Fourth Quarter Report 2013

SIEM OFFSHORE

This is Siem Offshore Inc.

The Company's vision is to become the leading provider and the most attractive employer offering marine services to the offshore energy service industry. The Company shall deliver quality and reliable contracted services in a timely manner by executing cost-efficient solutions developed in active collaboration and cooperation with our customers.

Siem Offshore owns and operates one of the world's most modern fleet of offshore support vessels, equipped to meet the increased requirements from clients and demands from operation in the most harsh environments.

Siem Offshore had 42 vessels in operation and thirteen vessels under construction at end of fourth quarter 2013. Vessels in operation included two anchor handling, tug, supply vessels operated on behalf of a pool partner.

The total fleet, including vessels under construction, comprised 42 fully owned vessels and eleven partly owned vessels, including, among others, nineteen Platform Supply Vessels (PSVs), two Multi-Role Support Vessels (MRSVs), four Offshore Subsea Construction Vessels (OSCVs) and eight Anchor Handling Tug Supply vessels (AHTS vessels). The fleet provides a broad spectrum of services offered by a highly experienced and competent crew with a strong focus on Health, Safety, Environment and Quality.

The Company's vision is to become the leading provider and the most attractive employer offering marine services to the offshore energy service industry. The Company shall deliver quality and reliable contracted services in a timely manner by executing cost-efficient solutions developed in active collaboration and cooperation with our customers.

Siem Offshore commenced operations with effect from 1 July 2005. The Company is registered in the Cayman Islands and is listed on the Oslo Stock Exchange (OSE Symbol: SIOFF). The Company's headquarters is located in Kristiansand, Norway and additional subsidiary offices are located in Brazil, Germany, the Netherlands, Ghana, USA, India and Australia. Siem Offshore Inc. is tax resident in Norway.

Our core values are:

Caring Committed Competitive

REPORT FOR THE FOURTH QUARTER AND FISCAL YEAR

20 February 2014 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and twelve months ended 31 December 2013.

Selected Financial Information

	2013 4Q	2012 4Q	2013 Jan-Dec	2012 Jan-Dec
(Amounts in USD million)	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	95.0	82.0	364.0	368.2
Operating margin	27.2	9.1	122.7	110.3
Operating margin, %	29 %	11 %	34 %	30 %
Operating profit	6.1	(8.2)	69.3	54.1
Profit before taxes	(9.1)	(9.7)	18.0	19.4
Net profit attributable to shareholders	(3.7)	(8.6)	22.0	15.4

Highlights Fourth Quarter

Results and Finance

- The fleet of Platform Supply Vessels (“PSVs”), Anchor Handling Tug Supply Vessels (“AHTS vessels”) and Offshore Subsea Construction Vessels (“OSCVs”), consolidated on a 100% basis, experienced higher revenues and lower operating expenses compared to the same period in 2012. The recorded operating margin for these three vessel segments was USD 41.0 million, compared to USD 14.6 million for the same period in 2012.
- The operating margin for the scientific core drilling vessel “JOIDES Resolution” was USD 3.5 million, compared to USD 7.6 million for the same period in 2012. The 2013 results for the “Joides Resolution”were positively impacted by a project conducted in addition to the ordinary long-term contract.
- The administrative expenses were USD 19.3 million, compared to USD 15.5 million for the same period in 2012. The figure for the fourth quarter 2013 includes a charge of USD 3.6 million related to a share option program issued in 2013, and USD 3.0 million as a provision for an employee incentive program.
- A deferred tax benefit of USD 4.2 million is recorded, related to the ownership of the JOIDES Resolution.
- A new loan facility of approximately USD 40 million is agreed for the long-term debt financing of one dual fuelled PSV to be delivered in second quarter 2015.
- The Board of Siem Offshore will propose that the Company’s shareholders approve payment of dividend at the upcoming Annual General Meeting scheduled for 2 May 2014.

Contracts

- Agreed a 5-year firm contract, with three annual options, for the third of four OSCVs ordered in 2012. The third and fourth of these OSCVs are currently under construction, and are scheduled for delivery from the yard in second and third quarter 2014.
- Agreed contracts for firm periods of 5 months for two AHTS vessels and one PSV for operations in the Kara Sea during 2014 and 2015. The charterer has an option to extend the contracts for similar periods in 2016 and 1017.
- Agreed a contract for the PSV “Siem Sasha” for a firm period of 1 year, with option for 1 year, for operations offshore Nigeria.
- Agreed a contract for the PSV “Siem Hanne” for a firm period of 1 year, with option for 1 year, for operations offshore Equatorial Guinea.
- Agreed a Letter of Award for the PSV “Siem Louisa” for a firm period of 3 year, with 2 annual options, for operations offshore Angola.
- The current contract for the “Siem Marlin” has been extended by 1 year with commencement in April 2014 for operations offshore Nigeria.

Newbuilds

- Ordered four dual fuelled PSVs scheduled for delivery in second half of 2015 and first half of 2016. The four ordered vessels are of similar design as the two dual fuelled PSVs currently under construction.
- Received delivery of the second of four OSCVs ordered at a Norwegian yard in 2012. The vessel commenced a 5-year charter following delivery from the yard.

Subsequent Events

- Ordered two well-intervention vessels scheduled for delivery in first and third quarter 2016. The two vessels shall be built at the Flensburger shipyard in Germany. Both vessels shall be chartered to Helix Energy Solutions Group for a firm period of 7 years with options that can extend the charter period up to 22 years.
- Agreed a contract for the PSV "Siem Atlas" for a firm period of 2 years, with options for 2 years to be mutual agreed, for operations offshore Brazil.
- Completed the sale and delivery of the PSV "Siddis Skipper" in January 2014.

RESULTS

Results for the Fourth Quarter 2013
The operating revenues for the quarter were USD 95.0 million (2012: USD 82.0 million). The operating margin was USD 27.2 million (2012: USD 9.1 million) and the operating margin as a percentage of revenues was 29% (2012: 11%).

Administration expenses include a charge of USD 3.6 million related to a share option program issued in 2013, and USD 3.0 million as a provision for an employee incentive program. Operating profit (loss) was USD 6.1 million (2012: USD (8.2) million) after depreciation and amortisation of USD 20.1 million (2012: USD 20.6 million). Net currency exchange gain (losses) of USD (2.5) million (2013: USD 3.2 million) were recorded on currency forward contracts of which USD 0.8 million is unrealised.

Net financial items were USD (15.1) million (2012: USD (1.5) million) and includes a net revaluation gain (loss) of non-USD currency items of USD (6.6) million (2012: USD 3.7 million) due to changes in the rate of exchange during the quarter. Non-USD currency items are held to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currency. The financial expenses of USD 10.5 million include a net unrealised gain of USD 1.6 million for interest swap agreements (mark-to-market adjustment) which were entered into for hedging long-term interest rate exposure on floating rate borrowing.
The company recorded a deferred tax benefit of USD 4.2 million, related to the ownership of the JOIDES Resolution, and a deferred tax benefit of USD 1.0 million related to a share option program issued in 2013.

The net profit attributable to shareholders was USD (3.7) million, or USD (0.01) per share (2012: USD (8.6) million, or USD (0.02) per share)

The Company had twelve PSVs in operation at the end of the quarter (2012: eleven), which are consolidated on a 100% basis. Eight PSVs operated on long-term contracts, of which one was on a bareboat contract. Three PSVs were operated on short-term contracts in the North Sea and offshore Brazil. The PSV fleet earned operating revenues of USD 24.0 million and had 86% utilisation (2012: USD 22.5 million and 83%). The operating margin for the PSV fleet was USD 12.7 million, (2012: USD 3.7 million) and the operating margin as a percentage of revenue was 53% (2012: 16%).

The Company had four OSCVs in operation at the end of the quarter (2012: three) of which one was delivered during December. The four OSCVs are employed on long-term contracts. The OSCV fleet earned operating revenues of USD 16.3 million and had 100% utilisation (2012: USD 8.9 million and 100%). The operating margin for the OSCV fleet was USD 10.8 million (2012: USD 4.1 million) and the operating margin as a percentage of revenue was 66% (2012: 45%).

The Company had ten AHTS vessels in operation at the end of the quarter (2012: ten), of which two are owned by a pool partner. During the quarter, five AHTS vessels operated on long-term contracts in Brazil and one AHTS vessel operated on a medium-term contract offshore Morocco. The remaining four AHTS vessels operated in the North Sea spot market. The revenue and utilization for the AHTS vessels in the North Sea spot market was stronger compared to similar quarter in 2012, but remains volatile. The AHTS fleet belonging to the Company earned operating revenues of USD 32.5 million and had 87% utilisation (2012: USD 25.6 million and 70%). The operating margin for the AHTS fleet belonging to the Company was USD 17.5 million (2012: USD 6.9 million) and the operating margin as a percentage of revenue was 54% (2012: 27%).

The Company had a fleet of eight smaller Brazilian-flagged vessels (fast supply and crew boats and oil spill recovery vessels) in operation at the end of the quarter (2012: eleven) which all operated on term contracts. The fleet earned operating revenues of USD 5.4 million and had 87% utilisation (2012: USD 6.4 million and 76%). The operating margin for the fleet was USD (0.3) million (2012: USD (0.7) million) and the operating margin as a percentage of revenue was (6)% (2013: (10)%).

The scientific core-drilling vessel "JOIDES Resolution" recorded operating revenues of USD 6.4 million (2012: USD 12.9 million) with an operating margin of USD 3.5 million (2012: USD 7.6 million) and the operating margin as a percentage of revenue was 54% (2012: 59%).

Results for the Full Year 2013

The operating revenues for the full year were USD 364.0 million (2012: USD 368.2 million). The operating margin was USD 122.7 million (2012: USD 110.3 million) and the operating margin as a percent of revenue was 34% (2012: 30%).

Operating profit was USD 69.3 million (2012: USD 54.1 million) and includes depreciation and amortisation of USD 76.0 million (2012: USD 82.7 million). Net currency exchange gain (loss) of USD (7.8) million (2012: USD 12.5 million) were recorded on currency forward contracts, of which USD 12.2 million is unrealised. The net gain on sale of vessels was USD 29.8 million (2012: USD 13.7 million).

Net financial items were USD (51.3) million (2012: USD (34.8) million) and includes a revaluation gain(loss) of non-USD currency items of USD (22.7) million (2012: USD (2.9) million) due to 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 financial expenses of USD 36.1 million include an unrealised gain of USD 8.4 million related to interest swap agreements (mark-to-market adjustment) which were entered into for hedging long-term interest rate exposure on floating rate borrowing.

The net profit attributable to shareholders was USD 22.0 million, or USD 0.06 per share (2012: USD 17.3 million, or USD 0.04 per share).

The PSV fleet which is consolidated on a 100% basis earned operating revenues of USD 94.6 million and had 83% utilisation (2012: USD 91.4 million and 91%). The operating margin for the PSV fleet was USD 42.9 million (2012: USD 38.0 million) and the operating margin as a percentage of revenue was 45% (2012: 42%).

The OSCV fleet earned operating revenues of USD 41.4 million and had 100% utilisation (2012: USD 49.8 million and 100%). The operating margin for the OSCV fleet was USD 26.9 million (2012: USD 26.8 million) and the operating margin as a percentage of revenue was 65% (2012: 54%).

The AHTS fleet belonging to the Company earned operating revenues of USD 131.9 million and had 86% utilisation (2012: USD 115.0 and 77% utilization). The operating margin for the AHTS fleet was USD 67.9 million (2012: USD 48.3 million) and the operating margin as a percentage of revenue was 51% (2012: 42%).

The fleet of smaller Brazilian-flagged vessels earned operating revenue of USD 24.1 million and had 92% utilisation (2012: USD 29.1 million and 81%). The operating margin for the fleet was USD 6.7 million (2012: USD 5.7 million) and the operating margin as a percentage of revenue was 28% (2012: 20%).

The "Joides Resolution" recorded operating revenues of USD 36.9 million (2012: USD 59.1 million) with an operating margin of USD 20.4 million (2012: USD 30.4 million) and the operating margin as a percentage of revenue was 55% (2012: 51%).

NEWBUILDING PROGRAM

Total future yard instalments for vessels under construction in Brazil, Poland and Norway were equivalent to USD 701 million at the end of the fourth quarter. These instalments fall due with USD 394 million in 2014, USD 220 million in 2015 and USD 86 million in 2016.

Vessels under Construction

The Company had ten vessels under construction in Norway and Poland at the end of the quarter, which includes two OSCVs, one Installation Support Vessel ("ISV"), six dual-fuel PSVs and one Cable Lay Vessel ("CLV"). The Company has secured long-term employment for one OSCV and for two dual fuelled PSVs under construction. The CLV and ISV will be utilised by the Company's wholly-owned subsidiary, Siem Offshore Contractors, for project work within the submarine power cable installation, repair and maintenance segment. The Company is in discussions for long-term contracts for the OSCV and for the four dual fuelled PSVs.

The Company had three vessels under construction in Brazil at the end of the quarter, which includes two Oil Spill Recovery Vessels ("OSRVs") and one large-size PSV. The two OSRVs are scheduled for delivery in second- and fourth quarter 2014. Both vessels shall commence eight-year firm contracts for Petrobras with options for additional eight-year periods. The large-size PSV is scheduled for delivery in second quarter of 2014. The Company is in discussions for long-term contracts for the PSV. During first quarter 2014, the Company entered into agreements with Helix Energy Solutions Group, Inc. to provide two well-intervention vessels. The two vessels shall be owned by Siem Offshore and chartered by Helix for an initial period of 7 years, with options that can extend the charter periods up to 22 years. The two vessels shall be constructed at the Flensburger shipyard in Germany for Siem Offshore, and shall be based on a design developed by Salt Ship Design. The two vessels will be financed with a combination of mortgage debt and bond issue. Delivery of the two vessels is scheduled for the first and third quarter 2016.

FINANCING AND CAPITAL STRUCTURE

Cash and Equity

Net cash flow from operations for the twelve months was USD 55.9 million and the cash position at 31 December 2013 was USD 101.2 million.

Shareholders' book equity was USD 757 million at 31 December 2013, equivalent to USD 1.95 per share.

The Company acquired 1,799,897 shares in 2013 under the current buy-back program, which commenced in May 2013. The current program expires on the date of the annual general meeting of the Company in 2014.

Dividend

The Board of Siem Offshore will propose that the Company's shareholders approve payment of a dividend at the Annual General Meeting to be held 2 May 2014.

Debt Financing

The balance sheet included gross interest-bearing debt in equivalent of USD 961.5 million. The Company made total drawings in the equivalent of USD 320.3 million under credit facilities during the year. The weighted average cost of debt for the Company was approximately 4.5% p.a. at the end of the quarter, including the effect of interest rate swaps.

The Company paid debt instalments in the equivalent of USD 128.8 million during the year, of which USD 40.6 million relates to the sale of the OSCV "Seven Sisters".

The Company had thirteen vessels under construction at end of fourth quarter. The Company has secured debt-financing for nine of these vessels.

FLEET EMPLOYMENT AND CONTRACT BACKLOG

The majority of the fleet is on long-term contracts. The contract backlog at 31 December 2013 for the PSV fleet, which is consolidated on a 100% basis, was 82% for 2014, 52% for 2015 and 30% for 2016. The contract backlog for the OSCV fleet was 100% for 2014, 68% for 2015 and 50% for 2016. The contract backlog for the AHTS vessel fleet was 57% for 2014, 18% for 2015 and 5% for 2016. The contract backlog for the fleet of smaller Brazilian-flagged vessels was 75% for 2014, 50% for 2015 and 50% for 2016.
The total contract backlog of firm contracts for all vessels at 31 December 2013 was USD 1.15 billion, including the one-year option for the "JOIDES Resolution", the 41%-ownership in the "Big Orange XVIII", the 50% ownership in Secunda Canada LP and vessels under construction. The total contract backlog is allocated with USD 363 million in 2014, USD 246 million in 2015 and USD 541 million in 2016 and thereafter.

The total contract backlog of firm contracts within the submarine power cable segment at 31 December 2013 was USD 173 million. The contract backlog was USD 147 million in 2014 and USD 26 million in 2015.

QHSE

The good QHSE performance continued in the fourth quarter with no serious incidents throughout the fleet. The safety records for the full year report no serious injury to personnel or discharges to the environment

Submarine Power Cable Activities

During the fourth quarter 2013, Siem Offshore Contractors ("SOC") continued preparation works for its scheduled offshore activities on the Amrumbank West and Baltic 2 Offshore Wind Farm ("OWF") projects, which are scheduled to commence execution in Q2 2014. Subcontracts and vessel charters have been committed and pre-installation works in line with the Contracts have been successfully performed. In addition engineering and planning works are ongoing for the conversion of the installation vessels for the projects scheduled to commence March 2014.

Furthermore, and under a service portfolio extension, SOC has built, mobilised and prepared a modular onshore storage turntable ("MOST") at the port of Cuxhaven/Germany in preparation to store submarine cables as to be installed as part of the Amrumbank West OWF project.

On the engineering, procurement, installation and commissioning ("EPIC") contract Nordsee One, which is undertaken on a consortium basis with J-Power Systems, the manufacturing of all key components including of the submarine cables is on schedule. However, SOC has been advised by its client that the installation of the export cable system might be delayed due to delayed construction of the associated OWF to be connected by the export cable system. The duration of the expected delay is currently still unknown, and in order to maximise flexibility for SOC and its client all manufactured components will be transported to a North European port for intermediate storage.

In addition, SOC continued to tender for several target offshore energy projects with a focus on both inner array grid as well as export cable system installations scheduled for the period from 2015 through to 2018, including final tender negotiations for certain projects. SOC also tendered other prospects in the offshore oil and gas industry as well as energy transmission sector for both medium- and high-voltage transmission systems.

The awarded projects are being accounted for using the percentage-of-completion method and no margins are yet recorded as projects are still in an early phase.

Technology Investment

Siem WIS has received the first call-off for Statoil's Romeo and Julius project in the North Sea, where two pressure control device ("PCD") systems will be deployed. One of the PCD systems will be held as back-up onshore. The operation is planned to commence during second quarter 2014. Statoil's Valemon and Gudrun projects in the North Sea are under planning, but the start of the operation is still to be established.

The planned operation for Statoil on Gullfaks B in the North Sea for the PCD 3000 system was cancelled last year, but Siem WIS is currently working on new opportunities for Statoil on Gullfaks C in the North Sea for this system.

Market and Outlook

During the fourth quarter, the North Sea spot market for high-end AHTS vessels was positively influenced by an increasing number of rigs operating in the region in combination with a relative stable market for the high-end AHTS fleet. In the latter part of the quarter, periods of harsh weather conditions positively influenced spot market fixture rates and utilisation due to several vessels on-hire waiting for a weather window to complete the ongoing operation. Based on firm term contracts for high-end AHTS vessels, the relative share of vessels operating in the North Sea spot market is expected to vary during 2014.

The North Sea spot market for large PSVs softened from the third to the fourth quarter of 2013. The spot market fixture rates and utilisation was negatively influenced by lower term demand and increased supply during the quarter, as several PSVs came off shorter term contracts and more PSVs entered the North Sea spot market.

Year-on-year, increased term demand for production support activity in the North Sea has continued to absorb incremental supply of large PSVs. Strong term demand for drilling and production support activity globally have further stabilised the North Sea spot market by attracting tonnage from the region.

The global demand for OSCVs is expected to increase based on a favourable development of market drivers. However, firm vessel orders at yards indicate that the global fleet of larger OSCVs (>120m length) is also set to grow going forward. A majority of the current OSCVs under construction are scheduled to be delivered in 2014 and 2015.

The outlook for demand of high-end offshore support vessels remains positive. The number of rigs working in the North Sea, Brazil, West Africa and the Gulf of Mexico has increased and further rigs are contracted to commence operation. Activity in harsh and /or remote areas (Barents Sea, Greenland, Canada, US Alaska, Kara Sea, Santos Basin Brazil) is picking up and will create incremental demand for high-end PSVs and AHTS vessels going forward

Some development projects have been cancelled and a number of projects are being delayed. This is likely to have an impact on spending in the offshore oil and gas industry going forward.

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On behalf of the Board of Directors of Siem Offshore Inc.
20 February 2014

Eystein Eriksrud
Chairman

Terje Sørensen
Chief Executive Officer

www.siemoffshore.com

Consolidated Income Statements

(Amounts in USD 1 000)		2013 4Q	2012 4Q	2013 Jan-Dec	2012 Jan-Dec	2012 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Audited*	*Restated*
Operating revenues	4	95,013	82,012	363,955	368,213	368,213
Operating expenses		-48,509	-57,427	-190,591	-210,798	-210,798
Administration expenses		-19,275	-15,488	-50,701	-47,066	-46,817
Operating margin		**27,229**	**9,098**	**122,663**	**110,348**	110,597
Depreciation and amortisation	4	-20,124	-20,583	-75,841	-82,749	-82,749
Gain (loss) on sales of fixed assets		1,384	9	29,827	13,692	13,692
Gain on sale of interest rate derivatives (CIRR)		92	91	368	368	368
Gain (loss) on currency exchange forward contracts		-2,476	3,183	-7,756	12,479	12,479
Operating profit	4	**6,104**	**-8,202**	**69,261**	**54,138**	54,387
Financial revenues		1,116	2,164	5,434	4,161	4,161
Financial expenses		-10,492	-8,237	-36,132	-42,302	-42,302
Result from associated companies		854	901	2,046	463	463
Net currency gain (loss)		-6,645	3,711	-22,651	2,916	2,916
Net financial items		**-15,168**	**-1,461**	**-51,303**	**-34,762**	-34,762
Profit/(loss) before taxes		**-9,064**	**-9,663**	**17,959**	**19,376**	19,625
Tax benefit / (expense)	10	5,390	446	3,585	-4,016	-4,949
Net profit/(loss)		**-3,673**	**-9,217**	**21,544**	**15,360**	14,676
Net profit/ (loss) attributable to non-controlling interest		117	-655	-456	-1,900	-1,900
Net profit/ (loss) attributable to shareholders		**-3,790**	**-8,562**	**22,000**	**17,260**	16,576
Weighted average number of shares outstanding ('000)		387,591	394,854	389,078	395,665	395,665
Earnings(loss) per share (basic and diluted)		-0,01	-0,02	0,06	0,04	0,04

COMPREHENSIVE INCOME STATEMENTS

(Amounts in USD 1,000)	2013 4Q	2012 4Q	2013 Jan-Dec	2012 Jan-Dec	2012 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*	*Audited*
Net profit/(loss)	-3,673	-9,217	21,544	15,360	14,676
Other comprehensive income (expense)	1,155		1,155		4,589
Currency translation differences	1,369	1,996	-5,195	643	643
Total comprehensive income for the period	**-1,149**	**-7,221**	**17,504**	**16,003**	**19,908**
Net profit/ (loss) attributable to non-controlling interest	119	-690	-373	-1,519	-1,519
Net profit/ (loss) attributable to shareholders	**-1,269**	**-6,531**	**17,877**	**17,522**	**21,427**

Siem Offshore Inc. implemented the amended standard IAS 19 Employee benefits from 1 January 2013, will full retrospective application. Comparable figures for 2012 have been restated. Since the amendment is applied restrospectively, the balance sheet at 1 January 2012 has been included in the interim financial statements.

Consolidated Statements of Financial Position

(Amounts in USD 1 000)	Note	31.12.13	31.12.12	31.12.13	01.01.12
		Unaudited	*Audited*	*Restated*	*Restated*
Non-current assets					
Vessels and equipment	5	1,440,332	1,260,118	1,260,118	1,414,548
Vessels under construction	5,9	127,711	108,430	108,430	105,199
Capitalised project cost	5	11,027	12,153	12,153	13,570
Investment in associates and other long-term receivables		27,590	11,332	11,332	11,891
CIRR loan deposit 1)		41,718	53,194	53,194	56,469
Deferred tax asset		11,770	6,256	6,885	7,818
Intangible assets	5	29,737	30,020	30,020	29,441
Total non-current assets		**1,689,886**	**1,481,502**	**1,482,131**	**1,638,936**
Debtors, prepayments and other current assets	5	105,002	149,887	149,887	85,359
Cash and cash equivalents	8	101,206	107,068	107,068	136,635
Total current assets		**206,208**	**256,955**	**256,955**	**221,994**
Total assets		**1,896,093**	**1,738,457**	**1,738,457**	**1,860,930**
Equity					
Paid-in capital		526,236	534,964	534,964	537,664
Other reserves		-16,644	-11,366	-11,366	-11,628
Retained earnings		247,036	225,937	224,320	204,658
Shareholders´ equity		**756,628**	**749,535**	**747,918**	**730,694**
Non-controlling interest		**37,260**	**36,976**	**36,975**	**35,038**
Total equity		**793,888**	**786,510**	**784,892**	**765,733**
Liabilities					
Borrowings		863,074	714,699	714,699	839,031
CIRR loan 1)		41,718	53,194	53,194	56,469
Other non-current liabilities		30,438	24,314	26,561	39,871
Total non-current liabilities		**935,231**	**792,207**	**794,454**	**935,371**
Borrowings		98,426	82,287	82,287	95,472
Accounts payable and other current liabilities		68,549	77,453	77,453	64,353
Total current liabilities		**166,975**	**159,740**	**159,740**	**159,740**
Total liabilities		**1,102,205**	**951,947**	**954,194**	**1,095,197**
Total equity and liabilities		**1,896,093**	**1,738,457**	**1,739,086**	**1,860,930**

1) Commercial Interest Refference Rate

Siem Offshore Inc. implemented the amended standard IAS 19 Employee benefits from 1 January 2013, will full retrospective application. Comparable figures for 2012 have been restated. Since the amendment is applied restrospectively, the balance sheet at 1 January 2012 has been included in the interim financial statements.

Consolidated Statements of Cash Flows

(Amounts in USD 1 000)	2013 Jan-Dec	2012 Jan-Dec	2012 Jan-Dec
	Unaudited	*Audited*	*Restatedv*
Cash flow from operations			
Profit before taxes, excluding interest	49,205	47,943	48,192
Interest paid	-32,325	-36,653	-36,653
Taxes paid	-9,832	-13,871	-13,871
Results from associated companies	-2,046	-463	-463
Loss/(gain) on sale of assets	-29,827	-13,692	-13,692
Depreciation and amortisation	75,841	82,749	82,749
Effect of unrealised currency exchange forward contracts	6,810	-6,864	-6,864
Change in short-term receivables and payables	-17,536	22,690	22,690
CIRR	-368	-368	-368
Other changes	15,939	-10,931	-11,031
Net cash flow from operations	**55,861**	**70,538**	**70,688**
Cash flow from investing activities			
Interest received	5,339	4,293	4,293
Investments in fixed assets	-329,413	-53,367	-53,367
Proceeds from sale of fixed assets	85,998	87,618	87,618
Dividend from associated companies	90	84	84
Investment in associated companies	-14,406	759	759
Cash flow from investing activities	**-252,392**	**39,386**	**39,386**
Cashflow from financing activities			
Buy-back of shares	-8,728	-2,700	-2,700
Contribution from non-controlling interests of consolidated subsidiaries	654	3,456	3,456
Proceeds from bank overdraft	962	2,566	2,566
Proceeds from new long-term borrowing	320,319	8,755	8,755
Repayment of long-term borrowing	-128,833	-161,829	-161,829
Cash flow from financing activities	**184,374**	**-149,753**	**-149,753**
Effect of exchange rate differences	6,294	10,260	10,111
Net change in cash	**-5,862**	**-29,567**	**-29,567**
Cash at bank start of period	107,068	136,635	136,635
Cash at bank end of period	**101,206**	**107,068**	**107,068**

Notes to the Financial Information

NOTE 1 - BASIS OF PREPARATION

The consolidated financial information for the period 1 January to 31 December 2013 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 2012 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 2012. With effect from 1 January 2013 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 35% of the long-term interest bearing debt was subject to floating interest rates at the end of fourth quarter 2013. 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)	2013 4Q	2012 4Q	2013 Jan-Dec	2012 Jan - Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by business area				
Platform Supply Vessels	23,962	22,476	94,630	91,433
Offshore Subsea Construction Vessels	16,260	8,939	41,407	49,758
Anchor Handling Tug Supply Vessels	32,545	25,624	131,894	114,978
Other vessels in Brazil	5,444	6,429	24,103	29,084
Combat Management Systems	1,287	2,474	7,987	8,321
Submarine Power Cable Installation	8,097	605	23,151	7,818
Scientific Core Drilling	6,374	12,937	36,898	59,070
Other	1,043	2,528	3,884	7,751
Total operating revenue	**95,013**	**82,012**	**363,955**	**368,213**
Depreciation and amortisation by business area				
Platform Supply Vessels	5,663	5,852	21,288	21,713
Offshore Subsea Construction Vessels	2,739	2,090	7,072	8,648
Anchor Handling Tug Supply Vessels	9,458	10,122	38,883	41,795
Other vessels in Brazil	636	1,123	2,989	3,896
Submarine Power Cable Installation	210	104	440	2,231
Scientific Core Drilling	864	800	3,264	3,086
Other	553	493	1,904	1,381
Total depreciation and amortisation	**20,124**	**20,583**	**75,841**	**82,749**
Operating profit by business area				
Platform Supply Vessels	7,037	-2,158	21,640	16,270
Offshore Subsea Construction Vessels	8,042	1,975	19,782	18,148
Anchor Handling Tug Supply Vessels	8,084	-3,234	29,023	6,544
Other vessels in Brazil	-954	-1,783	3,750	1,838
Combat Management Systems	158	714	1,360	2,222
Submarine Power Cable Installation	1,180	-466	3,425	-3,990
Scientific Core Drilling	2,604	6,844	17,139	27,318
Other	-20,046	-10,095	-26,857	-14,213
Total operating profit	**6,104**	**-8,202**	**69,261**	**54,138**

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 2013	5,069	1,526,205	108,430	24,433	1,664,137
Investments	217	70,571	254,731	3,679	329,197
Movement between groups	-	-18,068	-	-	-18,068
Delivery of vessels	-	224,326	-224,326	-	-
The year's disposal at cost	-	-8,109	-	-3,348	-11,457
Effect of exchange rate differences	-433	-30,796	-11,124	-	-42,353
Purchase cost 31 December 2013	**4,853**	**1,764,128**	**127,711**	**24,764**	**1,921,455**
Accumulated depreciation 1 January 2013	-326	-270,831	-	-12,280	-283,436
Movement between groups	-	-18	-	-	-18
The year's ordinary depreciation	-118	-69,872	-	-4,804	-74,794
The year's disposal of accumulated depreciation	-	7,802	-	3,348	11,150
Effect of exchange rate differences	32	4,682	-	-	4,714
Accumulated depreciation 31 Dec 2013	**-412**	**-328,236**	**-**	**-13,736**	**-342,384**
Net book value 31 December 2013	**4,441**	**1,435,892**	**127,711**	**11,027**	**1,579,071**
		Economic life 2.5-30 years			

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

Intangible assets

(Amounts in USD 1 000)	Goodwill	Resarch and develeopment	Trademarks and licences	Total
Balance on 1 January 2013	18,787	3,354	9,865	32,006
Movement between groups	-	-	-34	-34
Investments	-	216	-	216
Effect of exchange rate differences	841	-291	-49	501
Purchase cost 31 December 2013	**19,629**	**3,279**	**9,781**	**32,689**
Accumulated depreciation 1 January 2013	-	-883	-1,103	-1,986
The year's ordinary depreciation	-	-941	-106	-1,047
Effect of exchange rate differences	-	50	31	82
Accumulated depreciation 31 December 2013	**-**	**-1,774**	**-1,177**	**-2,951**
Net book value 31 December 2013	**19,629**	**1,505**	**8,604**	**29,737**

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 – Consolidated Statement of Changes in Equity

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves
Equity on 1 January 2013	**393,924,836**	**3,939**	**531,025**	**-11,366**
Change previous periods				
Net profit to shareholders				
Other comprehensive income (Pension remesurement)				
Other comprehensive income (Curr.transl. Diff)				-5,278
Total comprehensive income / (expense)		**-**	**-**	**-5,278**
Share issues in partially owned subsidiaries				
Buy back of shares	-6,333,456	-63	-8,664	
Equity on 31 Dec 2013	**387,591,380**	**3,876**	**522,360**	**-16,644**
Equity on 1 January 2012	**395,951,640**	**3,960**	**533,704**	**-11,627**
Net profit to shareholders				
Other comprehensive income				261
Total comprehensive income / (expense)		**-**	**-**	**261**
Share issues in partially owned subsidiaries				
Buy back of shares	-2,026,804	-20	-2,679	
Equity on 31 December 2012	**393,924,836**	**3,939**	**531,025**	**-11,366**
Equity on 1 January 2012	**395,951,640**	**3,960**	**533,704**	**-11,627**
Implementation of revised IAS19, restatement effect				
Equity on 1 January 2012 Restated	**395,951,640**	**3,960**	**533,704**	**-11,627**
Implementation of revised IAS19, restatement effect				
Equity on 31 December 2012 Restated	**393,924,836**	**3,939**	**531,025**	**-11,366**

Note 6 continued – Consolidated Statement of Changes in Equity

(Amounts in USD 1 000)	**Retained earnings**	**Shareholders' equity**	**Non-Controlling interest**	**Total equity**
Equity on 1 January 2013	**225,937**	**749,536**	**36,976**	**786,510**
Change previous periods	**-2,056**	**-2,056**		**-2,056**
Net profit to shareholders	**22,000**	**22,000**	**-456**	**21,544**
Other comprehensive income (Pension remesurement)	1,155	1,155		1,155
Other comprehensive income (Curr.transl. Diff)		-5,278	83	-5,195
Total comprehensive income / (expense)	21,099	**15,821**	**-373**	**15,448**
Share issues in partially owned subsidiaries		-	657	657
Buy back of shares		-8,728		-8,728
Equity on 31 Dec 2013	**247,036**	**756,628**	**37,260**	**793,888**
Equity on 1 January 2012	**208,676**	**734,714**	**35,038**	**769,751**
Net profit to shareholders	17,260	17,260	-1,900	15,360
Other comprehensive income		261	381	643
Total comprehensive income / (expense)	**17,260**	**17,522**	**-1,519**	**16,003**
Share issues in partially owned subsidiaries		-	3,456	3,456
Buy back of shares		-2,700		-2,700
Equity on 31 December 2012	**225,937**	**749,536**	**36,976**	**786,510**
Equity on 1 January 2012	**208,676**	**734,714**	**35,038**	**769,751**
Implementation of revised IAS19, restatement effect	-4,018	-4,018		-4,018
Equity on 1 January 2012 Restated	**204,658**	**730,696**	**35,038**	**765,733**
Implementation of revised IAS19, restatement effect				
Other comprehensive income	3,905			
Equity on 31 December 2012 Restated	**225,824**	**745,518**	**36,976**	**782,492**

Note 7 - Long-term Debt

Currency	Total facility	Committed total facility	Drawn amount currency	Balance 30.09.13 USD	Interest rate	Maturity
USD	223,000	223,000	223,000	90,437	Floating	2017
USD	112,000	112,000	112,000	72,124	Fixed/Floating	2021
USD	28,000	28,000	28,000	21,000	Floating	2019
USD	23,162	23,162	18,173	18,173	Fixed	2027
USD	116,107	116,107	57,432	57,432	Fixed	2027
USD	58,879	58,879	47,990	47,990	Fixed	2031
NOK	2,520,000	2,160,000		264,511	Floating	2015
NOK	427,000	427,000		48,721	Floating	2022
NOK	7,500	7,500	7,500	863	Fixed	2017
NOK	871,500	871,500	871,500	102,856	FixedFloating	2023
NOK	600,000	600,000	600,000	98,624	Floating	2018
NOK	1,945,938	1,657,771	-	146,136	Fixed	2018
Capitalized bank charges				-7,368		
TotalBorrowings				**961,500**		
NOK		253,800	253,800	41,718		

Total borrowings include USD 7,4 million in capitalised bank charges to be amortised during the term of the respective loan facilities. The Company has entered into fixed interest swap agreements for part of the long term borrowings.

Unearned CIRR	**31.12.13**	**31.12.12**
Beginning of year	2,523	2,891
Reorganized in the profit and loss account	-368	-368
Paid for buy back of CIRR options	-	-
End of period	**2,155**	**2,523**

Note 8 - Net Interest-Bearing Debt

(Amount in USD 1 000)	**31.12.13**	**31.12.12**
	Unaudited	*Audited*
Cash and cash equivalents	101,206	107,068
Total cash	101,206	107,068
Short-term interest bearing-debt	-98,426	-82,287
Long-term interest bearing-debt	-863,074	-714,699
Total interest-bearing debt	-961,500	-796,986
Net interest-bearing debt	**-860,294**	**-689,918**

Note 9 - Commitments

Committed capital expenses to be paid in future periods:

(Amount in USD 1 000)	**31.12.13**	**31.12.12**
Combined contract value and of period for the vessels	828,680	720,132
Instalments paid	-127,711	-108,430
Unpaid instalments	**700,969**	**611,702**

Instalments falling due over the next two years

(Amount in USD 1 000)	USD
2014	394,496
2015	220,117
2016	86,356
Total	**700,969**

Note 10 - Taxes

(Amounts in USD 1 000)	**Liability tonnage tax regime**
Tax liability 1 Janaury 2013	964
Tax expense	39
Paid	-949
Effect of exchange rate differences	-15
Tax liability, new tonnage tax legislation 31 December 2013	**39**

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	-	6,679	6,679
Payable taxes falling due within 1 year	39	3,721	3,759
Tax liabilities 31 December 2013	**39**	**10,400**	**10,439**

Tax expense

(Amounts in USD 1 000)	**Tonnage tax regime**	**Other tax regime**	**Total tax expense**
Taxes	-39	-3,364	-3,403
Change in deffered tax/deffered tax asset	-	5,650	5,650
Over / under provisions in previous year	-	1,337	1,337
Total tax expense 31 December 2013	**-39**	**3,624**	**3,585**

The tax cost for the period relates to corporate tax, witholding tax for operating both in Norway and other jurisdictions. The Company recognized a deferred income tax of USD 4.2 million as change in deferred tax asset related to temporary differences in one of its subsidiaries, and a deferred income tax of USD 1 mill related to expenses recognized on the share option scheme. The temporary difference is related to non-current assets.

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