

**SIEM OFFSHORE INC.
REPORT FOR THIRD QUARTER AND FIRST NINE MONTHS 2018**



25 October 2018 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the third quarter and the nine months ended 30 September 2018.

SELECTED FINANCIAL INFORMATION

| <i>(Amounts in USD millions)</i> | 2018 | 2017 | 2018 | 2017 | 2017 |
|--|------------------|------------------|------------------|------------------|----------------|
| | 3Q | 3Q* | Jan-Sep | Jan-Sep* | Fiscal* |
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Operating revenues | 86.1 | 90.8 | 234.6 | 239.4 | 306.9 |
| Operating margin | 36.3 | 43.4 | 87.5 | 99.9 | 125.2 |
| Operating margin, % | 42 % | 48 % | 37 % | 42 % | 41 % |
| Operating profit (loss) | 5.9 | 14.1 | (4.3) | (47.7) | (123.9) |
| Profit (loss) before taxes | (4.3) | (5.5) | (34.0) | (102.6) | (197.7) |
| Net profit (loss) from continuing operations | (4.2) | (5.9) | (33.5) | (103.9) | (199.4) |
| Net profit (loss) from discontinued operations | (0.5) | (2.5) | 86.8 | (9.6) | (4.7) |
| Net profit (loss) | (4.7) | (8.3) | 53.2 | (113.6) | (204.0) |
| Net profit (loss) attributable to shareholders | (1.9) | (8.3) | 64.9 | (93.1) | (164.3) |

* The 3Q 2017, January-September 2017 and Fiscal Year 2017 amounts above have been restated to present the discontinued operations related to the sale of Siem Offshore Contractors GmbH and the reclassification of the vessels “Siem Aimery” and “Siem Moxie” separately. Please see note 9 for further details.

HIGHLIGHTS FOR THE THIRD QUARTER

- Recorded a profit of USD9.7 million in the third quarter with respect to settlements of two separate disputes with clients in Brazil and India.
- Secunda Canada LP, a wholly owned subsidiary of Siem Offshore Inc., sold the PSV "Scotian Sea" (built 1997).
- Awarded a 1-year contract with 2 x 6 month options for each of the vessels "Siem Atlas" and "Siem Giant" for commencement in December in direct continuation of present contracts.
- Reached agreement with our banks for a revised Finance Plan in preparation for a possible prolonged downturn in the offshore supply market.

SUBSEQUENT EVENTS

- Awarded a 15-month contract with 6 x 1 month options for the offshore subsea vessel, “Siem Barracuda”, for operation within the renewable energy market. The vessel will commence operation during November 2018.

MARKET AND OUTLOOK

The North Sea offshore support vessel market showed continued weakness in the third quarter with a slight upturn in activity but rate levels remaining low.

Minor peaks occurred in demand for PSVs in the spot and medium-term window but, in general, the market still suffers from oversupply on a world-wide basis.

Offshore construction vessels experienced a relatively good utilization with support from the offshore wind market demand, but dayrates remain soft.

The spot market for AHTS vessels in the North Sea continues to be soft and term contracts are more or less nonexistent.

We expect charter rates to remain volatile and at low levels throughout the 2019 winter season. A significant increase in drilling activity and a reduction in the number of offshore support vessels through lay-ups or scrapping is necessary to achieve a balance in supply and demand and make rates economical for the OSV market.

The timing of a significant upturn leading to sustainable rates and utilization remains uncertain. This situation will continue to place financial pressure on owners, lenders and other stakeholders.

RESULTS AND FINANCE

Income Statements (3Q 2018 over 3Q 2017)

The figures below related to previous reporting periods have been restated to present the discontinued operations related to the sale of SOC and the sale of the vessels “Siem Aimery” and “Siem Moxie” separately.

Operating revenues were USD86.1 million (2017: USD90.8 million). The operating margin was USD36.3 million (2017: USD43.4 million) and the operating margin as a percentage of revenues was 42% (2017: 48%). The decrease in revenues from 3Q 2017 is mainly due to lower revenues from the AHTS segment. Administration expenses were USD5.8 million (2017: USD6.3 million).

Operating profit/(loss) was USD5.9 million (2017: USD14.1 million) after depreciation and amortisation expenses of USD26.8 million (2017: USD29.1 million). The net currency exchange gains/(loss) of USD(3.7) million (2017: USD4.7 million) were recorded on currency derivative contracts of which USD(3.5) million was an unrealised gain/(loss) (2017: USD4.6 million). The currency derivative contracts are entered into in order to hedge future non-USD operating expenses.

Net financial items were USD(10.4) million (2017: USD(19.7) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(4.0) million (2017: USD(7.9) million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies. The financial income include USD4.3 million in interest related to two separate disputes with clients in Brazil and India.

Net profit/(loss) from discontinued operations was USD(0.5) million (2017: USD(2.5) million).

The net profit/(loss) attributable to shareholders was USD(1.9) million (2017: USD(8.3) million), or USD0.00 per share (2017: USD(0.01) per share).

Income Statements (YTD 30 September 2018 over YTD 30 September 2017)

The figures below related to previous reporting periods have been restated to present the discontinued operations separately.

Operating revenues were USD234.6 million (2017: USD239.4 million). The operating margin was USD87.5 million (2017: USD99.9 million) and the operating margin as a percentage of revenues was 37% (2017: 42%). Administration expenses were USD17.7 million (2017: USD20.1 million).

Operating profit/(loss) was USD(4.3) million (2017: USD(47.7) million) after depreciation and amortisation expenses of USD82.3 million (2017: USD89.2 million) and after impairment of certain vessels of USD9.4 million (2017: USD57.4 million). The net currency exchange gains/(loss) of USD(0.7) million (2017: USD3.5 million) were recorded on currency derivative contracts of which USD(0.8) million was an unrealised gain/(loss) (2017: USD4.1 million). The currency derivative contracts are entered into in order to hedge future non-USD operating expenses.

Net financial items were USD(30.1) million (2017: USD(55.3) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(24.0) million (2017: USD(16.3) million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies. The financial income includes a gain from the amended agreement with the bondholders of SIOFF01 and SIOFF02 of USD23.6 million. Tax benefit of USD0.5 million includes a USD0.6 million tax refund from a foreign jurisdiction related to prior year's taxation.

Net profit/(loss) from discontinued operations was USD86.8 million (2017: USD(9.6) million). The profit includes an estimate for a contingent consideration from the sale of SOC of USD26.4 million. There is a risk that the contingent consideration will be different from the profit recorded from the sale of SOC as the contingent consideration to be received in future is highly dependent on SOC performance in the period 2019 to 2023.

The net profit/(loss) attributable to shareholders was USD64.9 million (2017: USD(93.1) million), or USD0.07 per share (2017: USD(0.11) per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD500.5 million at 30 September 2018 (31 December 2017: USD425.9 million), equivalent to USD0.53 per share (2017: USD0.45 per share). Net cash flow from operations for the first nine months 2018 was USD9.8 million and the cash position at 30 September 2018 was USD80.1 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.1 billion. The Company made principal repayments of USD156.9 million.

The weighted average cost of debt for the Company was approximately 4.3% p.a. at 30 September 2018, including the effect of fixed interest rate swap agreements.

The share capital is USD9,420,214 representing a total of 942,021,380 shares with a nominal value of USD0.01 per share.

Health, Safety, Environment & Quality (HSEQ)

The Company has not experienced any serious injuries nor any serious environmental incidents in the third quarter of 2018. The safety record is a result of the good and active safety focus from management, officers and crew on board the fleet.

The Fleet

At 30 September 2018, the fleet totalled 40 vessels (2017: 43 vessels), including partly-owned vessels. Two vessels were in lay-up at the end of the quarter.

Results for the Third Quarter 2018

Platform Supply Vessels (PSVs)

The Company had eleven PSVs in the fleet at the end of the quarter (2017: eleven). These PSVs recorded operating revenues of USD17.4 million and had 91.3% utilisation excluding vessels in lay-up (2017: USD14.0 million and 68%). The operating margin before administration expenses for these PSVs was USD7.4 million (2017: USD6.9 million) and the operating margin as a percentage of revenues was 42% (2017: 49%). The operating margin for the PSVs include a net profit of USD2.3 million related to a dispute with a customer in Brazil.

No vessels were in lay-up at the end of the quarter.

Offshore Subsea Construction Vessels (OSCVs) and Well Intervention Vessels (WIVs)

The Company had five OSCVs and two WIVs at the end of the quarter (2017: five OSCVs and two WIVs). The OSCVs and WIVs earned operating revenues of USD30.4 million and had 100% utilisation (2017: USD33.9 million and 95%). The operating margin before administration expense was USD17.4 million (2017: USD20.2 million) and the operating margin as a percentage of revenues was 57% (2017: 60%).

Anchor Handling Tug Supply (AHTS) Vessels

The Company had ten AHTS vessels at the end of the quarter (2017: ten). The AHTS fleet earned operating revenues of USD14.7 million based on 85.5% utilisation excluding vessels in lay-up (2017: USD20.0 million and 75%). The operating margin before administration expense was USD2.7 million (2017: USD8.6 million) and the operating margin as a percentage of revenues was 19% (2017: 43%).

One vessel was in lay-up at the end of the quarter.

Other Vessels

The Company had a fleet of six smaller Brazilian-flagged vessels (fast supply vessels, crew vessels and oil-spill recovery vessels) at the end of the quarter (2017: six). One vessel was in lay-up at the end of the quarter. The remaining five vessels operated under term contracts in Brazil. The fleet earned operating revenues of USD5.6 million and had 98.3% utilisation excluding vessels in lay-up (2017: USD7.9 million and 100%). The operating margin before administration expense for the fleet was USD3.1 million (2017: USD4.1 million) and the operating margin as a percentage of revenues was 55% (2017: 51%).

The Company had a Canadian-owned fleet of four offshore support vessels operating offshore Canada at the end of the quarter (2017: five). The fleet earned operating revenues of USD7.6 million and had 90.1% utilisation (2017: USD7.4 million and 68%). The operating margin before administration expenses for the fleet was USD3.8 million (2017: USD3.8 million) and the operating margin as a percentage of revenues was 50% (2017: 52%).

The 41%-ownership in the “Big Orange XVIII” recorded a share of profit/(loss) of USD0.1 million (2017: USD0.2 million). These results are recorded in accordance with the equity method.

The 100%- ownership in the scientific core-drilling vessel “JOIDES Resolution” recorded operating revenues of USD10.0 million (2017: USD7.0 million) and an operating margin before administration expenses of USD7.0 million (2017: USD3.9 million). The operating margin as a percentage of revenue was 70% (2017: 56%). The operating margin includes a net profit of USD3.1 million related to a dispute with a client in India.

Results for the First Nine Months 2018

Platform Supply Vessels (PSVs)

These PSVs recorded operating revenues of USD46.1 million and had 95.4% utilisation excluding vessels in lay-up (2017: USD45.5 million and 77%). The operating margin before administration expenses for these PSVs was USD20.4 million (2017: USD20.5 million) and the operating margin as a percentage of revenues was 44% (2017: 45%).

Offshore Subsea Construction Vessels (OSCVs) and Well Intervention Vessels (WIVs)

The OSCVs and WIVs earned operating revenues of USD89.8 million and had 96.6% utilisation (2017: USD94.1 million and 93%). The operating margin before administration expense was USD51.7 million (2017: USD57.7 million) and the operating margin as a percentage of revenues was 58% (2017: 61%).

Anchor Handling Tug Supply (AHTS) Vessels

The AHTS fleet earned operating revenues of USD34.3 million based on 66.7% utilisation excluding vessels in lay-up (2017: USD37.0 million and 52%). The operating margin before administration expense was USD(3.4) million (2017: USD3.5 million) and the operating margin as a percentage of revenues was (10)% (2017: 9%).

Other Vessels

The fleet of Brazilian flagged vessels earned operating revenues of USD17.1 million and had 98.2% utilisation excluding vessels in lay-up (2017: USD21.3 million and 88%). The operating margin before administration expense for the fleet was USD8.6 million (2017: USD11.9 million) and the operating margin as a percentage of revenues was 50% (2017: 56%).

The Canadian-owned fleet earned operating revenues of USD22.0 million and had 86.1% utilisation (2017: USD22.5 million and 77%). The operating margin before administration expenses for the fleet was USD10.6 million (2017: USD11.0 million) and the operating margin as a percentage of revenues was 48% (2017: 49%).

The 41%-ownership in the “Big Orange XVIII” recorded a share of profit/(loss) of USD0.3 million (2017: USD0.3 million). These results are recorded in accordance with the equity method.

The 100%- ownership in the scientific core-drilling vessel “JOIDES Resolution” recorded operating revenues of USD23.7 million (2017: USD20.3 million) and an operating margin before administration expenses of USD15.4 million (2017: USD11.4 million). The operating margin as a percentage of revenue was 65% (2017: 56%).

GROUP CONTRACT BACKLOG

The total backlog at 30 September 2018 was USD734 million and is allocated as follows:

| <i>(Amounts in USD millions)</i> | 2018 | 2019 | 2020 onwards | Total |
|----------------------------------|-----------|------------|-----------------|------------|
| OSVs | 54 | 172 | 481 | 707 |
| Other | 7 | 20 | - | 27 |
| Total Backlog | 61 | 192 | 481 | 734 |

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

25 October 2018

Eystein Eriksrud, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

| <i>(Amounts in USD 1 000)</i> | Note | Restated* | | Restated* | | Restated* |
|--|------|------------------|------------------|------------------|------------------|-----------------|
| | | 2018 3Q | 2017 3Q | 2018 Jan-Sep | 2017 Jan-Sep | 2017 Jan-Dec |
| | | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Operating revenue | 4 | 86 059 | 90 843 | 234 622 | 239 415 | 306 911 |
| Operating expenses | | -43 950 | -41 171 | -129 435 | -119 419 | -153 649 |
| Administration expenses | | -5 775 | -6 250 | -17 679 | -20 082 | -28 087 |
| Operating margin | | 36 334 | 43 421 | 87 508 | 99 915 | 125 175 |
| Depreciation and amortization | 5 | -26 798 | -29 102 | -82 304 | -89 150 | -113 600 |
| Impairment of vessels | 5,8 | - | -224 | -9 385 | -57 375 | -111 611 |
| Impairment related to long-term receivables, projects | 8 | - | -5 000 | - | -5 000 | -24 000 |
| Gain/(loss) on sales of fixed assets | 5 | -6 | 247 | 268 | 155 | 13 |
| Gain on sale of interest rate derivatives (CIRR) | 6 | 92 | 92 | 276 | 276 | 368 |
| Gain/(loss) on currency derivative contracts | | -3 713 | 4 695 | -667 | 3 505 | -264 |
| Operating profit/(loss) | 4 | 5 909 | 14 129 | -4 304 | -47 675 | -123 918 |
| Financial income | | 6 625 | 1 824 | 40 481 | 3 961 | 7 462 |
| Financial expenses | 8 | -13 018 | -13 668 | -46 572 | -42 935 | -66 381 |
| Net currency gain/(loss) on revaluation | | -4 017 | -7 868 | -23 982 | -16 331 | -15 427 |
| Net financial items | | -10 411 | -19 711 | -30 073 | -55 305 | -74 345 |
| Result from associated companies | | 237 | 116 | 402 | 383 | 580 |
| Profit/(loss) before taxes | | -4 265 | -5 465 | -33 975 | -102 597 | -197 683 |
| Tax benefit / (expense) | 7 | 45 | -411 | 459 | -1 331 | -1 670 |
| Net profit/(loss) from continuing operations | | -4 220 | -5 876 | -33 516 | -103 928 | -199 353 |
| Net profit/(loss) from discontinued operations | 9 | -477 | -2 459 | 86 765 | -9 644 | -4 691 |
| Net profit/(loss) | | -4 696 | -8 336 | 53 249 | -113 572 | -204 044 |
| Attributable to non-controlling interest | | -2 824 | -5 | -11 607 | -20 496 | -39 720 |
| Attributable to shareholders of the Company | | -1 872 | -8 330 | 64 856 | -93 075 | -164 324 |
| Weighted average number of outstanding shares(000's) | | 942 021 | 942 021 | 942 021 | 878 651 | 894 624 |
| Earnings/(loss) per share (basic and diluted) | | -0,00 | -0,01 | 0,07 | -0,11 | -0,18 |
| Comprehensive Income Statement | | 2018 | 2017 | 2018 | 2017 | 2017 |
| <i>(Amounts in USD 1 000)</i> | | 3Q | 3Q | Jan-Sep | Jan-Sep | Jan-Dec |
| | | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Net profit/(loss) | | -4 696 | -8 336 | 53 249 | -113 572 | -204 044 |
| Other comprehensive income/(expense): | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Pension remeasurement gain/(loss) | | - | - | - | - | -491 |
| Items that may be subsequently reclassified to profit or loss: | | | | | | |
| Currency translation differences | | 4 337 | - | 9 549 | 20 | 8 261 |
| Total comprehensive loss for the period | | -359 | -8 336 | 62 798 | -113 552 | -196 274 |
| Attributable to non-controlling interest | | -2 824 | -5 | -11 741 | -20 562 | -39 700 |
| Attributable to shareholders of the Company: | | 2 465 | -8 330 | 74 539 | -92 989 | -156 575 |
| Total comprehensive income for the period attributable to shareholders arises from: | | | | | | |
| Continuing operations | | 2 941 | -5 871 | -12 226 | -83 345 | -151 883 |
| Discontinued operations | | -477 | -2 459 | 86 765 | -9 644 | -4 691 |
| Attributable to shareholders of the Company: | | 2 465 | -8 330 | 74 539 | -92 989 | -156 575 |

* The 3Q 2017, Jan-Sep 2017 and Jan-Dec 2017 amounts above are restated to present the discontinued operation related to the sale of SOC and the vessels "Siem Aimery" and "Siem Moxie" separately. Please see note 9 for further details.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| <i>(Amounts in USD 1 000)</i> | Note | 30.09.2018 | 31.12.2017 |
|--|------|------------------|------------------|
| | | <i>Unaudited</i> | <i>Audited</i> |
| Non-current assets | | | |
| Vessels and equipment | 5, 8 | 1 535 456 | 1 739 684 |
| Capitalized project cost | 5 | 5 625 | 7 029 |
| Investment in associates and other long-term receivables | | 44 282 | 15 462 |
| CIRR loan deposit 1) | 6 | 73 635 | 65 346 |
| Deferred tax asset | | 10 986 | 11 125 |
| Intangible assets | 5, 8 | 1 118 | 18 766 |
| Total non-current assets | | 1 671 101 | 1 857 413 |
| Debtors, prepayments and other current assets | | 107 919 | 124 152 |
| Asset held for sale | | 310 | - |
| Cash and cash equivalents | 6 | 80 069 | 63 511 |
| Total current assets | | 188 298 | 187 662 |
| Total assets | | 1 859 399 | 2 045 075 |
| Equity | | | |
| Paid-in capital | | 647 313 | 647 313 |
| Other reserves | | -29 093 | -38 813 |
| Retained earnings | | -117 770 | -182 626 |
| Shareholders' equity | | 500 449 | 425 874 |
| Non-controlling interest | | 35 996 | 47 737 |
| Total equity | | 536 445 | 473 611 |
| Liabilities | | | |
| Borrowings | 6 | 973 133 | 1 210 558 |
| CIRR loan 1) | 6 | 73 635 | 65 346 |
| Derivative financial instruments | | 4 607 | - |
| Other non-current liabilities | | 55 613 | 70 743 |
| Total non-current liabilities | | 1 106 987 | 1 346 648 |
| Borrowings | 6 | 147 015 | 92 442 |
| Accounts payable and other current liabilities | 7 | 68 952 | 132 375 |
| Total current liabilities | | 215 967 | 224 816 |
| Total liabilities | | 1 322 954 | 1 571 464 |
| Total equity and liabilities | | 1 859 399 | 2 045 075 |

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS

| <i>(Amounts in USD 1 000)</i> | 2018 | 2017 |
|---|------------------|-----------------|
| | Jan-Sep | Jan-Dec |
| | <i>Unaudited</i> | <i>Audited</i> |
| Cash flow from operations | | |
| Net profit/(loss) | -33 516 | -204 044 |
| Interest expense | 40 774 | 56 833 |
| Interest paid | -44 642 | -57 088 |
| Interest income | -14 244 | -8 461 |
| Interest received | 14 175 | 7 691 |
| Tax expense | -459 | 9 087 |
| Taxes paid | 1 490 | -945 |
| Results from associated companies | -402 | -580 |
| Loss/(gain) on sale of assets | -228 | -46 |
| Employee share scheme expenses | 37 | 223 |
| Impairment of vessels, projects, intangibles, long-term receivables | 9 385 | 150 299 |
| Depreciation and amortization | 82 304 | 122 032 |
| Effect of unreal. gain on currency exchange forward contracts | 769 | -350 |
| Changes in short-term receivables and payables | -44 786 | 15 832 |
| CIRR gain | -276 | -368 |
| Other changes | -567 | 17 515 |
| Net cash flow from operations | 9 814 | 107 630 |
| Cash flow from investing activities | | |
| Investments in fixed assets | -7 315 | -20 031 |
| Proceeds from sale of fixed assets | 112 095 | 31 880 |
| Net cash from sale of SOC | 76 684 | - |
| Cash flow from investing activities | 181 463 | 11 849 |
| Cashflow from financing activities | | |
| Proceeds from issue of new equity | - | 22 094 |
| Effect from restatement of bonds to convertible bonds | -28 321 | - |
| Proceeds from new long-term borrowing | - | 31 097 |
| Repayment of long-term borrowing | -156 919 | -220 678 |
| Cash flow from financing activities | -185 240 | -167 488 |
| Net change in cash | 6 037 | -48 009 |
| Cash at bank start of period | 63 511 | 101 323 |
| Effect of exchange rate differences | 10 521 | 10 197 |
| Cash at bank at end of period | 80 069 | 63 511 |
| Details of continuing and discontinued operations: | | |
| Cash balance related to discontinued operations | - | 17 726 |
| Cash balance related to continuing operations | 80 069 | 45 785 |
| Total cash balance end of period | 80 069 | 63 511 |
| Net change in cash from discontinued operations | -17 726 | -27 364 |
| Net change in cash from continuing operations | 23 763 | -20 645 |
| Total net change in cash | 6 037 | -48 009 |

Figures above include discontinued operations unless explicitly stated.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in USD 1 000)

| | Total no. of shares | Share capital | Share premium reserves | Other reserves | Retained earnings | Shareholders' equity | Non-Controlling interest | Total equity |
|---|---------------------|---------------|------------------------|----------------|-------------------|----------------------|--------------------------|----------------|
| Equity on 1 January 2017 | 842 021 380 | 8 420 | 616 799 | -47 276 | -28 836 | 549 107 | 98 878 | 647 985 |
| Change previous periods | | - | - | - | -414 | -414 | -3 | -416 |
| Net profit to shareholders | | - | - | - | -164 324 | -164 324 | -39 720 | -204 044 |
| Employee share scheme -Value of employee services | | - | - | 223 | - | 223 | - | 223 |
| Pension remeasurement | | - | - | - | -491 | -491 | - | -491 |
| Currency translation differences | | - | - | 8 240 | - | 8 241 | 20 | 8 261 |
| Acquisition of shares from minority interests | | - | - | - | 11 439 | 11 439 | -11 439 | - |
| Shares issues in Siem Offshore Inc | 100 000 000 | 1 000 | 21 094 | - | - | 22 094 | - | 22 094 |
| Equity on 31 December 2017 | 942 021 380 | 9 420 | 637 893 | -38 813 | -182 626 | 425 874 | 47 737 | 473 611 |

(Amounts in USD 1 000)

| | Total no. of shares | Share capital | Share premium reserves | Other reserves | Retained earnings | Shareholders' equity | Non-Controlling interest | Total equity |
|---|---------------------|---------------|------------------------|----------------|-------------------|----------------------|--------------------------|----------------|
| Equity on 1 January 2018 | 942 021 380 | 9 420 | 637 893 | -38 813 | -182 626 | 425 874 | 47 737 | 473 610 |
| Net profit to shareholders | | - | - | - | 64 856 | 64 856 | -11 607 | 53 249 |
| Employee share scheme -Value of employee services | | - | - | 37 | - | 37 | - | 37 |
| Currency translation differences | | - | - | 9 682 | - | 9 682 | -133 | 9 549 |
| Equity on 30 September 2018 | 942 021 380 | 9 420 | 637 893 | -29 093 | -117 770 | 500 449 | 35 996 | 536 445 |

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 30 September 2018 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 2017 which have been prepared in accordance with IFRS.

Note 2 – Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017 and with new standards, amendments to standards and interpretations that have become effective in 2018. The adoption of these amendments 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 49% of the long-term interest-bearing debt was subject to floating interest rates at the end of September 2018, and taking into consideration the effects of hedging agreements. The remaining portion 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 on 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Segment Reporting

| <i>(Amounts in USD 1 000)</i> | 2018 | Restated* | 2018 | Restated* | Restated* |
|---|---------------|----------------|----------------|----------------|-----------------|
| | 3Q | 2017 | 2018 | 2017 | 2017 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| Operating revenue by segments | | | | | |
| Platform Supply Vessels | 17 403 | 13 983 | 46 091 | 45 536 | 57 930 |
| Offshore Subsea Construction Vessels and WIV | 30 392 | 33 895 | 89 755 | 94 113 | 118 143 |
| Anchor Handling Tug Supply Vessels | 14 673 | 19 964 | 34 267 | 37 007 | 46 659 |
| Brazilian Fleet | 5 620 | 7 895 | 17 067 | 21 254 | 28 177 |
| Canadian Fleet | 7 574 | 7 435 | 21 956 | 22 466 | 29 154 |
| Other/Intercompany elimination | 388 | 710 | 1 797 | -1 250 | -390 |
| Scientific Core-Drilling Vessel | 10 009 | 6 960 | 23 688 | 20 288 | 27 237 |
| Total operating revenue | 86 059 | 90 843 | 234 622 | 239 415 | 306 911 |
| Total operating revenue from discontinued operations | - | 10 422 | 14 490 | 87 108 | 108 398 |
| Total operating revenue from continuing/discontinued operations | 86 059 | 101 265 | 249 111 | 326 523 | 415 309 |
| Operating profit by segments | | | | | |
| Platform Supply Vessels | 2 260 | 748 | 4 710 | -27 489 | -45 315 |
| Offshore Subsea Construction Vessels and WIV | 9 574 | 11 751 | 28 241 | 21 316 | 22 557 |
| Anchor Handling Tug Supply Vessels | -7 103 | -1 664 | -33 040 | -42 478 | -78 859 |
| Brazilian Fleet | 2 053 | 3 875 | 4 523 | 5 069 | 6 879 |
| Canadian Fleet | 2 113 | 1 832 | -4 391 | 5 274 | 1 179 |
| Other/Intercompany elimination | 535 | -4 171 | 1 395 | -2 379 | -14 823 |
| Scientific Core-Drilling Vessel | 5 881 | 2 975 | 12 059 | 9 159 | 12 433 |
| Total operating profit from segments | 15 312 | 15 346 | 13 497 | -31 528 | -95 948 |
| Administration expenses | -5 775 | -6 250 | -17 679 | -20 082 | -28 087 |
| Gain (loss) on sale of fixed assets | -6 | 247 | 268 | 155 | 13 |
| Gain of sale of interest rate derivatives (CIRR) | 92 | 92 | 276 | 276 | 368 |
| Gain (loss) on currency exchange forward contracts | -3 713 | 4 695 | -667 | 3 505 | -264 |
| Total operating profit /(loss) | 5 909 | 14 129 | -4 304 | -47 675 | -123 918 |
| Total operating profit /(loss) from discontinued operations | - | -106 | -2 471 | -2 883 | 4 635 |
| Total operating profit /(loss) from continuing/discontinued operations | 5 909 | 14 023 | -6 775 | -50 557 | -119 283 |

* The 3Q 2017, Jan-Sep 2017 and Jan-Dec 2017 amounts above are restated to present the discontinued operation related to the sale of SOC and the vessels “Siem Aimery” and “Siem Moxie” separately. Please see note 9 for further details.

NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Vessels, Equipment, Project Cost and Intangible Assets

| <i>(Amounts in USD 1 000)</i> | Land and buildings | Vessels and equipment | Capitalized project cost | Total |
|--|-----------------------|--------------------------|-----------------------------|------------------|
| Purchase cost on 1 January 2018 | 341 | 2 658 387 | 17 556 | 2 676 284 |
| Capital expenditure | - | 7 314 | - | 7 314 |
| Movement between groups | - | 11 397 | - | 11 397 |
| The year's disposal at cost | - | -155 936 | -5 975 | -161 911 |
| Effect of exchange rate differences | -39 | -3 177 | -2 | -3 218 |
| Purchase cost on 30 September 2018 | 302 | 2 517 986 | 11 579 | 2 529 866 |
| Accumulated depreciation on 1 January 2018 | -46 | -602 991 | -10 527 | -613 564 |
| Accumulated impairment on 1 January 2018 | - | -316 007 | - | -316 007 |
| Movement between groups | - | -14 112 | 2 714 | -11 397 |
| The year's depreciation | -7 | -80 883 | -1 414 | -82 304 |
| The year's impairment | - | -9 385 | - | -9 385 |
| The year's disposal of accumulated depreciation | - | 40 225 | 3 255 | 43 480 |
| Effect of exchange rate differences | 1 | 373 | 17 | 391 |
| Accumulated depreciation on 30 September 2018 | -53 | -982 779 | -5 954 | -988 786 |
| Net book value on 30 September 2018 | 249 | 1 535 207 | 5 625 | 1 541 080 |

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

| <i>(Amounts in USD 1 000)</i> | Goodwill | Research and Development | Trademarks and licences | Total |
|--|---------------|-----------------------------|----------------------------|---------------|
| Intangible assets | | | | |
| Purchase cost on 1 January 2018 | 18 229 | 12 285 | 404 | 30 918 |
| Business combination | -16 719 | -503 | -35 | -17 256 |
| The year's disposal at cost | - | -11 782 | - | -11 782 |
| Effect of exchange rate differences | -392 | - | - | -392 |
| Purchase cost on 30 September 2018 | 1 118 | - | 370 | 1 487 |
| Accumulated depreciation on 1 January 2018 | - | -5 077 | -370 | -5 447 |
| Accumulated impairment on 1 January 2018 | - | -6 705 | - | -6 705 |
| The year's disposal of accumulated depreciation | - | 5 077 | - | 5 077 |
| The year's disposal of accumulated impairment | - | 6 705 | - | 6 705 |
| Accumulated depreciation on 30 September 2018 | - | - | -370 | -370 |
| Net book value on 30 September 2018 | 1 118 | - | - | 1 118 |

Goodwill was recorded following Siem Offshore's purchase of Secunda Holdings.

Research and Development, Trademarks and licences referred to Siem WIS AS' patented technology for the drilling industry. Siem WIS has been sold.

Impairment in previous periods has been identified for vessels, capitalized equipment and intangibles. See note 8 for further details.

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Net Interest-Bearing Debt

| <i>(Amounts in USD 1 000)</i> | 30.09.2018 | 31.12.2017 |
|------------------------------------|-------------------|-------------------|
| | <i>Unaudited</i> | <i>Audited</i> |
| Total cash | 80 069 | 63 511 |
| Short-term interest bearing-debt | -147 015 | -92 442 |
| Long-term interest bearing-debt | -973 133 | -1 210 558 |
| Total interest-bearing debt | -1 120 148 | -1 302 999 |
| Net interest-bearing debt | -1 040 079 | -1 239 489 |

| Unearned CIRR | 30.09.2018 | 31.12.2017 |
|---|-------------------|-------------------|
| Beginning of year | 682 | 1 050 |
| Recognized in the profit and loss account | -276 | -368 |
| End of period | 406 | 682 |

The interest-bearing debt is denominated in currencies as follows: USD 80.9%, NOK 16.8 % and CAD 2.3%.

Note 7 – Taxes

The Company is subject to taxes in several jurisdictions where significant judgement is required in calculating the tax provision for the Company. There are several transactions for which the ultimate tax cost is uncertain and for which the Company makes provisions based on an assessment of internal estimates, tax treaties and tax regulations in countries of operation, and appropriate external advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax charge in the period in which the outcome is determined. The tax cost for the period relates to corporate tax and withholding tax for operating both in Norway and other jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Exceptional items

(Amounts in USD 1 000)

| | 2018 3Q | Restated* 2017 3Q | 2018 Jan-Sep | Restated* 2017 Jan-Sep | Restated* 2017 Jan-Dec |
|--|------------------|-------------------------|------------------|------------------------------|------------------------------|
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Operating items | | | | | |
| Impairment charge relating to vessel segments: | | | | | |
| PSV | - | - | - | 32 151 | 51 526 |
| OSCV and WIV | - | - | - | 10 000 | 15 450 |
| AHTS vessels | - | - | - | 15 000 | 40 146 |
| Canadian fleet | - | - | 8 859 | - | 4 130 |
| Brazilian flagged vessels | - | - | 526 | - | - |
| Other vessels | - | 224 | - | 224 | 359 |
| Total impairment charge for vessels and equipment | - | 224 | 9 385 | 57 375 | 111 611 |
| Impairment related to long-term receivables and loans (1) | - | 5 000 | - | 5 000 | 14 565 |
| Impairment related to Standstill agreement and Convertible loan to Daya Materials Berhad | - | - | - | - | 19 000 |
| Impairment related to other assets | - | - | - | - | 5 000 |
| Total charge for impairments | - | 5 224 | 9 385 | 62 375 | 150 176 |

(1) The 2017 impairment related to long-term loans is included in the Financial expenses.

At June 30, 2018, impairment tests were performed for vessels and capitalized equipment and investments in subsidiaries and the company identified possible impairment for certain assets. Valuation was received from accredited brokers for all vessels.

* The 3Q 2017, Jan-Sep 2017 and 31 December 2017 amounts above are restated to be exclusive of discontinued operations. The discontinued operations related to the sale of SOC and the vessels "Siem Aimery" and "Siem Moxie" are presented separately. Please see note 9 for further details.

Note 9 - Discontinued operations

On March 1, 2018 the Company announced that it had entered into an agreement with a subsidiary of Subsea 7 S.A to sell all its shares in Siem Offshore Contractors GmbH ("SOC") subject to German competition clearance. Simultaneously, the Company also announced that it has agreed to sell the cable lay vessel "Siem Aimery" and the installation support vessel "Siem Moxie" to a company in the Subsea 7 Group. The Company and Subsea 7 are related parties.

On April 11, 2018, the Company announced that that transaction had been completed. Financial information relating to the discontinued operations for the third quarter 2018 and Jan-Sep 2018 is set out below. The discontinued operations includes SOC, "Siem Aimery" and "Siem Moxie" and the gain from the sale of SOC and the vessels "Siem Aimery" and "Siem Moxie".

NOTES TO THE FINANCIAL STATEMENTS



Note 9 - Discontinued operations

| | | | | | |
|---|-------------|---------------|---------------|---------------|---------------|
| Administration expenses | - | -1 317 | -1 442 | -3 477 | -5 247 |
| Operating margin | - | 1 905 | -492 | 17 133 | 27 722 |
| Depreciation and amortization | - | -2 057 | -1 991 | -6 416 | -8 432 |
| Impairment of vessels | - | - | - | -13 645 | -14 688 |
| Gain (loss) on sales of assets | - | 46 | 12 | 46 | 33 |
| Operating profit | - | -106 | -2 471 | -2 883 | 4 635 |
| Financial income | - | 321 | 282 | 814 | 1 225 |
| Financial expenses | - | -733 | -3 924 | -2 294 | -3 268 |
| Net currency gain (loss) | - | 135 | -167 | 88 | 135 |
| Net financial items | - | -277 | -3 810 | -1 392 | -1 909 |
| Result from associated companies | - | - | - | - | - |
| Profit/(loss) before taxes | - | -383 | -6 280 | -4 274 | 2 726 |
| Tax benefit / (expense) | - | -2 076 | - | -5 370 | -7 418 |
| Profit/(loss) after taxes from discontinued operations | - | -2 459 | -6 280 | -9 644 | -4 691 |
| Gain on sale of subsidiary and vessels | -477 | - | 93 045 | - | - |
| Net profit/(loss) from discontinued operations | -477 | -2 459 | 86 765 | -9 644 | -4 691 |

Details on sale of subsidiary and vessels:

(Amounts in USD 1 000)

| Consideration: | Total |
|----------------------------|----------------|
| Cash: | 172 812 |
| Non-cash | 46 802 |
| Contingent consideration | 26 401 |
| Total consideration | 246 016 |
| Book value of assets sold | -152 971 |
| Net gain on sale | 93 045 |

Assets and liabilities related to discontinued operations:

(Amounts in USD 1 000)

| | 30.09.2018 | 31.12.2017 |
|--|------------|----------------|
| Assets related to discontinued operations | | |
| Vessels and equipment | - | 115 353 |
| Investment in associates and other long-term receivables | - | 1 599 |
| Deferred tax asset | - | 152 |
| Intangible assets | - | 17 085 |
| Debtors, prepayments and other current assets | - | 31 275 |
| Cash and cash equivalents | - | 17 726 |
| Total assets related to discontinued operations | - | 183 189 |

(Amounts in USD 1 000)

| | 30.09.2018 | 31.12.2017 |
|---|------------|----------------|
| Liabilities related to discontinued operations | | |
| Non-current Borrowings | - | 60 474 |
| Other non-current liabilities | - | 21 479 |
| Current Borrowings | - | 6 146 |
| Accounts payable and other current liabilities | - | 49 600 |
| Liabilities related to discontinued operations | - | 137 699 |



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