



SIEM OFFSHORE INC.

REPORT FOR THE FOURTH QUARTER 2006

21 February 2007 – Siem Offshore Inc. (Oslo Stock Exchange: SIOFF) today reports results for the fourth quarter 2006.

FINANCIALS

Results for the fourth quarter

The net profit attributable to shareholders for the fourth quarter was USD 16.1 million or USD 0.10 per share. The operating revenues and EBITDA were USD 24.3 million and USD 4.6 million, respectively. The EBITDA figure includes net result from affiliated companies of USD 0.4 million for the fourth quarter 2006.

Depreciation and amortisation were USD 3.5 million. The EBIT was USD 1.4 million, and includes a net gain on sale of assets of USD 0.3 million.

Net financial items were USD 14.9 million and include realised and unrealised currency gain of USD 17.0 million arising from the revaluation to market of open foreign exchange contracts during the quarter. Such foreign exchange contracts have been entered into in order to fix the NOK commitment in relation to the vessels under construction at Norwegian yards.

The fourth quarter is negatively affected by the dry-docking of the *Siem Carrier* in connection with the 10-year survey. The vessel was off-hire for a total period of 55 days, including 42 days in the fourth quarter. The total cost for the 10-year survey was USD 2.1 million, of which USD 2.0 million is expensed in fourth quarter. The fourth quarter is also negatively affected by USD 1.2 million due to a one-off crew cost as a consequence of the annual collective wage negotiation and a one-off increased accrual for crew leave pay.

The accounts for Siem Meling Offshore DA, in which the Company owns 51%, are consolidated in the Company's accounts per fourth quarter 2006.

The Company has become a 60% shareholder in Siem WIS AS, in accordance with the share purchase agreement, and the interest in Siem WIS AS is reclassified from affiliated company to subsidiary. The accounts for Siem WIS AS are consolidated in the Company's accounts per fourth quarter 2006.

The operating revenues and EBITDA for 2006 were USD 73.6 million and USD 28.6 million, respectively, and the net profit attributable to shareholders was USD 45.0 million or USD 0.28 per share.

The industry is experiencing generally higher operating costs due to the tight market situation.

Pro forma results for the fourth quarter

Pro forma 2006 accounts are prepared to reflect the restated accounts of the Company as if the acquisition of Rovde Shipping AS had been implemented with effect 1 January 2006. Comparable pro forma accounts for the year 2005 are prepared as if the Company had been established 1 January 2005 and as if the acquisition of Rovde Shipping AS had been implemented with effect 1 January 2005.

The pro forma net profit for the fourth quarter 2006 was USD 16.1 million, compared to a pro forma loss of USD 3.9 million for the same period in 2005.

The pro forma operating revenue and EBITDA for the fourth quarter 2006 were USD 24.3 million and USD 4.6 million, respectively, as compared to USD 12.6 million and USD 1.6 million, respectively, for the pro forma fourth quarter 2005. The pro forma result from affiliated companies was USD 0.4 million and USD 1.7 million for the fourth quarter 2006 and fourth quarter 2005, respectively.

The pro forma operating revenues and EBITDA for 2006 were USD 76.7 million and USD 28.8 million, respectively, as compared to USD 51.0 million and USD 13.9 million for the pro forma 2005 figures. The pro forma net profit attributable to shareholders for 2006 was USD 44.7 million, as compared to a net loss of USD 4.1 million for the pro forma 2005 figures.

Cash, Debt and Share Capital per fourth quarter 2006

The cash position at 31 December 2006 was USD 34 million. The gross interest-bearing debt was USD 176 million. Such debt includes USD 16 million drawn under a USD 30 million Working Capital Facility, USD 108 million drawn under a USD 220 million Term Loan Facility and the equivalent of USD 19 million drawn under a Term Loan Facility in the equivalent of USD 53 million in the majority owned company Siem Meling Offshore DA.

The Company repaid its short term loans in the equivalent of USD 24 million from Siem Industries Inc. in December 2006.

Future yard instalments for vessels under construction totalled NOK 4.5 billion at the end of 2006. Such yard instalments falls due in 2007 (NOK 0.7 billion), 2008 (NOK 0.9 billion), 2009 (NOK 2.5 billion), and 2010 (NOK 0.4 billion).

During fourth quarter, the Board resolved to issue a further 420,000 shares as part of the employee share acquisition programme to certain key employees. The new shares were issued in first quarter 2007. Following such issues, the number of outstanding Company shares is 167,918,900.

Related party transactions

At 31 December 2006, the Company held USD 2.5 million as a dividend prepayment from Overseas Drilling Limited.

MAIN EVENTS DURING FOURTH QUARTER 2006

- 25 October - The Company and Kleven Verft AS signed a shipbuilding contract for the construction of 6 + 6 large Anchor Handling Tug Supply vessels (AHTS). The contract value for the first 6 vessels is approximately NOK 3.2 billion (USD 475 million) and the vessels will be delivered from 2Q 2009 until 1Q 2010. The 6 optional vessels will be delivered from 1Q 2010 until 4Q 2010.
- 13 December - The Company entered into a new 18 months time charter contract for the platform supply vessel "Sasba". The new charter contract will be for world wide operation and will commence in mid-March 2007, as a direct continuation of the current charter contract for operation offshore India.
- 22 December - The Company took delivery of the platform supply vessel *Siem Mariner* of MT6000 Mk II design from Kleven Verft AS and entered into a 5 year firm bareboat charter for the vessel. The contract value is approximately USD 57 million and is scheduled to commence in 2Q 2007. The charterer has an option to purchase the vessel at the expiry of the firm 5 years period at a price of approximately USD 48 million.
- 22 December - The Company and Kleven Verft AS signed a shipbuilding contract for the construction of one Multi Functional Field & ROV support vessel at a contract price of NOK 346 million for delivery in first quarter 2009. The vessel is of MT 6017 Mk II design with a length of 94 meters and a beam of 20 meters. The vessels will have an accommodation for 68 persons, an active heave compensated crane with a capacity of 100 tons, helideck, moonpool, removable cargo rail and a mezzanine deck for launch and recovery of ROVs. The vessel is a sister vessel to the vessel ordered in August 2006.

EMPLOYMENT OF THE FLEET

The firm period for the *Sasha* is extended until March 2007 whereupon she will commence the new 18 months contract. The *Sophie Siem* continued on her initial 12 months charter during fourth quarter. The *Siem Danis* and *Siem Louisa* have been operated in the spot market during fourth quarter and partly during first quarter 2007. *Siem Danis* commenced a 40+20 days charter on 11 January 2007. The *Siem Louisa* shall mobilize for a 7 months contract within 15 March 2007. The charterer of the *Siddis Skipper* has declared the last twelve months period for the vessel with commencement in January 2007.

The *Siem Mariner* will operate in the spot market until 2Q 2007 when she will commence the 5 year firm bareboat charter contract as described above.

The *Siem Carrier* has operated in the spot market after the completion of the 10-year survey. The vessel commenced a 7 month contract in mid-January 2007.

The *Ocean Commander*, which is on a bareboat charter to the Company, continues on its 18 months contract that commenced in August 2006.

The three Standby vessels, *Ocean Star*, *Ocean Flower* and *Solvbas*, that were agreed sold and delivered to the new owner during November.

The conversion of the *JOIDES Resolution* started in fourth quarter 2006 and is scheduled for a period of approximately 12 months. Following the conversion, the vessel shall commence its seven years contract with Texas A&M Research Foundation for the Integrated Ocean Drilling Program's Phase II.

The 10 supply/crew vessels in Brazil, owned and operated by the subsidiary, Siem Consub S.A., continued on contracts with Petrobras and performed well during the fourth quarter. The utilisation rate for the fourth quarter 2006 was 99%.

MARKET AND OUTLOOK

Both the PSV and the AHTS markets stayed firm through the fourth quarter 2006 and the activity levels remain high overall, leaving few vessels available for spot charter in the North Sea. The seasonal bad weather had its impact, delaying operations and subsequently keeping vessels longer on contract, at healthy day rates.

As many new built vessels continue to be fixed for term contracts, the spot market continues at a healthy level.

The Subsea activity in general continues at a high level with strong demand for construction- and specialized vessels on a global basis. The supply of available vessels is limited for the rest of this year.

On behalf of the Board of Directors of Siem Offshore Inc.
21 February 2007

Kristian Siem
Chairman

www.siemoffshore.com

Siem Offshore Inc - Accounts prepared in accordance with IFRS

Profit & Loss Account

<i>(Unaudited figures in USD 1,000)</i>	4Q 2006	4Q 2005	YTD 2006	01.07 - 31.12 2005
Operating revenue	24,278	8,702	73,554	13,233
Result from affiliated companies	392	1,659	8,151	3,242
Total operating costs	-20,103	-8,302	-53,074	-12,617
EBITDA	4,567	2,059	28,631	3,859
Depreciation and amortisation	-3,527	-1,050	-10,895	-1,972
Gain on sale	321	0	11,160	0
EBIT	1,361	1,009	28,895	1,887
Net currency items	17,043	-3,036	21,506	-3,085
Financial income	426	489	805	542
Financial costs	-2,604	-341	-5,460	-503
Net financial items	14,865	-2,888	16,851	-3,046
Result before taxes	16,226	-1,879	45,747	-1,160
Taxes	-407	-625	-1,219	-898
Result Minorities	240	0	485	0
Result for the period	16,059	-2,504	45,012	-2,057
Average number of issued shares ('000)	166,010	131,180	158,791	132,821
Earnings per share, USD per share	0.10	-0.02	0.28	-0.02

Balance Sheet

<i>(Unaudited figures in USD 1,000)</i>	31.12.2006	31.12.2005
Fixed assets		
Intangible fixed assets	3,652	0
Tangible fixed assets	240,762	39,813
Investment in affiliates and other financial fixed assets	19,271	8,278
Total long-term assets	263,685	48,091
Debtors, prepayments and other current assets	47,630	23,151
Bank deposits	34,384	21,709
Total current assets	82,014	44,860
Total assets	345,699	92,951
Shareholders' equity		
Paid-in capital	113,325	85,320
Other equity	-26,328	-28,783
Result for the period	45,012	-2,057
Shareholders' equity	132,008	54,480
Minorities	5,820	0
Liabilities		
Deferred taxes	7,907	0
Other provisions	290	401
Total provisions	8,196	401
Finance debt falling due after 1 year	172,384	19,116
Other long-term liabilities	285	3
Total other long-term liabilities	172,670	19,119
Finance debt falling due within 1 year	3,521	1,226
Trade creditors and other short-term liabilities	23,483	17,724
Total current liabilities	27,004	18,951
Total liabilities	207,870	38,471
Total shareholders' equity and liabilities	345,699	92,951

Siem Offshore Inc - Accounts prepared in accordance with IFRS

Profit & Loss Account

<i>(Unaudited figures in USD 1,000)</i>	Pro forma 4Q 2006	Pro forma 4Q 2005	Pro forma 2006	Pro forma 2005
Operating revenue	24,291	12,584	76,666	51,005
Result from affiliated companies	394	1,726	8,377	7,084
Total operating costs	-20,127	-12,670	-56,195	-44,149
EBITDA	4,558	1,641	28,848	13,940
Depreciation and amortisation	-3,515	-1,974	-11,480	-8,352
Impairment	0	0	0	-1,037
Gain on sale	334	0	11,160	0
EBIT	1,376	-334	28,528	4,551
Net currency items	17,055	-3,132	21,506	-7,087
Financial income	427	578	811	886
Financial costs	-2,605	-383	-5,517	-1,868
Net financial items	14,877	-2,937	16,801	-8,069
Result before taxes	16,253	-3,271	45,329	-3,518
Taxes	-407	-674	-1,219	-1,440
Result minorities	240	87	553	899
Result for the period	16,086	-3,857	44,662	-4,059

Balance Sheet

<i>(Unaudited figures in USD 1,000)</i>	Pro forma 31.12.2006	Pro forma 31.12.2005
Fixed assets		
Intangible fixed assets	3,652	834
Tangible fixed assets	240,762	58,841
Investment in affiliates and other financial fixed assets	19,271	17,019
Total long-term assets	263,685	76,694
Debtors, prepayments and other current assets	47,630	33,250
Bank deposits	34,384	32,380
Total current assets	82,014	65,630
Total assets	345,699	142,325
Shareholders' equity		
Paid-in capital	113,325	110,959
Other equity	-25,979	-26,541
Result for the period	44,662	-4,059
Shareholders' equity	132,008	80,359
Minorities	5,820	3,355
Liabilities		
Deferred taxes	7,907	7,272
Other provisions	290	619
Total provisions	8,196	7,891
Finance debt falling due after 1 year	172,384	26,205
Other long-term liabilities	285	3
Total other long-term liabilities	172,670	26,208
Finance debt falling due within 1 year	3,521	2,408
Trade creditors and other short-term liabilities	23,483	22,104
Total current liabilities	27,004	24,511
Total liabilities	207,870	58,610
Total shareholders' equity and liabilities	345,699	142,325

Siem Offshore Inc - Notes to the 4Q 2006 report

Net interest bearing debt

<i>(Amounts in USD 1 000)</i>	31.12.2006	31.12.2005
Bank deposits	34,384	21,709
Short-term interest bearing debt	-3,521	-1,226
Long-term interest bearing debt	-172,670	-19,119
Net interest bearing debt	-141,806	1,364

Shareholders' equity

<i>(Amounts in USD 1 000)</i>	31.12.2006	31.12.2005
Shareholders' equity beginning of period	54,480	0
Raising of new equity (net)	29,369	59,411
Own shares	-1,364	-2,833
Result for the period	45,012	-2,057
Other changes	314	0
Currency translation differences	4,197	-41
Shareholders' equity end of period	132,009	54,480

Cash-flow analysis

<i>(Amounts in USD 1 000)</i>	31.12.2006	31.12.2005
Cash-flow from operations		
Profit before taxes, excluding interest	50,400	-1,294
Result from minorities	-485	0
Interest paid	-3,816	-171
Paid taxes in the period	-595	-898
Result from affiliated companies	-8,151	-3,242
Gain on sale fixed assets	-11,160	0
Dividend received	4,959	427
Depreciation, amortisation and impairment of fixed assets	10,895	1,972
Change in working capital	-7,762	2,098
Other changes	-96	-384
Cash-flow from operations	34,189	-1,492

Cash flow from investment

Interest received	804	542
Investment in fixed assets and instalments shipbuilding contract	-177,339	-23,810
Investment in shares	-2,464	0
Received from sale of fixed assets	31,501	0
Repayment of paid in capital aff. Comp.	1,381	0
Paid- in capital Siem Meling Offshore DA	-5,219	0
Cash received from acquisition of shares in subsidiaries	12,057	0
Cash-flow from investments	-139,279	-23,268

Cash-flow from financing activities

Buy back of own shares	-1,364	-2,833
Received from raising of new equity	1,462	0
Distribution to minorities	-3,600	0
Short-term loan from affiliated company	-759	3,500
Received from raising of new long-term debt	132,345	14,650
Repayment of long-term interest bearing debt	-4,666	-460
Cash-flow from financing activities	123,417	14,857

Effect of exchange rate differences	-5,652	23
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Net change in cash	12,675	-9,879
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Cash at bank start of period	21,709	31,588
Cash at bank end of period	34,384	21,709
Net change in cash	12,675	-9,879