



SIEM OFFSHORE INC.

REPORT FOR THE FIRST QUARTER 2008

24 April 2008 – Siem Offshore Inc. (Oslo Stock Exchange: SIOFF) reports results for the first quarter 2008.

FINANCIALS

Results for the First Quarter 2008

The consolidated financial statements for Siem Offshore Inc. (the “Company”) are prepared in accordance with International Financial Reporting Standards (IFRS). As a consequence, the results from associated companies are presented as a financial item and the realised and unrealised currency exchange gains/losses arising from the revaluation to market of open currency exchange contracts or the maturity of such contracts are presented as an operational item.

The net profit attributable to shareholders for the first quarter was USD 27.7 million, or USD 0.11 per share. The operating revenues and operating profit were USD 42.7 million and USD 19.1 million, respectively. The operating revenue includes reimbursement for operating expenses that are payable by charterers. The operating profit includes currency exchange gains of USD 10.7 million arising from the revaluation or maturity of currency exchange contracts during the quarter. Such currency exchange contracts have been entered into in order to fix the NOK commitment in relation to the vessels under construction at Norwegian yards. As of 31 March 2008, the Company has sold forward approximately USD 186 million, equivalent to NOK 1.1 billion, of the total future yard instalments of NOK 6.2 billion. Depreciation and amortisation were USD 7.7 million. Net financial items were positive with USD 8.3 million.

The vessel *Ocean Commander* recommenced its charter in the beginning of March after being off-hire since late November due to crane breakdown. The Company has loss-of-hire insurance to compensate for the off-hire period.

The vessel *Siem Supplier* was off-hire for 18 days in first quarter due to a scheduled dry-docking. Delivery of *Seven Sisters* is expected on 5 June, 2008.

The Company held ownership in a total of 41 vessels at the end of first quarter, of which 17 were under construction and one was under conversion. The fleet in operation at the end of first quarter included 12 platform supply vessels (“PSVs”), 1 Multipurpose Field- & ROV-support Vessels (“MRSV”), 9 standby/crew vessels in Brazil and one well stimulation vessel.

Cash, Debt and Share Capital per First Quarter

The cash position at 31 March 2008 was USD 201 million. The gross interest-bearing debt was USD 276 million and the shareholders’ equity was USD 493 million. The Company had USD 65 million available in way of undrawn borrowings under loan and working capital facilities at 31 March 2008.

Future yard instalments for vessels under construction totalled NOK 6.2 billion (USD 1.2 billion). Such yard instalments fall due in 2008 with NOK 1.2 billion (USD 245 million), 2009 with NOK 2.9 billion (USD 571 million), and 2010 with NOK 2.1 billion (USD 419 million).

There were no share issues or repurchases during the first quarter. There were 253,891,866 shares issued and outstanding at 31 March 2008.

MAIN EVENTS DURING FIRST QUARTER 2008

- 21 January - The Company, through its 51%-owned subsidiary Siem Meling Offshore DA, entered into an agreement to acquire a shipbuilding contract for a large-size PSV. The contract price is approximately NOK 315 million and the vessel is scheduled for delivery in first quarter 2009 from a Norwegian yard. The vessel is of VS 485 design and will have an accommodation for 64 persons, full under-deck PSV capacities, a deck area in excess of 1000 m², diesel-electric propulsion, clean design and focus on fuel consumption and low emissions. The vessel will also be prepared for a large offshore crane, standby services, oil recovery and fire-fighting
- 21 January - Siem Meling Offshore DA terminated the 5-year contract for the large-size PSV Siem Sailor that was announced on 15 May 2007 and scheduled to commence during first quarter 2008 when the charterer did not comply with its contractual obligations.
- 25 January - Siem Consub SA, a 100%-owned subsidiary, entered into an agreement with Petrobras Brazil to build two Fast Supply Vessels of GPA 150 design for 8 years plus 8 years time charter contracts. The accumulated contract value for the two vessels is approximately USD 45 million for the firm period and both vessels are scheduled to commence operation in first quarter of 2010. The newbuild price per vessel is approximately USD 10 million.
- Siem Consub SA also entered into a 5 years contract with Petrobras Brazil for the Oil Spill Response Services Vessel (“OSRV”) Marati. The contract value is BRL 35 million. The *Marati* was upgraded and equipped as an OSRV in 2002, and the vessel is currently operating as part of Petrobras’ environmental protection program.

Subsequent Events

The solutions based on the Siem WIS technology are being introduced to the managed pressure drilling (MPD) market worldwide. The market response supports the Company’s belief that the technology and solutions may solve common challenges within the emerging MPD area. A qualification test of the first constant circulation device, the Siem WIS CircSub, is expected to be performed at a test well during second quarter 2008.

On the 10 April, the Company and the shareholders of WellCem AS entered into an agreement whereby the Company shall have the right to become majority shareholder in WellCem AS for a total consideration of NOK 32 million. WellCem AS (www.wellcem.no) has developed the product ThermaSet® which is a leak stop patented technology for the global oil and gas industry. ThermaSet® is a penetrating liquid designed to stop leaks in on- and offshore oil and gas wells, including zonal isolation of water and gas leaks. The technology improves the oil and gas production from the wells and secures the environment. The technology is proven and a number of full-scale contracts have been performed for international oil companies around the world.

MARKET AND OUTLOOK

The average utilisation and revenue figures for PSVs trading in the North Sea spot market decreased significantly during first quarter compared to both previous quarter and first quarter last year. The market improved at the end of first quarter as the general activity level increased. More tenders for medium to long-term requirements are being presented and several PSVs have left the North Sea for other regions. It is expected that the summer season will generate higher utilisation and rates.

The market for MRSVs was soft during first quarter with a number of requirements being circulated without any fixtures concluded. Some vessels came available as sublets from long-term contract as there were gaps in their winter programs. The utilisation for the MRSVs has improved early in the second quarter as the season for project work has commenced. Long-term rates for MRSVs are still at good levels and it is expected that this will continue throughout the year.

We continue to see an increased activity in the global offshore oil and gas industry, including higher global deepwater drilling and field development activity. The Company is well-positioned to serve the global oil and gas service industry by its increasing fleet of modern and highly-sophisticated support vessels, including its series of high-capacity AHTS vessels.

On behalf of the Board of Directors of Siem Offshore Inc.
24 April 2008

Kristian Siem
Chairman
www.siemoffshore.com

Siem Offshore Inc

Consolidated income statement

<i>(Amounts in USD 1,000)</i>	1Q 2008	1Q 2007	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue	42,705	28,147	159,342
Operating expenses	-26,675	-16,383	-79,543
Depreciation and amortisation	-7,673	-3,818	-18,961
Other gains / (losses)	0	0	-251
Gain on sale of interest rate derivatives	92	0	54
Other gains / (losses) Currency exchange forward contracts	10,666	9,267	39,618
Operating profit	19,115	17,213	100,259
Net currency items	9,881	184	8,836
Result from associated companies	120	-329	-35
Financial income	2,512	210	3,667
Financial costs	-4,260	-2,980	-13,756
Net financial items	8,253	-2,915	-1,287
Net profit before taxes and minorities	27,368	14,298	98,972
Tax expense	-115	-22	-1,937
Net Profit	27,253	14,276	97,035
Attributable to minorities	468	197	1,333
Attributable to equity holders	27,721	14,473	98,368
Average number of issued shares ('000)	253,892	167,877	194,811
Earnings per share, USD per share	0.11	0.09	0.50

Consolidated Balance Sheet

<i>(Amounts in USD 1,000)</i>	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Intangible assets	9,232	9,232	9,232
Non-current tangibles	530,883	244,356	504,023
CIRR loan deposit	99,692	0	93,467
Investment in associates and other financial fixed assets	19,835	18,085	18,088
Total non-current assets	659,642	271,674	624,810
Debtors, prepayments and other current assets	82,547	53,365	88,484
Cash and cash equivalents	201,400	39,437	188,308
Total current assets	283,948	92,801	276,792
Total assets	943,589	364,475	901,602
Shareholders' equity			
Paid-in capital	337,987	113,844	337,987
Other equity	127,036	20,338	25,609
Net profit	27,721	14,473	98,368
Shareholders' equity	492,744	148,655	461,964
Minorities	19,348	11,297	13,895
Total equity	512,092	159,952	475,859
Liabilities			
Deferred taxes	0	8,068	0
Other provisions	896	296	840
Total provisions	896	8,363	840
Borrowings falling due after 1 year	245,858	170,949	244,704
CIRR loan	99,692	0	93,467
Other non-current liabilities	33,227	294	32,698
Total non-current liabilities	378,777	171,243	370,870
Borrowings falling due within 1 year	30,108	3,575	23,891
Trade creditors and other current liabilities	21,718	21,343	30,143
Total current liabilities	51,825	24,918	54,034
Total liabilities	431,498	204,523	425,743
Total equity and liabilities	943,589	364,475	901,602

Siem Offshore Inc

Shareholders' Equity

(Amounts in USD 1 000)

	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Shareholders' equity beginning of period	461,964	132,009	132,009
Raising of new equity, net	-9	519	222,308
Own shares	0	0	0
Net profit to equity holders	27,721	14,473	98,368
Other changes	0	-3	13
Currency translation differences	3,068	1,657	9,267
Shareholders' equity end of period	492,743	148,655	461,964

Cash flow Statement

(Amounts in USD 1 000)

	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operations			
Profit before taxes and excluding interest	29,020	16,800	108,244
Interest paid	-464	-1,437	-10,514
Paid taxes in the period	-400	-136	-1,410
Result from associated companies	-120	329	35
Other gains / losses	0	0	251
Dividend received	0	2,749	5,088
Depreciation, amortisation and impairment of fixed assets	7,673	3,818	18,961
Change in working capital	8,435	-8,853	-26,477
Other changes	-874	-234	-309
Cash flow from operations	43,271	13,036	93,869
Cash flow from investment			
Interest received	1,263	210	3,412
Investment in fixed assets and instalments shipbuilding contract	-29,190	-6,155	-284,355
Investment in shares	0	-2,395	-2,395
Received from sale of assets	0	0	11,148
Changes in paid in capital associated companies	0	0	-310
Paid- in capital Siem Meling Offshore DA	-5,550	0	-3,124
Cash flow from investments	-33,477	-8,340	-275,624
Cash flow from financing activities			
Settlement for sale of interest rate derivatives	0	0	23,429
Received from raising of new equity	-9	519	222,308
Received from raising of new long-term debt	4,910	0	97,450
Repayment of long-term interest bearing debt	-1,494	-1,905	-8,510
Cash flow from financing activities	3,407	-1,386	334,677
Effect of exchange rate differences	-109	1,741	1,001
Net change in cash	13,092	5,053	153,924
Cash at bank start of period	188,308	34,384	34,384
Cash at bank end of period	201,400	39,437	188,308
Net change in cash	13,092	5,053	153,924

Siem Offshore Inc - Notes to the 1Q 2008 report

Net interest bearing debt

<i>(Amounts in USD 1 000)</i>	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Bank deposits	201,400	39,437	188,308
Short-term interest bearing debt	-30,108	-3,575	-23,891
Long-term interest bearing debt	-246,230	-171,242	-245,050
Net interest bearing debt	-74,938	-135,380	-80,633

Long-term debt

Creditor / Guarantor	Currency	Facility Amount	Drawn Amount	Interest rate	Duration Instalments
HSH Nordbank AG	USD	220,000	182,650	(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	10,690	10,690	(Libor + 1.00 %)	2013 14 Semi annual instalments of GBP 520
SpareBank1 SR-Bank	NOK	353,000	353,000	(Nibor + 0.90 %)	2013 14 Semi annual instalments of NOK 11766
Banco Nacional Development Social	USD	3,676	3,676	6.8125% (fixed)	2012 Semi annual instalments of USD 460
Eksportfinans (CIRR loan)	NOK	507,600	507,600		

Segment reporting

<i>(Amounts in USD 1 000)</i>	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenue by business area			
Supply/crew fleet	31,945	24,288	129,714
MRSV	8,258	3,130	21,602
Combat Management Systems	2,407	674	7,703
Other	95	56	323
Total	42,705	28,148	159,342
Depreciation by business area			
Supply/crew fleet	6,525	3,561	17,545
MRSV	947	88	1,191
Combat Management Systems	0	0	0
Other	201	169	225
Total	7,673	3,818	18,961
EBIT by business area			
Supply/crew fleet	11,232	13,631	65,707
MRSV	1,647	-380	5,419
Combat Management Systems	-649	-468	1,509
Other	6,885	4,430	27,625
Total	19,115	17,213	100,260