SIEM OFFSHORE INC.
REPORT FOR FOURTH QUARTER AND FISCAL YEAR 2018

28 February 2019 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and the fiscal year ended 31 December 2018.

SELECTED FINANCIAL INFORMATION

(Amounts in USD millions)	2018 4Q	2017 4Q*	2018 Jan-Dec	2017 Jan-Dec*
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	73.1	67.5	307.7	306.9
Operating margin	27.5	25.3	115.1	125.2
Operating margin, %	38 %	37 %	37 %	41 %
Operating profit (loss)	(62.6)	(76.2)	(66.9)	(123.9)
Profit (loss) before taxes	(59.5)	(95.1)	(93.5)	(197.7)
Net profit (loss) from continuing operations	(60.5)	(95.4)	(94.1)	(199.4)
Net profit (loss) from discontinued operations	-	5.0	86.8	(4.7)
Net profit (loss)	(60.5)	(90.5)	(7.3)	(204.0)
Net profit (loss) attributable to shareholders	(48.9)	(71.2)	16.0	(164.3)

* The 4Q 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 FOURTH QUARTER

- Agreed a 15-month contract with 6 x 1-month options for the offshore subsea construction vessel, "Siem Barracuda".
- Conducted a review of vessel valuations, intangibles and long-term receivables and recorded aggregate impairments of USD55.9 million.

SUBSEQUENT EVENTS

- Completed the sale and delivery of the three PSVs, "Siem Sasha", "Siem Louisa" and "Sophie Siem".
- Agreed a 90-day contract with a 50-day option for each of two AHTS vessels with commencement in June 2019.
- Agreed one-well contract for well-supply duties for the PSV "Siem Symphony" with commencement in March 2019.
- Reached agreement with the financing banks of the subsidiary, "Siem AHTS Pool AS", for a revised repayment schedule for a 12-month period.

MARKET AND OUTLOOK

The fourth quarter continued as the previous quarters in 2018, with low activity and excess capacity, resulting in low rates for offshore supply vessels. We experienced a slight increase in the activity on a world-wide basis, but insufficient to increase rates.

The North Sea spot market was, as expected, very disappointing with low activity and oversupply of tonnage. Term contracts for AHTS vessels are still more or less none-existent. However, we see a positive sign in the increased number of requests in the market for medium-term PSV requirements.

Offshore construction vessels saw high utilization with support from the offshore wind industry, but day rates continued to be weak.

We expect to see more activity in 2019 compared to 2018 but still believe that overall rate levels will remain volatile and at generally low levels throughout 2019.

The consolidation efforts seen so far have not appreciably improved the market. A reduction in the number of offshore support vessels through lay-ups and by scrapping is necessary to improve the market balance.

The uncertainty related to the number of upcoming drilling campaigns makes it difficult to predict when the market will improve, especially for AHTS vessels and PSVs.

RISKS AND GOING CONCERN

The Company is exposed to a number of risks, among which the most important is the demand for its services. A stable oil price at today's level of approximately USD66 per barrel over time would increase exploration and production spending and related drilling activities. There are positive signs that the activity in the offshore market will increase in the coming years. However, the significant excess capacity in the offshore service-vessel fleet has increased the competition amongst owners for any vessel requirements, thus depressing charter rates and vessel utilizations. The imbalance of supply and demand for offshore vessels is expected to remain for several years and will continue to put pressure on the charter rates and our cashflow.

In preparation for a prolonged downturn in the offshore supply market, the Company and its banks agreed to a revised Finance Plan.

The bank lenders agreed in August 2018 to an extension of final bullet payments on all mortgage debt to December 2022, 30% deferral of instalments for the fleet (except for the Canadian vessels, the Brazilian vessels and the two Helix vessels), with a cash sweep mechanism and an easing of certain debt covenant requirements for the next 4.5 years.

Also, the Company agreed with its bondholders in SIOFF02 (NOK700 million) to exchange their bonds into a 5½ year convertible bond at 80% of par value, at a fixed interest of 2.75% and at a conversion price at NOK 3.00 per share. The Company has a call option at 120% of par value. Also, the bondholders in SIOFF01 (NOK600 million) were offered the opportunity to exchange their bonds into the amended SIOFF02 bond agreement. Bondholders owning a total of NOK250 million in SIOFF01 accepted the exchange.

As a consequence of the continued weakness in the AHTS vessel offshore market during the second half 2018, the Company agreed with its lenders in February 2019 to increase deferral of instalments from 30% to 70% for the 10 AHTS vessels for an interim period of 12 months.

The agreements reached with the banks and changes in the bond agreement provide the Company a stronger financial platform to meet the challenges for an extended downturn in the offshore supply market.

RESULTS AND FINANCE

Income Statements (4Q 2018 over 4Q 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 USD73.1 million (2017: USD67.5 million). The operating margin was USD27.5 million (2017: USD25.3 million) and the operating margin as a percentage of revenues was 38% (2017: 37%). The increase in revenues from 4Q 2017 is mainly due to higher revenues and utilization from the PSVs and the OSCV fleet. Administration expenses were USD6.4 million (2017: USD8.3 million).

Operating profit/(loss) was USD(62.6) million (2017: USD(76.2) million) after depreciation and amortisation expenses of USD26.6 million (2017: USD24.5 million) and after impairment of certain vessel values of USD47.6 million (2017: USD54.2 million), after impairment of intangibles of USD1.1 million (2017: nil) and after impairment related to long-term receivables of USD7.2 million (2017: USD19.0 million). The net currency exchange gain/(loss) of USD(7.7) million (2017: USD(3.8) million) was recorded on currency derivative contracts of which USD(6.6) million was an unrealised gain/(loss) (2017: USD(3.7) million). The currency derivative contracts are entered into in order to hedge future non-USD operating expenses.

Net financial items were USD2.9 million (2017: USD(19.0) million) and included a net revaluation gain/(loss) of non-USD currency items of USD16.5 million (2017: USD0.9 million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies.

Net profit/(loss) from discontinued operations was nil (2017: USD5.0 million).

The net profit/(loss) attributable to shareholders was USD(48.9) million (2017: USD(71.2) million), or USD(0.05) per share (2017: USD(0.08) per share).

Income Statements (YTD 31 December 2018 over YTD 31 December 2017)

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

Operating revenues were USD307.7 million (2017: USD306.9 million). The operating margin was USD115.1 million (2017: USD125.2 million) and the operating margin as a percentage of revenues was 37% (2017: 41%). Administration expenses were USD24.1 million (2017: USD28.4 million).

Operating profit/(loss) was USD(66.9) million (2017: USD(123.9) million) after depreciation and amortisation expenses of USD108.9 million (2017: USD113.6 million) and after impairment of certain vessels of USD57.0 million (2017: USD111.6 million), after impairment of intangibles of USD1.1 million (2017: nil) and after impairment related to long-term receivables of USD7.2 million (2017: USD24.0 million). The net currency exchange gains/(loss) of USD(8.3) million (2017: USD(0.3) million) were recorded on currency derivative contracts of which USD(7.4) million was an unrealised gain/(loss) (2017: USD0.4 million). The currency derivative contracts are entered into in order to hedge future non-USD operating expenses.

Net financial items were USD(27.2) million (2017: USD(74.3) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(7.5) million (2017: USD(15.4) 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. The financial income also include USD4.3 million in interest related to two separate disputes with clients in Brazil and India. The net tax expense of USD0.6 million includes a USD0.6 million tax refund from a foreign jurisdiction related to prior years' taxation.

Net profit/(loss) from discontinued operations was USD86.8 million (2017: USD(4.7) 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 the future is highly dependent on SOC's performance of the years 2019 to 2023.

The net profit/(loss) attributable to shareholders was USD16.0 million (2017: USD(164.3) million), or USD0.02 per share (2017: USD(0.18) per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD432.9 million at 31 December 2018 (31 December 2017: USD425.9 million), equivalent to USD0.46 per share (2017: USD0.45 per share). Net cash flow from operations for the fiscal year 2018 was USD32.7 million and the cash position at 31 December 2018 was USD63.4 million.

The balance sheet included gross interest-bearing debt equivalent to USD1.1 billion. The Company made principal repayments of USD194.6 million.

The weighted average cost of debt for the Company was approximately 4.3% p.a. at 31 December 2018, including the effect of debt related derivatives (interest rate swaps and cross currency swaps).

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 did not experience major injuries nor environmental incidents in the fourth quarter of 2018. In 4Q, the safety campaign focusing on "Hand and Finger injuries" was rolled out to the fleet globally. The Company has by year-end 2018 successfully reached its Key Performance Indicator goal for Total Recordable Incidents and will continue to strive for improvement.

The Company has interacted closely with several major clients in Safety Campaigns and Safety cooperation globally.

The Fleet

At 31 December 2018, the fleet totalled 40 vessels (2017: 43 vessels), including partly-owned vessels. Four vessels were in lay-up at the end of the quarter. Three vessels have been classified as "Assets held for sale".

Results for the Fourth 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 USD16.1 million and had 94% utilisation excluding vessels in lay-up (2017: USD12.4 million and 79%). The operating margin before administration expenses for these PSVs was USD7.0 million (2017: USD5.9 million) and the operating margin as a percentage of revenues was 44% (2017: 48%).

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 USD30.3 million and had 96% utilisation (2017: USD24.0 million and 91%). The operating margin before administration expense was USD17.8 million (2017: USD15.4 million) and the operating margin as a percentage of revenues was 59% (2017: 64%).

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 USD9.6 million based on 63% utilisation excluding vessels in lay-up (2017: USD9.7 million and 62%). The operating margin before administration expense was USD0.5 million (2017: USD(0.9) million) and the operating margin as a percentage of revenues was 5% (2017: (9)%).

Two vessels were 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). Two vessels were in lay-up at the end of the quarter. The remaining four vessels operated under term contracts in Brazil. The fleet earned operating revenues of USD5.2 million and had 95% utilisation excluding vessels in lay-up (2017: USD6.9 million and 96%). The operating margin before administration expense for the fleet was USD1.8 million (2017: USD3.4 million) and the operating margin as a percentage of revenues was 35% (2017: 49%).

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 USD6.9 million and had 93% utilisation (2017: USD6.7 million and 69%). The operating margin before administration expenses for the fleet was USD3.1 million (2017: USD2.6 million) and the operating margin as a percentage of revenues was 45% (2017: 39%).

The 41%-ownership in the "Big Orange XVIII" recorded a share of profit/(loss) of USD0.2 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 USD4.7 million (2017: USD7.0 million) and an operating margin before administration expenses of USD3.7 million (2017: USD4.1 million). The operating margin as a percentage of revenue was 80% (2017: 59%). Revenue and operating cost variance mainly due to reclassification of DGH India case settlement booked as revenue in 3Q and reclassified as reduced operating cost in 4Q. The operating margin includes a net profit of USD3.1 million related to a dispute with a client in India.

Results for the year ended 31 December 2018

Platform Supply Vessels (PSVs)

These PSVs recorded operating revenues of USD62.2 million and had 95% utilisation excluding vessels in lay-up (2017: USD57.9 million and 94%). The operating margin before administration expenses for these PSVs was USD27.3 million (2017: USD26.4 million) and the operating margin as a percentage of revenues was 44% (2017: 46%).

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

The OSCVs and WIVs earned operating revenues of USD120.0 million and had 97% utilisation (2017: USD118.1 million and 92%). The operating margin before administration expense was USD69.5 million (2017: USD72.0 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 USD43.9 million based on 66% utilisation excluding vessels in lay-up (2017: USD46.7 million and 64%). The operating margin before administration expense was USD(3.0) million (2017: USD2.5 million) and the operating margin as a percentage of revenues was (7)% (2017: 5%).

Other Vessels

The fleet of Brazilian flagged vessels earned operating revenues of USD22.3 million and had 97% utilisation excluding vessels in lay-up (2017: USD28.2 million and 96%). The operating margin before administration expense for the fleet was USD10.5 million (2017: USD15.3 million) and the operating margin as a percentage of revenues was 47% (2017: 54%).

The Canadian-owned fleet earned operating revenues of USD28.9 million and had 88% utilisation (2017: USD29.2 million and 75%). The operating margin before administration expenses for the fleet was USD13.6 million (2017: USD13.6 million) and the operating margin as a percentage of revenues was 47% (2017: 47%).

The 41%-ownership in the "Big Orange XVIII" recorded a share of profit/(loss) of USD0.6 million (2017: USD0.6 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 USD28.4 million (2017: USD27.2 million) and an operating margin before administration expenses of USD19.1 million (2017: USD15.5 million). The operating margin as a percentage of revenue was 67% (2017: 57%). The operating margin includes a net profit of USD3.1 million related to a settlement from an old dispute with a client in India.

The total backlog at 31 December 2018 was USD688 million and is allocated as follows:

(Amounts in USD millions)	2019	2020	2021 onwards	Total
OSVs	184	140	344	668
Other	20	-	-	20
Total Backlog	**204**	**140**	**344**	**688**

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

28 February 2019

Eystein Eriksrud, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

(Amounts in USD 1 000)	Note	2018 4Q	Restated* 2017 4Q	2018 Jan-Dec	Restated* 2017 Jan-Dec
		Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	73 114	67 496	307 736	306 911
Operating expenses		-39 139	-33 948	-168 575	-153 367
Administration expenses		-6 426	-8 287	-24 105	-28 369
Operating margin		**27 549**	**25 260**	**115 056**	**125 175**
Depreciation and amortization	5	-26 618	-24 450	-108 922	-113 600
Impairment of vessels	5,8	-47 605	-54 236	-56 990	-111 611
Impairment of intangibles	5,8	-1 080	-	-1 080	-
Impairment related to long-term receivables, projects	8	-7 200	-19 000	-7 200	-24 000
Gain/(loss) on sales of fixed assets	5	-19	-142	249	13
Gain on sale of interest rate derivatives (CIRR)	6	92	92	368	368
Gain/(loss) on currency derivative contracts		-7 678	-3 768	-8 344	-264
Operating profit/(loss)	4	**-62 559**	**-76 243**	**-66 863**	**-123 918**
Financial income		2 993	3 501	43 474	7 462
Financial expenses	8	-16 572	-23 446	-63 144	-66 381
Net currency gain/(loss) on revaluation		16 452	904	-7 530	-15 427
Net financial items		**2 873**	**-19 040**	**-27 200**	**-74 345**
Result from associated companies		199	197	601	580
Profit/(loss) before taxes		**-59 487**	**-95 086**	**-93 462**	**-197 683**
Tax benefit / (expense)	7	-1 047	-339	-588	-1 670
Net profit/(loss) from continuing operations		**-60 534**	**-95 425**	**-94 051**	**-199 353**
Net profit/(loss) from discontinued operations	9	-	4 953	86 765	-4 691
Net profit/(loss)		**-60 534**	**-90 472**	**-7 286**	**-204 044**
Attributable to non-controlling interest		-11 630	-19 223	-23 237	-39 720
Attributable to shareholders of the Company		**-48 905**	**-71 249**	**15 951**	**-164 324**
Weighted average number of outstanding shares(000's)		942 021	942 021	942 021	894 624
Earnings/(loss) per share (basic and diluted)		-0,05	-0,08	0,02	-0,18

Comprehensive Income Statement *(Amounts in USD 1 000)*	2018 4Q	2017 4Q	2018 Jan-Dec	2017 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Net profit/(loss)	**-60 534**	**-90 472**	**-7 286**	**-204 044**
Other comprehensive income/(expense)				
Items that will not be reclassified to profit or loss:				
Pension remeasurement gain/(loss)	-145	-491	-145	-491
Items that may be subsequently reclassified to profit or loss:				
Currency translation differences	-14 962	8 175	-5 413	8 261
Total comprehensive loss for the period	**-75 641**	**-82 788**	**-12 844**	**-196 274**
Attributable to non-controlling interest	-11 630	-19 137	-23 370	-39 700
Attributable to shareholders of the Company:	**-64 012**	**-63 651**	**10 527**	**-156 575**
Total comprehensive income for the period attributable to shareholders arises from:				
Continuing operations	-64 012	-68 604	-76 239	-151 883
Discontinued operations	-	4 953	86 765	-4 691
Attributable to shareholders of the Company:	**-64 012**	**-63 651**	**10 527**	**-156 575**

* The 4Q 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

(Amounts in USD 1 000)	Note	31.12.2018	31.12.2017
		Unaudited	*Audited*
Non-current assets			
Vessels and equipment	5, 8	1 445 299	1 739 684
Capitalized project cost	5	5 046	7 029
Investment in associates and other long-term receivables		35 768	15 462
CIRR loan deposit 1)	6	68 730	65 346
Deferred tax asset		10 890	11 125
Intangible assets	5, 8	-	18 766
Total non-current assets		**1 565 732**	1 857 413
Debtors, prepayments and other current assets		94 890	124 152
Assets held for sale	5	16 950	-
Cash and cash equivalents	6	63 413	63 511
Total current assets		**175 252**	**187 662**
Total assets		**1 740 984**	**2 045 075**
Equity			
Paid-in capital		647 313	647 313
Other reserves		-44 058	-38 813
Retained earnings		-170 352	-182 626
Shareholders´ equity		**432 903**	**425 874**
Non-controlling interest		27 898	47 737
Total equity		**460 801**	**473 611**
Liabilities			
Borrowings	6	970 988	1 210 558
CIRR loan 1)	6	68 730	65 346
Derivative financial instruments		2 727	-
Other non-current liabilities		56 915	70 743
Total non-current liabilities		**1 099 361**	**1 346 648**
Borrowings	6	103 900	92 442
Accounts payable and other current liabilities	7	76 924	132 375
Total current liabilities		**180 823**	**224 816**
Total liabilities		**1 280 184**	**1 571 464**
Total equity and liabilities		**1 740 984**	**2 045 075**

1) Commercial Interest Reference Rate

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in USD 1 000)	**2018 Jan-Dec**	**2017 Jan-Dec**
	Unaudited	*Audited*
Cash flow from operations		
Net profit/(loss)	-94 051	-204 044
Interest expense	55 932	56 833
Interest paid	-59 867	-57 088
Interest income	-15 397	-8 461
Interest received	15 258	7 691
Tax expense	588	9 087
Taxes paid	1 199	-945
Results from associated companies	-601	-580
Loss/(gain) on sale of assets	-249	-46
Employee share scheme expenses	34	223
Impairment of vessels, projects, intangibles, long-term receivables	65 270	150 299
Depreciation and amortization	108 922	122 032
Effect of unreal. gain on currency exchange forward contracts	7 413	-350
Changes in short-term receivables and payables	-40 753	15 832
CIRR gain	-368	-368
Other changes	-10 599	17 515
Net cash flow from operations	**32 731**	**107 630**
Cash flow from investing activities		
Investments in fixed assets	-10 968	-20 031
Proceeds from sale of fixed assets	112 484	31 880
Net cash from sale of SOC	76 684	-
Cash flow from investing activities	**178 199**	**11 849**
Cashflow from financing activities		
Proceeds from issue of new equity	-	22 094
Contribution from non-controlling interests of consolidated subsidiaries	7 878	-
Effect from restatement of bonds to convertible bonds	-23 580	-
Proceeds from new long-term borrowing	-	31 097
Repayment of long-term borrowing	-194 611	-220 678
Cash flow from financing activities	**-210 313**	**-167 488**
Net change in cash	**617**	**-48 009**
Cash at bank start of period	63 511	101 323
Effect of exchange rate differences	-715	10 197
Cash at bank end of period	**63 413**	**63 511**
Details of continuing and discontinued operations:		
Cash balance related to discontinued operations	-	17 726
Cash balance related to continuing operations	63 413	45 785
Total cash balance end of period	**63 413**	**63 511**
Net change in cash from discontinued operations	-17 726	-27 364
Net change in cash from continuing operations	18 343	-20 645
Total net change in cash	**617**	**-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**	**473 611**
Net profit to shareholders	-	-	-	-	15 951	**15 951**	-23 237	**-7 286**
Employee share scheme -Value of employee services	-	-	-	34	-	**34**	-	**34**
Pension remeasurement	-	-	-		-145	**-145**	-	**-145**
Currency translation differences	-	-	-	-5 280	-	**-5 280**	-133	**-5 413**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-5 246**	**15 806**	**10 560**	**-23 370**	**-12 809**
Aquisition of shares in partially owned subsidiary	-	-	-	-	-3 532	**-3 532**	3 532	**-**
Equity on 31 December 2018	**942 021 380**	**9 420**	**637 893**	**-44 058**	**-170 352**	**432 903**	**27 898**	**460 801**

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 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 December 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

(Amounts in USD 1 000)	2018 4Q	Restated* 2017 4Q	2018 Jan-Dec	Restated* 2017 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue by segments				
Platform Supply Vessels	16 063	12 394	62 155	57 930
Offshore Subsea Construction Vessels and WIV	30 279	24 030	120 034	118 143
Anchor Handling Tug Supply Vessels	9 644	9 652	43 911	46 659
Brazilian Fleet	5 229	6 923	22 295	28 177
Canadian Fleet	6 922	6 688	28 878	29 154
Other/Intercompany elimination	281	860	2 079	-390
Scientific Core-Drilling Vessel	4 696	6 949	28 384	27 237
Total operating revenue	**73 114**	**67 496**	**307 736**	**306 911**
Total operating revenue from discontinued operations	-	21 290	14 490	108 398
Total operating revenue from continuing/discontinued operations	**73 114**	**88 786**	**322 226**	**415 309**
Operating profit by segments				
Platform Supply Vessels	-2 012	-17 826	2 698	-45 315
Offshore Subsea Construction Vessels and WIV	9 772	1 240	38 013	22 557
Anchor Handling Tug Supply Vessels	-52 465	-36 381	-85 505	-78 859
Brazilian Fleet	545	1 811	5 068	6 879
Canadian Fleet	91	-4 095	-4 300	1 179
Other/Intercompany elimination	-7 337	-12 161	-5 942	-14 541
Scientific Core-Drilling Vessel	2 878	3 274	14 937	12 433
Total operating profit from segments	**-48 528**	**-64 138**	**-35 031**	**-95 666**
Administration expenses	-6 426	-8 287	-24 105	-28 369
Gain (loss) on sale of fixed assets	-19	-142	249	13
Net Gain from Bargain Purchase	-	-	-	-
Gain of sale of interest rate derivatives (CIRR)	92	92	368	368
Gain (loss) on currency exchange forward contracts	-7 678	-3 768	-8 344	-264
Total operating profit /(loss)	**-62 559**	**-76 243**	**-66 863**	**-123 918**
Total operating profit /(loss) from discontinued operations	-	**7 518**	**-2 471**	**4 635**
Total operating profit /(loss) from continuing/discontinued operations	**-62 559**	**-68 725**	**-69 334**	**-119 283**

* The 4Q 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.

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

(Amounts in USD 1 000)	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	-	10 968	-	**10 968**
Movement between groups	-10	13 130	-1 467	**11 653**
The year's disposal at cost	-34	-215 041	-4 554	**-219 629**
Effect of exchange rate differences	-10	-8 815	-163	**-8 988**
Purchase cost on 31 December 2018	**287**	**2 458 629**	**11 372**	**2 470 288**
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	10	-13 130	1 467	**-11 653**
The year's depreciation	-9	-107 053	-1 859	**-108 922**
The year's impairment	-	-56 990	-	**-56 990**
The year's disposal of accumulated depreciation	7	29 761	4 554	**34 322**
The year's disposal of accumulated impairment	-	48 858	-	**48 858**
Effect of exchange rate differences	-	3 974	38	**4 011**
Accumulated depreciation on 31 December 2018	**-39**	**-1 013 578**	**-6 326**	**-1 019 944**
Net book value on 31 December 2018	**248**	**1 445 051**	**5 046**	**1 450 344**

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	Research and Development	Trademarks and licences	Total
Purchase cost on 1 January 2018	**18 229**	**12 285**	**404**	**30 918**
The year's disposal at cost	-16 719	-12 285	-35	**-29 038**
Effect of exchange rate differences	-443	-	-	**-443**
Purchase cost on 31 December 2018	**1 067**	**-**	**370**	**1 437**
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**
Impairment of intangibles	-1 080	-		**-1 080**
Effect of exchange rate differences	13	-		**13**
Accumulated depreciation on 31 December 2018	**-1 067**	**-**	**-370**	**-1 437**
Net book value on 31 December 2018	**-**	**-**	**-**	**-**

Goodwill was recorded following Siem Offshore's purchase of Secunda Holdings. The goodwill was written off in 2018.

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

Impairments in previous periods relate to vessels, capitalized equipment and intangibles. See note 8 for further details.

Three PSVs ("Siem Sasha", "Siem Louisa" and "Sophie Siem") have been reclassified from fixed assets to assets held for sale. Net book value reflects the net sales price for the vessels.

Note 6 – Net Interest-Bearing Debt

(Amounts in USD 1 000)	**31.12.2018**	**31.12.2017**
	Unaudited	*Audited*
Total cash	**63 413**	**63 511**
Short-term interest bearing-debt	-103 900	-92 442
Long-term interest bearing-debt	-970 988	-1 210 558
Total interest-bearing debt	**-1 074 888**	**-1 302 999**
Net interest-bearing debt	**-1 011 475**	**-1 239 489**

Unearned CIRR	**31.12.2018**	**31.12.2017**
Beginning of year	682	1 050
Recognized in the profit and loss account	-368	-368
End of period	**314**	**682**

The interest-bearing debt is denominated in currencies as follows: USD 81.5%, NOK 16.3 % and CAD 2.2%.

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 4Q	Restated* 2017 4Q	2018 Jan-Dec	Restated* 2017 Jan-Dec
Operating items	*Unaudited*	*Unaudited*	*Unaudited*	*Audited*
Impairment charge relating to vessel segments:				
PSV	4 047	19 375	4 047	51 885
OSCV and WIV	-	5 450	-	15 450
AHTS vessels	43 558	25 146	43 558	40 146
Canadian fleet	-	4 130	8 859	4 130
Brazilian flagged vessels	-		526	-
Other vessels	-	135	-	
Total impairment charge for vessels and equipment	**47 605**	**54 236**	**56 990**	**111 611**
Impairment charge related to intangibles	1 080	-	1 080	-
Impairment related to long-term receivables and loans (1)	-	10 565	-	14 565
Impairment related to Standstill agreement and Convertible loan to Daya Materials Berhad	7 200	19 000	7 200	19 000
Impairment related to other assets	-	-		5 000
Total charge for impairments	**55 885**	**83 801**	**65 270**	**150 176**

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

At Dec 31, 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 4Q 2017 and Jan-Dec 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".

Financial performance:

(Amounts in USD 1 000)	2018 4Q	2017 4Q	2018 Jan-Dec	2017 Jan-Dec
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenues	-	21 290	14 490	108 398
Operating expenses	-	-9 213	-13 539	-75 711
Administration expenses	-	-1 488	-1 442	-4 965
Operating margin	**-**	**10 589**	**-492**	**27 722**
Depreciation and amortization	-	-2 016	-1 991	-8 432
Impairment of vessels	-	-1 043	-	-14 688
Gain (loss) on sales of assets	-	-13	12	33
Operating profit	**-**	**7 518**	**-2 471**	**4 635**
Financial income	-	410	282	1 225
Financial expenses	-	-974	-3 924	-3 268
Net currency gain (loss)	-	47	-167	135
Net financial items	**-**	**-517**	**-3 810**	**-1 909**
Result from associated companies	-	-	-	-
Profit/(loss) before taxes	**-**	**7 001**	**-6 280**	**2 726**
Tax benefit / (expense)	-	-2 048	-	-7 418
Profit/(loss) after taxes from discontinued operations	**-**	**4 953**	**-6 280**	**-4 691**
Gain on sale of subsidiary and vessels	-	-	93 045	-
Net profit/(loss) from discontinued operations	**-**	**4 953**	**86 765**	**-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)	**31.12.2018**	**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)	**31.12.2018**	**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**

Note 10 – Implementation of IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term (less than 12 months) and low-value leases.

Siem Offshore will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Company has made a preliminary analysis of the non-cancellable operating lease commitments at 1 January 2019 and expects to recognise right-of-use assets in the range of USD5-10 million on 1 January 2019 and lease liabilities in the range of USD5-10 million (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Company expects that net profit after tax will decrease by less than USD1 million for 2019 as a result of adopting the new rules. Operating margin is expected to increase by approximately USD1-3 million, as the operating lease payments were previously included in operating margin, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows will decrease by approximately USD1-3 million per year as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

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