

**SIEM OFFSHORE INC.
REPORT FOR THE FIRST QUARTER 2018**



4 May 2018 – Siem Offshore Inc. (the “Company”; Oslo Stock Exchange: SIOFF) reports results for the first quarter 2018.

SELECTED FINANCIAL INFORMATION

<i>(Amounts in USD millions)</i>	Restated*		Restated*
	2018	2017	2017
	1Q	1Q	Fiscal
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	65.8	69.5	306.9
Operating margin	22.1	26.4	125.2
Operating margin, %	34 %	38 %	41 %
Operating profit (loss)	(3.7)	(4.7)	(123.9)
Profit (loss) before taxes	(29.9)	(18.0)	(197.7)
Net profit (loss) from continuing operations	(29.4)	(18.4)	(199.4)
Net profit (loss) from discontinued operations	(3.1)	1.1	(4.7)
Net profit (loss)	(32.4)	(17.3)	(204.0)
Net profit (loss) attributable to shareholders	(26.9)	(13.3)	(164.3)

* The 1Q 2017 figures and Fiscal Year 2017 figures 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 FIRST QUARTER

- Agreed a 6 month contract for the OSCV “Siem Marlin”.
- Reached agreement to sell its wholly owned subsidiary Siem Offshore Contractors GmbH (“SOC”) and two specialized vessels for renewable operations to Subsea 7 S.A.
- Received approval from bondholders of the FRN Siem Offshore Inc. Senior Unsecured Bond Issue 2014/2019 (“SIOFF02”) to certain changes of the bond agreement.

SUBSEQUENT EVENTS

- Siem Offshore Inc. offered bondholders in FRN Siem Offshore Senior Unsecured Bond Issue 2013/2018 (“SIOFF01”) the opportunity to exchange their bondholdings in SIOFF01 for bonds in SIOFF02, which has been amended pursuant to resolutions passed at the meeting of SIOFF02 bondholders in March 2018. Bondholders owning a total of NOK250 million SIOFF01 bonds accepted the exchange for new bonds in the amended SIOFF02 bond agreement.
- The sales of SOC and the cable lay vessel “Siem Aimery” and installation support vessel “Siem Moxie” to Subsea 7 group was completed on 10 April 2018.
- Agreed sale of the 60% ownership in Siem WIS.

MARKET AND OUTLOOK

The North Sea offshore support vessel (OSV) market showed continued weakness in the first quarter. Owners have taken vessels out of lay-up based on expectations for the summer months. We believe even more vessels will exit lay-up in the coming months. The market has recently experienced an increase in tender activity, but these tenders are mainly for summer campaigns and short-to-medium term contracts for PSVs. We maintain our belief that activity levels will increase during the summer period, however, we also believe that the market rates will remain volatile and at a low average rates in 2018.

Despite indications of increased activity, the timing of a significant sustainable improvement in utilization and rates is uncertain and this situation will continue to place financial pressure on owners and lenders.

RESULTS AND FINANCE

Income Statements (1Q 2018 over 1Q 2017)

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

Operating revenues were USD65.9 million (2017: USD69.5 million). The operating margin was USD22.1 million (2017: USD26.4 million) and the operating margin as a percentage of revenues was 34% (2017: 38%). The reduction in revenues from 1Q 2017 is mainly due to lower revenues from the AHTS segment.

Administration expenses were USD6.1 million (2017: USD6.3 million). Operating profit/(loss) was USD(3.7) million (2017: USD(4.7) million) after depreciation and amortisation expenses of USD28.2 million (2017: USD30.8 million). The net currency exchange gains/(loss) of USD2.1 million (2017: USD(0.3) million) were recorded on currency derivative contracts of which USD2.2 million was an unrealised gain/(loss) (2017: USD(0.1) million). The currency derivative contracts are entered into in order to hedge future non-USD operating expenses.

Net financial items were USD(26.2) million (2017: USD(13.4) million) and included a net revaluation gain/(loss) of non-USD currency items of USD(14.5) million (2017: USD(0.3) million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies. The financial expenses of USD15.8 million included a net unrealised gain/(loss) of USD0.1 million for interest swap-agreements which are entered to hedge long-term interest rate exposure on floating rate borrowings.

Tax benefit of USD0.5 million includes a USD0.6 million tax refund from foreign jurisdiction related to prior year’s taxation.

Net profit/(loss) from discontinued operations was USD(3.1) million (2017: USD1.1 million).

The net profit/(loss) attributable to shareholders was USD(26.9) million (2017: USD(13.3) million), or USD(0.03) per share (2017: USD(0.02) per share).

Statements of Financial Position and Cash Flows

Shareholders’ equity was USD400 million at 31 March 2018 (31 December 2017: USD426 million), equivalent to USD0.42 per share (2017: USD0.45 per share). Net cash flow from operations for the first quarter 2018 was USD(14.0) million (including SOC) and the cash position at 31 March 2018 was USD40.5 million (excluding USD9.1 million cash balance in SOC).

The balance sheet included gross interest-bearing debt equivalent to USD1.2 billion excluding the debt related to the discontinued operation. The Company made total drawings of the equivalent of USD2.1 million and made principal repayments of USD15.9 million.

The weighted average cost of debt for the Company was approximately 4% p.a. at 31 March 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, loss of assets, nor any serious environmental or quality incidents in the first quarter of 2018. We are focusing on our HSEQ mind-set, situational awareness and learning from incidents. Cooperation with clients and other partners to learn and to share across the organizations is an important part of the proactive HSEQ activities. The HSEQ performance is good and the Company will continue to strive towards the goal of zero incidents.

The Fleet

At 31 March 2018, the fleet totalled 43 vessels (2017: 45 vessels), including partly-owned vessels. Five vessels were in lay-up at the end of the quarter.

Results for the First Quarter 2018

Platform Supply Vessels (PSVs)

The Company had eleven PSVs in the fleet at the end of the quarter (2017: twelve). These PSVs recorded operating revenues of USD14.6 million and had 100% utilisation excluding vessels in lay-up (2017: USD16.5 million and 79%). The operating margin before administration expenses for these PSVs was USD7.0 million (2017: USD7.2 million) and the operating margin as a percentage of revenues was 48% (2017: 44%).

Two 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 USD26.4 million and had 91% utilisation (2017: USD28.3 million and 87%). The operating margin before administration expense was USD16.4 million (2017: USD15.7 million) and the operating margin as a percentage of revenues was 36% (2017: 55%).

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 USD4.2 million based on 41% utilisation excluding vessels in lay-up (2017: USD7.0 million and 32%). The operating margin before administration expense was USD(6.5) million (2017: USD(2.4) million) and the operating margin as a percentage of revenues was (156)% (2017:(32 %)).

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). 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 USD6.1 million and had 97% utilisation excluding vessels in lay-up (2017: USD6.4 million and 92%). The operating margin before administration expense for the fleet was USD3.4 million (2017: USD3.6 million) and the operating margin as a percentage of revenues was 55% (2017: 57%).

The Company had a Canadian-owned fleet of five offshore support vessels operating offshore Canada. The fleet earned operating revenues of USD7.2 million and had 90% utilisation (2017: USD6.5 million and 72%). The operating margin before administration expenses for the fleet was USD3.3 million (2017: USD2.5million) and the operating margin as a percentage of revenues was 46% (2017: 38%).

The 41%-ownership in the “Big Orange XVIII” recorded a share of profit/(loss) of USD0.1 million (2017: USD0.1 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 USD6.7 million (2017: USD6.6 million) and an operating margin before administration expenses of USD4.1 million (2017: USD3.7 million). The operating margin as a percentage of revenue was 61% (2017: 55%).

Siem WIS

Siem WIS recorded operating revenues of USD0.3 million (2016: USD0.2 million) and recorded USD0.1 million in the first quarter 2018 (2017: USD0.1 million) in margin from its various projects, before administration expenses.

The Company has agreed to sell Siem WIS and the transaction will be completed in the second quarter.

Siem Offshore Contractors (“SOC”)

SOC generated operating revenues of USD11.5 million in the first quarter 2018 (2017: USD37.9 million). The operating margin before administration expenses was USD(3.3) million (2017: USD5.5 million). Please see note 9 for further details.

The sale of Siem Offshore Contractors (SOC) was completed 10 April 2018.

GROUP CONTRACT BACKLOG

The total backlog at 31 March 2018 was USD0.8 billion and is allocated as follows:

<i>(Amounts in USD millions)</i>	2018	2019	2020 onwards	Total
OSVs	154	162	442	758
Other	20	20	-	40
Total Backlog	174	182	442	798

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

4 May 2018

Eystein Eriksrud, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

<i>(Amounts in USD 1 000)</i>	Note	2018	Restated*	Restated*
		1Q	2017	2017
			1Q	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue	4	65 872	69 500	306 911
Operating expenses		-37 630	-36 854	-153 649
Administration expenses		-6 133	-6 280	-28 087
Operating margin		22 110	26 366	125 175
Depreciation and amortization	5	-28 214	-30 810	-113 600
Impairment of vessels	5,8	-	-32	-111 611
Impairment related to long-term receivables, projects	8	-	-	-24 000
Gain/(loss) on sales of fixed assets	5	197	-45	13
Gain on sale of interest rate derivatives (CIRR)	6	92	92	368
Gain/(loss) on currency derivative contracts		2 069	-260	-264
Operating profit/(loss)	4	-3 746	-4 690	-123 918
Financial income		4 013	1 044	7 462
Financial expenses	8	-15 760	-14 150	-66 381
Net currency gain/(loss) on revaluation		-14 460	-292	-15 427
Net financial items		-26 207	-13 398	-74 345
Result from associated companies		42	77	580
Profit/(loss) before taxes		-29 912	-18 010	-197 683
Tax benefit / (expense)	7	536	-437	-1 670
Net profit/(loss) from continuing operations		-29 376	-18 447	-199 353
Net profit/(loss) from discontinued operations	9	-3 056	1 103	-4 691
Net profit/(loss)		-32 432	-17 344	-204 044
Attributable to non-controlling interest		-5 489	-4 019	-39 720
Attributable to shareholders of the Company		-26 943	-13 326	-164 324
Weighted average number of outstanding shares(000's)		942 021	842 021	894 624
Earnings/(loss) per share (basic and diluted)		-0,03	-0,02	-0,18
Comprehensive Income Statement		2018	2017	2017
<i>(Amounts in USD 1 000)</i>		1Q	1Q	Jan-Dec
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net profit/(loss)		-32 432	-17 344	-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		1 371	11	8 240
Total comprehensive loss for the period		-31 061	-17 333	-196 295
Attributable to non-controlling interest		-5 489	-4 015	-39 700
Attributable to shareholders of the Company:				
Total comprehensive income for the period attributable to shareholders arises from:				
Continuing operations		-22 516	-14 421	-151 905
Discontinued operations		-3 056	1 103	-4 691
Attributable to shareholders of the Company:		-25 572	-13 319	-156 596

* The 1Q 2017 figures and Jan-Dec 2017 figures 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	31.03.2018	Restated* 31.12.2017
		<i>Unaudited</i>	<i>Audited</i>
Non-current assets			
Vessels and equipment	5, 8	1 598 218	1 624 332
Capitalized project cost	5	6 700	7 029
Investment in associates and other long-term receivables		15 169	13 863
CIRR loan deposit 1)	6	62 474	65 346
Deferred tax asset		11 047	10 974
Intangible assets	5, 8	1 603	1 681
Total non-current assets		1 695 211	1 723 224
Debtors, prepayments and other current assets		88 723	92 876
Cash and cash equivalents	6	40 460	45 785
Total current assets from continuing operations		129 183	138 661
Assets classified as held for sale	9	178 082	183 189
Total current assets		307 265	321 851
Total assets		2 002 476	2 045 075
Equity			
Paid-in capital		647 313	647 313
Other reserves		-37 429	-38 813
Retained earnings		-209 569	-182 626
Shareholders' equity		400 315	425 874
Non-controlling interest		42 248	47 737
Total equity		442 563	473 611
Liabilities			
Borrowings	6	1 116 951	1 150 084
CIRR loan 1)	6	62 474	65 346
Other non-current liabilities		50 111	49 264
Total non-current liabilities		1 229 536	1 264 694
Borrowings	6	119 269	86 296
Accounts payable and other current liabilities	7	77 610	82 775
Total current liabilities from continuing operations		196 878	169 071
Liabilities classified as held for sale	9	133 498	137 699
Total current liabilities		330 377	306 770
Total liabilities		1 559 913	1 571 464
Total equity and liabilities		2 002 476	2 045 075

1) Commercial Interest Reference Rate

* The 31.12.2017 figures 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 CASH FLOWS

<i>(Amounts in USD 1 000)</i>	2018	2017
	1Q	Jan-Dec
	<i>Unaudited</i>	<i>Audited</i>
Cash flow from operations		
Net profit/(loss)	-32 432	-204 044
Interest expense	14 946	56 833
Interest paid	-11 437	-57 088
Interest income	-4 316	-8 461
Tax expense	-536	9 087
Taxes paid	445	-945
Results from associated companies	-42	-580
Loss/(gain) on sale of assets	-169	-46
Employee share scheme expenses	223	223
Impairment of vessels, projects, intangibles, long-term receivables	-	150 299
Depreciation and amortization	30 185	122 032
Effect of unreal. gain on currency exchange forward contracts	-2 182	-350
Changes in short-term receivables and payables	-8 767	15 832
CIRR gain	-92	-368
Other changes	154	17 515
Net cash flow from operations	-14 019	99 938
Cash flow from investing activities		
Interest received	3 546	7 691
Investments in fixed assets	-1 728	-20 031
Proceeds from sale of fixed assets	360	31 520
Proceeds from sale of shares	-	359
Cash flow from investing activities	2 179	19 541
Cashflow from financing activities		
Proceeds from issue of new equity	-	22 094
Proceeds from new long-term borrowing	2 127	31 097
Repayment of long-term borrowing	-15 888	-220 678
Cash flow from financing activities	-13 761	-167 488
Net change in cash	-25 601	-48 009
Cash at bank start of period	63 511	101 323
Effect of exchange rate differences	11 637	10 197
Cash at bank at end of period	49 547	63 511
Details of continuing and discontinued operations:		
Cash balance related to discontinued operations	9 087	17 726
Cash balance related to continuing operations	40 460	45 785
Total cash balance end of period	49 547	63 511
Net change in cash from discontinued operations	-9 035	-27 364
Net change in cash from continuing operations	-16 566	-20 645
Total net change in cash	-25 601	-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
Net profit to shareholders	-	-	-	-	-26 943	-26 943	-5 489	-32 432
Employee share scheme -Value of employee serv	-	-	-	13	-	13	-	13
Currency translation differences	-	-	-	1 371	-	1 371	-	1 371
Equity on 31 March 2018	942 021 380	9 420	637 893	-37 429	-209 569	400 315	42 248	442 563

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 31 March 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 IFRSs.

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 68% of the long-term interest-bearing debt was subject to floating interest rates at the end of March 2018. 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

	2018 1Q	Restated* 2017 1Q	Restated* 2017 Jan-Dec
<i>(Amounts in USD 1 000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenue by segments			
Platform Supply Vessels	14 575	16 497	57 930
Offshore Subsea Construction Vessels and WIV	26 418	28 296	118 143
Anchor Handling Tug Supply Vessels	4 181	6 993	46 659
Other vessels in Brazil	6 069	6 350	28 177
Canadian Fleet	7 167	6 474	29 154
Other/Intercompany elimination	478	-2 218	-1 882
Combat Management Systems	-	271	-
Scientific Core-Drilling	6 680	6 621	27 237
Siem WIS	303	215	1 493
Total operating revenue from continuing operations	65 872	69 500	306 911
Total operating revenue from discontinued operations	12 601	37 905	108 398
Total operating revenue	78 473	107 405	415 309
Operating profit by segments			
Platform Supply Vessels	2 230	1 888	-45 315
Offshore Subsea Construction Vessels and WIV	6 604	6 887	22 557
Anchor Handling Tug Supply Vessels	-16 423	-12 719	-78 859
Other vessels in Brazil	1 917	2 169	6 879
Canadian Fleet	1 231	600	1 179
Other/Intercompany elimination	1 634	399	-9 572
Combat Management Systems	-	-474	-
Scientific Core-Drilling	2 986	3 020	12 433
Siem WIS	-152	34	-251
Other/Intercompany elimination	-	-	-5 000
Total operating profit from segments	29	1 804	-95 948
Administration expenses	-6 133	-6 280	-28 087
Gain (loss) on sale of fixed assets	197	-45	13
Gain on sale of interest rate derivatives	92	92	368
Currency gain/(loss)	2 069	-260	-264
Total operating profit from continuing operations	-3 746	-4 690	-123 918
Total operating profit from discontinued operations	-2 603	3 283	4 635
Total operating profit	-6 349	-1 406	-119 283

* The 1Q 2017 figures and Jan-Dec 2017 figures 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 Under Construction and Vessels and Equipment

<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	-	1 728	-	1 728
Movement between groups	-	-189	189	-
The year's disposal at cost	-3	-4 549	-	-4 553
Effect of exchange rate differences	10	2 653	-2	2 661
Purchase cost on 31 March 2018	347	2 658 030	17 743	2 676 120
Accumulated depreciation on 1 January 2018	-46	-602 991	-10 527	-613 564
Accumulated impairment on 1 January 2018	-	-316 007	-	-316 007
The year's depreciation	-3	-29 561	-516	-30 081
The year's impairment	-	-	-	-
The year's disposal of accumulated depreciation	-	4 404	-	4 404
The year's disposal of accumulated impairment	-	-	-	-
Effect of exchange rate differences	-1	-2 285	-1	-2 287
Accumulated depreciation on 31 March 2018	-51	-946 440	-11 044	-957 534
Net book value on 31 March 2018	296	1 711 590	6 700	1 718 585
Of which:				
Net book value related to continuing operations	296	1 597 922	6 700	1 604 918
Net book value related to discontinued operations	-	113 668	-	113 668

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

Figures above include discontinued operations unless explicitly stated.

Intangible assets <i>(Amounts in USD 1 000)</i>	Goodwill	Research and Development	Trademarks and licences	Total
Purchase cost on 1 January 2018	18 229	12 285	404	30 918
Investments	-	-	-	-
Effect of exchange rate differences	562	165	20	747
Purchase cost on 31 March 2018	18 791	12 450	425	31 665
Accumulated depreciation on 1 January 2018	-	-5 077	-370	-5 447
Accumulated impairment on 1 January 2018	-	-6 705	-	-6 705
The year's ordinary depreciation	-	-91	-	-91
Effect of exchange rate differences	-	-140	-18	-158
Accumulated depreciation on 31 March 2018	-	-12 013	-388	-12 401
Net book value on 31 March 2018	18 791	437	37	19 265
Of which:				
Net book value related to continuing operations	1 129	437	37	1 603
Net book value related to discontinued operations	17 662	-	-	17 662

Goodwill was recorded following Siem Offshore's purchase of Siem Offshore Contractors.

Research and Development, Trademarks and licences refer to Siem WIS AS' patented technology for the drilling industry. The figures include assets under development and developed assets, and the depreciation refers to assets that are not yet commercialized.

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

Figures above include discontinued operations unless explicitly stated.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Net Interest-Bearing Debt

<i>(Amounts in USD 1 000)</i>	31.03.2018	Restated*
	<i>Unaudited</i>	<i>Audited</i>
Total cash	40 460	45 785
Short-term interest bearing-debt	-119 269	-86 296
Long-term interest bearing-debt	-1 116 951	-1 150 084
Total interest-bearing debt	-1 236 220	-1 470 893
Net interest-bearing debt	-1 195 760	-1 369 569

Unearned CIRR	31.03.2018	31.12.2017
Beginning of year	682	1 050
Recognized in the profit and loss account	-92	-368
End of period	590	682

The interest-bearing debt is denominated in currencies as follows: USD 75.0%, NOK 22.8 % and CAD 2.2%.

* The 31.12.2017 figures 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 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, withholding tax for operating both in Norway and other jurisdictions. The liabilities classified as held for sale include a USD8.1 million income-tax provision relating to Siem Offshore Contractors in Germany.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Exceptional items

<i>(Amounts in USD 1 000)</i>	Restated*		
	2018	2017	2017
	1Q	1Q	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating items			
Impairment charge relating to vessel segments:			
PSV	-	-	51 526
OSCV and WIV	-	-	15 450
AHTS vessels	-	-	40 146
Canadian fleet	-	-	4 130
Other vessels	-	-	359
Total impairment charge for vessels and equipment	-	-	111 611
Impairment related to long-term receivables and loans (1)	-	-	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	-	-	150 176

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

At 31 December 2017, impairment tests were performed for vessels and capitalized equipment and investments in subsidiaries and the company indentified possible impairment for certain assets. Valuation was received from accredited brokers for all vessels.

* The 31.12.2017 figures 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 9 - Discontinued operation

On March 1, 2018 the Company announced that it has 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 announced that it has agreed to sell the cable lay vessel "Siem Aimery" and the walk-to-work 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 was completed. Financial information relating to the discontinued operation for the first quarter 2018 is set out below. The discontinued operation includes SOC, "Siem Aimery" and "Siem Moxie".

Financial performance:

<i>(Amounts in USD 1 000)</i>	2018	2017	2017
	1Q	1Q	Jan-Dec
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Operating revenues	12 601	37 905	108 398
Operating expenses	-11 878	-31 459	-75 429
Administration expenses	-1 366	-970	-5 247
Operating margin	-643	5 476	27 722
Depreciation and amortization	-1 971	-2 193	-8 432
Impairment of vessels	-	-	-14 688
Gain (loss) on sales of assets	12	-	33
Operating profit	-2 603	3 283	4 635
Financial revenues	346	168	1 225
Financial expenses	-701	-724	-3 268
Net currency gain (loss)	-98	-27	135
Net financial items	-453	-584	-1 909
Result from associated companies	-	-	-
Profit/(loss) before taxes	-3 056	2 699	2 726
Tax benefit / (expense)	-	-1 597	-7 418
Net profit/(loss) from continuing operations	-3 056	1 103	-4 691

Assets and liabilities classified as held for sale:

The following assets and liabilities were classified as held for sale in relation to the discontinued operation as of March 31, 2018:

<i>(Amounts in USD 1 000)</i>	31.03.2018	31.12.2017
Assets classified as held for sale:		
Vessels and equipment	113 668	115 353
Investment in associates and other long-term receivables	2 528	1 599
Deferred tax asset	157	152
Intangible assets	17 662	17 085
Debtors, prepayments and other current assets	34 981	31 275
Cash and cash equivalents	9 087	17 726
Total assets classified as held for sale	178 082	183 189
Liabilities classified as held for sale:		
Non-current Borrowings	63 800	60 474
Other non-current liabilities	22 204	21 479
Current Borrowings	6 484	6 146
Accounts payable and other current liabilities	41 010	49 600
Liabilities classified as held for sale	133 498	137 699



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