was 58% (2010: 58%). The MRSV fleet recorded 2 days off-hire related to dry-dockings or contract mobilisation (2010: 14 days).

The AHTS fleet earned operating revenue of USD 127.5 million and had 88% utilisation (2010: USD 35.0 million and 83%). The operating margin for the AHTS fleet was USD 62.6 million (2010: 2.7 million) and the operating margin as a percentage of revenue was 49% (2010: 8%). The AHTS fleet recorded 75 days off-hire related to dry-dockings or contract mobilisation (2010: 261 days).

The Brazilian vessels earned operating revenue of USD 25.3 million and had 75% utilisation (2010: USD 22.7 million and 83%). The operating margin for the Brazilian vessels was USD 2.3 million (2010: USD 5.2 million) and the operating margin as a percentage of revenue was 9% (2010: 23%). The Brazilian vessels recorded 65 days off-hire related to dry-dockings or contract mobilisation (2010: 73 days).

The cable installation segment, including the vessel "Siem Carrier", earned operating revenue of USD 4.8 million. The operating margin for the cable installation segment was negative USD 3.6 million.

The scientific core drilling vessel, "Joides Resolution", was from 1 August 2011 consolidated 100% into the profit and loss. The vessel earned operating revenue of USD 16.9 million from 1 August to 31 December 2011. The operating margin for the vessel was USD 8.7 million and the operating margin as a percentage of revenue was 52%.

Newbuilding Program

Vessels under Construction in Brazil

One fast crew vessel (FCV) and one fast supply vessel (FSV) were delivered during first quarter and fourth quarter 2011, respectively. The second FCV is delivered in January 2012 and the second FSV vessel is scheduled for delivery within first quarter 2012. Each of these vessels shall commence eight-year firm + eight-year option contracts for Petrobras.

The two oil spill recovery vessels (OSRVs) are scheduled for delivery in the second and third quarters of 2012. Both vessels shall commence eight year firm contracts for Petrobras with options for additional eight years.

The two large-size PSVs are scheduled for delivery in third quarter 2012 and 2013, respectively, and do not have contracts at this time.

Total future yard instalments for vessels in Brazil were equivalent to USD 160.5 million at end of 2011. These instalments fall due with USD 93.1 million in 2012 and USD 67.4 million in 2013.

Financing and Capital Structure

Cash and Equity

Net cash flow from operations was USD 86.3 million and the cash position at 31 December 2011 was USD 136.6 million.

Shareholders' equity was USD 734.7 million at 31 December 2011, equivalent to USD 1.86 per share.

Debt Financing

The balance sheet included gross interest-bearing debt in the equivalent to USD 934.5 million. The Company made total drawings in the equivalent to USD 327.4 million under credit facilities in 2011. The Company repaid debt instalments in the equivalent to USD 190.8 million during 2011.

The cost of debt for the Company was 4% p.a end of the year.

The Company has secured debt-financing for all vessels under construction.

Fleet Employment and Contract Backlog

The majority of the fleet is on long-term contracts. The contract cover at 31 December 2011 for the PSV fleet was 79% for 2012, 35% for 2013 and 1% for 2014. The contract cover for the MRSV fleet was 100% for 2012 and 29% for 2013. The contract cover for the AHTS fleet was 43% for 2012, 40% for 2013 and 35% for 2014. The contract cover for the Brazilian vessels was 76% for 2012, 70% for 2013 and 45% for 2014.

The total backlog of firm contracts for all vessels at 31 December 2011 was USD 737 million, including the firm part of the contract for the "JOIDES Resolution", the 41%-ownership in the "Big Orange XVIII" and vessels under construction. The backlog is split with USD 269 million for 2012, USD 184 million for 2013 and USD 284 million for 2014 and thereafter.

QHSE

The good QHSE performance continued during the fourth quarter with no serious incidents. The safety records throughout the year 2011 report no serious injury to personnel or major discharges to the environment.

Submarine Cable Installation Market

The vessel "Siem Carrier", the main asset of Siem Offshore Contractor's (SOC) operations, commenced work in Saudi Arabia in mid-October. This contract was finalized in mid-January. As a result, utilization for the "Siem Carrier" was 88% in the fourth quarter. SOC is also performing the management of an installation project in the UAE during the fourth quarter and into February 2012.

Siem Offshore Contractors reported revenues and operating margin of USD 4.2 million and USD 0.8 million in the fourth quarter.

The Middle East market has shown some improvement, but will most likely remain volatile for still some time. The results for the first quarter 2012 are likely to be below those achieved in the fourth quarter.

SOC is currently bidding for and pursuing a number of projects in the market for installation of submarine cables for European offshore wind farms. The installation campaigns for these projects will be for the years 2014-2016.

Technology Investment

Siem WIS completed the enhanced qualification program for the Siem WIS PCD system within Q4 2011. This successful accomplishment more than satisfies the highest standards required by any major customer and qualifies the PCD system to be used in the most demanding and challenging drilling operations requiring MPD capability.

Siem WIS continues to build more of the latest PCD MKII units for deployment in operations in 2012.

Siem WIS is expecting the first operations to commence in Q3 and has received considerable interests from the market resulting in good potential on specific projects in our core market areas.

Market and Outlook

The North Sea spot market for offshore support vessels (OSVs) was relatively strong during fourth quarter. The average fixture rates were above NOK 350,000 for AHTS vessels and around NOK 120,000 for PSVs, up 300% and 60% respectively, compared to the fourth quarter of 2010.

A number of vessels returned from duty offshore Greenland and joined the spot market in December. Coupled with seasonally lower drilling and construction activity and bad weather, this has led to a decline in the North Sea spot market fixture rates. Nevertheless, fixture rates for large AHTS vessels have been at a higher level compared with the same period last year.

The coming North Sea summer season looks promising. The fleet of AHTS vessels will remain fairly stable in the North Sea, or potentially decrease from current level as no new AHTS vessels are to be delivered to the region in 2012 and some vessels are likely to leave the region during the course of the year. The activity in the UK rig market is expected to increase at the end of first quarter as the number of additional rigs entering the North Sea increases over the next 12 months. The positive demand drivers for the North Sea PSV segment are similar to those of the AHTS vessel segment. However, the outlook for the North Sea PSV segment is somewhat more uncertain as around 30 newbuilds are scheduled to be delivered from yards in this region over the next 12 months.

The long-term outlook for the high-end OSV sector continues to gradually improve. Leading indicators, such as the offshore drilling rig count and tendering and contract award activity in subsea construction and FPSO industry, have increased during 2011 and this trend is expected to continue. A number of the major oil companies have recently presented their 2012 E&P spending plans with double digit growth rates Y/Y. Some uncertainty prevails with regards to the large number of OSV newbuilds to be delivered, especially large PSVs, and how this will impact the market in 2012-13.

Outside the North Sea, the demand for high-end OSVs continues to increase with Brazil as the main driver. This demand growth in Brazil is expected to continue, potentially at a somewhat slower pace than what has been seen over the last 12-24 months. Following an increase in the rig count over the last six months, demand in West Africa is showing a strong development, especially for the PSV segment and activity in West Africa is expected to increase further. In the US GoM, demand continues to improve as drilling activity gradually normalizes. The Asia/Australia region is typically less transparent, but there are some incremental prospects for high-end OSVs also in this region.

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

23 February 2012

Michael Delouche	Terje Sørensen
Chairman	Chief Executive Officer

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Consolidated Income Statements

(Amounts in USD 1,000)	Note	2011 4Q	2010 4Q	2011 Jan-Dec	2010 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	4	99,695	60,917	340,628	228,302
Operating expenses		-49,878	-34,932	-182,461	-127,636
Administration expenses		-9,225	-8,027	-35,215	-26,024
Operating margin		**40,592**	**17,959**	**122,952**	**74,641**
Depreciation and amortisation	4	-21,084	-20,699	-81,348	-59,286
Gain/(loss) on sale of assets		-2	7,050	75	6,281
Gain on sale of interest rate derivatives (CIRR)		92	93	368	368
Gain/(loss) on currency exchange forward contracts		1,185	3,381	1,450	-4,789
Operating profit	**4**	**20,783**	**7,783**	**43,497**	**17,213**
Financial revenues		2,403	5,180	5,719	8,130
Financial expenses		-10,366	-10,369	-44,785	-28,027
Result from associated companies		120	1,547	2,367	10,036
Net currency gain/(loss)		-2,463	-1,224	-10,624	2,962
Net financial items		**-10,307**	**-4,867**	**-47,324**	**-6,899**
Profit/(loss) before taxes and minorities		**10,476**	**2,915**	**-3,827**	**10,315**
Tax benefit/(expense)		386	832	-2,653	-622
Net profit/(loss)		**10,862**	**3,747**	**-6,480**	**9,692**
Attributable to non-controlling interest		1,023	-305	811	-468
Attributable to shareholders of the Company		**9,839**	**4,054**	**-7,291**	**10,162**
Weighted average number of shares outstanding ('000)		395,952	395,752	395,886	377,417
Earnings(loss) per share (basic and diluted)		0.02	0.01	-0.02	0.03

COMPREHENSIVE INCOME STATEMENTS

(Amounts in USD 1,000)	2011 Q4	2010 Q4	2011 Jan-Dec	2010 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Net profit/(loss)	10,862	3,747	-6,480	9,692
Other comprehensive income (expense):				
Currency translation differences	-3,768	-4,338	-5,122	672
Total comprehensive income for the period	**7,094**	**-591**	**-11,602**	**10,364**
Attributable to non-controlling interest	190	-329	-543	-583
Attributable to shareholders of the Company	**6,904**	**-262**	**-11,059**	**10,949**

Consolidated Statements of Financial Position

(Amounts in USD 1,000)	Note	31.12.11	31.12.10
		Unaudited	*Audited*
NON-CURRENT ASSETS			
Vessels and equipment	5	1,414,548	1,268,799
Vessels under construction	5	105,199	105,991
Capitalised project cost	5	13,570	19,102
Investment in associates and other long-term receivables		11,891	37,788
CIRR loan deposit 1)		56,469	65,006
Deferred tax asset		6,254	6,254
Intangible assets	5	29,441	8,903
Total non-current assets		**1,637,373**	**1,511,843**
Debtors, prepayments and other current assets	8	85,359	84,454
Cash and cash equivalents	8	136,635	115,185
Total current assets		**221,994**	**199,639**
Total assets		**1,859,367**	**1,711,483**
EQUITY			
Paid-in capital		537,664	537,212
Other reserves		-11,628	-7,859
Retained earnings		208,676	215,967
Shareholders´ equity		**734,713**	**745,320**
Non-controlling interest		**35,038**	**23,750**
Total equity	**6**	**769,751**	**769,070**
LIABILITIES			
Borrowings	7,8	839,031	739,095
CIRR loan 1)	7	56,469	65,006
Other non-current liabilities	7,8,10	34,291	12,585
Total non-current liabilities		**929,791**	**816,686**
Borrowings	7,8	95,472	71,125
Accounts payable and other current liabilities	10	64,353	54,602
Total current liabilities		**159,825**	**125,727**
Total liabilities		**1,089,616**	**942,413**
Total equity and liabilities		**1,859,367**	**1,711,483**

1) Commercial Interest Reference Rate

Consolidated Statements of Cash Flows

(Amounts in USD 1,000)	**12.31.11**	**12.31.10**
	Unaudited	*Audited*
CASH FLOW FROM OPERATIONS		
Profit before taxes, excluding interest	34,807	29,618
Interest paid	-29,128	-19,968
Taxes paid	-2,425	-491
Results from associated companies	-2,367	-10,036
Loss/(gain) on sale of assets	-75	-6,281
Depreciation and amortisation	81,348	59,286
Effect of unreal. currency exchange forward contracts	1,449	-3,512
Change in short-term receivables and payables	5,502	-10,612
CIRR	-368	-368
Other changes	-2,470	1,763
Net cash flow from operations	**86,273**	**39,401**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interest received	1,662	4,896
Investments in fixed assets	-208,039	-510,281
Loan repayment by shipyard	0	26,317
Proceeds from sale of fixed assets	1,214	31,645
Investment in subsidaries	-22,500	0
Dividend from associated companies	5,000	6,447
Investment in associated companies	3,293	-475
Cash flow from investments	**-219,370**	**-441,452**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of new equity	12,284	55,976
Proceeds from new long-term borrowing	327,410	503,948
Repayment of long-term borrowing	-190,767	-139,118
Cash flow from financing activities	**148,926**	**420,806**
Effect of exchange rate differences	5,622	5,342
Net change in cash	**21,451**	**24,097**
Cash at bank start of period	115,185	91,088
Cash at bank end of period	136,635	115,185

Notes to the Financial Information

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 2011 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 2010 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 2010. With effect from 1 January 2011, 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 60% of the long-term interest bearing debt was subject to floating interest rates at the end of 2011. 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.

Note 4 - Segment Reporting by Business Area

(Amounts in USD 1,000)	2011 4Q *Unaudited*	2010 4Q *Unaudited*	2011 Jan-Dec *Unaudited*	2010 Jan-Dec *Audited*
Operating revenue by business area				
Platform Supply Vessels	24,210	26,666	96,668	98,214
Multirole Support Vessels	14,486	14,101	57,502	61,621
Anchor Handling Tug Supply Vessels	37,634	15,114	127,461	34,968
Brazilian Vessels	5,102	4,088	25,291	22,704
Combat Management Systems	3,281	837	10,060	8,447
Cable Installation	4,219	0	4,780	0
Scientific Core Drilling	10,212	0	16,892	0
Other	551	111	1,974	2,347
Total operating revenue	**99,695**	**60,917**	**340,628**	**228,302**
Depreciation and amortisation by business area				
Platform Supply Vessels	5,441	8,149	23,009	25,191
Multirole Support Vessels	2,310	2,860	9,069	9,490
Anchor Handling Tug Supply Vessels	10,713	8,911	41,026	21,414
Brazilian Vessels	351	370	1,796	1,913
Cable Installation	895	0	3,387	0
Scientific Core Drilling	759	0	1,237	0
Other	615	410	1,823	1,280
Total depreciation and amortisation	**21,084**	**20,700**	**81,348**	**59,286**
Operating profit by business area				
Platform Supply Vessels	7,647	7,721	27,500	28,391
Multirole Support Vessels	5,966	6,126	24,347	26,229
Anchor Handling Tug Supply Vessels	10,117	-7,476	21,531	-18,738
Brazilian Vessels	-1,388	-911	541	3,285
Combat Management Systems	1,484	182	2,249	1,253
Cable Installation	-65	0	-6,963	0
Scientific Core Drilling	5,034	0	7,463	0
Other	-8,014	2,138	-33,172	-23,206
Total operating profit	**20,783**	**7,783**	**43,497**	**17,213**

Note 5 - Vessels Under Construction and Vessels and Equipment

(Amounts in USD 1,000)	Land and buildings	Vessels and equipment	Vessels under construction	Capitalised project costs	Total
Balance on 1 January 2011	4,343	1,399,341	105,991	22,470	1,532,145
Investments	278	96,066	112,661	-966	208,039
Additions from acquisition of companies	0	34,360	0	0	34,360
Move from vessel and equipment to intangible assets	0	-450	0	0	-450
Delivery of vessels	0	113,453	-113,453	0	0
The year's disposal at cost	0	-1,483	0	0	-1,483
Effect of exchange rate differences	-113	-20,677	0	0	-20,790
Purchase cost on 31 December 2011	**4,508**	**1,620,611**	**105,199**	**21,504**	**1,751,822**
Accumulated depreciation on 1 January 2011	-56	-134,828	0	-3,367	-138,252
Move from vessel and equipment to intangible assets	0	80	0	0	80
The year's ordinary depreciation	-121	-75,988	0	-4,567	-80,676
The year's disposal of accumulated depreciation	0	344	0	0	344
Accumulated depreciation on 31 December 2011	**-177**	**-210,392**	**0**	**-7,934**	**-218,503**
Net book value on 31 December 2011	**4,331**	**1,410,218**	**105,199**	**13,570**	**1,533,318**
		Economic life			
		2.5-30 years			

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

Intangible assets

(Amounts in USD 1,000)	Goodwill	Research and develeopment	Trademarks and licences	Total
Balance on 1 January 2011	0	0	9,232	9,232
Moved from Vessel and equipment	0	0	450	450
Investments	20,239	2,354	47	22,640
Effect of exchange rate differences	-1,806	9	-2	-1,799
Purchase cost on 31 December 2011	**18,433**	**2,363**	**9,728**	**30,523**
Accumulated depreciation on 1 January 2011	0	0	-330	-330
Moved from Vessel and equipment	0	0	-80	-80
The year's ordinary depreciation	0	-137	-536	-672
Accumulated depreciation on 31 December 2011	**0**	**-137**	**-946**	**-1,082**
Net book value on 31 December 2011	**18,433**	**2,226**	**8,782**	**29,441**

Goodwill was recorded following Siem Offshore's purchase of Five Ocean Services, subsequently renamed 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 developed assets that are not yet commercialized.

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 on 1 January 2011	**395,751,640**	**3,958**	**533,254**	**-7,859**
Net profit to shareholders				
Other comprehensive income				-3,768
Total comprehensive income / (expense)		**0**	**0**	**-3,768**
Share issues in partially owned subsidiaries				
Shares issues in Siem Offshore Inc	200,000	2	450	
Equity on 31 December 2011	**395,951,640**	**3,960**	**533,704**	**-11,627**
Equity on 1 January 2010	**359,774,219**	**3,598**	**479,099**	**-8,646**
Net profit to shareholders				
Other comprehensive income				787
Total comprehensive income / (expense)		**0**	**0**	**787**
Share issues in partially owned subsidiaries				
Shares issues in Siem Offshore Inc	35,977,421	360	54,534	
Share issue costs			-379	
Equity on 31 December 2010	**395,751,640**	**3,958**	**533,254**	**-7,859**

(Amounts in USD 1,000)	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
Equity on 1 January 2011	**215,967**	**745,320**	**23,750**	**769,070**
Net profit to shareholders	-7,291	-7,291	811	-6,480
Other comprehensive income		-3,768	-1,354	-5,122
Total comprehensive income / (expense)	**-7,291**	**-11,059**	**-543**	**-11,602**
Share issues in partially owned subsidiaries			11,832	11,832
Shares issues in Siem Offshore Inc		452		452
Equity on 31 December 2011	**208,676**	**734,714**	**35,038**	**769,751**
Equity on 1 January 2010	**205,806**	**679,856**	**22,872**	**702,728**
Net profit to shareholders	10,162	10,162	-468	9,694
Other comprehensive income		787	-115	672
Total comprehensive income / (expense)	**10,162**	**10,949**	**-583**	**10,366**
Share issues in partially owned subsidiaries			1,461	1,461
Shares issues in Siem Offshore Inc		54,894		54,894
Share issue costs		-379		-379
Equity on 31 December 2010	**215,967**	**745,320**	**23,750**	**769,070**

Note 7 - Long-term Debt

Currency	Total Facility	Commit-ted total facility	Drawn amount currency	Balance 12.31.11 USD	Interest rate	Maturity
USD	223,000	223,000	223,000	223,000	Floating	2017
USD	112,000	112,000	112,000	90,791	Fixed/ Floating	2021
GBP	12,250	12,250	12,250	10,921	Floating	2013
NOK	2,520,000	2,160,000	300,000	324,424	Floating	2015
NOK	427,000	427,000		59,857	Floating	2022
USD	28,000	28,000	28,000	28,000	Floating	2019
USD	25,000	25,000	25,000	17,222	Floating	2013
NOK	871,500	871,500	871,500	125,268	Fixed/ Floating	2023
USD	5,055	5,055	5,055	460	Fixed	2012
USD	24,037	24,037	22,716	22,716	Fixed	2027
USD	58,986	58,986	37,773	37,773	Fixed	2031
Total borrowings				940,431		

Total borrowings include USD 5.9 million in capitalised bank fees to be amortised during the term of the respective loan facilities. The Company has entered into fixed interest swap agreements for part of its long term borrowings. In the NOK 2.52 billion facility, NOK 300 million has been drawn and is included in the USD denominated ending balance at end of 2011.

Note 8 - Net Interest-Bearing Debt

(Amounts in USD 1,000)	**31.12.11**	**31.12.10**
	Unaudited	*Audited*
Bank deposit	136,635	115,185
Total receivable / cash	**136,635**	**115,185**
Short-term interest bearing debt	-95,472	-71,125
Long-term interest bearing debt	-839,031	-739,095
Total debt	-934,503	-810,220
Net interest bearing debt	**-797,868**	**-695,035**

Note 9 - Commitments

Committed capital expences to be paid in future periods:

(Amounts in USD 1,000)	**31.12.11**	**31.12.10**
Combined contract value end of period for the vessels	265,681	374,015
Instalments paid	105,199	105,991
Unpaid instalments	**160,482**	**268,024**

Instalments falling due over the next years

(Amounts in USD 1,000)	USD
2012	93,107
2013	67,374
Total	**160,482**

The Company had a remaining newbuilding program for one fast supply vessel, one fast crew vessel, two OSRVs and two large-size PSVs at the end of 2011.

Note 10 - Taxes

(Amounts in USD 1,000)	**Liability tonnage tax regime**
Tax liability 1 January 2011	2,803
Tax expense	-18
Paid	-988
Effect of exchange rate differences	-36
Tax liability, new tonnage tax legislation on 31 December 2011	**1,760**

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	880	12,457	13,337
Payable taxes falling due within 1 year	880	2,280	3,160
Tax liabilities on 31 December 2011	**1,760**	**14,737**	**16,497**

Tax expense

(Amounts in USD 1,000)	**Tonnage tax regime**	**Other tax regime**	**Total tax expense**
Taxes	18	-2,787	-2,769
Change in deferred tax/deferred tax asset	0	-120	-120
Over/under provisions in previous year	0	236	236
Total tax expense on 31 December 2011	**18**	**-2,671**	**-2,653**

The tax cost for the period relates to corportate tax and wittholding tax for operating both in Norway and other jurisdictions.

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Design: Innoventi 02/2012

Financial Calendar

Q1 2012	Tuesday 8 May 2012
Q2 2012	Thursday 23 August 2012
Q3 2012	Thursday 25 October 2012

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