



SIEM OFFSHORE INC.

REPORT FOR THE THIRD QUARTER 2008

23 October 2008 – Siem Offshore Inc. (Oslo Stock Exchange: SIOFF) reports results for the third quarter ended 30 September 2008.

FINANCIALS

Results for the third quarter

The consolidated financial statements for Siem Offshore Inc. (the “Company”) are prepared in accordance with International Financial Reporting Standards (IFRS).

The operating revenue for the quarter was USD 54.7 million (Q3 2007: USD 46.4 million) and the operating expenses were USD 28.4 million (Q3 2007: USD 19.4 million), leaving an operating margin¹ of USD 26.3 million (Q3 2007: USD 27.0 million). The quarter includes a loss of USD 19.3 million (Q3 2007: gain of USD 20.4 million) arising from the revaluation of currency exchange contracts², or maturity of such contracts, due to the stronger USD-currency during the quarter. Financial items were a net cost of USD 16.4 million (Q3 2007: net gain of USD 2.9 million) and include a revaluation loss of non-USD currency items of USD 13.9 million (Q3 2007: gain of USD 4.8 million) due to the stronger USD-currency during the quarter. The net loss attributable to shareholders for the quarter was USD 18.7 million (Q3 2007: net income of USD 39.0 million), or USD (0.08) per share (Q3 2007: USD 0.18 per share).

Results for the Nine Months Ended 30 September 2008

The operating revenue for the nine months ended 30 September 2008 was USD 145.1 million (2007: USD 109.0 million) and the operating expenses were USD 81.4 million (2007: USD 53.3 million), leaving an operating margin¹ of USD 63.8 million (2007: USD 55.7 million). The period includes a loss of USD 5.9 million (2007: net gain of USD 39.9 million) arising from the revaluation of currency exchange contracts², or maturity of such contracts, due to the stronger USD-currency during the first nine months. Financial items were a net cost of USD 8.1 million (2007: net cost of USD 2.0 million) and includes a revaluation loss of non-USD currency items of USD 3.4 million (2007: gain of USD 5.5 million) due to the stronger USD-currency during the first nine months. The net profit attributable to shareholders for the period was USD 22.9 million (2007: USD 74.4 million), or USD 0.08 per share (2007: USD 0.41 per share).

Provision for Income Tax on Operations

The third quarter 2008 includes a provision of USD 0.9 million representing a potential tax charge on operations. The net profit for the nine months ended 30 September 2008 includes a similar provision of USD 2.9 million. The audited annual accounts for 2007 will be revised to include a provision of USD 10.7 million for the years 2006 and 2007. USD 6.9 million of such tax provision will be recorded in the third quarter 2007. The Company is in the process of restructuring and aligning its operations to various European Tonnage Tax regimes.

¹ Operating margin: Operating revenue – Operating expenses

² Currency exchange contracts have been entered into in order to hedge the future NOK instalments for vessels under construction at Norwegian yards. The Company held USD 183 million in such currency exchange contracts at the end of the quarter.

Cash, Debt and Share Capital

The cash position at 30 September 2008 was USD 120 million. The Company has provided a short term, subordinated loan, to a shipyard of NOK 160 million. The loan is at market rates for such loan and matures 30 June 2009, with borrower's options for extension until 31 December 2010. The balance sheet included gross interest-bearing debt of USD 294 million and the shareholders' equity was USD 468 million. The Company had USD 30 million available under a working capital facility at the end of the quarter.

Future yard instalments for vessels under construction totalled NOK 5.9 billion (USD 1.0 billion) at the end of the quarter. Such yard instalments fall due in 2008 with NOK 0.2 billion (USD 36 million), 2009 with NOK 3.4 billion (USD 598 million), and 2010 with NOK 2.2 billion (USD 380 million). Prior to ordering vessels from Norwegian yards, the Company applied to Eksportfinans (Norwegian export credit agency for Export Financing) for fixed 12-year interest rate options (the "Options") related to the long-term financing of such vessels. The Company was granted such Options by Eksportfinans along with a maximum funding of NOK 4.7 billion. During 2007, the Company sold the right to exercise such Options to a first class international bank (the "Bank") in consideration for an up-front payment of USD 23.5 million. The funding from Eksportfinans remains with the Company, but shall be pledged as security for any Options declared by the Bank based on an "in-the-money" assessment. The Company will regain full access to the funding from Eksportfinans for any Options not declared by the Bank, or for any Options repurchased by the Company. The price for such Options is determined in line with other interest swap derivatives. The Company has entered into loan agreements, including the USD 30 million working facility agreement, for all other vessels under construction in Norway and Brazil not covered by the arrangement with Eksportfinans. The Company has received indication from the Norwegian Guarantee Institute for Export Credits (GIEK) that it will contribute guarantee facilities to support the Eksportfinans funding. .

There were 253,891,866 shares issued and outstanding at 30 September 2008.

FINANCIAL RISKS

The Board currently believes that the principal risks and uncertainties for the remainder of 2008 are:

Currency Rates Risk

The majority of the Company's assets are denominated in NOK. Future yard instalments and most of the vessels operating costs are denominated in NOK. Overhead expenses are primarily in USD, NOK and BRL.

Management monitors these risks and enters into forward currency contracts for hedging purposes from time to time to reduce the exposure to currency fluctuations. Siem Offshore has entered into such currency exchange contracts in order to hedge yard instalments for vessels under construction at Norwegian yards and for the hedge of operating expenses in currencies different from operating revenues.

Credit risk

The Company considers that the credit risk is diversified as the Company is not significantly exposed to one individual customer or contract.

Yard Risk

The process for construction of new vessels is associated with numerous risks. Among the most critical risk factors in relation 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 the different 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, and it has the right to cancel contracts if delivery of vessels is significantly delayed. However, no assurance can be given that all risks have

been fully covered. Delays and non-delivery of the vessels under construction would likely result in a loss of income for the Company.

OPERATION DURING THIRD QUARTER 2008

The Company recorded zero days of technical operational off-hire during third quarter. The 12 platform supply vessels (“PSVs”) and 2 Multipurpose Field- & ROV-support Vessels (“MRSV”) obtained 99% utilisation during the quarter and 94% during the first nine months. In addition, the fleet also includes 9 standby/crew vessels in Brazil and one well stimulation vessel. The fleet in Brazil obtained 97% utilisation during the quarter and 93% during the first nine month. The good and stable performance of the fleet enables the Company to provide reliable services to its customers.

The Company held ownership in a total of 43 vessels at the end of third quarter, of which 18 were under construction and one was under conversion.

The conversion of the JOIDES Resolution is expected to be completed within year-end 2008, whereupon the vessel will commence the operational phase with an initial term until 30 September 2013.

Other than the 2 newbuildings discussed under Subsequent Events, and minor delays in general, the constructions of the newbuildings is progressing satisfactorily.

The onshore organisation is being developed in order to prepare for the increased future activities. The recruitment plan for offshore personnel has been initiated and received preliminary favourable response. Site management teams for supervision during outfitting are also in the process of being recruited.

The development of the Siem WIS CircSub is close to being completed. The commercial product is planned to be available within six months. Implementation surveys are being performed on four different offshore locations operated by StatoilHydro, in order to prepare for modification of the tested prototype, and the pilot installation and operation. It is expected that StatoilHydro will nominate the well for the pilot operation of the CircSub in near future.

SUBSEQUENT EVENTS

On 22 October 2008, the Company was informed that the shipyard, Havyard Solstrand, filed for bankruptcy. The Company acquired the shipbuilding contract in May 2007 from a third party and paid a premium of NOK 40 million in excess of the price in the shipbuilding contract. The Company has refund guarantees for the pre-delivery instalments made under the shipbuilding contract. However, the Company does not have security for the paid premium. It is too early to evaluate how this event will impact the interests of the Company.

The Company has a 51% interest in a large-size PSV under construction. The hull was completed and was in the process of being towed to the outfitting yard in Norway when it was grounded during heavy weather conditions. The hull is insured and the refloating activities are coordinated by the underwriters. The final delivery date of the vessel is uncertain, but a delivery in second half of 2009 is assumed.

MARKET AND OUTLOOK

The current financial crisis is expected to have a significant impact on the world economy. Although there is higher uncertainty related to the oil price, the underlying macro economics for the sector remain strong.

The North Sea market for medium and large PSVs has been affected by limited supply of vessels and charter rates have increased for both vessel types compared to the previous quarter. The charter rates

are now at similar level as experienced during the same period last year and the activity remains at a high level. The number of requirements for MRSVs is increasing and particularly driven by planned activities in Brazil, Gulf of Mexico and West Africa. Spot rates for larger AHTS vessels have reached record levels during this quarter. Long term requirements have increased, but primarily for vessels with early availability.

On behalf of the Board of Directors of Siem Offshore Inc.
23 October 2008

Kristian Siem
Chairman

www.siemoffshore.com

Siem Offshore Inc.

Consolidated income statement

<i>(Amounts in USD 1,000)</i>	Three Months Ended		Nine Months Ended		2007
	30.09.2008	30.09.2007	30.09.2008	30.09.2007	
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Operating revenue	54,746	46,391	145,125	108,972	159,342
Operating expenses	-28,409	-19,362	-81,349	-53,317	-79,543
Depreciation and amortisation	-8,543	-4,915	-23,948	-12,643	-18,961
Other gains / (losses)	0	784	19	784	-251
Gain on sale of interest rate derivatives	92	0	276	0	54
Other gains / (losses), Currency exchange forward contracts	-19,312	20,416	-5,883	39,870	39,618
Operating profit	-1,425	43,314	34,240	83,666	100,259
Net currency items	-13,895	4,754	-3,354	5,543	8,836
Result from associated companies	-106	237	241	8	-35
Financial income	2,086	1,495	7,442	2,048	3,667
Financial costs	-4,467	-3,613	-12,462	-9,641	-13,756
Net financial items	-16,383	2,873	-8,132	-2,042	-1,287
Net profit before taxes and minorities	-17,808	46,187	26,108	81,624	98,972
Income tax provision	-906	-7,182	-3,200	-7,272	-12,617
Net Profit before minorities	-18,714	39,005	22,907	74,352	86,355
Attributable to minority interests	1,184	-200	1,475	-634	-1,333
Attributable to equity holders	-19,899	39,205	21,432	74,986	87,688
Net Profit	-18,714	39,005	22,907	74,352	86,355
Average number of shares outstanding ('000)	253,892	214,766	253,892	183,692	194,811
USD earnings / (loss) per share	-0.08	0.18	0.08	0.41	0.45

Consolidated Balance Sheet

<i>(Amounts in USD 1,000)</i>	30.09.2008	30.09.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Non-current assets			
Intangible assets	12,560	12,560	12,560
Vessel under construction	137,884	68,577	79,724
Vessels and equipment	476,113	352,325	421,389
Capitalised project cost	1,716	3,296	2,910
CIRR loan deposit 1)	83,495	0	93,467
Investment in associates and other financial fixed assets	22,215	20,200	18,088
Total non-current assets	733,982	456,958	628,138
Debtors, prepayments and other current assets	84,536	86,046	88,484
Cash and cash equivalents	119,925	103,250	188,308
Total current assets	204,461	189,296	276,792
Total assets	938,443	646,254	904,930
Shareholders' equity			
Paid-in capital	337,987	240,517	337,987
Other equity	108,347	26,182	25,609
Net profit	21,432	74,986	87,688
Shareholders' equity	467,766	341,685	451,284
Minorities	20,305	11,644	13,895
Total equity	488,071	353,329	465,179
Liabilities			
Deferred taxes	0	9,083	0
Other provisions	783	333	840
Total provisions	783	9,415	840
Borrowings falling due after 1 year	265,209	221,386	244,704
CIRR borrowings 1)	83,495	0	93,467
Other non-current liabilities	31,741	23,825	32,698
Total non-current liabilities	380,445	245,211	370,870
Borrowings falling due within 1 year	29,341	3,730	23,891
Trade creditors and other current liabilities	39,804	34,570	44,151
Total current liabilities	69,145	38,300	68,042
Total liabilities	450,372	292,926	439,752
Total equity and liabilities	938,443	646,254	904,930

1) Commercial Interest Reference Rate

Siem Offshore Inc.

Shareholders' Equity

<i>(Amounts in USD 1 000)</i>	30 September		31 December
	2008	2007	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Shareholders' equity beginning of period	451,284	132,009	132,009
Raising of new equity, net	-9	124,890	222,308
Net profit to equity holders	21,432	74,986	87,688
Other changes	-45	12	13
Currency translation differences	-4,896	9,788	9,267
Shareholders' equity end of period	467,766	341,685	451,284

Cash flow Statement

<i>(Amounts in USD 1 000)</i>	Nine Months Ended		
	30 September		31 December
	2008	2007	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Cash flow from operations			
Profit before taxes and excluding interest	30,772	81,708	97,564
Interest paid	-9,107	-6,024	-10,514
Paid taxes in the period	-870	-419	-1,410
Result from associated companies	-241	-8	35
Other gains / losses	-19	-784	251
Dividend received	863	3,542	5,088
Depreciation, amortisation and impairment of fixed assets	23,948	12,643	18,961
Change in working capital	28,508	-23,233	-15,797
Other changes	-1,522	-1,834	-309
Cash flow from operations	72,332	65,591	93,869
Cash flow from investment			
Interest received	4,927	1,849	3,412
Investment in vessels and other tangible assets	-140,913	-188,869	-284,355
Investment in shares	0	-2,395	-2,395
Loan to shipyard	-32,267	0	0
Received from sale of assets	23	786	11,148
Changes in paid in capital associated companies	-4,477	-310	-310
Paid- in capital subsidiaries	-7,311	0	-3,124
Cash flow from investments	-180,018	-188,939	-275,624
Cash flow from financing activities			
Settlement for sale of interest rate derivatives	0	23,487	23,429
Received from raising of new equity	-9	124,890	222,308
Received from raising of new long-term debt	42,260	48,769	97,450
Repayment of long-term interest bearing debt	-9,878	-3,814	-8,510
Cash flow from financing activities	32,373	193,332	334,677
Effect of exchange rate differences	6,929	-1,119	1,001
Net change in cash	-68,383	68,866	153,924
Cash at bank start of period	188,308	34,384	34,384
Cash at bank end of period	119,925	103,250	188,308
Net change in cash	-68,383	68,866	153,924

Siem Offshore Inc. - Notes

Segment reporting by business area	Three Months Ended		Nine Months Ended		31.12.2007
	30 September		30 September		
	2008	2007	2008	2007	
<i>(Amounts in USD 1 000)</i>					
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Revenue by business area					
Supply/crew fleet	39,601	37,122	108,992	90,403	129,714
Multipurpose ROV Support Vessels	11,779	7,495	26,916	14,314	21,602
Combat Management Systems	2,924	1,715	7,468	4,075	7,703
Other	442	59	1,749	180	323
Total Operating revenue	54,746	46,391	145,125	108,972	159,342
Depreciation and amortisation by business area					
Supply/crew fleet	6,574	4,619	19,678	11,815	17,545
Multipurpose ROV Support Vessels	1,794	93	3,714	271	1,191
Combat Management Systems	0	0	0	0	0
Other	175	203	556	557	225
Total Depreciation and amortisation	8,543	4,915	23,948	12,643	18,961
Operating profit by business area					
Supply/crew fleet	18,180	21,398	46,829	48,211	65,707
Multipurpose ROV Support Vessels	3,444	3,598	5,303	3,738	5,419
Combat Management Systems	599	103	-452	-473	1,509
Other	-23,648	18,215	-17,440	32,190	27,625
Total operating profit	-1,424	43,314	34,240	83,666	100,259

Property, plant & equipment

<i>(Amounts in USD 1,000)</i>	Vessels under construction	Vessels and equipment	Total
Historic cost per 01 January 2008	79,724	436,555	516,279
Investments	124,299	16,596	140,895
Vessels delivered in 2008	-66,139	66,139	0
The year's disposal at cost	0	-31	-31
Effect of exchange rate differences	0	-5,180	-5,180
Historic cost per 30 September 2008	137,884	514,079	651,963
Accumulated depreciation per 01 January 2008	0	-15,165	-15,165
The year's ordinary depreciation	0	-22,829	-22,829
The year's disposal of acc. depreciation	0	28	28
Acc. depreciation per 30 September 2008	0	-37,966	-37,966
Net book value per 30 September 2008	137,884	476,113	613,997

Economic life
2.5-50 years

The balance of capitalised project costs was USD 1,716 per 30 September 2008. Such expenditures relates to specific contracts for the Brazilian crew/supply fleet. The costs are amortised over the term of the specific charter contracts. Total charter amortisation in 2008 was USD 1,119.

Siem Offshore Inc. - Notes

Taxes

(Amounts in USD 1 000)

Long term tax liability 1 January 2008 (due to the new Norwegian tonnage tax legislation)	9,739
Tax charge 2008	223
Environmental investments	-412
Effect of exchange rate differences	-682
Tax liability, new tonnage tax legislation as of 30 September 2008	8,869

Ship-owning companies that adopted the new tonnage tax regime in 2007, as an alternative to ordinary corporate taxation, must pay any deferred tax in annual instalments during a period of 10 years. 1/3 of such liability can be offset for any qualifying environmental investments in vessels and/or equipment to be made during such 15 year period. The Company has identified environmental investments that can offset the 1/3 (USD 3,246) of the USD 9,739 derived from the change in tonnage system. USD 412 has been offset as environmental investments during 2008 and the remaining will be offset during 2009.

30 September 2008

	Tonnage tax regime	Tonnage tax regime	Total tax liabilities
Long term tax liabilities falling due after 1 year	8,094	159	8,253
Payable taxes falling due within 1 year	775	17,003	17,777
Tax liabilities	8,869	17,162	26,031

Tax payables (USD)

30 September 2008

Taxes payable	-223	-3,278	-3,501
Environmental investments	412	0	412
Over/under provisions in previous year	0	-111	-111
Total tax cost for the year	189	-3,389	-3,200

Deferred tax assets in Norway are recognized as intangible assets because it is made probable through prospective earnings that it can be utilized against the tax reducing temporary differences.

Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

(Amounts in USD 1,000)

	30.09.2008	31.12.2007
Combined contract value end of period for the vessels	1,152,044	1,261,367
Instalments paid	137,884	79,724
Unpaid instalments (to be paid in 2008 or later)	1,014,159	1,181,643

Instalments falling due over the next 3 years

(Amounts in USD 1,000)

	NOK	USD
2008	212,630	36,496
2009	3,482,314	597,709
2010	2,213,650	379,954
Total	5,908,594	1,014,159

The Company has entered into contracts with Kleven verft AS for the building of 10 large Anchor Handling Tug Supply vessels (AHTS) and 2 large-size PSV of MT 6017 Mk II design. The Company has also, through its 51% JV Siem Meling Offshore DA, entered into a shipbuilding contract with Eidsvik Skipsbyggeri AS for a PSV of VS 485 design. The Company's subsidiary, Siem Consub SA, has entered into a contract for the building of four Fast Supply/ Crew Vessels (FSV).

Siem Offshore Inc. - Notes

Net interest bearing debt

<i>(Amounts in USD 1 000)</i>	30.09.2008	30.09.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Bank deposits	119,925	103,250	188,308
Short-term interest bearing debt	-29,341	-3,730	-23,891
Long-term interest bearing debt	-265,544	-221,724	-245,050
Net interest bearing debt	-174,959	-122,204	-80,633

Long-term debt

Creditor / Guarantor	Currency	Facility Amount	Drawn Amount	Interest rate	Duration Instalments
HSH Nordbank AG	USD	214,375	214,375	(Libor + 0.95 %)	2015 16 Quarterly instalments of USD 5 625 12 Quarterly instalments of USD 4 062
HSH Nordbank AG - Working Capital Facility	USD	30,000	0	(Libor + 1.15 %)	2009
DvB Bank N.V. Nordic Branch	GBP	10,170	10,170	(Libor + 1.00 %)	2013 14 Semi annual instalments of GBP 520
SpareBank1 SR-Bank	NOK	346,167	346,167	(Nibor + 0.90 %)	2013 14 Semi annual instalments of NOK 11766
Banco Nacional Development Social	USD	3,217	3,217	6.8125% (fixed)	2012 Semi annual instalments of USD 460
Eksportfinans (CIRR loan)	NOK	486,450	486,450		

Consolidated statement of changes in equity

	Total number of shares	Share Capital	Share prem. reserves	Other reserves	Retained earnings	Shareholders' equity	Minority interest	Total equity
Equity as of 31.12.2007	253,891,866	2,539	335,448	-17,660	130,957	451,284	13,895	465,179
Minority interest arising on business combinations						0	6,506	6,506
Other items				-54		-54	0	-54
The year's result					21,432	21,432	1,475	22,907
Effect of exchange rate differences				-4,896		-4,896	-1,572	-6,467
Equity as of 30.06.2008	253,891,866	2,539	335,448	-22,610	152,389	467,766	20,305	488,071

Specification of minority interest arising on business combinations :

New equity Siem Offshore Meling DA	5,332
New equity Siem WIS AS	1,174
Total	6,506