SIEM OFFSHORE INC.

REPORT FOR THE FOURTH QUARTER AND FISCAL YEAR 2009

25 February 2010 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for the fourth quarter and preliminary fiscal year 2009.

Selected Financial Information

			Year Ended 31 December	
	4Q 2009	4Q 2008	2009	2008
(Amounts in USD million)	Unaudited	Unaudited	Unaudited	Audited
Operating revenue	49.2	47.6	183.6	192.8
Operating margin	10.4	24.0	57.9	87.7
Operating margin, %	21 %	50 %	32 %	45 %
Operating profit	3.6	(33.6)	80.7	0.7
Profit before taxes and minorities	11.8	(49.9)	102.0	(23.8)
Net profit attributable to shareholders	14.7	(49.0)	102.4	(27.6)

Highlights Fourth Quarter

- The Company ordered two large-size PSVs at STX Europe Brazil through its Brazilian subsidiary Siem Consub SA.
- Siem Consub SA awarded a time charter contract by Petrobras for the large-size PSV "Siem Supplier" for duration of three year with options.
- The Company and Adams Offshore entered into a three year bareboat contract for the MRSV "Siem Dorado". The vessel was delivered to Adams Offshore 31 January 2010.
- The charterer of the MRSV "Siem Swordfish" declared its option to purchase the vessel and a 70-ton crane installed on board the vessel. The vessel will be delivered to its new owner at expiry of the current charter contract second quarter 2012.
- Siem WIS AS, the Company's 60%-owned subsidiary, successfully completed a test and qualification of Siem WIS' pressure Control Device (PCD) technology together with Statoil's control system for managed pressure drilling (MPD).
- The Board resolved to relocate the tax residency of the Company from the Cayman Islands to Norway with effect from 1st January 2010.
- Successful operational start up of the first two AHTS vessels in the series of eight newbuildings.

Results for the Fourth Quarter 2009
The net profit (loss) attributable to shareholders was USD 14.7 million (2008: USD (49) million), or USD 0.04 per share (2008: USD (0.19)). There were 29 vessels in operation at the end of fourth quarter compared to 25 vessels at the end of fourth quarter in 2008. The spot and term market has been at lower levels in 2009 compared to 2008. Siem Offshore operated two AHTS vessels and 4 medium and large PSVs in the North Sea spot market during the fourth quarter.

The operating revenue and operating and administration expenses were USD 49.2 million and USD 38.8 million, respectively (2008: USD 47.6 million and USD 24.0 million). A total of 66 off-hire days were recorded in fourth quarter, of which 26 days related to scheduled dry-docking of two vessels. Three PSVs were mobilised for long term contracts during fourth quarter.

Depreciation and amortisation were USD 10.3 million (2008: USD 8.1 million). The operating profit in 2009 includes net currency exchange gains on forward contracts of USD 0.5 million, of which USD 0.4 million was realised. Net financial items were positive USD 8.2 million (2008: USD (16.4) million). The net profit before minorities was USD 14.7 million (2008: USD (48.7) million). A tax liability of USD 5.7 million is reversed in the fourth quarter following the verdict from the Norwegian Supreme Court stating that the transitional rules of the new tonnage tax system, which resulted in a tax liability, were in breach of the Norwegian Constitution.

Results for Full Year 2009

The net profit attributable to shareholders was USD 102.4 million (2008: USD (27.6) million), or USD 0.35 per share (2008: USD (0.11) per share).

The operating revenue and operating and administration expenses were USD 183.6 million and USD 125.6 million (2008: USD 192.8 million and USD 105.0 million).

The year included net currency exchange gains (losses) on forward contracts of USD 52.8 million (2008: USD (47.3) million), of which USD 21.6 million was realised gains, USD 0.4 million was unrealised gains and USD 30.8 million was a reversal of unrealised losses recorded in 2008.

Net financial items were USD 21.3 million (2008: USD (24.5) million) and included a revaluation of non-USD currency items of USD 19.1 million (2008: USD (18.3) million) due to the weaker USD. Non-USD currency items are held in order to match short- and long-term liabilities, including off-balance sheet liabilities, in similar currencies.

FINANCING AND CAPITAL STRUCTURE

Cash and Bank Deposits

Net cash flow from operations during 2009 was positive USD 79.2 million and the cash position at 31 December 2009 was USD 91.1 million.

The Company repaid a revolving credit facility of USD 30 million during fourth quarter.

Debt Financing

The balance sheet included gross interest-bearing debt of USD 446.2 million at 31 December 2009.

The Company has secured debt financing for all vessels under construction in Norway and Brazil.

The Company has six AHTS vessels and one large-size PSV under construction at Norwegian yards. A debt facility of NOK 1.764 billion is secured for 50% debt financing of five of the remaining six AHTS vessels under construction. A separate debt facility of NOK 427 million is secured for a 70% debt financing of one AHTS vessel. The Company has paid 20% of the cost price for all of the six remaining AHTS vessels under construction.

The large-size PSV, which is owned by the 51%-owned subsidiary, Siem Meling Offshore DA, is financed under the NOK 583.6 million facility. The undrawn amount of NOK 36 million under a NOK 583.6 million facility will be drawn upon delivery.

The wholly-owned Brazilian subsidiary, Siem Consub SA, has eight vessels under construction in Brazil. Siem Consub has secured debt facilities for a total of USD 24 million for the two fast supply boats and the two fast crew boats under construction, of which USD 7.9 million was drawn per year end 2010. Siem Consub is offered 90% debt financing under the Merchant Maritime Brazilian Government Fund program ("FMM program") for debt-financing of the two Oil Spill Recovery Vessels (OSRV). The project cost is estimated to be USD 76 million for both vessels. Siem Consub is offered 82% debt financing under the FMM program for the two large PSVs ordered at a Brazilian yard. The project cost for both vessels is estimated to be USD 160 million. 10% instalment was paid at contract signing. A further 10% instalment will be paid in second quarter 2010 for the first PSV and a 10% instalment will be paid in fourth quarter 2010 for the second PSV. The two PSVs are scheduled for delivery in second quarter 2012 and second quarter 2013.

Future yard instalments for vessels under construction totalled USD 728 million at end of 2009. Such yard instalment falls due with USD 471 million in 2010, USD 140 million in 2011, and USD 117 million in 2012 and thereafter.

Equity
The shareholders' equity was USD 679.9 million at 31 December 2009, equivalent to USD 1.89 per share. The total number of issued shares is 359,774,219, each with a nominal value of USD 0.01.

OPERATIONS

QHSE
The Company recorded satisfactory QHSE performance for the quarter, with no serious injuries to personnel, damage to property or spill to the environment.

Fleet and Employment
The Company had ownership in 29 vessels and 15 shipbuilding contracts at the end of 2009.

The 11 PSVs obtained 91% utilisation during the fourth quarter. The contract backlog for 2010 and 2011 is 87% and 73%, respectively.

The five MRSVs obtained 100% utilisation during the fourth quarter. The contract backlog for 2010 and 2011 is 70% and 60%, respectively.

The two AHTS vessels operated in the spot market and obtained 66% utilization in fourth quarter 2009.

The fleet of nine owned vessels in Brazil obtained 88% utilisation during the fourth quarter. The contract backlog for 2010 and 2011 is 69% and 54%, respectively.

Administration expenses in fourth quarter 2009 includes expenses and accruals of USD 2.2 million related to the reorganisation of the Company that has been implemented in 2009 and to other year-end allocations.

NEWBUILDING PROGRAM

Vessels Under Construction in Norway
The third newbuild of the eight AHTS vessels is scheduled for delivery in mid March 2010. A competent crew has been employed, and familiarized and trained through the Company's comprehensive training program.

All of the AHTS vessels shall be equipped with the Triplex MDH gantry crane for safe anchor handling and cargo operations. Two of the AHTS vessels are prepared to be outfitted for a 250 ton active-heave compensated A-frame that is under construction. Three of the AHTS vessels will be equipped with FiFiII and Standby notation.

Five of the remaining AHTS vessels under construction shall be delivered in 2010 and one shall be delivered in 2011.

The 51%-owned subsidiary, Siem Meling Offshore DA, has one large-size PSV under construction. The vessel is scheduled for delivery in first quarter 2010 and will commence a 2-year contract with options for Statoil.

Vessels Under Construction in Brazil
The two fast supply boats and the two fast crew boats under construction in Brazil are scheduled to be delivered within the delivery window given by Petrobras. All four vessels will be employed on 8+8 years contracts with Petrobras.

The Company has agreed with a local yard in Brazil for construction of the two OSRV. Both vessels will be employed on 8+8 years contracts with Petrobras and are scheduled for delivery third quarter 2012.

The Company has ordered two large size PSVs at STX Europe Brazil through its Brazilian subsidiary Siem Consub. Contractual deliveries are second quarter 2012 and second quarter 2013.

TECHNOLOGY INVESTMENTS

Siem WIS AS, a company 60% owned by Siem Offshore, has successfully complete a test and qualification of Siem WIS' Pressure Control Device (PCD) technology together with Statoil's control system for managed pressure drilling (MPD). Together, Siem WIS' PCD seal package and Statoil's MPD control system enable closed loop drilling operations, which represent a method to increase oil recovery, improve drilling efficiency and an improved risk mitigation of the drilling processes. The test included realistic drilling operations. The PCD and the MPD control system are qualified for operation.

MARKET AND OUTLOOK

Market conditions in the North Sea Supply market have remained soft for 2009. We expect the market condition in the North Sea to remain challenging through 2010 as more new vessels enter the market.

The tender activity for large AHTS vessels is increasing. Several large and medium-size AHTS vessels are likely to leave the North Sea spot market for term contracts in other regions. Subsequently we expect that the North Sea spot market for large AHTS vessels will improve in 2010.

The near-term uncertainty in the sector of the offshore service industry is exacerbated by the high number of newbuildings anticipated for delivery over the next two years. The long term outlook for activity within the offshore service industry is considered to be good and the question is whether the activity level will be high enough to employ the present surplus of vessels.

On behalf of the Board of Directors of Siem Offshore Inc.
25 February 2010
Kristian Siem, Chairman
www.siemoffshore.com

Siem Offshore Inc.

Consolidated Income Statement

(Amounts in USD 1 000)		Quarter Ended 31.12.2009	Quarter Ended 31.12.2008	Year Ended 31.12.2009	Year Ended 31.12.2008
		Unaudited	*Unaudited*	*Unaudited*	*Audited*
Operating revenue	4	49 170	47 648	183 558	192 773
Operating expenses		-32 595	-20 199	-106 004	-89 465
Administration expenses		-6 208	-3 487	-19 620	-15 570
Operating margin		10 367	23 962	57 934	87 738
Depreciation and amortisation	4	-10 333	-8 132	-37 191	-32 080
Gain (loss) on sale of assets		2 915	-8 029	1 047	-8 011
Gain on sale of interest rate derivatives (CIRR)		92	66	6 097	342
Gain (loss) on currency exchange forward contracts		537	-41 425	52 805	-47 308
Operating profit (loss)	4	**3 577**	**-33 558**	**80 691**	**680**
Financial income		2 944	3 146	7 760	10 588
Financial expenses		-4 088	-4 822	-13 238	-17 283
Result from associated companies		3 619	241	7 660	483
Net currency items		5 686	-14 930	19 124	-18 283
Net financial items		**8 161**	**-16 365**	**21 306**	**-24 496**
Profit (loss) before taxes and minorities		**11 738**	**-49 923**	**101 997**	**-23 816**
Tax benefit (expenses)		3 001	1 250	1 831	-1 950
Net profit (loss) before minorities		**14 740**	**-48 673**	**103 829**	**-25 766**
Attributable to minorities		8	326	1 439	1 801
Net profit (loss) attributable to shareholders		**14 732**	**-48 999**	**102 390**	**-27 568**
Average number of shares outstanding ('000)		359 774	253 892	292 474	253 892
Earnings / (loss) per share (basic and diluted), (in USD)		0.04	-0.19	0.35	-0.11

Consolidated Statement of Comprehensive Income

(Amounts in USD 1 000)	Quarter Ended 31.12.2009	Quarter Ended 31.12.2008	Year Ended 31.12.2009	Year Ended 31.12.2008
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Net profit (loss) before minorities	14 742	-48 674	103 829	-25 766
Other comprehensive income (expense):				
Currency translation differences	-5 454	-13 569	25 545	-20 037
Total comprehensive income (expense) for the period	**9 287**	**-62 243**	**129 374**	**-45 803**
Attributable to minorities	-34	-2 292	4 430	-2 388
Comprehensive income (expense) attributable to shareholders	**9 321**	**-59 951**	**124 944**	**-43 415**

Consolidated Balance Sheet

(Amounts in USD 1 000)	Note	31 December 2009	2008
		Unaudited	*Audited*
Non-current assets			
Intangible assets		14 120	12 662
Vessel under construction	5	208 511	161 596
Vessels and equipment	5	761 921	452 402
Capitalised project cost	5	546	1 206
CIRR loan deposit 1)		73 225	66 482
Investment in associates and other long-term receivables		33 365	18 719
Total non-current assets		**1 091 688**	**713 067**
Debtors, prepayments and other current assets	8	101 202	77 412
Cash and cash equivalents	8	91 088	73 371
Total current assets		**192 290**	**150 783**
Total assets		**1 283 978**	**863 850**
Shareholders´ equity			
Paid-in capital		482 697	335 598
Other reserves		-8 646	-31 200
Retained earnings		205 806	103 415
Shareholders´ equity		**679 856**	**407 813**
Minorities		**22 872**	**18 131**
Total equity	6	**702 728**	**425 944**
Liabilities			
Borrowings falling due after 1 year	7,8	403 134	250 410
CIRR borrowings 1)	7	73 225	66 482
Other non-current liabilities	7,8,10	8 223	27 069
Total non-current liabilities		**484 582**	**343 961**
Borrowings falling due within 1 year	7,8	43 036	28 286
Accounts payable and other current liabilities	10	53 632	65 659
Total current liabilities		**96 668**	**93 945**
Total liabilities		**581 250**	**437 906**
Total equity and liabilities		**1 283 978**	**863 850**

1) Commercial Interest Reference Rate

Consolidated Statement of Cash Flows

(Amounts in USD 1 000)	**Year End 31 December** **2009**	**2008**
	Unaudited	*Audited*
Cash flow from operations		
Profit before taxes and excluding interest	108 046	-17 614
Interest paid	-10 782	-16 535
Paid taxes in the period	-2 363	-7 263
Result from associated companies	-7 660	-483
Gain (loss) on sale of assets	-1 047	8 011
Depreciation and amortization	37 191	32 080
Effect of unreal. currency exchange forward contracts	-31 202	45 382
Change in short-term receivable and payables	3 009	15 373
Other changes	-15 964	-4 636
Net cash flow from operations	**79 230**	**54 315**
Cash flow from investment activities		
Interest received	6 110	9 699
Investments in vessels and related equipment	-361 568	-176 023
Loan to shipyard	0	-32 267
Received from sale of fixed assets	4 208	6 981
Dividend from associated companies	629	1 218
Investment in associated companies	-972	-2 940
Cash flow from investments	**-351 593**	**-193 332**
Cash flow from financing activities		
Settlement for buy back of CIRR	-12 554	-809
Received from raising of new equity	147 410	6 624
Received from raising of new debt	217 984	46 546
Repayment of long-term borrowing	-61 228	-16 479
Cash flow from financing activities	**291 612**	**35 882**
Effect of exchange rate differences	-1 532	-11 803
Net change in cash	**17 717**	**-114 937**
Cash at bank start of period	73 371	188 308
Cash at bank end of period	91 088	73 371

Notes to the Financial Information

Note 1 - Basis of Preparation

The consolidated financial information for the period 1 January to 31 December 2009 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 2008, 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 2008. With effect from 1 January 2009, new standards, amendment to standards and interpretations have become effective. The adoption of these amendments, except for presentation changes as per IAS 1 'Presentation of financial statements', have had no 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 86% of the long-term interest bearing debt was subject to floating interest rates at the end of third quarter. The remaining part of the debt is subject to fixed interest rates.

3.2 - Currency Risk
The Company is exposed to currency risk as revenue and costs are denominated in various currencies. The Company is also exposed to currency risk due to future yard instalments in relation to shipbuilding contracts and long-term debt in various currencies. Forward exchange contracts are entered into in order to reduce the currency risk related to future cash flows.

3.3 - Liquidity Risk
The Company is financed by debt and equity. If the Company fails to repay or refinance its credit facilities, additional equity financing may be required. There can be no assurance that the Company will be able to repay its debts or extend the debt repayment schedule through re-financing of credit facilities. There is no assurance that the Company will not experience cash flow shortfalls exceeding the Company's available funding sources or to remain in compliance with minimum cash requirements. Further, there is no assurance that the Company will be able to raise new equity or arrange new credit facilities on favourable terms and in amounts necessary to conduct its ongoing and future operations should this be required.

3.4 - Yard Risk
The process for construction of new vessels is associated with numerous risks. Among the most critical risk factors in relations to such construction is the risk of not receiving the vessels on time, at budget and with agreed specifications. In addition, there is the risk of yards experiencing financial or operational difficulties resulting in bankruptcy or otherwise adversely affecting the construction process. The Company has obtained certain guarantees of financial compensation including refund guarantees in case of delays and non-delivery. Further, the Company has the right to cancel contracts if delivery of vessels is significantly delayed. However, no assurance can be given that all risks have been fully covered.

Delays and non-delivery of the vessels under construction is likely to 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.

Note 4 - Segment Reporting by Business Area

(Amounts in USD 1 000)	Quarter Ended 31 December 2009	Quarter Ended 31 December 2008	Year Ended 31 December 2009	Year Ended 31 December 2008
	Unaudited	*Unaudited*	*Unaudited*	*Audited*
Revenue by business area				
Platform supply/crew vessels	28 062	34 886	113 422	143 878
Multipurpose ROV Support Vessels	17 994	11 601	62 935	38 517
Anchor Handling Tug Supply Vessels	313	0	164	0
Combat Management Systems	2 010	1 223	4 859	8 691
Other	791	-62	2 178	1 687
Total Operating revenue	**49 170**	**47 648**	**183 558**	**192 773**
Depreciation and amortisation by business area				
Platform supply/crew vessels	6 073	6 129	25 044	25 808
Multipurpose ROV Support Vessels	2 950	1 877	10 375	5 591
Anchor Handling Tug Supply Vessels	1 125	0	1 125	0
Other	185	125	647	681
Total Depreciation and amortisation	**10 333**	**8 131**	**37 191**	**32 080**
Operating profit by business area				
Platform supply/crew vessels	8 887	14 184	31 689	61 011
Multipurpose ROV Support Vessels	4 854	4 989	16 024	10 292
Anchor Handling Tug Supply Vessels	-4 204	0	-5 724	0
Combat Management Systems	347	511	10	59
Other	-6 307	-53 242	38 692	-70 682
Total operating profit	**3 577**	**-33 558**	**80 691**	**680**

Note 5 - Property, Plant & Equipment

(Amounts in USD 1 000)	**Vessels under construction**	**Vessels and equipment**	**Total**
Balance at 1 January 2009	161 597	498 329	659 926
Investments	352 779	8 789	361 568
Delivery of vessels	-315 587	315 587	0
The year's disposal at cost	0	-3 349	-3 349
Effect of exchange rate differences	9 722	24 569	34 291
Balance at 31 December 2009	**208 511**	**843 925**	**1 052 436**
Accumulated depreciation at 1 January 2009	0	-45 927	-45 927
The year's ordinary depreciation	0	-36 265	-36 265
The year's disposal of accumulated depreciation	0	188	188
Accumulated depreciation at 31 December 2009	**0**	**-82 004**	**-82 004**
Net book value at 31 December 2009	**208 511**	**761 921**	**970 432**
		Economic life	
		2.5-30 years	

The balance of capitalised project costs was USD 546 per 31 December 2009. Such costs relates to specific contracts for the Brazilian crew/supply fleet. The costs are amortised over the term of the specific charter contracts.
Total amortisation in 2009 was USD 926.
Interest expenses on construction financing is capitalized from 01.01.2009

Note 6 - Consolidated Statement of Changes in Equity

(Amounts in USD 1 000)	Total number of shares	Share Capital	Share prem. reserves	Other reserves	Retained earnings	Shareholders' equity	Minority interest	Total equity
Equity as of 01.01.2009	**253 891 866**	**2 539**	**333 059**	**-31 200**	**103 415**	**407 813**	**18 131**	**425 944**
Effect of exchange rate differences				22 554		**22 554**	2 991	**25 545**
Share issue August 2009	105 882 353	1 059	146 040			**147 099**		**147 099**
The year's net profit					102 390	**102 390**	1 439	**103 829**
Share issues in partially owned subsidiaries							311	**311**
Equity as of 31.12.2009	**359 774 219**	**3 598**	**479 099**	**-8 646**	**205 806**	**679 856**	**22 872**	**702 728**

Equity as of 01.01.2008	**253 891 866**	**2 539**	**333 068**	**-15 306**	**130 983**	**451 284**	**13 895**	**465 179**
Effect of exchange rate differences				-15 848		**-15 848**	**-4 189**	**-20 037**
The year's net profit					-27 568	**-27 568**	**1 801**	**-25 767**
Share issues in partially owned subsidiaries						**0**	**6 624**	**6 624**
Other items			-9	-46		**-55**	**0**	**-55**
Equity as of 31.12.2008	**253 891 866**	**2 539**	**333 059**	**-31 200**	**103 416**	**407 813**	**18 131**	**425 944**

Note 7 - Long-term debt

Borrower/Creditor / Guarantor	Currency	Facility Amount	Drawn Amount Currency	Drawn Amount USD	Interest rate	Maturity	Instalments
Siem Offshore Rederi AS:							
HSH Nordbank AG	USD	186250	186250	186250	(Libor + 1.75 %)	2015	10 Quarterly instalments of USD 5 625 12 Quarterly instalments of USD 4 062
Eksportfinans /GIEK / HSH Nordbank AG	USD	112 000	96 004	96 004	(Libor +1.75%)	2021	Semi annual instalments of USD 4 097
DvB Bank N.V. Nordic Branch	GBP	9 130	9 130	14 726	(Libor + 1.00 %)	2013	Semi annual instalments of GBP 520
Eksportfinans /GIEK / HSH Nordbank AG	NOK	1 764 000		50 336	(Libor + 2.25 %)	2015	Semi annual instalments
SpareBank1 SR-Bank	NOK	427 000	0	0	(Nibor + 2.25 %)	2022	Quarterly intalments of NOK 8 895
Siem Meling Offshore DA:							
SpareBank1 SR-Bank	NOK	315 800	315 800	54 668	(Nibor + 0.90 %)	2013	Semi annual instalments of NOK 11 766
SpareBank1 SR-Bank	NOK	256 000	220 000	38 084	(Nibor + 1.50 %)	2022	Semi annual instalments of NOK 8 553
Siem Consub SA:							
Banco Nacional Development Social	USD	2 298	2 298	2 298	(6,8125% fixed)	2012	Semi annual instalments of USD 460
Banco do Brasil	USD	24 037	7 902	7 902	(3,3% fixed)	2027	Monthly installments of USD 129
Total Borrowings				450 267			
Eksportfinans (CIRR loan)	NOK	423 000	423 000	73 225			

The Company has drawn USD 96 million under the USD 112 million facility with HSH Nordbank /GIEK and Eksportfinans and USD 50 million under the NOK 1.764 billion facility with HSH NordBank/GIEK and Eksportfinans. The Company has also drawn NOK 190 million under the 256 million facility with SpareBank1 SR-Bank and USD 7.9 million under the USD 24.037 million facility with Banco do Brasil. The Company repaid a revolving credit facility of USD 30 million during fourth quarter.

Unearned CIRR	**31.12.2009**	**31.12.2008**
Beginning of year	22 278	23 429
Recognized in the profit and loss account	-6 097	-342
Paid for buy back of CIRR options	-12 554	-809
End of period	**3 627**	**22 278**

Prior to ordering vessels from Norwegian yards, the Company applied for fixed 12-year interest rate options related to the long-term financing of such vessels. The Company was granted such options for each of the relevant vessel by the Norwegian Export Credit Agency. During 2007, the Company sold the right to exercise such options to a first class international bank (the "Bank") in consideration for an up-front payment of USD 23.5 million. Any long-term loans drawn from the Norwegian Export Credit Agency will be placed as corresponding deposits in the Bank as financial security for any loans drawn. Recognition of the gain, related to each option, shall be recorded over the term of any drawn loans, or in whole if the relevant option is not exercised. As of 31 December 2009, the Bank has exercised options for loans of an equivalent USD 73 million, and USD 0.8 million of the total up-front payment is recorded in the income statement for 2007, 2008 and 2009, respectively.

Note 8 - Net interest bearing debt

(Amounts in USD 1 000)	**31.12.2009**	**31.12.2008**
	Unaudited	*Audited*
Bank deposit	91 088	73 371
Short-term interest bearing receivable	27 697	22 861
Total receivable / cash	118 786	96 232
Short-term interest bearing debt	-43 036	-28 286
Long-term interest bearing debt	-405 048	-250 694
Total debt	-448 085	-278 980
Net interest bearing debt	**-329 299**	**-182 748**

Note 9 - Commitments

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

(Amounts in USD 1 000)	**31.12.2009**	**31.12.2008**
Combined contract value end of period for the vessels	936 232	1 026 223
Instalments paid	208 511	161 596
Unpaid instalments (to be paid in 2010 or later)	727 721	864 627

Instalments falling due over the next 2 years

(Amounts in USD 1 000)	USD
2010	471 029
2011	139 737
2012 and thereafter	116 955
Total	**727 721**

The Company has entered into contracts with Norwegian yard for the construction of eight large AHTS vessels. The Company has also, through the 51% owned partnership Siem Meling Offshore DA, entered into a contract with a Norwegian yard for the outfitting of a PSV. The Company's subsidiary, Siem Consub SA, has entered into contracts for the building of two fast supply vessels, two fast crew boats, two OSRVs and two large-size PSVs.

The Company has taken delivery of two AHTS vessels during 2009 from Norwegian yard.

Note 10 - Taxes

(Amounts in USD 1 000)	
Long term tax liability 1 January 2009 (due to the new Norwegian tonnage tax legislation)	5 140
Tax expense	-5 706
Paid	-1 420
Effect of exchange rate differences	442
Tax liability, new tonnage tax legislation as of 31 December 2009	**-1 544**

(Amounts in USD 1 000)	Tonnage tax regime	Other tax regime	Total tax liabilities
Long term tax liabilities falling due after 1 year	0	2 589	2 589
Payable taxes falling due within 1 year	-1 544	14 834	13 290
Tax liabilities as of 31 December 2009	**-1 544**	**17 422**	**15 878**

(Amounts in USD 1 000)	Tonnage tax regime	Other tax regime	Total tax expense
Taxes	5 706	-5 333	373
Change in deferred tax/deferred tax asset	0	1 458	1 458
Total tax expense as of 31 December 2009	**5 706**	**-3 875**	**1 831**

The Board of Directors resolved on 25 November to relocate the residency of Siem Offshore Inc. ("the Company") from the Cayman Islands to Norway with effect from 1st January 2010. The Company has record a tax expense of NOK 32 million in fourth quarter for transfer of vessel ownership to the Norwegian Tonnage Tax Regime.

Companies that were taxed under the old tonnage tax regime could choose between entering into the new tonnage tax regime or exit the old tonnage tax regime with effect from 1 January 2007.Siem Offshore decided to enter the new tonnage tax regime for relevant ownership. Two thirds of a transitional taxable gain has been levied upon entry and 10 % of the original balance was to be entered as income each year from 2007 through 2017. Tax expense regarding the old tonnage tax regime has been reversed in December 2009 after the Norwegian Supreme Court, on 12 February 2010, concluded that the transitional rules to the tonnage tax regime from 2007 are unconstitutional.