



SIEM OFFSHORE INC.

REPORT FOR THE FIRST HALF 2008

24 July 2008 – Siem Offshore Inc. (Oslo Stock Exchange: SIOFF) reports results for the six months and quarter ended 30 June 2008.

FINANCIALS

Results for the First Six Months 2008

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

The net profit attributable to shareholders for the first six months was USD 43.0 million, or USD 0.17 per share. The operating revenues and operating profit were USD 90.4 million and USD 35.7 million, respectively. Depreciation and amortisation were USD 15.4 million. Net financial items were positive with USD 8.3 million. The operating revenue includes reimbursement for operating expenses that are payable by charterers. The operating profit includes currency exchange gains of USD 13.4 million arising from the revaluation or maturity of currency exchange contracts during the period. Such currency exchange contracts have been entered into in order to fix the NOK commitment in relation to the vessels under construction at Norwegian yards. As of 30 June 2008, the Company has sold forward approximately USD 143 million, equivalent to NOK 0.8 billion, of the total future yard instalments of NOK 6.0 billion.

Results for the Second Quarter 2008

The net profit attributable to shareholders for the second quarter was USD 15.3 million, or USD 0.06 per share. The operating revenues and operating profit were USD 47.7 million and USD 16.5 million, respectively. Depreciation and amortisation were USD 7.7 million. The operating profit includes currency exchange gains of USD 2.8 million arising from the revaluation or maturity of currency exchange contracts during the second quarter.

Cash, Debt and Share Capital

The cash position at 30 June 2008 was USD 147 million. The gross interest-bearing debt was USD 312 million and the shareholders’ equity was USD 510 million. The Company had USD 30 million available in undrawn borrowings under a loan and working capital facility at 30 June 2008.

Future yard instalments for vessels under construction totalled NOK 6.0 billion (USD 1.2 billion). Such yard instalments fall due in 2008 with NOK 0.7 billion (USD 139 million), 2009 with NOK 3.1 billion (USD 608 million), and 2010 with NOK 2.2 billion (USD 434 million).

There were 253,891,866 shares issued and outstanding at 30 June 2008.

FINANCIAL RISKS

Interest and Currency Rates Risk

The majority of the Company's assets are denominated in NOK. Future yard instalments and most of the vessels operating costs are nominated in NOK. Overhead expenses are primarily in USD, NOK and BRL.

Management monitors these risks and enters into forward currency contracts for hedging purposes from time to time to reduce the exposure to currency fluctuations. Siem Offshore has entered into such currency exchange contracts in order to fix the NOK commitment in relation to the vessels under construction at Norwegian yards.

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 the different 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, and it 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.

Delays and non-delivery of the vessels under construction would likely result in a loss of income for the Company, and could also possibly lead to breach of contract in respect of contracts entered into between the Company and third parties concerning employment of vessels.

OPERATION DURING FIRST HALF 2008

The Company recorded 121 days of technical operational off-hire during the first half of 2008, of which 49 days refers to second quarter. The technical operational off-hire relates primarily to a breakdown of a crane on one of the vessels, scheduled dry-dockings and the installation of an accommodation unit. The Company has loss-of-hire insurance to compensate for the off-hire period in respect of the crane breakdown. The Company has agreed an increased day rate for the vessel on which the accommodation unit was installed.

The Company took delivery of *Seven Sisters* from Kleven Verft on 30 June. The vessel commenced its 5-year charter with Subsea7 immediately thereafter.

The Company held ownership in a total of 43 vessels at the end of first half, of which 18 were under construction and one was under conversion. The fleet in operation at the end of first half included 12 platform supply vessels ("PSVs"), 2 Multipurpose Field- & ROV-support Vessels ("MRSV"), 9 standby/crew vessels in Brazil and one well stimulation vessel. The 12 PSVs and 2 MRSVs reached 93% utilisation during first six month 2008.

Siem WIS completed in June a full scale test of the Siem WIS CircSub at the Weatherford Technology and Training Centre in Aberdeen with positive results. The test of the Siem WIS CircSub was carried out over a three-week period, and a full integration, functionality and verification test of the system was performed. Results from the test provided support that the Siem WIS CircSub concept representing a solution to achieve constant circulation of drilling fluid during drillpipe connections. These results will form the basis for the up-coming pilot offshore operation at one of StatoilHydro's North Sea installations, which again will be important for the further development of the Siem WIS CircSub.

MAIN EVENTS DURING FIRST HALF 2008

- 21 January - The Company, through its 51%-owned subsidiary Siem Meling Offshore DA, entered into an agreement to acquire a shipbuilding contract for a large-size PSV of VS 485 design. The contract price is approximately NOK 315 million and the vessel is scheduled for delivery in first quarter 2009.
- 21 January - Siem Meling Offshore DA terminated the 5-year contract for the large-size PSV Siem Sailor that was announced on 15 May 2007 and scheduled to commence during first quarter 2008.
- 25 January - Siem Consub SA, a 100%-owned subsidiary, entered into an agreement with Petrobras Brazil to build two Fast Supply Vessels of GPA 150 design for 8 years plus 8 years time charter contracts. Siem Consub SA also entered into a 5 years contract with Petrobras Brazil for the Oil Spill Response Services Vessel (“OSRV”) Marati.
- 10 April - The Company and the shareholders of WellCem AS entered into an agreement whereby the Company shall have the right to become majority shareholder in WellCem AS for a total consideration of NOK 32 million. WellCem AS (www.wellcem.no) has developed the product ThermaSet® which is a leak stop patented technology for the global oil and gas industry. The technology is proven and a number of full-scale contracts have been performed for international oil companies around the world.
- 6 June - Siem Consub SA, entered into an agreement with Petrobras to build two Fast Passenger Vessels for 8 + 8 years time charter contracts.
- 20 June - Siem WIS was pleased to announce that the test of the Siem WIS CircSub at the Weatherford Technology and Training Centre in Aberdeen has been completed with positive results.
- 30 June – The Company took delivery of the *Seven Sisters* and the vessel immediately commenced its 5-years charter.

MARKET AND OUTLOOK

The average utilisation and revenue figures for PSVs trading in the North Sea spot market increased steadily during the second quarter. We have obtained higher day-rates as compared to first quarter and we expect the day-rates to continue at these higher level during the summer. We also expect the utilization for the PSVs to remain high during the same period.

The market for MRSVs saw a number of requirements during the first six months, but with few fixtures concluded. We now see an increase in the requirements and demand world wide, driven by some areas, in particular Brazil, Far East and West Africa. The utilisation for the MRSVs has improved during the second quarter as the season for project work has commenced. Long-term rates for MRSVs are still at good levels and it is expected that this will continue throughout the year.

The increased activity in the global offshore oil and gas industry continues with the Brazilian market as one of the main drivers within the deepwater drilling and field development activity. The Company is well-positioned to serve the global oil and gas service industry by its increasing fleet of modern and high specification support vessels, including its series of high-capacity AHTS vessels.

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2008 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Company’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

24 July 2008

Kristian Siem
Chairman
(sign.)

Richard England
(sign.)

Bjørn Johansen
(sign.)

Ulf Sjørdal
(sign.)

Michael Delouche
(sign.)

Terje Sørensen
Chief Executive Officer
(sign.)

Siem Offshore Inc

Consolidated Income Statements

<i>(Amounts in USD 1,000)</i>	2Q-08	2Q-07	YTD 30.06.08	YTD 30.06.07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue	47,674	34,434	90,379	62,581	159,342
Operating expenses	-26,266	-17,572	-52,941	-33,955	-79,543
Depreciation and amortisation	-7,733	-3,910	-15,406	-7,728	-18,961
Other gains / (losses)	19	0	19	0	-251
Gain on sale of interest rate derivatives	92	0	184	0	54
Other gains / (losses) Currency exchange forward contracts	2,763	10,187	13,429	19,454	39,618
Operating profit	16,549	23,139	35,664	40,352	100,259
Net currency items	661	605	10,542	789	8,836
Result from associated companies	228	100	348	-229	-35
Financial income	2,844	343	5,356	553	3,667
Financial costs	-3,734	-3,048	-7,994	-6,028	-13,756
Net financial items	-2	-2,000	8,251	-4,915	-1,287
Net profit before taxes and minorities	16,548	21,140	43,916	35,438	98,972
Tax expense	-474	-68	-589	-90	-1,937
Net Profit	16,074	21,072	43,327	35,348	97,035
Attributable to minorities	-759	237	-291	434	1,333
Attributable to equity holders	15,315	21,309	43,036	35,782	98,368
Average number of issued shares ('000)	253,892	167,919	253,892	167,898	194,811
Earnings per share, USD per share	0.06	0.25	0.17	0.34	0.50

Consolidated Balance Sheets

<i>(Amounts in USD 1,000)</i>	30.06.2008	30.06.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Intangible assets	9,232	9,232	9,232
Non-current tangibles	607,673	277,939	504,023
CIRR loan deposit	95,747	0	93,467
Investment in associates and other financial fixed assets	53,775	17,948	18,088
Total non-current assets	766,427	305,119	624,810
Debtors, prepayments and other current assets	86,071	66,662	88,484
Cash and cash equivalents	147,143	62,528	188,308
Total current assets	233,214	129,190	276,792
Total assets	999,641	434,309	901,602
Shareholders' equity			
Paid-in capital	337,987	113,844	337,987
Other equity	129,158	22,963	25,609
Net profit	43,036	35,782	98,368
Shareholders' equity	510,181	172,589	461,964
Minorities	21,346	11,273	13,895
Total equity	531,527	183,861	475,859
Liabilities			
Deferred taxes	0	8,336	0
Other provisions	898	306	840
Total provisions	898	8,642	840
Borrowings falling due after 1 year	282,032	182,376	244,704
CIRR loan	95,747	0	93,467
Other non-current liabilities	33,575	20,894	32,698
Total non-current liabilities	411,354	203,270	370,870
Borrowings falling due within 1 year	30,120	3,643	23,891
Trade creditors and other current liabilities	25,742	34,893	30,143
Total current liabilities	55,862	38,536	54,034
Total liabilities	468,114	250,448	425,743
Total equity and liabilities	999,641	434,309	901,602

Siem Offshore Inc

Shareholders' Equity

<i>(Amounts in USD 1 000)</i>	30.06.2008	30.06.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Shareholders' equity beginning of period	461,964	132,009	132,009
Raising of new equity, net	0	519	222,308
Net profit to equity holders	43,036	35,782	98,368
Other changes	-9	-41	13
Currency translation differences	5,190	4,320	9,267
Shareholders' equity end of period	510,181	172,589	461,964

Cash Flow Statements

<i>(Amounts in USD 1 000)</i>	30.06.2008	30.06.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operations			
Profit before taxes and excluding interest	46,360	40,457	108,244
Interest paid	-5,710	-3,053	-10,514
Paid taxes in the period	-500	-121	-1,410
Result from associated companies	-348	229	35
Other gains / losses	-19	0	251
Dividend received	863	3,251	5,088
Depreciation, amortisation and impairment of fixed assets	15,406	7,728	18,961
Change in working capital	17,459	-14,985	-26,477
Other changes	-2,015	-560	-309
Cash flow from operations	71,496	32,946	93,869
Cash flow from investment			
Interest received	3,590	553	3,412
Investment in fixed assets and instalments shipbuilding contract	-113,056	-40,913	-284,355
Investment in shares	-590	-2,395	-2,395
Received from sale of assets	23	0	11,148
Changes in paid in capital associated companies	-1,537	135	-310
Paid- in capital subsidiaries	-7,311	0	-3,124
Other investments	-32,267	0	0
Cash flow from investments	-118,881	-42,620	-275,624
Cash flow from financing activities			
Settlement for sale of interest rate derivatives	0	20,588	23,429
Received from raising of new equity	0	519	222,308
Received from raising of new long-term debt	42,260	10,550	97,450
Other financing	0	11,300	0
Repayment of long-term interest bearing debt	-2,839	-2,089	-8,510
Cash flow from financing activities	39,421	40,868	334,677
Effect of exchange rate differences	-935	-3,051	1,001
Net change in cash	-8,897	28,144	153,924
Cash at bank start of period	188,308	34,384	34,384
Cash at bank end of period	147,143	62,528	188,308
Net change in cash	-41,165	28,144	153,924

Siem Offshore Inc - Notes to the First Half 2008 Report

Segment reporting

(Amounts in USD 1 000)

	2Q-2008	2Q-2007	YTD 30.06.2008	YTD 30.06.2007	Fiscal year 2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenue by business area					
Supply/crew fleet	37,446	28,994	69,391	53,281	129,714
MRSV	6,879	3,689	15,137	6,819	21,602
Combat Management Systems	2,137	1,686	4,544	2,360	7,703
Other	1,212	65	1,307	121	323
Total	47,674	34,434	90,379	62,581	159,342
Depreciation by business area					
Supply/crew fleet	6,579	3,635	13,104	7,196	17,545
MRSV	973	90	1,920	178	1,191
Combat Management Systems	0	0	0	0	0
Other	181	185	382	354	225
Total	7,733	3,910	15,406	7,728	18,961
EBIT by business area					
Supply/crew fleet	17,417	13,182	28,649	26,813	65,707
MRSV	212	520	1,859	140	5,419
Combat Management Systems	-402	-108	-1,051	-576	1,509
Other	-678	9,546	6,207	13,975	27,625
Total	16,549	23,139	35,664	40,352	100,259

Property, plant & equipment

	Intangible assets	Tangible Vessel under construction	Vessels and equipment	Total
<i>(Amounts in USD 1,000)</i>				
Purchase cost per 01.01.2008	10,055	79,724	436,555	526,334
Capital expenditure	0	99,871	13,165	113,036
Vessels delivered in 2008	0	(63,758)	63,758	0
The year's disposal at cost	0	0	(37)	(37)
Effect of exchange rate differences	0	0	5,730	5,730
Purchase cost per 30.06.2008	10,055	115,838	519,170	645,063
Accumulated depreciation per 01.01.2008	(823)	0	(15,165)	(15,988)
The year's ordinary depreciation	0	0	(14,570)	(14,570)
The year's disposal of acc. depreciation	0	0	33	33
Acc. depreciation per 30.06.2008	(823)	0	(29,702)	(30,525)
Net book value per 30.06.2008	9,232	115,838	489,468	614,538

Economic life

2.5-50 years

The USD 9,232 of intangible assets recorded at 30 June 2008 includes USD 6,865 related to Siem WIS AS patented technology for the drilling industry.

The balance of intangible assets, USD 2,367, relate to specific contracts for the Brazilian crew/supply fleet.

The costs are amortised over the term of the specific charters contracts. Total amortisation during first half 2008 was USD 836.

Siem Offshore Inc - Notes to the First Half 2008 Report

Net interest bearing debt

<i>(Amounts in USD 1 000)</i>	30.06.2008	30.06.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Bank deposits	147,143	62,528	188,308
Short-term interest bearing debt	-30,120	-3,643	-23,891
Long-term interest bearing debt	-282,404	-182,682	-245,050
Net interest bearing debt	-165,382	-123,797	-80,633

Long-term debt

Creditor / Guarantor	Currency	Facility Amount	Drawn Amount	Interest rate	Duration Instalments
HSH Nordbank AG	USD	220,000	220,000	(Libor + 0.95 %)	2015 16 Quarterly instalments of USD 5 625 12 Quarterly instalments of USD 4 062
HSH Nordbank AG - Working Capital Facility	USD	30,000	0	(Libor + 1.15 %)	2009
DvB Bank N.V. Nordic Branch	GBP	10,690	10,690	(Libor + 1.00 %)	2013 14 Semi annual instalments of GBP 520
SpareBank1 SR-Bank	NOK	346,167	346,167	(Nibor + 0.90 %)	2013 14 Semi annual instalments of NOK 11766
Banco Nacional Development Social	USD	3,676	3,676	6.8125% (fixed)	2012 Semi annual instalments of USD 460
Eksporthfinans (CIRR loan)	NOK	486,450	486,450		

Commitments

Capital expenditure contracted at the balance sheet date, but not yet incurred, is as follows:

<i>(Amounts in USD 1,000)</i>	30.06.2008	31.12.2007
Combined contract value end of period for the vessels	1,297,596	1,261,367
Instalments paid	115,838	79,724
Unpaid instalments (to be paid in 2008 or later)	1,181,758	1,181,643

Instalments falling due over the next 3 years

<i>(Amounts in USD 1,000)</i>	NOK	USD
2008	707,663	139,287
2009	3,090,274	608,250
2010	2,206,105	434,221
Total	6,004,042	1,181,758

The Company has entered into contracts with Kleven Verft AS for the building of 10 large Anchor Handling Tug Supply vessels (AHTS) and 2 large-size PSV of MT 6017 Mk II design. The Company has also, through its 51% JV Siem Meling Offshore DA, entered into a shipbuilding contract with Eidsvik Skipsbyggeri AS for a PSV of VS 485 design. The Company's subsidiary, Siem Consub SA, has entered into a contract for the building of two Fast Supply Vessels of GPA 150 design and two Fast Supply Vessels of GPA 132 design.

Consolidated statement of changes in equity

	Total number of shares	Share Capital	Share prem. reserves	Other reserves	Retained earnings	Shareholders' equity	Minority interest	Total equity
Equity as of 31.12.2007	253,891,866	2,539	335,448	-17,660	141,637	461,964	13,895	475,859
Minority interest arising on business combinations						0	6,506	6,506
Other items				0		0	0	0
The year's result					43,036	43,036	291	43,327
Effect of exchange rate differences				5,190		5,190	654	5,844
Equity as of 30.06.2008	253,891,866	2,539	335,448	-12,470	184,674	510,190	21,346	531,536

Specification of minority interest arising on business combinations :

New equity Siem Offshore Meling DA	5,332
New equity Siem WIS AS	1,174
Total	6,506