FIRST QUARTER REPORT 2014

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 15 vessels under construction at the end of first quarter 2014. Vessels in operation included two anchor handling, tug, supply vessels operated on behalf of a pool partner.

By end of April 2014, the total fleet comprised of 57 owned vessels, including, among others, nineteen Platform Supply Vessels (PSVs), six Offshore Subsea Construction Vessels (OSCVs), eight Anchor Handling, Tug, Supply vessels (AHTS vessels), two Well-Intervention Vessels (WIVs) and six Canadian flagged vessels comprising of both AHTS vessels and PSVs. During first quarter 2014, one PSV was sold. 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, Poland and Australia. The Company is tax resident in Norway.

Our core values are:

Caring Committed Competitive

5 May 2014 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the first quarter 2014

SELECTED FINANCIAL INFORMATION

(Amounts in USD millions)	**1Q 2014** *Unaudited*	**1Q 2013** *Unaudited*
Operating revenue	94.4	79.8
Operating margin	36.9	19.1
Operating margin, %	39 %	24 %
Operating profit	28.6	27.2
Operating profit margin, %	30 %	34 %
Net profit/(loss) attributable to shareholders	15.0	20.0
Net profit margin, %	16 %	25 %

HIGHLIGHTS FIRST QUARTER

Results and Finance:

• The fleet in operation at the end of the first quarter totalled 42 vessels, including partly owned vessels and vessels operated on behalf of a pool member. The comparable number at the end of first quarter 2013 was 36 vessels.

• Revenues for Platform Supply Vessels ("PSVs"), Anchor Handling Tug Supply Vessels ("AHTS vessels") and Offshore Subsea Construction Vessels ("OSCVs") increased compared to the same period in 2013, influenced by higher charter rates, better utilisation and a larger fleet.

• Operating expenses for vessels are reduced in 2014 as the result of initiatives implemented in 2013.

• The 2004-built PSV "Siddis Skipper" was sold and delivered in January 2014, resulting in a gain on sale of USD 6.5 million.

• New unsecured bonds of NOK 700 million were issued in March 2014, to support the financing of new vessels ordered by the Company.

Contracts and order of new vessels:

• 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.

RESULTS

SUBSEQUENT EVENTS

• The Annual General Meeting held 2 May 2014 approved payment of NOK 0.10 per share in dividends for Fiscal 2013.

• Siem Offshore Contractors GmbH ("SOC"), a wholly owned subsidiary of Siem Offshore Inc. was awarded a contract for the Nordsee One Offshore Wind Farm.

• The Company took delivery of the installation support vessel ("ISV") "Siem Moxie" on 7 April. The vessels shall primarily be utilised by SOC, for project work within the submarine power cable installation, repair and maintenance segment.

• Siem Offshore and Subsea 7 have entered into a charter agreement for the Offshore Subsea Construction Vessel ("OSCV") "Siem Stingray", which is under construction in Norway. The agreement is made at market terms and is for a firm period of three years with two yearly options. The charter shall commence in third quarter 2014 following delivery of the vessel from the Norwegian yard.

RESULTS AND FINANCE

Results for the First Quarter 2014
Operating revenues were USD 94.4 million (2013: USD 79.8 million). The operating margin was USD 36.9 million (2013: USD 19.1 million) and the operating margin as a percentage of revenues was 39% (2013: 24%).

Administration expenses were USD 11.0 million (2013: USD 11.6 million) and includes a charge of USD 0.4 million related to a share option program for the period.

Operating profit was USD 28.6 million (2013: USD 27.2 million) after depreciation and amortisation of USD 21.4 million (2013: USD 18.5 million). Net currency exchange gain(losses) of USD 6.4 million (2013: USD (1.8) million) were recorded on currency forward contracts of which USD 6.5 million is unrealised.

Net financial items were USD (10.0) million (2013: USD (7.4) million) and include a net revaluation gain (loss) of non-USD currency items of USD (0.3) million (2013: USD (1.3) million) due to changes in the currency rates 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 11.2 million include a net unrealised gain of USD 0.1 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 net profit attributable to share-holders was USD 15.0 million, or USD 0.04 per share (2013: USD 20.0 million, or USD 0.05 per share).

VESSELS AND OPERATION

Platform Supply Vessels
The Company had eleven PSVs in operation, consolidated on a 100% basis, at the end of the quarter (2013: eleven). These PSVs recorded operating revenues of USD 21.1 million and had 91% utilisation (2013: USD 20.5 million and 78%). The operating margin for these PSVs was USD 9.9 million, (2013: USD 6.3 million) and the operating margin as a percentage of revenue was 47% (2013: 31%). The operating revenue and operating margin does not reflect the employment of one PSV that commenced operations as a cable-lay vessel for the subsidiary, Siem Off-shore Contractors, during the quarter (see note 4 for further details). The Company has postponed the revenue recognition of USD 1.3 million charter hire during the quarter as a result of ongoing dispute discussions with the client notwithstanding the Company's view that the dispute should be resolved in the Company's favour. The majority of the PSVs are employed on long-term contracts. Four of the PSVs are employed offshore West Africa, three are employed offshore Brazil, three are employed in the North Sea and one PSV is on a bareboat contract.

The majority of the PSVs are employed on long-term contracts. Four of the PSVs are employed offshore West Africa, three are employed offshore Brazil, three are employed in the North Sea and one PSV is on a bareboat contract.

The eleven PSVs recorded 54 days commercial off-hire due to dry-dockings and/or contract mobilisations.

The 2004-built PSV "Siddis Skipper" was sold and delivered in January 2014, resulting in a gain on sale of USD 6.5 million.

Offshore Subsea Construction Vessels
The Company had four OSCVs in operation at the end of the quarter (2013: two).

The OSCVs earned operating revenues of USD 19.5 million and had 94% utilisation (2013: USD 8.2 million and 100%).The operating margin for the OSCVs was USD 13.4 million (2013: USD 5.3 million) and the operating margin as a percent-age of revenue was 69% (2013: 64%).

The OSCVs recorded 46 days commer-cial off-hire related to dry-docking.

The four OSCVs operated on long-term contracts, with one vessel employed offshore West Africa and three vessels current employed in the North Sea.

Anchor Handling Tugs Supply Vessels
The Company had ten AHTS vessels in operation at the end of the quarter (2013: ten), of which two are owned by a pool partner. All ten vessels are operated in a pool agreement where revenue, cost and results are shared in accordance with a pool agreement.

Siem Offshore's interest in the AHTS fleet represents operating revenues of USD 35.1 million based on 87% utilisation (2013: USD 25.6 million and 77%). The operating margin was USD 18.6 million (2013: USD 9.5 million) and the operating margin as a percentage of revenue was 53% (2013: 27%).

Five of the ten AHTS vessels operated on long-term contracts offshore Brazil and one AHTS vessel operated on a medium-term contract offshore Morocco. The remaining four AHTS vessels were operated in the North Sea spot market.

Other vessels

The Company had a fleet of nine smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil spill recovery vessels) in operation at the end of the quarter (2013: eleven). All vessels operated on term contracts. The fleet earned operating revenues of USD 5.2 million and had 88% utilisation (2013: USD 7.5 million and 87%). The operating margin for the fleet was USD 0.2 million (2013: USD 2.6 million) and the operating margin as a percentage of revenue was 4% (2013: 34%). The fleet recorded 17 days off-hire related to dry-docking.

The scientific core-drilling vessel "JOIDES Resolution" recorded operating revenues of USD 6.4 million (2013: USD 10.1 million) and an operating margin of USD 3.5 million (2013: USD 5.5 million). The operating margin as a percentage of revenue was 54% (2013: 55%).

The 50% owned Secunda had a fleet of six offshore support vessels at the end of the quarter. The fleet earned operating revenues of USD 9.0 million and had 72% utilisation. The operating margin for the fleet was USD 2.6 million, and the operating margin as a percentage of revenue was 28%. Total administration expenses were USD 1.2 million for the period. The results of the 50% owned company, Secunda, are recorded in accordance with the equity method and reflected within results from associated companies. Siem Offshore's 50% share of the net result for the first quarter was USD 0.4 million.

NEWBUILDING PROGRAM

The Company had 15 vessels under construction at the end of the quarter. Four of these vessels were under construction in Norway, six in Poland and two in Germany. These 12 vessels includes two OSCVs for delivery in 2014, one Installation Support Vessel ("ISV") for delivery in 2014, five dual-fuel PSVs with one for delivery in 2014, two in 2015 and two 2016, one Cable-Lay Vessel ("CLV") for delivery in 2015 and two Well-Intervention Vessels ("WIV") for delivery in 2016. The Company has secured long-term employment for both of the OSCVs, two of the dual fuelled PSVs and for the two WIVs. The ISV and the CLV shall be utilised by SOC, Siem Offshore Contractors, for project work within the submarine power cable installation, repair and maintenance segment.

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 PSV. All vessels are scheduled for delivery in 2014. The two OSRVs shall commence eight-year firm contracts for Petrobras with options for additional eight-year periods.

Total future yard instalments for vessels under construction were equivalent to USD 1.1 billion at the end of the quarter. These instalments fall due with USD 407 million in 2014, USD 261 million in 2015 and USD 427 million in 2016.

FINANCING AND CAPITAL STRUCTURE

Cash and Equity

Net cash flow from operations for the first quarter was USD 22.8 million and the cash position at the end of the quarter was equivalent to USD 210.9 million.

Shareholders' book equity was USD 780 million at the end of the quarter, equivalent to USD 2.01 per share.

The Company acquired 1,799,897 shares in 2013 under the current share buy-back program, which expired on 2 May 2014. All acquired shares will be cancelled.

Dividend

The Annual General Meeting held 2 May 2014 approved payment of NOK 0.10 per share in dividends for the year 2013. The shares shall trade excluding dividend of NOK 0.10 per share from 6 May 2014 and the dividend is scheduled to be paid within 16 May 2014.

Debt Financing

The balance sheet included gross interest-bearing debt equivalent to USD 1.1 billion. The Company made total drawings in the equivalent of USD 117.5 million under credit facilities during the period. The weighted average cost of debt for the Company was approximately 4.6% 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 32.5 million during the quarter, of which USD 12.9 million relates to the sale of the PSV "Siddis Skipper".

The Company has currently secured debt-financing for nine of the 15 vessels under construction at end of the period.

FLEET EMPLOYMENT AND CONTRACT BACKLOG

The majority of the fleet is on long-term contracts. The contract backlog at 31 March 2014 for the PSV fleet, which is consolidated on a 100% basis, was 84% 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 60% for 2014, 18% for 2015 and 5% for 2016. The contract backlog for the fleet of smaller Brazilian-flagged vessels was 87% for 2014, 69% for 2015 and 67% for 2016.

The total contract backlog of firm contracts for all vessels at 31 March 2014 was USD 1.68 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 297 million in 2014, USD 262 million in 2015 and USD 1119 million in 2016 and thereafter.

The total contract backlog of firm contracts within the submarine power cable segment at 31 March 2014 was USD 184 million. The contract backlog was USD 160 million in 2014 and USD 24 million in 2015.

QHSE

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

SUBMARINE POWER CABLE ACTIVITIES

The consolidated operating revenues for the quarter were USD 4.9 million. The operating cost including project and administration expense was USD 5.1 million and the operating margin was USD (0.2) million. The operating cost and operating margin does not reflect the cost for the utilisation of Siem Offshore's PSV that commenced operations as a cable-lay vessel during the quarter (see note 4 for further details).

During the first quarter 2014, Siem Offshore Contractors ("SOC") commenced final preparations of the offshore execution of both the Amrumbank West and Baltic 2 offshore wind farm ("OWF") projects. This has included the conversion of the PSV "Siddis Mariner" such that it can be utilized as cable-lay vessel for the Amrumbank West OWF project. The PSV "Siddis Mariner" will be joined by the newbuild ISV "Siem Moxie", which was delivered in April 2014. Further conversions of the AHTS vessel "Siem Garnet" and a third party vessel are planned for May and June 2014 in order to mobilise additional installation resources for the Baltic 2 OWF project. The installation works of the Amrumbank West OWF project are scheduled to commence in May 2014 and the installation works for the Baltic 2 OWF project are scheduled to commence in June 2014.

The Amrumbank West OWF project involves the installation of 86 submarine cables providing the inner-array grid connecting the individual wind turbine generator ("WTG") foundation and the offshore substation ("OSS). No profit will be taken on this contract until it is minimum 25% complete, which is currently forecasted to be reached in third quarter 2014.

The Baltic 2 OWF project involves the installation of 80 submarine cables providing the inner-array grid connecting the individual WTG foundation and the OSS. No profit will be taken on this contract until it is minimum 25% complete, which is currently forecasted to be reached in third quarter 2014.

On the engineering, procurement, installation and commissioning ("EPIC") contract for the 155kV export cable system 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. No profit will be taken on this contract until it is minimum 25% complete, which is currently expected to be reached in 2016.

In April 2014, SOC was awarded the contract for the turnkey EPIC package of the inner array grid cable system of the Nordsee One OWF, a project developed by RWE Innogy GmbH ("RWEI"). The contract award highlights the continued expansion into the Offshore Renewable Energy Market for the Siem Offshore group. The OWF will be situated within the German Bight sector of the North Sea, approx. 40 km north of the island of Juist. The OWF will consist of 54 wind turbine generators, each with a capacity of 6.15 MW and shall be inter-connected by an inner array grid of 33kV medium voltage alternating current ("MVAC") submarine cables with a total length of up to 72 km. SOC will be utilising resources within the Siem Offshore group, whereby the combined capabilities of Siem Offshore's marine operations and the engineering and installation experience of SOC will form a natural and strong resource base to the benefit of the project. In addition to the submarine cable installation works, SOC will also provide associated materials and services including of the submarine composite cables and related accessories as well as post-installation termination, trenching and testing services. The engineering works of the project will commence immediately. The marine installation works are currently scheduled to be undertaken in 2016, but are subject to a final investment decision to be taken before end 2014.

TECHNOLOGY INVESTMENT

The Romeo and Julius projects for Statoil in the North Sea are in the final phase of the preparation work. The drilling rig has commenced the yard stay and started preparation work in late April and the current mobilisation date for the Pressure Control Device systems ("PCD") is estimated to be in July. The duration of these operations is approximately 13 months.

The Gudrun project is currently estimated to commence late 2014, the scope contains 2 wells and the duration is estimated to be approximately 12 months.

The Valemon operations are estimated to commence in first half of 2015, the scope contains 6 to 9 wells within a 3-4 year period.

One of the existing PCD has been sent to the US and is qualified for work in the US Gulf of Mexico. Siem WIS is currently working with several alternatives within the US offshore market.

Siem WIS has two PCDs under constructiom scheduled for delivery in the second quarter 2014.

MARKET AND OUTLOOK

During the first quarter, the Company experienced a volatile market for the high-end AHTS vessel in the North Sea. The first couple of months were positively influenced by a high number of rig moves ‘supported’ by relatively harsh weather conditions resulting in a ‘sold out’ market. In the latter part of the quarter, there were periods where practically the entire spot fleet remained idle. The market for the rest of the year is expected to continue to be volatile.

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 operations. 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.

Oil companies will place more emphasis on reducing their cost,which might have implications for the activity level in general and the OSV market. We believe, however, that the activity level will remain high based on stable oil price. We have registered increased demand for OSV in all geographic areas where we today have operations.

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

05 May 2014

Eystein Eriksund Chairman	Terje Sørensen Chief Executive Officer

www.siemoffshore.com

CONSOLIDATED INCOME STATEMENTS

	Note	2014	2013	2013
(Amount in USD 1 000)		**1Q**	**1Q**	**Jan-Dec**
		Unaudited	*Unaudited*	*Audited*
Operating revenues	4	94,377	79,779	363,955
Operating expenses		-46,518	-49,159	-190,591
Administration expenses		-10,972	-11,543	-50,701
Operating margin		**36,888**	**19,077**	**122,663**
Depreciation and amortisation	4	-21,441	-18,547	-75,841
Gain on sales of fixed assets		6,661	28,348	29,827
Gain of sale of interest rate derivatives (CIRR)		92	92	368
Gain (loss) on currency exchange forward contracts		6,416	-1,797	-7,756
Operating profit	**4**	**28,615**	**27,173**	**69,261**
Financial revenues		747	1,693	5,434
Financial expenses		-11,163	-8,062	-36,132
Result from associated companies		669	299	2,046
Net currency gain (loss)		-264	-1,281	-22,651
Net financial items		**-10,012**	**-7,350**	**-51,303**
Profit before taxes		**18,603**	**19,823**	**17,959**
Tax benefit / (expense)	10	-820	-996	3,585
Net profit		**17,783**	**18,827**	**21,544**
Net profit attributable to non-controlling interest		2,802	-1,185	-456
Net profit attributable to shareholders		**14,981**	**20,012**	**22,000**
Weighted average number of shares outstanding ('000)		387,591	392,311	389,078
Earnings per share (basic and diluted)		0.04	0.05	0.06

Comprehensive Income Statements	2014	2013	2013
(Amount in USD 1 000)	**1Q**	**1Q**	**Jan-Dec**
	Unaudited	*Unaudited*	*Audited*
Net profit/(loss)	17,783	18,827	21,544
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Pension remeasurement gain (loss)	0	0	1,155
Items that may be subsequently reclassified to profit or loss			
Cash flow hedge	4,310	0	0
Currency translation differences	3,936	-1,825	-8,320
Total comprehensive income for the period	**26,029**	**17,001**	**14,378**
Attributable to non-controlling interest	2,766	-2,723	-373
Attributable to shareholders of the Company	**23,263**	**19,724**	**14,751**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amount in USD 1 000)	**Note**	**31.03.14**	**31.03.13**	**31.12.13**
		Unaudited	*Unaudited*	*Audited*
Non-current assets				
Vessels and equipment	5	1,437,266	1,238,499	1,440,332
Vessels under construction	5,9	146,341	120,918	127,711
Capitalised project cost	5	14,335	10,875	11,027
Investment in associates and other long-term receivables		27,823	11,131	27,590
CIRR loan deposit 1)		42,391	50,827	41,718
Deferred tax asset		11,966	6,243	11,770
Intangible assets	5	29,491	29,179	29,737
Total non-current assets		**1,709,612**	**1,467,673**	**1,689,886**
Debtors, prepayments and other current assets	5	77,557	80,314	93,490
Cash and cash equivalents	8	210,854	226,146	101,206
Total current assets		**288,411**	**306,460**	**194,696**
Asset held for sale		**-**		**18,121**
Total assets	**10**	**1,998,023**	**1,774,133**	**1,902,702**
Equity				
Paid-in capital		526,236	530,348	526,236
Other reserves		-11,487	-14,866	-19,769
Retained earnings		265,629	245,949	250,161
Shareholders´ equity		**780,378**	**761,431**	**756,628**
Non-controlling interest		**40,828**	**35,821**	**37,260**
Total equity		**821,206**	**797,252**	**793,888**
Liabilities				
Borrowings		963,742	753,480	863,074
CIRR loan 1)		42,391	50,827	41,718
Other non-current liabilities		24,557	24,371	30,438
Total non-current liabilities		**1,030,690**	**828,679**	**935,231**
Borrowings		88,772	76,852	98,426
Accounts payable and other current liabilities		57,354	71,350	75,158
Total current liabilities		**146,126**	**148,202**	**173,584**
Total liabilities		**1,176,817**	**976,881**	**1,108,815**
Total equity and liabilities		**1,998,023**	**1,774,133**	**1,902,702**

1) Commercial Interest Refference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2014	2013	2013
(Amount in USD 1 000)	**Jan -Mar**	**Jan-Mar**	**Jan-Dec**
	Unaudited	*Unaudited*	*Audited*
Cash flow from operations			
Profit before taxes, excluding interest	27,198	25,436	49,205
Interest paid	-10,375	-7,715	-32,325
Taxes paid	1,613	-2,838	-9,832
Results from associated companies	-669	-299	-2,046
Loss/(gain) on sale of assets	-6,661	-28,348	-29,827
Value of employee services	487	0	3,125
Depreciation and amortisation	21,441	18,547	75,841
Effect of unreal. currency exchange forward contracts	-6,472	4,501	12,200
Change in short-term receivables and payables	-3,230	11,794	-17,536
CIRR	-92	-92	-368
Other changes	-404	-6,676	10,549
Net cash flow from operations	**22,837**	**14,309**	**58,986**
Cash flow from investing activities			
Interest received	688	1,106	5,339
Investments in fixed assets	-31,679	-14,960	-329,413
Proceeds from sale of fixed assets	25,071	84,212	85,998
Investment in subsidiaries	0	0	0
Dividend from associated companies	0	0	90
Investment in associated companies	0	0	-14,406
Cash flow from investing activities	**-5,920**	**70,358**	**-252,392**
Cashflow from financing activities			
Settlement for sale of interest rate derivatives	0	0	0
Proceeds from issue of new equity	0	0	0
Buy-back of shares	0	-4,615	-8,728
Contribution from non-controlling interests of consolidated subsidiaries	762	0	657
Proceeds from bank overdraft	2,519	240	962
Proceeds from new long-term borrowing	117,454	109,701	320,319
Repayment of long-term borrowing	-32,539	-66,321	-128,833
Cash flow from financing activities	**88,197**	**39,004**	**184,378**
Effect of exchange rate differences	4,534	-4,594	3,166
Net change in cash	**109,647**	**119,078**	**-5,862**
Cash at bank start of period	101,206	107,068	107,068
Cash at bank end of period	210,854	226,146	101,206
Net change in cash	**109,648**	**119,078**	**-5,862**

NOTES TO THE FINANCIAL INFORMATION

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 31 March 2014 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 2013 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 2013. With effect from 1 January 2014 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 41% of the long-term interest bearing debt was subject to floating interest rates at the end of first quarter 2014. 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. Further, cash flow hedges in accordance with IAS 39 is entered into for the Brazilian part of the company.

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.

NOTES TO THE FINANCIAL INFORMATION

Note 4 - Segment Reporting by Buisness Area

	2014	2013	2013
(Amount in USD 1 000)	**1Q**	**1Q**	**Jan - Dec**
Operating revenue by business area	*Unaudited*	*Unaudited*	*Audited*
Platform Supply Vessels (1)	22,830	20,455	94,630
Offshore Subsea Construction Vessels	19,514	8,214	41,407
Anchor Handling Tug Supply Vessels	35,090	25,628	131,894
Other vessels in Brazil	4,032	7,536	24,103
Combat Management Systems	1,542	2,055	7,987
Submarine Power Cable Installation	4,883	5,044	23,151
Scientific Core-Drilling	6,385	10,076	36,898
Other	855	771	3,884
Intercompany eliminations (1)	-754		0
Total operating revenue	**94,377**	**79,779**	**363,955**
Depreciation and amortisation by business area			
Platform Supply Vessels	5,271	5,227	21,288
Offshore Subsea Construction Vessels	4,385	1,279	7,072
Anchor Handling Tug Supply Vessels	9,370	9,813	38,883
Other vessels in Brazil	612	933	2,989
Submarine Power Cable Installation	279	100	440
Scientific Core-Drilling	867	800	3,264
Other	657	394	1,904
Total depreciation and amortisation	**21,441**	**18,547**	**75,841**
Operating profit by business area			
Platform Supply Vessels (1)	5,859	1,080	21,640
Offshore Subsea Construction Vessels	8,973	4,002	19,782
Anchor Handling Tug Supply Vessels	9,261	-300	29,023
Other vessels in Brazil	-862	1,628	3,750
Combat Management Systems	-11	86	1,360
Submarine Power Cable Installation (1)	551	510	3,425
Scientific Core-Drilling	2,605	4,701	17,139
Other	2,238	15,466	-26,857
Total operating profit	**28,615**	**27,173**	**69,261**

(1) Platform Supply Segment include I/C revenue from contracting work for the 100% owned subsidiary "Siem Offshore Contractors". This is specified in the I/C eliminations in the table above.

Note 5 - Vessels Under Construction and Vessels and Equipment

(Amount in USD 1 000)	Land and buildings	Vessels and equipment	Vessels under construtionn	Capitalised project costs	Total
Balance on January 1, 2014	4,853	1,764,128	127,711	24,764	1,921,455
Correction splitt Opening balance 01.01.13	0	0	0	0	0
Capital expenditure	0	10,773	15,833	5,072	31,679
Additions from aquisition of companies	0	0	0	0	0
Movement between groups	0	17,936	0	0	17,936
Delivery of vessels	0	0	0	0	0
The year's disposal at cost	0	-28,658	0	0	-28,658
Effect of exchange rate differences	79	6,913	2,796	0	9,788
Purchace cost on March 31, 2014	**4,932**	**1,771,092**	**146,341**	**29,836**	**1,952,201**
Accumulated depreciation on January 1, 2014	-412	-328,236	0	-13,736	-342,384
Correction splitt Opening balance 01.01.13	0	0	0	0	0
Movement between groups	0	0	0	0	0
The year's ordinary depreciation	-29	-19,348	0	-1,765	-21,142
The year's disposal of accumulated depreciation	0	10,433	0	0	10,433
Effect of exchange rate differences	-7	-1,159	0	0	-1,166
Accumulated depreciation on March 31, 2014	**-447**	**-338,311**	**0**	**-15,501**	**-354,259**
Net book value on March 31, 2014	**4,484**	**1,432,781**	**146,341**	**14,335**	**1 597,941**

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

(Amount in USD 1 000)	Goodwill	Research and develoment	Trademarks and licences	Total
Balance on January 1, 2014	19,629	3,279	9,781	32,689
Movement between groups	0	0	0	0
Investments	0	0	0	0
Effect of exchange rate differences	13	53	9	75
Purchace cost on March 31, 2014	**19,642**	**3,331**	**9,790**	**32,763**
Accumulated depreciation on January 1, 2014	0	-1,774	-1,177	-2,951
Movement between groups	0	0	0	0
The year's ordinary depreciation	0	-275	-24	-299
Effect of exchange rate differences	0	-15	-7	-22
Accumulated depreciation on March 31, 2014	**0**	**-2,064**	**-1,208**	**-3,272**
Net book value on March 31, 2014	**19,642**	**1,267**	**8,582**	**29,491**

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 refer to assets that are not yet commercialized.

Note 6 - Consolidated Statement of Changes in Equity

(Amount in USD 1 000)	**Total no. of shares**	**Share capital**	**Share premium reserves**	**Other reserves**
Equity on January 1, 2014	**387,591,380**	**3,876**	**522,361**	**-19,769**
Change previous periods				
Net profit to shareholders				
Value of employee services				
Pension remeasurement				
Currency translation differences				8,282
Total comprehensive income / (expense)		**0**	**0**	**8,282**
Share issues in partially owned subsidiaries				
Buy back of shares				
Equity on March 31, 2014	**387,591,380**	**3,876**	**522,361**	**-11,487**
Equity on January 1, 2013	**393,924,836**	**3,939**	**531,025**	**-11,366**
Change previous periods				
Net profit to shareholders				
Value of employee services				
Pension remeasurement				
Currency translation differences				-8,403
Total comprehensive income / (expense)		**0**	**0**	**-8,403**
Share issues in partially owned subsidiaries				
Buy back of shares	-6,333,456	-63	-8,664	
Equity on December 31, 2013	**387,591,380**	**3,876**	**522,361**	**-19,769**

NOTES TO THE FINANCIAL INFORMATION

(Amount in USD 1 000)	**Retained earnings**	**Share-holders' equity**	**Non-Controlling interest**	**Total equity**
Equity on January 1, 2014	**250,161**	**756,629**	**37,260**	**793,888**
Change previous periods	-	-		-
Net profit to shareholders	14,981	14,981	2,802	17,783
Value of employee services	487	487		487
Pension remeasurement	-	-		-
Currency translation differences		8,282	-36	8,246
Total comprehensive income / (expense)	**15,468**	**23,750**	**2,766**	**26,517**
Share issues in partially owned subsidiaries		-	802	802
Buy back of shares		-		-
Equity on March 31, 2014	**265,629**	**780,378**	**40,828**	**821,206**
Equity on January 1, 2013	**225,824**	**749,423**	**36,976**	**786,399**
Change previous periods	-1,943	-1,943		-1,943
Net profit to shareholders	22,000	22,000	-456	21,544
Value of employee services	3,125	3,125		3,125
Pension remeasurement	1,155	1,155		1,155
Currency translation differences		-8,403	83	-8,320
Total comprehensive income / (expense)	**24,337**	**15,934**	**-373**	**15,561**
Share issues in partially owned subsidiaries		-	657	657
Buy back of shares		-8,728		-8,728
Equity on December 31, 2013	**250,161**	**756,629**	**37,260**	**793,888**

Note 7 - Long-term Debt

Currency	Total facility	Committed total facility	Drawn amount currency	Balance 31.03.14 USD	Interest rate	Maturity
USD	223,000	223,000	223,000	87,611	Floating	2017
USD	112,000	112,000	112,000	69,812	Fixed/Floating	2021
USD	28,000	28,000	28,000	21,000	Floating	2019
USD	23,162	23,162	18,734	18,734	Fixed	2027
USD	116,107	116,107	56,692	56,692	Fixed	2027
USD	58,879	58,879	47,362	47,362	Fixed	2031
NOK	2,520,000	2,160,000		259,544	Floating	2015
NOK	427,000	427,000		47,329	Floating	2022
NOK	7,500	7,500	7,500	814	Fixed	2017
NOK	871,500	871,500	871,500	89,138	Fixed/Floating	2023
NOK	600,000	600,000	600,000	100,215	Floating	2018
NOK	1,945,938	1,657,771	0	143,710	Fixed	2018
NOK	240,000	240,000	0	-	Fixed/Floating	2019
NOK	231,125	231,125	0	-	Fixed/Floating	2019
NOK	435,000	435,000	0	-	Fixed/Floating	2027
NOK	360,000	360,000	0	-	Fixed/Floating	2027
NOK	700,000	700,000	700,000	116,918	Floating	2019
BRL				2,576	Floating	2014
Capitalized bank charges				-8,941		
Total Borrowings				**1,052,514**		
NOK		253,800	253,800	42,391		

Total borrowings include USD 8,9 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	**31.03.14**	**31.12.13**
Beginning of year	2,155	2,523
Reorganized in the profit and loss account	-92	-368
Paid for buy back of CIRR options	0	0
End of period	**2,063**	**2,155**

Note 8 - Net Interest Bearing Debt

(Amount in USD 1 000)	**31.03.14** *Unaudited*	**31.12.13** *Audited*
Cash and cash equivalents	210 854	101,206
Short-term interest bearing receivable		0
Total cash	210,854	101,206
Short-term interest bearing-debt	-88,772	-98,426
Long-term interest bearing-debt	-963,742	-863,074
Total interest-bearing debt	-1,052,514	-961,500
Net interest-bearing debt	**-841,660**	**-860,294**

Note 9 - Commitments

Committed capital expenses to be paid in future periods:

(Amount in USD 1 000)	**31.03.14**	**31.12.13**
Combined contract value and of period for the vessels	1,240,827	828,680
Instalments paid	146,341	127,711
Unpaid instalments	**1,094,486**	**700,969**

Instalments falling due over the next three years

(Amount in USD 1 000)	**USD**
2014	407,185
2015	261,180
2016	426,486
Total	**1,094,486**

The Company had a remaining newbuilding program for two OSRVs and one large-size PSV at Brazilian yards, two OSCVs, one dual fuel PSV and one ISV at Norwegian yards and one CLV and five dual PSV at a Polish yard and two WIVs at a Germany Yard at the end of first quarter 2014.

Note 10 - Taxes

(Amount in USD 1 000)	**Liability tonnage tax regime**
Tax liability Janaury 1, 2014	39
Tax expense	0
Paid	-14
Effect of exchange rate differences	0
Tax liability, new tonnage tax legislation on March 31, 2014	24

Tax liabilities

(Amount in USD 1 000)	**Tonnage tax regime**	**Other tax regime**	**Total tax liabilities**
Long term tax liabilities falling due after 1 year	0	6,714	6,714
Payable taxes falling due within 1 year	24	3,941	3,965
Tax liabilities on March 31, 2014	24	10,655	10,679

Tax expense

(Amount in USD 1 000)	**Tonnage tax regime**	**Other tax regime**	**Total tax expense**
Taxes	0	-1,955	-1,955
Change in deffered tax/deffered tax asset	0	184	184
Over / under provisions in previous year	0	950	950
Total tax expense on March 31, 2014	0	-820	-820

The tax cost for the period relates to corporate tax, witholding tax for operating both in Norway and other jurisdictions.

Siem Offshore Inc

c/o Siem Offshore AS
Sjølystveien 3
4610 Kristiansand
Norway

Postal address:
P.O. Box 425
N-4664 Kristiansand S, Norway

Telephone:
+47 38 60 04 00

Telefax:
+47 37 40 62 86

E-mail:
siemoffshore@siemoffshore.com

www.siemoffshore.com