SEAFOX

Millennium Offshore Services Superholdings LLC

(part of the **Seafox Group**)

2014 ANNUAL REPORT

COMPANY OFFICES

REGISTERED OFFICE
MILLENNIUM OFFSHORE SERVICES SUPERHOLDINGS, LLC
Trust Company Complex
Ajeltake Island
Ajeltake Road, Majuro
Marshall Islands, MH96960

MIDDLE EAST & NORTH AFRICA (MENA) REGION OFFICES

MENA CORPORATE OFFICE
Millennium Offshore Services
Management Company FZE
P.O. Box 40045
2nd Floor, Building C1
Ajman Free Zone, Ajman
United Arab Emirates
Telephone +971(0)6 7478774
Fax +971(0)6 7478775

UAE - LOGISTICS CENTER
UAE - AJMAN
Aljarf - Industrial Estate
Block 20, Plot 607
Ajman, United Arab Emirates

QATAR OFFICE
QATAR - DOHA
Almuntaza - Ibn Seena Street
Gulf Business Center Building
Office No. 101
Doha, Qatar

EGYPT OFFICE
EGYPT - CAIRO
8 Palestine Street, Messagnia Building
Port Said, Egypt

ABU DHABI REPRESENTATIVE OFFICE
UAE - ABU DHABI
Zakher Marine International

ASIA PACIFIC REGION OFFICES

SINGAPORE OFFICE
SINGAPORE
12 Marina Boulevard, #30-03
Marina Bay Financial Tower 3
Singapore 108902

AUSTRALIA OFFICE
AUSTRALIA - PERTH
Level 1, 100 Havelock Street
WA 6005
West Perth, Australia

NORTH SEA / EUROPE REGION OFFICES

THE NETHERLANDS
THE NETHERLANDS - HOOFDDORP
Taurusavenue 23
2132 LS Hoofddorp
The Netherlands
Telephone +31-23-5541313

ISLE OF MAN
Registered Address:
St George's Court, Upper Church Street
Douglas IM1 3JA
Isle of Man

Place of Business:
69 Athol Street
Douglas IM1 1EE
Isle of Man
Telephone: +44 1624 649070
Direct: +44 1624 649071

UNITED KINGDOM
James Watt Close
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk NR31 ONX
United Kingdom

FRANCE
4 Rue Cambon
75001 Paris
France

ANNUAL REPORT CONTENTS

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Deloitte.

Deloitte & Touche (M.E.)
UAB Tower – Level 13
Al Buhairah Corniche
P.O. Box 5470
Sharjah
United Arab Emirates

Tel: +971 (0) 6 517 9500
Fax: +971 (0) 6 517 9501
www.deloitte.com/middleeast

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Millennium Offshore Services Superholdings L.L.C.
Republic of the Marshall Islands

We have audited the accompanying consolidated financial statements of **Millennium Offshore Services Superholdings L.L.C. (the "Company") and its Subsidiaries (together the "Group") – Republic of the Marshall Islands** which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines it necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

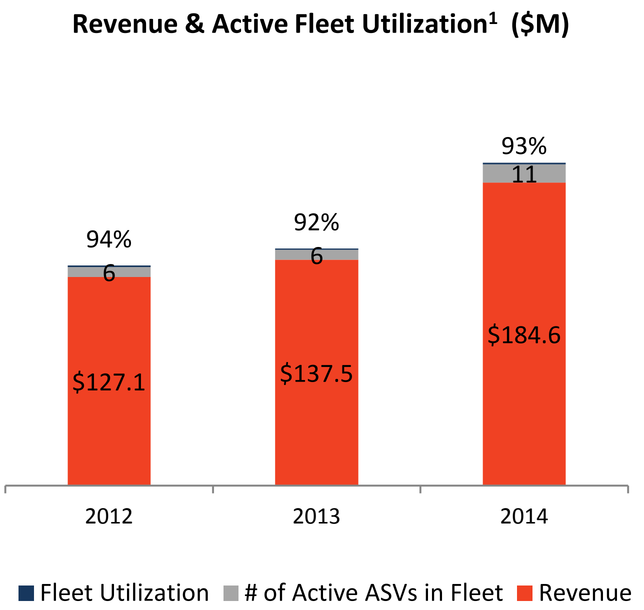
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Millennium Offshore Services Superholdings L.L.C. and its Subsidiaries – Republic of the Marshall Islands** as at 31 December 2014, and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

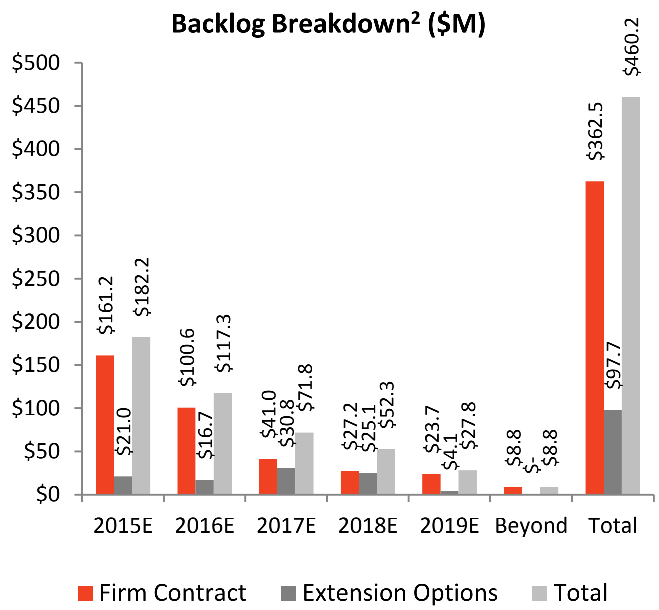
Deloitte & Touche

30 March 2015

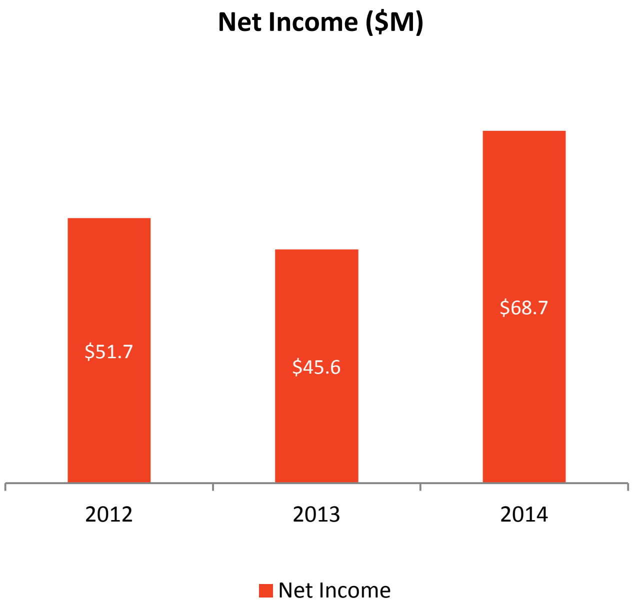
2014 FINANCIAL HIGHLIGHTS



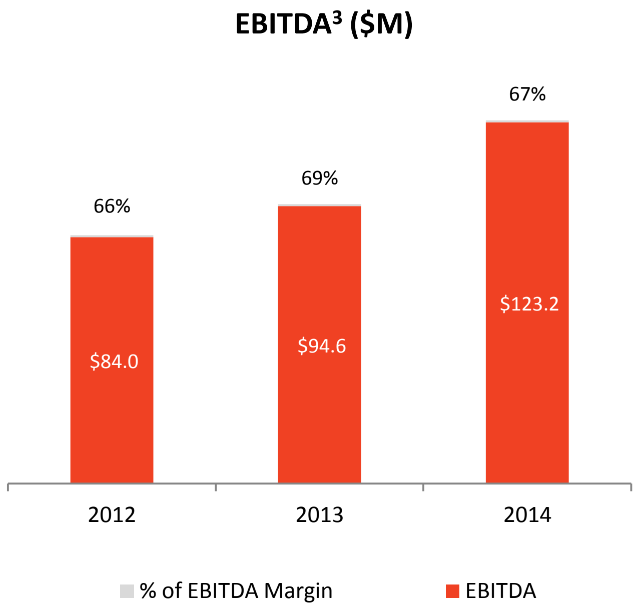
34.3% revenue growth in 2014, driven by strong fleet utilization of 93.3%, the addition of 7th ASV, Seafox Frontier, into active service and the newly acquired Seafox 1,2,4 & 7 results included from 7th Nov 2014.



Total backlog as of year-ended 2014 was $460 million, providing strong visibility into future revenues.



Net income increased 50.7% in 2014, due to the addition of Seafox Frontier to the active fleet in July 2014, and additional earnings from the acquisition of Seafox in Nov 2014.



2014 EBITDA increased 30.3% year-over-year with an EBITDA margin of 67% in 2014.

Footnotes:

(1) Active fleet includes the Seafox Frontier, which entered into active service and first contract in July 2014 and also Seafox 1, 2, 4, & 7 which were acquired and included in utilization numbers from 7th November 2014.

(2) For further details regarding backlog see: "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Other Financial Data - Fleet Utilization and Backlog."

(3) EBITDA is defined as net profit for the applicable period before finance costs, income tax expense, unrealized gain/loss on fair valuation of interest rate swap, equity settled C-grant expense, depreciation of property and equipment, amortization and other income / expense related to realized and unrealized exchange gain / loss, gain / loss on sale of assets, acquisition transaction fees and deposit income.

SEAFOX FRONTIER

Seafox Frontier is a three-legged, self-elevating jack-up unit for accommodation and offshore support services. She was built in 1980 in Brownsville, Texas (USA), by Marathon LeTourneau as a 116-C design jack-up drilling rig and converted at the Lamprell shipyard, Sharjah, UAE, in 2014. With a maximum Person on Board (POB) capacity of 290 (245 Client POB), the Seafox Frontier has a maximum water-depth operating capability of 300 feet. She has three cranes, with a maximum lift capacity of 200 MT, and the largest crane is positioned on a 55-foot retractable cantilever. The Seafox Frontier has 1,480 m² of free deck space and is currently working in the Asia-Pacific region. Various leisure facilities and additional health and well-being amenities provide a pleasant and enjoyable experience for those on board.

SEAFOX FRONTIER

Built	Brownsville, Texas, USA
Date of Building	1980
Converted	2014 Lamprell Shipyard Sharjah UAE
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7CO8
IMO Number	8756370
Official Number	5298
Class Society	ABS
Class Notation	ABS + A1 Self-elevating
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	290

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	74.39m / 244.00 ft
Breadth	61.1m / 200 ft
Depth	7.92m / 26.00 ft
Hull Shape	Triangular
Number of Legs	3
Leg Length Including Spud Cans	125.00m / 410.00 ft
Cantilever Extended	21.30m / 70.00 ft
Spud Cans Hexagonal	14.00m / 46.00 ft
Spud Cans Depth	7.3m / 23.10 ft
TONNAGE	
Gross Tonnage	6390 Tonnes
Net Tonnage	1917 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

290 persons including crew in the following configuration, fully air-conditioned

Main Deck	9 x 4 men cabins: 36 4 x 2 men cabins: 8 1 x 1 men cabins: 1
Level 1	15 x 4 men cabins: 60 7 x 2 men cabins: 14
Level 2	22 x 4 men cabins: 88
Level 3	20 x 2 men cabins: 40
	7 x 4 men cabins: 28
Level 4	5 x 1 men cabins: 5
	5 x 2 men cabins: 10
Total # of Bed	290

CRANES

1 x Le Tourneau series PCM-120-AS cranes with 100 ft boom rated 22.7 tons at 56’

1 x Manitowoc 14000 with up to 62m-203 ft boom, 200Ton@4.3-14 ft

1 x National OS 435 with 120 ft boom Rated 38.5 tons at 50’

WATER MAKERS

2 x Watertek Reverse Osmosis Desalination Units capable of producing 75,000 liters of potable water each per day

LIFE SAVING EQUIPMENTS

Lifeboats	2 x 150 man Lifeboats Port side 2 x 150 man Lifeboats Starboard side 1 x 16 person Fast Rescue Craft
Life Rafts	12 x 25 man Life Rafts

ACCESS BRIDGE

1 x 35 meters gangway

CAPACITIES

Fresh Water	2406 bbl / 286.8m³
Diesel Fuel	3145 bbl / 375.0m³
Preload	52,738 bbl / 6288.0m³
Deionize Water	1257 bbl / 150.0m³
Sewage System	1 x Hamworthy ST40C, capacity of 64,150 liters including grey water. 1 x Hamworthy ST10C, capacity of 15,810 liters including grey water.

MAXIMUM DECK LOADS

Main Deck	500 lbs/ft²
Machinery Deck	500 lbs/ft²
Cantilever	800 Kips – 270 lbs/ft²
Helicopter Deck, Maximum Take-off Load	18 Tonnes

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS

BURJ

Burj is a three-legged, self-elevating jack-up unit for accommodation and offshore support services. She was built in Vicksburg, Mississippi, (USA) in 1972 by Marathon LeTourneau as an 82-C design jack-up drilling rig and converted in 2012 by Lamprell, in Sharjah, UAE. The Burj has a maximum Person on Board (POB) capacity of 236 (180 Client POB). She also has a maximum water-depth operating capability of 350 feet and three cranes, with a maximum lift capacity of 200 MT; the largest crane is positioned on a 60-foot retractable cantilever. Excellent leisure facilities and other health and well-being amenities allow those on board a pleasant and positive experience.

BURJ

Built	Vicksburg, Mississippi, USA
Date of Building	1971 with Major enhancements in 2003
Converted	2011 Lamprell Shipyard, Sharjah, UAE
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7RZ6
IMO Number	8753316
Official Number	3607
Class Society	DNV
Class Notation	1A1 Self-elevating Accommodation Unit Non-Self Propelled
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	236

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	72.26m / 237.06 ft
Breadth	61.1m / 200.50 ft
Depth	7.92m / 26.00 ft
Hull Shape	Triangular
Leg Length Including Spud Cans	142.37m / 467.08 ft
Leg length	37.48m / 122.97 ft
Cantilever Extended	19.812m / 65.00 ft
Spud Cans Depth	7.31m / 24.00 ft
Spud Cans Hexagonal	14.00m / 46.00 ft
TONNAGE	
Gross Tonnage	7975 Tonnes
Net Tonnage	1917 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

236 persons including crew in the following configuration, fully air-conditioned

Services (Machinery Deck)	Cinema Hall Junior, Cinema Hall Senior, 2 x TV Entertainment areas, Fully furnished laundry, Store room
Services (Mezzanine)	Senior locker room with bathroom facilities, Junior change room with bathroom facilities, Prayer room / Internet / Quiet room, Gym, Tea room
Services (Main Deck)	Senior Mess Hall, Junior Mess Hall, 2 x Dry Store, Chiller, Freezer, Camp boss office, Fully serviced doctor's facility with laboratory, Galley
Services (Level 3)	8 x Office, Conference room
Services (Level 4)	2 x Office, Heli-Reception room, Heli-Briefing room
Main Deck	11 x 4 men cabins: 44 3 x 2 men cabins: 6 1 x 1 men cabins: 1
Level 1	11 x 4 men cabins: 44 18 x 2 men cabin: 36
Level 2	31 x 2 men cabins: 62
Level 3	13 x 2 men cabins: 26 8 x 1 men cabins: 8
Level 4	9 x 1 men cabins: 9
Total # of Beds	236

CRANES

2 x Le Tourneau series PCM-120-AS cranes with 100 ft booms rated 25 tons at 50' and 48 tons at 26'

1 x Manitowoc 14000 with up to 62m-203 ft boom, 200Ton@4.3m-14 ft

WATER MAKERS

2 x Watertek Reverse Osmosis Desalination Units capable of producing 75,000 liters of potable water each per day

LIFE SAVING EQUIPMENTS

Lifeboats	2 x150 man LB Port Side, 2 x 150 man LB Starboard Side
Life Rafts	10 x 25 man Life Rafts
Lifebuoys	10
Life Jackets	500
Rescue Boat	1

ACCESS BRIDGE

1 x 30 meter Gangway

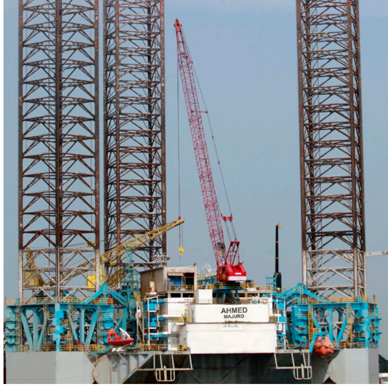
CAPACITIES

Diesel Fuel	3145 bbl / 375.0m^3
Potable Water	2406 bbl / 286.8m^3
Preload	52,738 bbl / 6288.0m^3
Sewage System	2 x Hamworthy ST40C, capacity of 220 POB with grey water. A pre holding tank volume of 34000 liters–285 bbl
Safety System	Fire, H2s and LEL Detection System
Engine Room	CO2 system
Helideck	The 70.5 ft diameter helideck is located forward of the unit directly outboard of the forward leg. The heliport is designed for maximum rotor diameter of 62.00 ft (18.90 m) and maximum take-off load of 18 tonnes. The helideck conforms to CAP 437 and has a closed drainage system that is connected through the oily water separation unit.
Fresh Water	2406 bbl / 286.8m^3

MAXIMUM DECK LOADS

Main Deck	500 lbs/ft^2
Machinery Deck	500 lbs/ft^2
Cantilever	800 Kips-270 lbs/ft^2
Helicopter Deck, Maximum Take-off Load	18 Tonnes

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS



SEAFOX AHMED

Seafox Ahmed is a three-legged, self-elevating jack-up unit for accommodation and offshore support services built in 1967 in Vicksburg, Mississippi, (USA) by Marathon LeTourneau. The rig was originally converted to a jack-up ASV in 1993 by Lamprell, in Sharjah, UAE. She was subsequently upgraded at that location in 1997 and again in 2007. The most recent upgrade was in 2011. The maximum Person on Board (POB) capacity for this vessel is 300 in her current configuration (250 Client POB). The Seafox Ahmed has a maximum water- depth operating capability of 300 feet. She has three cranes, with a maximum lift of 110 MT. She also has 600 m² of free deck space. The high quality of life on board is thanks to various leisure facilities and additional health and well-being amenities.

SEAFOX AHMED

Built	Marathon Le Tourneau, Vicksburg, USA
Date of Building	1967
Converted	1993 by Lamprell, Sharjah, UAE
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	VJGH7
IMO Number	8724346
Official Number	2096
Class Society	DNV
Class Notation	1A1 Self-elevating Accommodation Unit HELDK
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	300

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	72.15m / 236.7 ft
Breadth	72.22m / 236.9 ft
Depth	8.00m / 26.24 ft
Hull Shape	Triangular
Leg Length	127m / 416.7 ft
Spud Cans Hexagonal	11m / 36.09 ft
Spud Cans Depth	10m / 32.8 ft

TONNAGE

Gross Tonnage	7419 Tonnes
Net Tonnage	2225 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

300 persons including crew in the following configuration, fully air-conditioned with fire rated bulkheads

Level -2	1 x 2 men: 2
Level -1	4 X 6 men rooms: 24
Main Deck	2 x 6 men rooms: 12
Level 1	1 X 1 men: 1 55 X 2 men rooms: 110 4 X 4 men rooms: 16 2 X 6 men rooms: 12
Level 2	35 X 2 men rooms: 70 13 X 4 men rooms: 52 1 X 1 men rooms: 1
Services	Conference Room, 9 X Private Offices/ Cabin, Large Open Plan Office, Senior & Junior Recreation Rooms, Senior & Junior Galley and Dining Rooms, Dry Stores, Chiller and Freezer
Total # of Beds	300

CRANES

1 x Le Tourneau Type PCM-120-AS each with 100 ft booms, Port Side

1 x Le Tourneau Type PCM-120-AS each with 100 ft booms, Port Aft Side

1 x Manitowoc Crane 12000 series 2,200 ft boom, Aft Side

WATER MAKERS

2 x Aqua-Tech Reverse Osmosis Desalination Units capable of producing 75,000

liters of potable water each per day

LIFE SAVING EQUIPMENTS

Lifeboats	2 x 80 Lifeboat port side, accommodating 160 persons, 2 x 80 Lifeboat starboard side, accommodating 160 persons
Life Rafts	1 x 20 person Life Raft 14 x 25 person Life Raft
Lifebuoys	8
Life Jackets	600
Rescue Boat	1

ACCESS BRIDGE

28 meters Gangway

CAPACITIES

Diesel Fuel	190 Tonnes
Potable Water	360 Tonnes
Project Materials	200 Tonnes
Sewage System	Triton 4000 for 400 persons installed 2007
Safety System	Fire, H2s and LEL Detection System
Engine Room	CO2 system
Helideck	22.5 meter Diameter certified for Bell 212 / 214 aircraft

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS

SEAFOX DEEMA

Seafox Deema is a three-legged, self-elevating jack-up unit for accommodation and offshore support services built in 1966 in Vicksburg, Mississippi, (USA) by Marathon LeTourneau. The Deema was converted to a self-elevating jack-up ASV in 1990 by Lamprell, in Sharjah, UAE, and was subsequently upgraded there in 1998 and most recently in 2010. She has a maximum Person on Board (POB) capacity of 435 (415 Client POB) and a maximum water- depth operating capability of 190 feet. The Seafox Deema has three cranes, with a maximum lift of 200 MT. She also has 406 m² of free deck space. Various leisure facilities and additional health and well-being amenities ensure a high quality of life for those on board.

SEAFOX DEEMA

Built	Marathon LeTourneau, Vicksburg, USA
Date of Building	1966
Converted	1990 by Lamprell Energy Services, Sharjah, UAE
Upgraded	1998 by Lamprell Energy Services, Sharjah, UAE
2nd Upgrade	2009 by Lamprell Energy Services, Sharjah, UAE
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7GH9
IMO Number	8756916
Official Number	2098
Class Society	DNV
Class Notation	1A1 Self-elevating
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	475

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	60.96m / 200 ft
Breadth	55.67m / 183 ft
Depth	7.16m / 23.5 ft
Hull Shape	Triangular
Leg Length	82.75m / 271.5 ft
Spud Cans Diameter	10.67m / 35 ft
Spud Cans Depth	15.7m / 51.5 ft

TONNAGE

Gross Tonnage	6072 Tonnes
Net Tonnage	1821 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

475 persons including crew in the following configuration, fully air-conditioned with fire rated bulkheads

Level 1 (Main Deck)	17 x 6 men rooms: 102 5 x 4 men rooms: 20 2 x 2 men rooms: 4
Level 2	20 x 4 men rooms: 80 28 x 2 men rooms: 56 1 x 1 men rooms: 1
Level 3	25 x 6 men rooms: 150 2 x 4 men rooms: 8 2 x 1 men rooms : 2
Level 4	8 x 6 men rooms: 48 1 x 4 men rooms: 4
Total # of Bed	475

CRANES

Manitowoc 888, 50 Ton Crane, 200 ft Boom; Aft Side

Le Tourneau Type PCM-120-AS, 100 ft Boom; Port Side

Le Tourneau Type PCM 80, 100 ft Boom; Starboard Side

WATER MAKERS

2 x Watertek Reverse Osmosis Desalination Units capable of producing 75,000 liters of potable watereach per day

LIFE SAVING EQUIPMENTS

Lifeboats	8 totally enclosed Lifeboats. 5 x 80, 1 x 65, 2 x 120 man
Life Rafts	21 x 25 person Life Raft, accommodating 525 persons
Lifebuoys	11
Life Jackets	950
Rescue Boat	1

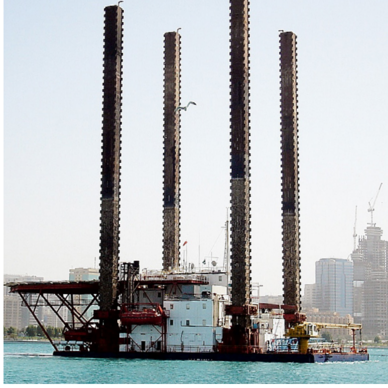
ACCESS BRIDGE

35 meter Gangway

CAPACITIES

Diesel Fuel	317 Tonnes
Potable Water	308 Tonnes
Project Materials	20 Tonnes
Sewage System	Triton 4000 x 2 Sewage Treatment System for 450 persons
Safety System	Fire, H2s and LEL Detection System
Engine Room	CO2 system, 29 bottles, Engine room and electrical control room, 2 bottles, Emergency generator, 2 bottles, Paint locker
Helideck	17.46 meter Diameter 7.0T Weight Restriction

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS



SEAFOX MARINIA

Seafox Marinia is a four-legged, self-elevating jack-up unit for accommodation and offshore support services built in Lubeck, Germany, in 1979. She was converted to a jack-up ASV in 1986 at the Sabah shipyard in Malaysia. The Seafox Marinia has a maximum water-depth operating capability of 151 feet and two cranes, with a maximum lift of 110 MT. In her current configuration, the Seafox Marinia has a maximum Person on Board (POB) capacity of 240 (200 Client POB). She has 180 m² of free deck space. Life on board is characterized by excellent leisure facilities and additional health and well-being amenities.

SEAFOX MARINIA

Built	Lubeck, Germany
Date of Building	1979
Converted	1986 Sabah Ship Yard, Malaysia
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7SM9
IMO Number	8225759
Ship ID	3684
Class Society	DNV (Det Norske Veritas)
Class Notation	1A1 Self-elevating Accommodation Unit
Type of Vessel	Self-elevating Accommodation Unit
Maximum POB	240

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	71.12m / 233 ft
Breadth	32.2m / 105.6 ft
Depth	4.9m / 16 ft
Hull Shape	Rectangular
Leg Length	76.3m / 250 ft
Spud Cans Octagonal	6m / 19.6 ft
Spud Cans Depth	1.9m / 6.2 ft
Operating Criteria	Jacking in water depth of 45.73 meters (with min. leg penetration)

TONNAGE

Gross Tonnage	3941 Tonnes
Net Tonnage	1182 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

240 persons including crew in the following configuration, fully air-conditioned with fire rated bulkheads

Main Deck	6 x 4 men rooms: 24 2 x 2 men rooms: 4
Level 1	12 x 4 men rooms: 48 2 x 2 men rooms: 4 3 x 1 men rooms: 3
Level 2	16 x 4 men rooms: 64 2 x 2 men rooms: 4
Level 3	12 x 4 men rooms: 48
Level 4	1 x 1 Clinic / Medic: 1
New Accommodation Modules	10 x 4 men rooms: 40
Total # of Beds	240

CRANES

1 x Manitowoc 12000, 120 ft Boom, Port Aft Side

1 x Hydralift Electro Hydraulic Pedestal Crane, 5 Ton SWL – Starboard Side

WATER MAKERS

2 x Watertek Reverse Osmosis Desalination Units capable of producing 75,000 liters of potable water each per day

LIFE SAVING EQUIPMENTS

Lifeboats	5 x 65 Man Lifeboat, accommodating 325 persons 1 x 22 Man Lifeboat, accommodating 22 persons 1 x 66 Man Lifeboat, accommodating 66 persons
Life Rafts	9 x Life Raft accommodating 225 persons
Lifebuoys	10
Life Jackets	266

ACCESS BRIDGE

14 Meter Gangway

CAPACITIES

Diesel Fuel	120.0 M³
Potable Water	115.0 M³
Sewage System	2 x Omnipoure waste treatment plants
Safety System	Fire, H2s and LEL Detection System
Helideck	Suitable for Sikorsky S-61

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS

SEAFOX TRIDENT ONE

Seafox Trident One is a three-legged, self-elevating, self-propelled jack-up unit for accommodation, well servicing (Enhanced Oil Recovery or "EOR"), and platform maintenance support. She was built in 2000 by Arab Heavy Industries in Ajman, UAE. The Seafox Trident One has a maximum water-depth operating capability of 180 feet, a maximum Person on Board (POB) capacity of 126 (80 Client POB) and two cranes, with a maximum lift of 64 MT. She has 686 m² of free deck space. Life on board is pleasant and positive thanks to a range of leisure facilities and additional health and well-being amenities.

SEAFOX TRIDENT ONE

Built	Arab Heavy Industries UAE
Date of Building	2000
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7NP3
IMO Number	8764511
Official ID	2991
Class Society	DNV
Class Notation	DNV +1A1 Self-elevating
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	126

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	50.29m / 165 ft
Breadth	42.6m / 140 ft
Depth	4.57m / 15 ft
Hull Shape	Triangular
Leg Length	79.2m / 260 ft
Spud Cans Octagonal	7.72m / 24 ft
Spud Cans Depth	2.13m / 7 ft
TONNAGE	
Gross Tonnage	2434 Tonnes
Net Tonnage	730 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

126 persons including crew in the following configuration, fully air-conditioned with fire rated bulkheads below the main deck

Level 1	7 X 4 men cabins: 28 3 X 2 men cabins : 6
Level 2	4 X 4 men cabins: 16 3 X 2 men cabins: 6 2 X 1 men cabins: 2
Accommodation Module Level 1	4 x 4 men cabins: 16 5 X 4 men cabins: 20
Accommodation Module Level 2	4 X 4 men cabins: 16 4 X 4 men cabins: 16
Services:	Recreation room, Laundry, Sickbay, Senior and Junior Galley and Mess, Radio Room, Ship Office, Wheelhouse
Total # of Beds	126

ANCILLARY EQUIPMENT

Fuel Consumption	4 Tons on location 4,800 liters / 1,270 gallons = 2,500 liters, 15 tons per day steaming on full load 17,700 liters / 4,680 gallons = 10,000 liters
Electrical Power Plant	600/440/220 Volts, 3 Phase @ 60 Hz
Main Generator	3 Nos. Caterpillar Type 3512 DITA Diesel engines each driving one generator producing 1070 KW
Emergency Generator	1 No. Cat type 3306 DIT Diesel engine driving, one generator rated at 170 KW
Propellers	2
Propulsion	1 x DC propulsion motors rated at 1000 HP /746 kW Port Side, 1 x DC propulsion motors rated at 1000 HP /746 kW Starboard Side, 2000 HP through 4:4:1 RATIO = 8340 shaft HP each
Bow Thrusters	1 DC motor rated at 800 HP (340 kw) 3.75 tonnes thrust
Stern Thrusters	1 DC motor rated at 800 HP (340 kw) 3.75 tonnes thrust

CRANES

2 EBI (C-150-70) diesel, pedestal mounted hydraulic cranes with 20 ft. JIB; 47 metric tonnes nominal strength and 9.4 metric tonnes working

WATER MAKERS

2 X Watertek type AWS 480-50 50,000 liters capacity water marks / 13,209 gallons each per day

LIFE SAVING EQUIPMENTS

Lifeboats	1 x Lifeboat port side, accommodating 65 persons 1 x Lifeboat aft side, accommodating 65 persons
Life Rafts	4 x 25 person Life Raft 14 x 25 person Life Raft
Lifebuoys	6 Life Raft w/ launching appliances accommodating 150 person 10 Life Raft without launching appliances accommodating 150 person
Life Jackets	272

ACCESS BRIDGE

14 Meters Gangway

CAPACITIES

Diesel Fuel	302 M³ / 79,780 gallons = 78426 USG
Potable Water	94 M³ / 24,832 gallons = 28358 USG
Sewage System	3 X Triton units, Certified USCG Approx. 18000 liters/per day / 4,755 gallons per day
Safety System	Fire, H2s and LEL Detection System
Helideck	19m Diam Helideck Cert for Bell 212 214 Aircraft S-76

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS

LEEN

Leen is a four-legged, self-elevating, self-propelled jack-up unit for accommodation and offshore support services. She was built in 1998 at Piasau Slipways in Miri, Sarawak, Malaysia, and converted to a jack-up ASV in 1999 by Lamprell in Sharjah, UAE. The Leen is a self-propelled, self-elevating jack-up ASV capable of providing well servicing (Enhanced Oil Recovery or "EOR"), platform maintenance, and accommodation support. She has a maximum Person on Board (POB) capacity of 150 (110 Client POB) and a maximum water-depth operating capability of 131 feet. The Leen has two cranes, with a maximum lift of 37 MT. She has 450 m² of free deck space. Leisure facilities and additional health and well-being amenities allow for a pleasant and positive experience for those on board.

LEEN

Built	Piasau Slipways, Miri, Sarawak, E. Malaysia
Date of Building	1998
Converted	1999 by Lamprell Jumairah, Sharjah, UAE
Port of Registry	Majuro
Flag	Marshall Islands
Call Sign	V7GH8
IMO Number	9203849
Ship ID	2097
Class Society	DNV Det Norske Veritas
Class Notation	1AA R Self-elevating Offshore support Unit EO
Type of Vessel	ASV (Accommodation Support Vessel)
Maximum POB	150

PRINCIPAL DIMENSION (METERS / FEET)

Length Overall	59.1m / 193 ft
Breadth	31.95m / 104.7 ft
Depth	4.89m / 16 ft
Hull Shape	Rectangular
Leg Length	68m / 223 ft
Spud Cans Octagonal	5.1m / 16.72 ft
Spud Cans Depth	5.8m / 19 ft
TONNAGE	
Gross Tonnage	3962 Tonnes
Net Tonnage	1189 Tonnes

ACCOMMODATION (CURRENT CONFIGURATION)

150 persons including crew in the following configuration, fully air-conditioned with fire-rated bulkheads

Level 1	11 x 6 men cabins: 66
Level 2	1 x 2 men cabins: 2
Level 3	5 x 2 men cabins: 10 10 x 4 men cabins: 40
Level 4	6 x 2 men cabins: 12
	4 x 1 men cabins: 4
Accommodation Modules	4 x 4 men cabins :16
Services	Senior and Junior Recreation room, Laundry, Sickbay, Senior and Junior Galley and Mess, Radio Room, Ship Office, Wheelhouse, Locker Room, Mosque, Gymnasium, 8 Offices Spaces, Junior and Senior Smoking room
Total # of Beds:	150

ANCILLARY EQUIPMENT

Fuel Consumption	3.5 tons on location; 15 tons per day steaming on full load
Electrical Power Plant	480 Volts @ 60 Hz
Main Generator	3 Nos. Caterpillar Type 3516B Diesel engines, each driving one generator producing 1285 KW
Emergency Generator	1 No. Cat Type 3508B Diesel engine driving one generator rated at 600 K
Propellers	2
Propulsion:	Propelled by 2 main engines to 4.2 kts at 1000 RPM, 2 x Cat Type 3512 producing 2120 BHP in total
Bow Thrusters	2 x Celtic Propulsion Omega Jets rated at 750 KW (1005 HP)

CRANES

1 x BMC 900 with 120 ft boom Port Side

1 x BMC 1000 with 100 ft boom Starboard Side

WATER MAKERS

2 x Watertek Reverse Osmosis type - Model A W-E50S producing 50,000 liters each per day

LIFE SAVING EQUIPMENTS

Lifeboats	1 x 80 Port Side Lifeboat accommodating 80 persons 1 x 56 Port Side Lifeboat accommodating 56 persons 1 x 80 Stbd Side Lifeboat accommodating 80 persons 1 x 56 Stbd Side Lifeboat accommodating 56 persons
Life Rafts	2 x 25 Life Raft w/ Davit launching appliances 12 x 25 Life Raft w/out launching appliances
Lifebuoys	8
Life Jackets	290
Rescue Boat	1 x WHFRB 650 DJ

ACCESS BRIDGE

10 Meter Gangway

CAPACITIES

Diesel Fuel	565 M³
Potable Water	293 M³
Sewage System	The vessel is fitted with an OMNIPURE Marine Sanitation Device Model 15MXMP unit, capable of treating the output from up to 250 persons.
Safety System	Fire, H2s and LEL Detection System
Helideck	17.50 meters Diameter Cert for Bell 212 / 214 Aircraft

CAPACITY / WEIGHT AVAILABLE TO CLIENT IN NORMAL OPERATING PARAMETERS

SEAFOX 1

Seafox 1 is a four-legged, self-elevating jack-up unit for accommodation, construction, maintenance, and well services. The unit was built to Det Norske Veritas (DNV) classification requirements. She is specifically designed to withstand harsh offshore environments and conditions and is capable of operating in water depths up to 40 meters all year round. The unit offers permanent accommodation for 75 Persons on Board (POB) and has an accepted UK Safety Case for accommodation, maintenance, and well-service activities in the Dutch and UK sectors. Life on board is pleasant and enjoyable thanks to various leisure facilities and additional health and well-being amenities.

SEAFOX 1	
Flag / P.O.R	Isle of Man / Douglas
Design	MSC
Year of Build	1979
Upgraded	2009
Class	DNV # 1A1 Self-Elevating Accomodation Unit HELDK
Callsign	2BZE7
IMO nr.	8758988
Environmental Conditions	

DIMENSIONS	
Length	40.0 m
Max. Length	64.0 m
Breadth	40.0 m
Depth	4.92 m
Loadline draft	2.92 m
Gross Tonnage	

DECK	
Deck capacity	5.0 t/m²
Deck space	600 m²

LEGS	
Number of legs	4
Max Water Depth	40 m
Length of legs	70.21 m
Type of legs	Square box-type
Tip of can below hull full raised position	
Spud Can details	22 m²

HELICOPTER DECK	
Suitable	S61-N including refuelling
D-value (Meters	22 m
Safe Working Load (Tonnes)	9.3 t
Compliant	CAP 437, BSL D 5-1, HCA

POWER GENERATION	
Electricity Diesel/Electric	2x 880 Kva, 380V, 50 Hz 2x 370 kW, 380V, 50 Hz
Emergency Diesel Generator	1x 75 kW

JACKING SYSTEM	
Type jacking system	MSC hydraulic positive engagement system
Capacity	1750 t preload per leg
Average speed	2.08 m per min

VARIABLE LOAD	
Operational	800.3 tonnes

LIFE SAVING EQUIPMENT	
Rescue Boat	1
Lifeboats/Type	2x 61 person (98 kg), 1x 42 person (98 kg)
Liferafts/Type	8x 25 person

PROPULSION	
Propulsion	N/A
Thrusters	N/A
Speed	N/A

MOORING SYSTEM	
Mooring winches	2x double drum, 25 t, 500 m wire
Achors	4x 3,0 t
Anchor type	Delta Flipper

CRANES	
Port Crane	Brattvaag KHO 3029/1543 crane Max: 30 t at 29 m radius Min: 15 t at 43 m radius
Starboard Crane	N/A
Stern Cranes	Huisman 300 mt PMOC crane Max: 300 t @ 11.8 m radius Min: 30 t @ 61 m radius

ACCOMMODATION	
Capacity	75
Facilities	Change/Locker room, Galley, Gym, Helicopter administration, Hospital facilities, Laundry, Laundry, Mess room, Offices, Recreation Rooms

OTHER RELEVANT INFORMATION	
Fuel Storage Capacities	
Potable Water Storage Capacity	
Water Maker Capactity per day	
Fuel Consumption - Steaming	N/A
Fuel Consumption - On full Load	N/A
Gangway	

SEAFOX 2

Seafox 2 is a four-legged, self-elevating jack-up unit for accommodation, construction, maintenance, and well services. The unit was built to Lloyd's Register of Shipping (LRS) classification requirements. She is specifically designed to withstand harsh offshore environments and conditions and capable of operating in water depths up to 50 meters all year round. The unit offers permanent accommodation for 235 Persons on Board (POB) and has an accepted UK Safety Case for accommodation, maintenance, and well-service activities in the Dutch and UK sectors. The range of leisure facilities and health and well-being amenities provide a good quality of life for those on board.

SEAFOX 2

Flag / P.O.R	Isle of Man / Douglas
Design	Transocean
Year of Build	1976
Upgraded	2014
Class	ABS # A1-Self Elevating Unit
Callsign	2BIF7
IMO nr.	8756148
Environmental Conditions	

DIMENSIONS

Length	68.79 m
Max. Length	97.25 m
Breadth	52.78 m
Depth	5.44 m
Loadline draft	4.19 m
Gross Tonnage	

DECK

Deck capacity	3.7 t/m², 20.0 t/m²
Deck space	900 m²

LEGS

Number of legs	6
Max Water Depth	45.7 m
Length of legs	84.30 m
Type of legs	Circular closed tube
Tip of can below hull full raised position	
Spud Can details	

HELICOPTER DECK

Suitable	S61-N including refuelling
D-value (Meters	22 m
Safe Working Load (Tonnes)	9.3 t
Compliant	CAP 437, BSL D 5-1, HCA
POWER GENERATION	
Electricity Diesel/Electric	3x 600 kW, 440 V / 60 Hz
Emergency Diesel Generator	1x 250 kW

JACKING SYSTEM

Type jacking system	Electric Rack & Pinion
Capacity	2200 t (centre legs) 2100 t (corner legs)
Average speed	0.3 m per min

VARIABLE LOAD

Operational	2200 t (elevated) 1100 t (jacking)

LIFE SAVING EQUIPMENT

Rescue Boat	1
Lifeboats/Type	2x 61 person, 1x50 person, 1x 44 person (98 KG)
Liferafts/Type	4x 25 person, 4x 20 person
PROPULSION	
Propulsion	N/A
Thrusters	N/A
Speed	N/A

MOORING SYSTEM

Mooring winches	4x single drum, 30 t, 60 m wire
Achors	4x 5.0 t
Anchor type	Delta Flipper

CRANES

Port Crane	Liebherr BOS Crane Max: 50 t @ 12 m radius Min: 5 t @ 36.6 m radius
Starboard Crane	Liebherr BOS Crane Max: 50 t @ 12 m radius Min: 5 t @ 36.6 m radius
Stern Cranes	Kenz 300 crane Max: 300 t @ 26 m radius

ACCOMMODATION

Capacity	153
Facilities	Galley, Change room, Conference room, Gym, Hospital facilities, Mess room, Offices, Recreation rooms, Stores

OTHER RELEVANT INFORMATION

Fuel Storage Capacities	
Potable Water Storage Capacity	
Water Maker Capacity per day	
Fuel Consumption - Steaming	N/A
Fuel Consumption - On full Load	N/A
Gangway	

SEAFOX 4

Seafox 4 is a six-legged, self-elevating jack-up unit for accommodation, construction, maintenance, and well services. The unit was built to American Bureau of Shipping (ABS) classification requirements and is designed to operate throughout the year in water depths of up to 45 meters. The unit offers permanent accommodation for 153 Persons on Board (POB) and has an accepted UK Safety Case for accommodation, maintenance, and well-service activities in the Dutch and UK sectors. Life on board is pleasant and positive thanks to the unit's leisure facilities and health and well-being amenities.

SEAFOX 4

Flag / P.O.R	Isle of Man / Douglas
Design	Transocean
Year of Build	1976
Upgraded	2014
Class	ABS # A1-Self Elevating Unit
Callsign	2BIF7
IMO nr.	8756148
Environmental Conditions	

DIMENSIONS

Length	68.79 m
Max. Length	97.25 m
Breadth	52.78 m
Depth	5.44 m
Loadline draft	4.19 m
Gross Tonnage	

DECK

Deck capacity	3.7 t/m², 20.0 t/m²
Deck space	900 m²

LEGS

Number of legs	6
Max Water Depth	45.7 m
Length of legs	84.30 m
Type of legs	Circular closed tube
Tip of can below hull full raised position	
Spud Can details	

HELICOPTER DECK

Suitable	S61-N including refuelling
D-value (Meters	22 m
Safe Working Load (Tonnes)	9.3 t
Compliant	CAP 437, BSL D 5-1, HCA

POWER GENERATION

Electricity Diesel/Electric	3x 600 kW, 440 V / 60 Hz
Emergency Diesel Generator	1x 250 kW

JACKING SYSTEM

Type jacking system	Electric Rack & Pinion
Capacity	2200 t (centre legs) 2100 t (corner legs)
Average speed	0.3 m per min

VARIABLE LOAD

Operational	2200 t (elevated) 1100 t (jacking)

LIFE SAVING EQUIPMENT

Rescue Boat	1
Lifeboats/Type	2x 61 person, 1x50 person, 1x 44 person (98 KG)
Liferafts/Type	4x 25 person, 4x 20 person
PROPULSION	
Propulsion	N/A
Thrusters	N/A
Speed	N/A

MOORING SYSTEM

Mooring winches	4x single drum, 30 t, 60 m wire
Achors	4x 5.0 t
Anchor type	Delta Flipper

CRANES

Port Crane	Liebherr BOS Crane Max: 50 t @ 12 m radius Min: 5 t @ 36.6 m radius
Starboard Crane	Liebherr BOS Crane Max: 50 t @ 12 m radius Min: 5 t @ 36.6 m radius
Stern Cranes	Kenz 300 crane Max: 300 t @ 26 m radius

ACCOMMODATION

Capacity	153
Facilities	Galley, Change room, Conference room, Gym, Hospital facilities, Mess room, Offices, Recreation rooms, Stores

OTHER RELEVANT INFORMATION

Fuel Storage Capacities	
Potable Water Storage Capacity	
Water Maker Capactity per day	
Fuel Consumption - Steaming	N/A
Fuel Consumption - On full Load	N/A
Gangway	

SEAFOX 7

Seafox 7 is a four-legged, self-elevating jack-up unit for accommodation, construction, maintenance, and well services. The unit was built to American Bureau of Shipping (ABS) classification requirements. She was specifically designed to withstand harsh offshore environments and conditions and is capable of operating throughout the year in water depths of up to 40 meters. The Seafox 7 offers permanent accommodation for 113 Persons on Board (POB). The unit has an accepted UK Safety Case for accommodation, maintenance, and well-service activities in the Dutch and UK sectors. The range of leisure facilities and health and well-being amenities allow for a pleasant experience for those on board.

SEAFOX 7

Flag / P.O.R	Isle of Man / Douglas
Design	MSC SEA-2000
Year of Build	2008
Upgraded	
Class	ABS # A1-Self Elevating Unit
Callsign	2BGC6
IMO nr.	8769717
Environmental Conditions	

DIMENSIONS

Length	55.0 m
Max. Length	75.0 m
Breadth	32.20 m
Depth	5.0 m
Loadline draft	3.35 m
Gross Tonnage	

DECK

Deck capacity	8.0 t/m²
Deck space	700 m²

LEGS

Number of legs	4
Max Water Depth	40.0 m
Length of legs	78.85 m
Type of legs	Circular with holes with spud cans
Tip of can below hull full raised position	
Spud Can details	19.6 m²

HELICOPTER DECK

Suitable	Super Puma or equal, including refuelling
D-value (Meters	19.5 m
Safe Working Load (Tonnes)	9.3 t
Compliant	CAP 437, BSL D 5-1, HCA

POWER GENERATION

Electricity Diesel/Electric	2x 630 kW, 2x 150 kW, 400 V, 50 Hz
Emergency Diesel Generator	1x 150 kW

JACKING SYSTEM

Type jacking system	MSC hydraulic positive engagement system
Capacity	2000 t per leg
Average speed	0.25 - 0.60 m/min

VARIABLE LOAD

Operational	1120 t

LIFE SAVING EQUIPMENT

Rescue Boat	1
Lifeboats/Type	2x 65 person (98 kg) 1x 30 person (98 kg)
Liferafts/Type	4x 39 person

PROPULSION

Propulsion	N/A
Thrusters	N/A
Speed	N/A

MOORING SYSTEM

Mooring winches	4x single drum, 30 t, 500 m wire
Achors	4x 3.0 t
Anchor type	Delta Flipper

CRANES

Port Crane	N/A
Starboard Crane	Favco PC 300 HD Offshore crane Max: 270 t @ 22 m radius Min: 30 t @ 72 m radius
Stern Cranes	N/A

ACCOMMODATION

Capacity	113
Facilities	Galley, Mess room, Stores, Recreation rooms, Gym, Change room, Hospital facilities Conference room, Offices, HVAC, Sewage treatment Internet room

OTHER RELEVANT INFORMATION

Fuel Storage Capacities	
Potable Water Storage Capacity	
Water Maker Capactity per day	
Fuel Consumption - Steaming	N/A
Fuel Consumption - On full Load	N/A
Gangway	

BUSINESS OVERVIEW

We are a leading provider of offshore jackup accommodation service vessels ("ASVs") to the oil and gas market as well as engineering, procurement, installation and commissioning ("EPIC") companies operating in the North Sea, Middle East and North Africa ("MENA") and Asia-Pacific regions.

ASVs are typically used wherever there is a need for additional accommodation to support a workforce that cannot be accommodated on an offshore oil and gas installation's own facilities. The ASV is usually linked to the host installation by one or two walkways. The facilities for the personnel on board an ASV include bedrooms, bathrooms, dining halls, recreational facilities (such as cinemas, Internet cafes, game rooms, gyms), executive offices and conference rooms. ASVs may also have additional equipment and facilities on board that can be used to support ongoing work on the neighboring installation including cranes, open deck areas, workshops, storage areas, power supply and client offices.

Demand for ASVs is often greatest during the production and other post-exploration phases of an offshore oil and gas installation's lifecycle. As installations age, their need for inspection, maintenance and repair increases, with a resulting need for additional accommodation to support such large-scale work. Inspection, maintenance and repair work carried out on an installation during the production phase is essential to maintaining oil and gas production and therefore drives the majority of ASV demand globally.

Following the recent transaction with Seafox group on November 7, 2014, we now own and operate a fleet of eleven jackup ASVs, six of which are currently in the MENA region, four in the North Sea and one which is currently in the Asia-Pacific region. Seven of our ASVs are registered in the Republic of the Marshall Islands (the "Marshall Islands") with the four recently acquired Seafox ASVs registered in the Isle of Man.

We are headquartered in Hoofddorp (Netherlands) and Ajman (UAE). We also have registered offices in the Isle of Man, Great Yarmouth (United Kingdom), Singapore (Singapore), Perth (Australia), Doha (Qatar), Cairo (Egypt) and Dili (Timor-Leste), as well as a representative office in Abu Dhabi (UAE) and Paris (France). In addition, we lease purpose-built yards, workshops and storage areas in our two main operating areas Ajman (UAE), near the Hamriyah Port in Sharjah, and IJmuiden (Netherlands).

The following table provides a summary of our fleet of ASVs as of December 31, 2014.

Fleet Overview

Name	Max Water Depth (ft)	Max PoB Capacity(1)	# of Cranes / Max Crane Lift (MT)	Certification
Seafox Ahmed	300	312	3/110	DNV
Burj	350	236	3/200	DNV
Seafox Deema	190	475	3/200	DNV
Seafox Frontier	300	290	3/200	ABS
Leen	131	150	2/37	DNV
Seafox Marinia	151	240 Upgradable to 280	2/110	DNV
Seafox Trident One	180	126	2/64	DNV
Seafox 1	131	72 upgradable to 100	3/300	DNV
Seafox 2	170	235	2/100	Lloyds/DNV
Seafox 4	148	151 Upgradable to 181	3/300	ABS
Seafox 7	148	113 upgradable to 132	1/300	ABS

(1) ASVs may be upgraded through the installation of additional modular accommodation, which allows person on board ("PoB") capacity of the ASV to be increased to levels shown. Total PoB upgrade capacity is based on the maximum number of additional modular accommodation that can be supported by the ASV.

Customers

Our customer base includes large and prominent national oil companies ("NOCs"), international oil companies ("IOCs") and EPIC companies who lease our ASVs at varying contract lengths to provide support to their large offshore capital projects. In some instances, we enter into contracts with our customers indirectly as subcontractors. For the twelve months ended December 31, 2014, ten customers accounted for 100% of our revenue. In addition, as of December 31, 2014, ten customers accounted for 100% of our backlog of fixed term contracts and customer extension options.

We benefit from repeat business from our customers, with fifteen out of our twenty-eight customers from the combined histories of MOS and Seafox, having executed two or more contracts. In addition, since our inception and including the acquired Seafox contracts since acquisition, our customers have exercised 54 out of 65 customer extension options. Our management team continually works to build customer relationships by initiating dialogue with prospective customers and maintaining an active dialogue with our existing customers to ensure that we are up to date with their requirements, particularly those relating to health and safety, and trends in the industry, including with regards to ASV specifications.

Key Contract Terms

Our contracts generally include: (i) a day rate, which is earned regardless of the activity level on the ASV; (ii) a rate per Person on Board (PoB) per day to provide messing and accommodation for the customer personnel and other workers on board the ASV; and (iii) a mobilization and demobilization fee, which usually covers the costs of moving an ASV to the contract location and back to the yard at contract expiry. We operate on the basis of fixed term contracts with customer extension options. The duration of our contracts varies depending on customer requirements. At the end of the initial contract period, our customers usually seek to have one or more options to extend the contract.

The notice period for termination for convenience varies between 30 to 275 days or even longer. The notice period is generally linked to the length of the fixed term of the contract, with longer contracts having longer notice periods. Generally speaking, charter arrangements in the European region historically provide a higher level of termination protection than in the MENA and Asia Pacific regions, with higher penalties and / or longer notice periods. We have only experienced one early cancellation for convenience in our operating history and that was almost six years ago. Despite the early cancellation the ASV was chartered for that same project at a later stage.

Company Strengths and Strategy

Strengths

We believe that our key competitive strengths are as follows: *A leading, cost efficient jack-up ASV operator focused on the large and growing markets for offshore oil and gas and renewable energy installation (i) inspection, maintenance and repair, (ii) construction, hook-up and commissioning projects and (iii) decommissioning, in the North Sea, MENA and Asia-Pacific regions, with our operations focusing on high quality of service and safety.*

The largest market for ASVs comes from inspection, maintenance and repair work, which has to be undertaken during the production phase of an installation's life because, as installations age, their inspection, maintenance and repair programs increase and generally require a large number of workers for extended periods of time. In addition to inspection, maintenance and repair work, ASVs are also used to accommodate personnel working on construction, hook-up and commissioning of new installations and decommissioning projects. As at November 2014 there were an estimated 7,969 fixed installations in the group's current addressable market of the North Sea, MENA and Asia pacific regions (defined as water depth less than 400 ft), with an estimated installation average age of 26 years.

Ability to capitalize on growing trend in the ASV sector of using jack-up ASV solutions versus floating solutions

We believe that in the shallow, and also the deeper, water markets, jack-up ASVs are becoming increasingly popular compared to floating ASVs (mainly barges and monohulls), as customers are increasingly becoming aware of the significant disadvantages of floating solutions, including: (i) potential for significant downtime during periods of adverse weather conditions, as the walkways between a floating ASV and a fixed platform must be disconnected; (ii) generally low quality of accommodation; (iii) potential for worker sea sickness; and (iv) potential for floating solution anchors to interfere with the subsea infrastructure thereby damaging the customer's installation. These factors may be exacerbated on longer-term projects where workers can reside on the same ASV for over five years. We believe that customers are increasingly looking at jack-up ASV solutions to minimize downtime and maximize productivity.

Significant backlog resulting in visibility into future revenues

Our backlog reflects the estimated future revenue attributable to the remaining term of our existing fixed term contracts and customer extension options across all of our ASVs. As at December 31, 2014, our total backlog stood at $460.2 million, pro-forma for new business wins and contract extensions. This consists of backlog under fixed term contracts of $362.5 million and backlog in respect of customer extension options of $97.7 million. Furthermore, we are in active dialog with current and potential new customers, including expressions of interest, requests for quotation and invitations to tender, concerning future needs for our services and potential additions to our fleet.

Strong relationships with high-quality customers resulting in significant repeat business and exercise of customer extension options

Our customer base has included some of the largest and most prominent NOCs, IOCs and EPIC companies globally. We believe our customers will continue to use ASVs during the production and other post-exploration phases of their offshore oil and gas installations, with each of whom we are pre-qualified to work. We have established strong, trusted and long-term relationships with our customers as a result of our strong historical operational and safety track record, differentiated and flexible fleet and overall commitment to superior customer service. As a result, fifteen of our twenty eight customers in the combined group histories have executed two or more contracts with us. We believe this track record with our customers is a testament to the strength of our customer relationships and the high quality of service that we provide.

Extending our current contracts or entering into new contracts with existing customers benefits both us and our customers. From the customer's perspective, the ASV is readily available on the work site, there is no mobilization cost associated with the new contract or customer extension option and there is a high level of comfort that the ASV will fit their requirements and that we are familiar with their policies and procedures, all of which give us a competitive advantage when we tender for the renewal of contracts or when a customer has a contract extension option. From our perspective, the ASV downtime is reduced, therefore increasing our fleet utilization rate.

Resilient EBITDA margins

We have realized EBITDA margins of 66.1% and 68.8% for the years ended December 31, 2012 and 2013, respectively, and 66.8% for the year ended December 31, 2014. We note that 2015 will see planned shipyard works for a combination of scheduled upgrades ahead of contract start dates and class survey requirements for seven of our ASVs which will impact utilization and margins for 2015, particularly in the first six months of the year. We also recognize in the current oil and gas market environment the increased cost pressures and focus of operators on realizing cost efficiencies will also impact on margins in 2015.

Diverse, well-maintained, certified and valuable fleet

We believe our fleet of jack-up ASVs is well-suited to our existing focus regions that are the North Sea, MENA and Asia-Pacific. We have (i) a diverse fleet capable of accommodating a broad range of PoB (72 to 475) and working in a range of water depths (131 to 350 feet), (ii) a diverse offering of ancillary services (e.g. crane lift capacity, deck areas and client workshops) and (iii) a mix of self-propelled and non self-propelled jack-up ASVs, all of which can differentiate us when tendering for contracts.

In addition, we have a strong focus on maintaining our fleet to internationally-recognized certification standards. Seven of our ASVs are certified by Det Norske Veritas ("DNV"), three are certified with the American Bureau of Shipping ("ABS") and one with Lloyds, all of which we believe to be widely recognized as the highest international standards for vessel certification. DNV / ABS / Lloyds performs annual, intermediate and five-year inspections on each of our ASVs under their certification.

We have also made significant investments to differentiate and upgrade our fleet and tailor ASV specifications to better meet customer demands. This has involved equipment purchases and upgrades that allow us to offer more value-added services to customers. There are scheduled shipyard works planned on seven of our ASVs in 2015 for five year special surveys or planned upgrades between contracts, which will further enhance our fleet.

Market-leading health and safety track record

Given that a primary focus in the offshore industry is health and safety, we believe that customers carefully evaluate the health and safety track record of our fleet and operations when deciding on an ASV operator, particularly as in many cases over 150 workers may be living on board an ASV. We strive to ensure a safe living and working environment offshore on board our ASVs, and have implemented robust procedures, checklists and protocols to be followed on each ASV, including the daily review of safety performance reports by the Operations and Safety departments.

We have built a very strong health and safety track record over the years. Our combined operation only had two lost time incidents ("LTI") in over eight million man hours of operation over the year 2014, which is a frequency rate (LTIF) of 0.24 which is well below the industrial benchmark of 0.5 (OGP).

We achieved ISO 9001 re- accreditation in December 2012 for all Group companies, and are aiming to achieve group-wide ISO 14001 and OHSAS 18001 accreditation in the next two years within the Group. ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and OHSAS 18001 (International occupational health and safety management) are quality, environmental, health and safety management standards, respectively, that demonstrate a company's efforts in ensuring high product quality standards and enduring compliance with environmental laws and regulations. Additionally, dependent on the region of the area of operation, we are also FPAL, SELLICA, ACHILLES and OSAS credited. All of our standards are widely used in the offshore industry and accredited under the standards which involves certification by third party certification body (DNV), which provides independent confirmation that our organization meets the requirements of all the relevant standards. This third party certification process ensures independent and transparent confirmation that we meet or exceed the requirements of the relevant standards, which are required to win and execute contracts for our ASVs.

We believe that using an internationally recognized set of standards is likely to assist us during the pre-qualification and initial tendering processes, and that these are accreditations that may help differentiate us from our competitors who are not completely accredited during contract tendering processes. They show current and potential customers that we have been assessed and audited by a third party certification body, and either meet or exceed the relevant ISO standards. We believe that the ASVs' onboard additional certification on ISM & MARPOL 73/78 compliance, together with the MODU classification DNV/ABS surveys, demonstrate that we have a well-established and robust safety and maintenance management system on board our ASVs to comply to all international and regional rules and regulations. This proofs evidence that we take our health, safety, quality and environment obligations very seriously.

Experienced management team with significant sector expertise

Our management team has extensive experience in the oil and gas industry. We believe that, over the combined history of the North Sea, MENA and Asia Pacific operations, our management has developed relationships with all of the main users of ASVs in these regions. In addition, our management team has significantly grown the business since inception by increasing our revenue, EBITDA, EBITDA margin, day rates, fleet utilization rate and backlog, and has successfully expanded operations across the three regions where there is most demand for jackup ASVs.

We believe the recent appointment of Martin Adler as CEO will further enhance and bolster our management team. With over 24 years of experience in operations, sales and marketing across a variety of Energy, Offshore and Onshore industries, Mr. Adler will play a critical role as the company continues and diversifies its leadership position in the offshore support marine industry. See "Material Recent Developments—Seafox Group appoints new CEO."

Strategy

With the appointment of new group CEO Martin Adler, the strategy of the group will continue to be developed, and we intend to build upon achievements of the combined MOS and Seafox organizations to date. The strategy will continue to be shaped by the following objectives.

Continue to deliver high-quality customer service and maintain a strong health and safety record

We believe that our high-quality customer service and our strong health and safety track record are key factors driving our ability to win repeat business and contract extensions from our customers. We are focused on continuing to strengthen our customer relationships by (i) maintaining the current high quality of our service when operating our ASVs and (ii) maintaining our strong health and safety track record.

Continue to maintain active dialog with potential future customers and build revenue backlog with a contract portfolio that balances revenue visibility with optimal fleet utilization

Our goal is to keep all of our ASVs utilized at commercially attractive day rates. We aim to strike an optimal balance between long-term contracts for most of our ASVs, which provide visibility on cash flows at pre-agreed day rates, and short to medium-term contracts for one or two of our ASVs, which provide us with flexibility to capitalize on current market conditions with opportunistic work at potentially higher day rates. We believe that this combined strategy enables us to pursue high fleet utilization rates and robust EBITDA margins.

Maintain our existing fleet to best-in-class international standards and continue to reinvest in our ASVs to maintain a differentiated fleet and meet customer requests

We intend to continue to invest in execution of our financial resources to maintain our fleet to the internationally recognized and best-in-class DNV, Lloyds and ABS standards. Seven of our ASVs are currently certified by DNV, with three by ABS and one with Lloyds, and all undergo extensive third-party inspections including a thorough five-year special survey, intermediate surveys and an annual survey. Additionally, we have re-invested considerable capital from our own balance sheet since inception to upgrade our fleet and tailor ASV specifications to better meet customer demands. This has involved equipment purchases and upgrades that further differentiate our fleet from the competition and allow us to offer more value-added services to customers whilst still being cost efficient. We intend to continue to reinvest capital as necessary to maintain a differentiated fleet, which we believe enables us to access a broad range of contracts and markets.

Maintain a robust and scalable corporate structure while controlling costs

We believe we have a comparatively low current operating and overhead cost structures when benchmarked against the offshore oil and gas services industry. Following the business combination we are reviewing and identifying areas where our corporate structure can be further enhanced to leverage of the increased scale and geographic spread of our operations.

Material Recent Developments

Seafox Group appoints new CEO

As reported in the March 24, 2015 press release, a new Group Chief Executive Officer, Martin Adler, was appointed to succeed Robert Duncan who will transition from the business towards the end of the year to pursue other interests.

With over 24 years of experience in operations, sales & marketing across a variety of Energy, Offshore and Onshore industries, Mr. Adler will play a critical role as the company continues and diversifies its leadership position in the offshore support marine industry. Seafox has a consistent track record of strong and stable cash flows and steady and prudent growth. This change of appointment will include Millennium Offshore Services Superholdings LLC, which is a part of the Seafox group.

Mr. Adler has previously served as executive Board Member of Dockwise being responsible for, amongst others, the strategic direction of the company and the worldwide sales, marketing and execution.

Vessel Change of Names

As a part of the ongoing corporate branding initiatives to adopt the Seafox brand name across the group, the vessel names of ASVs Ahmed, Deema, Marinia, Trident One and MOS Frontier have been changed respectively to Seafox Ahmed, Seafox Deema, Seafox Marinia, Seafox Trident One and Seafox Frontier. Note this change applies only to vessel names and the legal entity names remain unchanged. Following the completion of current contractual commitments it is further intended that ASV Leen and Burj will be renamed Seafox Leen and Seafox Burj.

OFFICERS

The following table sets forth the name, age and position of our officers, followed by a short description of each officer's business experience, education and activities.

Name	Age	Position
Robert Duncan	42	Chief Executive Officer until 24th March 2015
Martin Adler	49	Chief Executive Officer from 24th March 2015
Erlend Johnston	37	Chief Financial Officer
Rainier Verhulst	44	Chief Operations Officer
Marinus Lammertink	48	Chief Commercial Officer
Aleidus Bosman	47	Regional CFO / Corporate Legal & Risk

Martin Adler joined Seafox as Chief Executive Officer on 24th March 2015 and became a member of the Board of Directors in March 2015. Mr. Adler has been active in the offshore and onshore oil and gas business for more than 24 years, and has held a variety of positions both technical and commercial, working with Badger, Fluor, The Shaw Group, and Dockwise. He has managed large organizations for over 15 years. Mr. Adler holds a Master Degree from Delft University of Technology, and Erasmus University Rotterdam. In addition to his current role at Seafox, Mr Adler is member of the Supervisory Board at the European Leadership Platform. Mr. Adler is a Dutch citizen and resides in the Netherlands.

Robert Duncan was the Chief Executive Officer of Millennium Offshore Services until 24th March 2015 and remains with the company in an advisory capacity until he transitions from the business towards the end of the year to pursue other interests. He joined Millennium Offshore Services in December 2007 as the Financial Director. Mr. Duncan is the former Regional Financial Controller for PSL Energy Services, where his primary responsibility was setting up, developing and managing the finance functions in both the Middle East and Caspian Regions. He previously held various roles as Financial Controller, Management Accountant and Financial Accountant in the U.K. Mr. Duncan is a U.K. Chartered Accountant, Member of the Institute of Chartered Accountants Scotland (ICAS) and Member of the Chartered Institute of Public Finance and Accountancy (CPFA) in the U.K.

Erlend Johnston has served as the Chief Financial Officer of Millennium Offshore Services since September 2011, and is our Secretary and Treasurer. He previously served as the Regional Financial Controller for EnerMech, where his primary responsibility was managing all elements of the finance function, compliance, developing the finance team and setting up companies across the Caspian and Middle East regions. He also worked as Group Financial Controller at PSL Energy Services. Mr. Johnston is a former Enterprise Risk Services Manager at Deloitte. Mr. Johnston is a U.K. Chartered Accountant and Member of the Chartered Accountants of Scotland (ICAS).

Rainier Verhulst is a Dutch national and serves as Chief Operating Officer for the Group. He joined Seafox in 2002 and served as Rig & Operations manager till 2008, from where he became the Operational Director and responsible for the operations and management of the Seafox fleet incl. the design and building of the Seafox 5. He has been in active in the offshore oil and gas business for more than 23 years starting as officer with Shell Tankers and Offshore Projects in as project manager around the globe with significant experience in the management, operations and design of offshore Accommodation Service Vessels. Mr. Verhulst has a degree in B.Sc. Project Management & Maritime Officer (ships Engineering & Nautical operations).

Aleidus Bosman is a Dutch national and serves as Regional Financial Officer for the European region of the Group. He additionally has a corporate responsibility over Risk and Legal matters. He joined Seafox in August 2006 as the Chief Financial Officer. Prior to joining Seafox, he held various positions as Controller and CFO in freight forwarding, logistics and a shipping company in The Netherlands and Belgium. He has over 20 years of experience and has a graduate degree from the Rijksuniversiteit Groningen in Business Economic Sciences.

Marinus Lammertink is the Seafox Group Chief Commercial Officer. He will be responsible for leading our global commercial efforts. He has worked for 23 years in the offshore industry. Before joining Seafox he worked for CEONA in London for 1.5 years as Senior Vice President Commercial and developed the strategy. Prior to Ceona, he spent 20 years at Heerema Marine Contractors in Leiden, Houston and Oslo. Working his way through several Heerema Divisions in 2000 he started at the Commercial Department. He obtained a Masters degree in Civil Engineering from the Delft University of Technology in the Netherlands. He completed the program for Mobilizing People at IMD, Switzerland and Finance for Executives at INSEAD, France.

BOARD OF DIRECTORS

The following table sets forth the name, age and position of the members of the Issuer's Board of Directors.

Name	Age	Position	Affiliation
Shahzad Shahbaz	55	Director	HM Coral Ventures Ltd
Mohamed Arafa	45	Director	HM Coral Ventures Ltd
Maher Maksoud	45	Director	HM Coral Ventures Ltd

PRINCIPAL SHAREHOLDERS

Millennium Offshore Services Superholdings, LLC is wholly-owned by HM MOS International Limited. Investment funds affiliated with HM Coral Ventures Limited own 58.6% of the limited liability company interests in HM MOS International Limited. Group management owns approximately 1.4% of the limited liability company interests in HM MOS International Limited. The remaining 40% of the shareholding is held by a GCC Sovereign Wealth Fund, MENA Regional Family Offices and also MENA Regional High Net Worth Individuals. The shareholding of HM Coral Ventures Limited is also spread across GCC Sovereign Wealth Fund, MENA Regional Family Offices and also MENA Regional High Net Worth Individuals.

RISK FACTORS

Risks Related to Our Business and Industry

Our future business performance depends on our ability to win new and favorable contracts for our ASVs and on the exercise by our customers of their extension options on existing contracts.

In the ASV industry, companies such as ours participate in tender processes to win new contracts. We participate in a number of new contract tenders each year and the tender process often requires significant management time. It is generally difficult to predict whether we will be awarded new contracts as these are all competitive tendering processes. The tenders for new contracts as well as contract renewals where we are the incumbent ASV provider are affected by a number of factors beyond our control, such as market conditions, competitive dynamics, financing arrangements and governmental approvals required of our customers. If we are not selected or if the contracts we enter into are delayed, our work flow may be interrupted and our business, financial condition or results of operations may be adversely affected.

Our contracts normally include two types of terms: (i) a fixed term; and (ii) customer extension options that are exercisable at the discretion of the customer. The extension options do not represent guaranteed commitments from our customers. If a customer decides not to exercise its extension option(s), then we will need to secure a new contract in connection with that ASV, which could lead to that ASV being off-hire for some time. By trying to agree on a lengthy notice period, we mitigate the risk of downtime when extension options are not exercised.

As of the date of this Annual Report, we have four ASVs with contracts, the fixed terms of which expire within twelve months. The remainder of the fleet all have commitments which extend beyond the end of this year. We are working on a number of opportunities for the idle ASVs and ASV's that are expected to become idle. Our ability to renew existing contracts or sign new contracts will largely depend on the prevailing market conditions. If we are unable to sign new contracts that start immediately after the end of our current contracts, or if new contracts are entered into at day rates substantially below the existing day rates or on terms otherwise less favorable compared to existing contract terms our business, financial condition or results of operations may be adversely affected.

Our ASV rental contracts are terminable by our customers on varying notice periods.

While our contracts are typically long-term in nature, all of our contracts provide the customer with a right for early termination with notice periods ranging from 30 to 275 days, although some notice periods have been shorter. Dependent on the area of operation and the client, we sometimes do not have the right to receive compensation payment in respect of such early termination for convenience beyond the charter revenues for the required notification period in addition to any demobilization payment that is typically included in the contract. Generally speaking, charter arrangements in the European region provide a higher level of termination protection than in the MENA and Asia-Pacific.

If our customers cancel or seek to renegotiate our contracts and we are unable to secure new contracts on similar terms, or if there is a substantial period of time between the cancellation of one contract and the award of a new contract, it could adversely affect our business, financial condition or results of operations.

A number of events may impact our ability to realize our backlog, and backlog may not be an accurate indicator of our future results.

As of December 31, 2014, our backlog under our fixed term contracts was $362.5 million and our backlog in respect of customer extension options totaled $97.7 million, together totaling $460.2 million, pro forma for new contract wins and extensions. Our backlog reflects the estimated future revenue attributable to the remaining term of existing fixed term contracts and customer extension options across all of our ASVs. For a description of how we calculate backlog, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The amount of our backlog does not necessarily indicate future earnings as the backlog may be adjusted up or down depending on any early cancellation of contracts, failure to exercise customer extension options, changes to the scope of work and changes to the applicable day rate. In addition, the actual PoB over the life of a contract may be lower than the estimated average PoB that we used in calculating the backlog. We also may not be able to perform under contracts in our backlog. For example, in early 2013 we experienced an electrical fault on Burj and as a result experienced downtime during which the daily charter rate under our contract was zero. Furthermore, our customers may seek to terminate or renegotiate our contracts for lower day rates for various reasons due to events beyond our control. All of our contracts provide the customer with a right for early termination within the contractual notice period, and we do not always have the right to receive adequate compensation in respect of such early termination other than payment in lieu of the notice period and any demobilization payment that is typically included in the contract. If a customer cancels an existing contract such termination would reduce our backlog (see above on termination for convenience).

One should exercise caution in comparing backlog as reported by us to backlog of other companies as it is a measure that is not required by, or presented in accordance with, IFRS. Other companies may calculate backlog differently than we do because backlog and similar measures are used by different companies for differing purposes and on the basis of differing assumptions and are often calculated in ways that reflect the circumstances of those companies.

Demand for our ASVs is largely linked to the level of activity of the oil and gas industry, which may be influenced by a sustained decline in oil and gas prices.

We depend on our customers' willingness and ability to fund operating and capital expenditures to explore, develop and produce oil and gas, maintain infrastructure and to pay for accommodation services in relation to their operations. Demand for our ASVs is dependent on NOCs, IOCs and EPIC companies commissioning, constructing, inspecting, maintaining, repairing and decommissioning offshore production platforms and processing and storage facilities and on the need for additional offshore accommodation to support a workforce that cannot be accommodated on an installation's own facilities.

Lower expenditure by the oil and gas industry and utilities may result in less offshore development activity as well as lower levels of maintenance performed on existing platforms and facilities, and, accordingly, lower demand for our services. Such a reduction in demand for our ASVs could materially reduce our fleet utilization rate and day rates and consequently directly impact our revenue and profitability. Long-term oil and gas prices are affected by numerous factors, including: (i) the demand for energy, which is affected by worldwide population growth and general economic and business conditions; (ii) the level of worldwide oil exploration and production activity; (iii) the policies of various governments regarding exploration and development of their oil and gas reserves; (iv) the cost of exploring for, producing and delivering oil and gas; (v) political and economic uncertainty and socio-political unrest; (vi) the availability of pipeline, storage and refining capacity; (vii) advances in exploration, development and production technology; (viii) technological advances affecting energy consumption (ix) availability and price of alternative energy sources (for instance wind energy); and (x) other factors that could decrease the demand for oil and gas, including taxes on oil and gas, pricing activities undertaken by the Organization of the Petroleum Exporting Countries. For example, the oilfield services industry, including the ASV market, experienced a downturn during 2010 and 2011, as global economic conditions deteriorated, which negatively impacted oil prices resulting in a number of capital projects being deferred or delayed. A substantial and extended decline in oil or gas prices would be likely to cause a significant decline in the level of activity in the oil and gas industry. This reduction of activity could lead to a decline in the demand for our ASVs and therefore a reduction in our fleet utilization rate and/or downward price pressure on the day rates we are able to achieve for our ASVs, which could have an adverse effect on our business, financial condition or results of operations. For example, we recognize in the current oil and gas market environment the increased cost pressures and focus of operators on realizing cost efficiencies will impact on margins in 2015.

We are limited in relation to the contracts for which we can tender.

As our fleet of ASVs consists entirely of jack-up ASVs, we are limited in relation to the contracts for which we can tender. For example, our jack-up ASVs are only able to operate in depths of less than 400 feet, so we cannot participate in tenders where the water in which the customer's installation is located is deeper than that. In addition, it may be more difficult for us to secure contracts for those of our ASVs which are more specialized, i.e. operate in deeper water and have greater PoB capacity, as these ASVs command higher day rates and are less attractive to customers on projects that have lower PoB or shallower water depth requirements and where more commoditized ASVs, contracted at lower day rates, would suffice. Also, where our ASVs are secured on longer term charters we may not be able to bid on other lucrative contracts that arise in the market place for such ASVs.

We rely on a small number of customers and ASVs.

Due to the size of our fleet, our business is subject to the risks associated with having a limited number of customers for our services at any point in time.

For the twelve months ended December 31, 2014, ten customers accounted for 100% of our revenue.

Our business, financial condition or results of operations could be adversely affected if any of our customers fail to compensate us for our services, terminate our contracts, fail to exercise their extension options or fail to renew their existing contracts and we are unable to enter into contracts with new customers at similar day rates.

In the event that our customers, who are in general large NOCs, IOCs and EPIC companies, change the scope or schedule of their projects, we may face the risk of delays in revenues, unanticipated costs or discounted day rates to the extent we enter into amendments to our contracts to accommodate our customers.

As we operate a fleet of eleven ASVs, the loss of a single ASV contract or a delay in signing a new contract for one of our ASVs, as well as damage to a single ASV, could lead to a significant reduction in our fleet utilization rate and revenues, and can result in significant volatility in our results of operations.

We act as a subcontractor under some of our contracts.

In some instances, we enter into contracts with our customers indirectly as subcontractors. Generally this occurs when the end customer is based in a country where we do not have a presence yet and the end customer requires that the entity with which it contracts is based in the same jurisdiction. In these cases, we enter into a contract with an intermediary whereby we act as subcontractor in a back to back arrangement with the end customer. In the event that the intermediary becomes unable to fulfill its obligations under its contract with the end customer, regardless of whether we have fulfilled our obligations under the subcontract, the end customer may elect to terminate the contract and re-tender for the project. We may not be successful in any such re-tender process.

Time and cost overruns associated with mobilization and demobilization may be material to our business.

The ASV market is by nature a global market as ASVs may be mobilized from one area to another. We operate in the MENA, North Sea and Asia-Pacific regions and currently have five ASVs in the MENA region, one ASV in the Asia-Pacific region and four in the North Sea. Under our contracts with our customers, we are required to mobilize our ASVs to our customers' installations at the start of the contract, and demobilize our ASVs away from the installation at the end of the contract. The mobilization and demobilization of our ASVs to and from our customers' installations can be time consuming, particularly if an ASV is travelling a long distance. Mobilization and demobilization also involve significant costs and are impacted by several factors including, but not limited to, governmental regulation and customs practices, the availability of third party-owned and operated tugs and Heavy Lift Vessels ("HLV") for transporting the ASVs, weather conditions, political instability, civil unrest and military actions. Our contracts contain mobilization and demobilization fees pursuant to which we pass on the costs of mobilization and demobilization to our customers. However, events beyond our control may delay our ability to mobilize or demobilize our ASVs, leading to time and cost overruns for which our customers may not be liable.

We face competition from various vessel types and any increased supply of ASVs may lead to a reduction in our day rates and may materially impact our profitability.

The ASV market is highly fragmented. We operate in the jack-up ASV market, which comprises of over 60 jack-up ASVs operated by more than 15 companies, with the majority of these ASVs located in the MENA, Asia Pacific and North Sea regions. In addition to competition from jack-up ASVs, we also face competition from operators of barge and monohull ASVs. The barge ASV market is very fragmented, with over 35 companies operating mainly in the West Africa and Asia Pacific regions, and is very competitive both in terms of pricing and accessibility given the comparatively low capital costs involved in acquiring and operating an accommodation barge. Additionally, other vessels including jack-up drilling rigs, diving support vessels, pipe laying barges and liftboats could also enter the ASV segment depending on market condition and dynamics in their respective segments.

Industry players may increase the supply of jack-up ASVs by converting currently available drilling rigs to jack-up ASVs and/or constructing new jack-up ASVs, which could result in increased competition. This could lead to a downward price pressure on the day rates we are able to achieve for our ASVs and/or a reduction in our fleet utilization rate, which could have an adverse effect on our business, financial condition or results of operations. In addition, prolonged periods of low fleet utilization and lower day rates could also result in the recognition of impairment charges on our ASVs if future cash flow estimates, based upon information available to management at the time, indicate that the carrying value of these ASVs may not be recoverable.

Our operating and maintenance costs will not necessarily fluctuate in proportion to changes in operating revenues and operating and maintenance costs on older vessels may not be economically viable.

Our revenues may fluctuate as a function of changes in the supply of ASVs and demand for offshore accommodation services linked to the oil and gas industry. However, our operating costs are generally related to the number of ASVs in operation and the location of those ASVs. We may also be subject to certain operating costs related to ASVs even when they are off-hire. For example, we have in the past maintained, and may in the future maintain, a core crew on our ASVs when they are off-hire so that they can be mobilized quickly and at a lower cost when they are contracted. This results in the incurrence of crew costs even when an ASV is off-hire. In addition, when an ASV faces long idle periods, reductions in costs may not be immediate, as maintenance on the ASV may still be required.

In addition, eight of eleven ASVs have core structures that were built over 30 years ago (“original build age”). The capital required to repair, maintain and upgrade our fleet of ASVs may fluctuate, and generally increases with age. We may not be able to maintain our fleet by extending the economic life of existing ASVs and, as our ASVs continue to age, there may come a point at which the costs of maintenance and upgrades are no longer economically viable.

Delay or inability to obtain appropriate certifications for our ASVs may result in us being unable to win new contracts and fulfill our obligations under our existing contracts.

Our customers require that our ASVs are inspected and certified by a recognized independent third party in order for us to be able to participate in tenders for their projects. In addition, we are required under our contracts with our customers to maintain such certifications. Seven of our ASVs are certified by DNV and three by ABS and one by Lloyds. The DNV / ABS / Lloyds certification process generally involves three types of inspections. The first occurs on an annual basis, the second intermediate survey occurs every two and a half years, and is more detailed than the annual inspection, and the third special survey takes place every five years and is a more detailed inspection of all major components of the ASV, usually undertaken while the vessel is in the dry-dock. If we are unable to maintain or obtain these certifications, we may be unable to service our customers under our existing contracts and may not be eligible to participate in future tenders, which could have an adverse effect on our business, financial condition or results of operations.

The age of our fleet may restrict us from doing business with certain customers.

Certain of our existing and potential customers have policies regarding the minimum acceptable original build age of ASVs for use on their projects. Eight of eleven ASVs have original build ages of over 30 years, and such policies may preclude us from participating in tenders for new contracts at all or without producing third party feasibility studies of our ASVs. Although we maintain our fleet to the highest standard in the market, we cannot predict how or whether our customers' policies towards ASV original build age may change or whether the jurisdictions in which we operate may introduce regulation regarding minimum ASV original build ages. Any trend towards restricting the operation of ASVs with older original build ages, either from our customers or under the regulations in the jurisdictions in which we operate, could have an adverse effect on our business, financial condition or results of operations, particularly as our ASVs continue to age.

Delays or cost overruns in the construction of new or upgrade existing ASVs or the conversion of drilling rigs into ASVs could adversely affect our business, financial condition or results of operations.

The construction of a new ASV and the acquisition and subsequent conversion of a drilling rig into an ASV both require significant lead time, typically between six to twelve months for conversions and 24 months for new-builds, and also require significant expertise and management resources, given the specifications required by customers in the industry. Such projects are subject to risks of delay and cost overruns inherent in any large construction project, including costs or delays resulting from the following:

- shipyard availability;
- unexpected delays in delivery times for, or shortages of, key equipment, parts and materials;
- shortages of skilled labor and other shipyard personnel necessary to perform the work;
- shortages or unforeseen increases in the cost of equipment, labor and raw materials;
- unforeseen design and engineering problems, including those relating to the commissioning of newly designed equipment;
- unanticipated change orders;
- work stoppages and labor disputes;
- delays in, or inability to obtain, access to financing;
- failure or delay of third-party service providers;
- disputes with shipyards and suppliers;
- delays and unexpected costs of incorporating parts and materials needed for the completion of projects;
- financial or other difficulties at shipyards and suppliers;
- adverse weather conditions; and
- defective construction and the resultant need for remedial work.

We would generally invest in new ASV construction or conversion before we bid for contracts for a new ASV. However, we may sign a contract in respect of a new ASV prior to its construction or conversion being fully completed. Any delay in completing an ASV construction or conversion project may delay our ability to tender for contracts for that ASV or, where we have a customer contract in place, may delay our ability to service such contract, which could have an adverse effect on our reputation and on our business, financial condition or results of operations. Should we commit to construct a new ASV or acquire a drilling rig and convert it into a new ASV, there is no guarantee that we will be awarded new contracts for such ASV, as the award of new contracts is affected by a number of factors beyond our control.

We depend on contractors and subcontractors for a number of services, and their unavailability or failure to perform to a high standard may result in delays or interruptions to the services that we provide to our customers.

We rely on contractors and subcontractors in connection with each of our ASVs. In particular, we subcontract out the construction or conversion of our ASVs, survey, upgrade and maintenance work on our ASVs, messing and accommodation services provided on our ASVs, and the mobilization and demobilization of ASVs via tugs, warranty services, rig movers and HLVs, among others. There are a limited number of shipyards in close proximity to the areas in which our ASVs operate that have the facilities and capability to perform the construction, conversion, survey, upgrade and other maintenance work that we require. Historically, we have used the shipyard of Lamprell Energy Ltd. ("Lamprell") and Drydocks World for the MENA and Keppel Verolme for the North Sea region, which provide construction services for us in connection with our ASV maintenance, survey, upgrade and construction or conversion requirements. Were we unable to use these facilities, we may have to transport our ASVs further distances in order to complete our survey, upgrade and maintenance requirements, which would have a negative impact on our fleet utilization rate due to the additional transport time required, and would lead to increased costs associated with upgrading and maintaining our fleet and maintaining our DNV / ABS certifications. The crew on a contracted ASV tends to include a mix of our own employees and subcontractor employees. Failure of contractors and subcontractors to adhere to schedule and work in accordance with our quality standards, or failure of suppliers to deliver on time could negatively affect the quality of service on our ASVs. The ability of contractors and subcontractors to perform their obligations is subject to numerous factors beyond our control, such as their ability to hire adequate labor and to otherwise manage their own businesses efficiently. We have the ultimate responsibility for the required standard of service on our ASVs and a failure to maintain a consistent standard of quality may lead to difficulties in marketing our services and damage to our reputation, rescission or termination of project contracts and increased liabilities to customers.

We have significant international operations in countries which may be susceptible to political, social and economic instability.

Our international operations may be susceptible to political, social and economic instability, civil disturbances, wars, hostilities between nations, terrorism, piracy or similar events, which may lead to:

- disruption to operations, including strikes, civil actions or political interference;
- increasing security threats for our personnel and ASVs;
- deterioration of customer relationships due to local political pressure as governments seek greater control over their oil and gas industries; or
- difficulties in collecting accounts receivable and longer collection times than in more developed markets.

Any of the above factors could result in disruptions to our business, increased costs or reduced future growth. We have historically and expect to continue to do business in Egypt. Terrorist attacks, piracy and the current conflicts in Egypt and other countries in which we operate, and other current and future conflicts, may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and civil disturbance, which may contribute to further economic instability and disruption of oil production and distribution, which could result in reduced demand for our services. In addition, terrorist attacks, war, piracy, social unrest or other events beyond our control that adversely affect the production of oil and gas could lead to increased volatility in prices for oil and gas and could affect the market for ASVs and/or result in lower day rates. Such events could also lead our customers to terminate our contracts, which could have an adverse effect on our business, financial condition or results of operations.

Oil facilities, shipyards, vessels, pipelines and oil and natural gas fields could be targets of future terrorist attacks, and our ASVs and/or our customers' installations could be targets of pirates or hijackers. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage and increased operational costs, including insurance costs. Although we do have a war-risk insurance policy, we may not be able to obtain sufficient or complete insurance policies covering entire such risks, or such policies may only be available with premiums that are not commercially sustainable. Acts of terrorism, piracy and political and social unrest, brought about by world political events or otherwise, have caused instability in the world's financial and insurance markets in the past and may occur in the future. Such acts could be directed against companies such as ours. The occurrence of such acts could have an adverse effect on our business, financial condition or results of operations.

Public health threats could have an adverse effect on our business.

Public health threats, such as swine flu, bird flu, Severe Acute Respiratory Syndrome and other highly communicable diseases, outbreaks of which have already occurred in various parts of the world in which we operate, could adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for oil and gas and, ultimately, the level of demand for our services.

In many cases, over 150 workers may be living on one of our ASVs, making the risks posed by communicable diseases particularly acute. Any public health threats on board one of our ASVs could lead to significant lost revenue and costs in connection with the treatment of such threats, including cleaning costs, increased insurance premiums and potential legal costs in relation to suits from those persons stationed on our ASVs.

Furthermore, public health threats could adversely affect our reputation and our ability to successfully win new contracts. In the offshore accommodation industry, there is a primary focus on health and safety and customers will evaluate the health and safety track record of a service provider in significant detail when deciding on an ASV operator.

Our business involves numerous operating hazards, and our insurance may not be adequate to cover our losses.

Our insurance is intended to cover normal risks in our current operations, including insurance for property damage, occupational injury and illness, and certain third-party liability including pollution liability. Our insurance policies and contractual rights to indemnity may not adequately cover losses, and we may not have insurance coverage or rights to indemnity for all risks. In addition, we may experience increased costs for available insurance coverage as our fleet ages.

Pollution and environmental risks generally are subject to significant deductibles and are not completely insurable. We could also experience a significant accident or other event resulting in damage to our ASVs, including, but not limited to, fire, severe weather, terrorist acts and piracy that may not be fully covered by insurance or a recoverable indemnity from a customer. Moreover, we may not be able to obtain insurance for certain risks or maintain adequate insurance at rates we consider reasonable. The occurrence of a loss or liability, for which we are not fully insured, could significantly reduce our revenues, cause us to pay fines or damages which are generally not insurable and that may have priority over payment obligations under our indebtedness or otherwise have an adverse effect on our business, financial condition or results of operations.

Our ASV operations are subject to perils inherent in marine operations, including capsizing, grounding, collision and loss or damage from severe weather. In addition, damage to our ASVs caused by high winds, turbulent seas, or unstable sea bottom conditions could potentially force us to suspend operations for significant periods of time until the damages can be repaired. In particular, jack-up ASVs require good weather and low currents to be safely positioned on the seabed.

As our ASVs are connected to the oil and gas properties of our customers, the occurrence of any damage to our customers' properties caused by an accident on board our ASV, a machinery breakdown, abnormal operating condition or other hazard on our ASV or the failure of our subcontractors to perform services could result in severe damage to or destruction of our customers' property and equipment, injury or death to our customers' or our personnel and environmental damage or pollution. Further, our operations are subject to hazards inherent in activities related to the operation of oil and natural gas wells, such as oil spills, blowouts, reservoir damage, loss of production, loss of well control, punch through, craterings, fires and pollution. The occurrence of these events could result in claims from our customers, severe damage to or destruction of our property and equipment and injury or death to ASV personnel and environmental damage. We may also be subject to property, environmental and other damage claims by other businesses operating offshore and in coastal areas. The occurrence of any of these events could have an adverse effect on our business, financial condition or results of operations.

We are directly or indirectly subject to complex laws and regulations, including health and safety and environmental regulations that can adversely affect the cost, manner or feasibility of our operations.

Our operations are directly or indirectly subject to a variety of complex laws, regulations and guidelines, in all jurisdictions in which we operate and in which our ASVs are registered, including laws and regulations relating to health and safety, the conduct of operations, taxation and the protection of the environment. As of December 31, 2014, we operated in six countries and each ASV is registered in the Marshall Islands or the Isle of Man.

We conduct our business within a strict regime of health and safety and environmental regulations, which exposes us to potential liabilities and significant compliance costs. The technical requirements of compliance with health and safety and environmental laws and regulations are becoming increasingly expensive, complex and stringent. We incur, and expect to continue to incur, capital and operating costs to comply with health and safety and environmental laws and regulations. We have also invested financial and management resources that aim to ensure compliance with such regulations and expect to continue to make appropriate investments in the future. It is impossible for us to predict the cost or impact of such laws and regulations on our future operations.

Furthermore, failure to comply with health and safety and environmental laws and regulations could adversely affect our reputation and our ability to win new contracts. In the offshore accommodation industry, there is a particular focus on health and safety and customers will evaluate the health and safety track record of a service provider in significant detail when deciding on an ASV operator.

In addition, governments in some foreign countries have been increasingly active in regulating and controlling the exploration for oil and gas and other aspects of the oil and gas industries in their countries. Many governments favor or effectively require that drilling contracts be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If these practices extend to ASV providers, it may result in inefficiencies or put us at a disadvantage when we bid for contracts against local competitors.

We could be adversely affected by violations of applicable anti-corruption laws.

We currently operate, and historically have operated, our ASVs in a number of countries throughout the world, amongst others developing economies. We are committed to doing business in accordance with all applicable laws and our own codes of ethics. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws. Any such violations could result in substantial civil and criminal penalties, and would have a damaging effect on our reputation and business relationships.

We may be subject to litigation, arbitration and other proceedings.

We may be involved in litigation matters from time to time in the future. The operating hazards inherent in our business expose us to litigation, including but not limited to personal injury litigation, environmental litigation, and contractual litigation with customers, tax litigation and maritime lawsuits, including the possible arrest of our ASVs. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, or a combination of these. If we are involved in any future litigation, the costs associated with asserting our claims or defending such lawsuits, and the diversion of management's attention to these matters and the potential damage to our reputation could have an adverse effect on our business, financial condition or results of operations.

The tax laws of the countries in which we operate or changes thereto or to our tax profile could result in a higher tax expense or a higher effective tax rate on our worldwide earnings.

We conduct our operations through various subsidiaries in countries throughout the world. Tax laws, regulations and treaties can be complex and are subject to interpretation. Consequently, we are subject to changing tax laws, regulations and treaties in and between the countries in which we operate. Our income tax expense is based upon the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, regulations or treaties or in the interpretation thereof, or in the valuation of our deferred tax assets, which is beyond our control, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings. Additionally, our expansion into new jurisdictions could adversely affect our tax profile and significantly increase our future cash tax payments.

The ability to recruit, retain and develop qualified personnel is critical to our success and growth.

Each ASV requires an operating team of 17 to 50 workers per shift, the majority of which are skilled jobs that require a wide-ranging set of expertise, and include roles such as Offshore Installation Manager, Chief Officer / Deck Foreman, Chief Engineer and Chief Electrician. Hiring and retaining these workers takes significant time and expertise along with a sound understanding of regional labor dynamics. For us to successfully compete and grow, we must retain, recruit and develop the necessary personnel who can provide the required expertise across the entire spectrum of our business needs. However, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel, or may fail to effectively replace current personnel who depart, with qualified or effective successors. In addition, we may be unable to retain crew during periods when our ASVs are off-hire, and may be unable to re-hire the same crew members before the start of an ASV going on-hire on a new contract. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our business, financial condition or results of operations.

We are dependent on our senior personnel.

We depend on the continued services of our senior personnel, including our directors and senior management. Our directors and senior management possess marketing, engineering, project management, and financial and administrative skills that are important to the operation of our business. Our ability to successfully conduct our business depends on the depth of experience of our senior management and directors and their customer relationships. The loss or an extended interruption in the services of our senior management or our directors, or the inability to attract or develop a new generation of senior management, could have an adverse effect on our business, financial condition or results of operations.

Our significant debt obligations could limit our flexibility in managing our business and expose us to risks.

Following the issuance of the Notes and the acquisition of Seafox, we are highly leveraged and have significant debt service obligations. As of December 31, 2014 we have $458.1 million of indebtedness outstanding under the Notes and Term Loan Facility. In addition, we are permitted under our debt facilities to incur additional debt, subject to certain limitations. Our high degree of leverage may have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations under the Notes or other indebtedness, and if we fail to comply with these requirements, an event of default could result;
- require us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- under covenants relating to our debt, restrict our ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- under covenants relating to our debt, limit our flexibility in planning for, or reacting in planning for, or reacting to, changes in our business and the industry in which we operate;
- make us more vulnerable than our competitors to the impact of economic downturns and adverse developments in our business;
- expose us to interest rate increases on indebtedness that we may incur in the future, including under revolving credit facilities that we may enter into after the Issue Date; and
- place us at a competitive disadvantage against any less leveraged competitors.

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the Notes and other indebtedness.

In addition, the Indenture, Term Loan Facility Agreement and our Revolving Credit Facility (each as defined herein), contain certain restrictive covenants. These covenants limit our ability to engage in certain activities that may be in our long term best interests. Our failure to comply with those covenants could result in an event of default under the Indenture which, if not cured or waived, could result in the acceleration of all of our indebtedness.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The financial statements presented herein are the consolidated financial statements and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All of the financial information in this report is presented in U.S. dollars, except as otherwise indicated.

Non-IFRS Financial Measures

In this report, we present certain financial measures and ratios, including EBITDA and other operating data, including backlog and fleet utilization rate, that are not presented in accordance with IFRS and which are not IFRS measures.

As used in this report:

- EBITDA is defined as net profit for the applicable period before finance costs, income tax expense, unrealized gain/loss on fair valuation of interest rate swap, equity settled C-grant expense, depreciation of property and equipment, amortization and other income / expense related to realized and unrealized exchange gain / loss, gain / loss on sale of assets, acquisition transaction / advisory fees and deposit income.

- EBITDA margin is defined as EBITDA divided by revenue.

- Adjusted net working capital is defined as inventory, trade and other receivables, trade and other payables, amounts due from a related party and amounts due to a related party, *less* certain insurance claim expenses and the balance under mortgage financing.

- Net debt is defined as total debt (bank borrowings, borrowings under the Notes, Shipyard Finance) less bank balances and cash.

We present EBITDA because we believe that (i) it is a useful indicator of our ability to incur and service our indebtedness, (ii) it and similar measures are widely used in our industry as useful indicators or supplemental measures of operating performance and (iii) it can assist certain investors, security analysts and other interested parties in evaluating our operations and performance.

EBITDA is not a recognized term under IFRS. Accordingly, it should not be used as indicator of, or alternative to, revenue, operating profit or operating profit margin or other comparable IFRS metrics, as a measure of operating performance, or of cash flow from operating activities as a measure of liquidity. Our presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results reported under IFRS. In particular, you should not consider EBITDA as an alternative to: (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance; (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (c) any other measure of performance under generally accepted accounting principles. The limitations of EBITDA as an analytical tool include: (i) EBITDA and does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; (ii) EBITDA does not reflect changes in, or cash requirements for our working capital needs; (iii) EBITDA does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debts; (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements; and (v) some of the exceptional items that we eliminate in calculating EBITDA reflect cash payments that were made, or will be made in the future. Because our definition of

EBITDA may differ from those used by other companies and industries, our presentation of this metrics may not be comparable to other similarly-titled measures used by other companies.

Backlog and fleet utilization rate are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Our management believes that the presentation of backlog and fleet utilization rate is helpful to investors as a measure of our historical operating performance and ability to service debt, and also, in the case of backlog, as an indication of our future revenue.

Backlog

Our backlog reflects the estimated future revenue attributable to the remaining term of our existing fixed term contracts and customer extension options across all of our ASVs. We include new fixed term contracts and extension options in the calculation of our backlog only after we have entered into full contracts with the relevant counterparties. We assume that customer extension options will be exercised at the day rate under the contract.

We consider backlog to be a key performance indicator of our business because it gives an indication of our future revenue. Our contracts normally include two types of terms, (i) a fixed term during which the customer commits to use the ASV and (ii) customer extension options that are exercisable at the discretion of the customer. We calculate backlog as the sum of the following for each ASV:

(charter day rate **x** remaining days contracted)

\+ ((estimated average PoB **x** daily messing rate) **x** remaining days contracted)

\+ contracted remaining mobilization and demobilization fees

We calculate backlog for both the fixed terms of our current contracts and the customer extension options set out in those contracts. The customer extension options do not represent guaranteed commitments from our customers, but they do represent a contractual arrangement with us, and we believe those arrangements provide a reasonable indication of our future activity. Dependent on the area of operation and customer, our contracts can be terminated by our customers with penalty at notice periods typically ranging from 30 to 270 days, although some notice periods have been significantly shorter which can affect the usefulness of backlog as an indicator of future revenue. Generally speaking, charter arrangements in the European region provide a higher level of termination protection than in the MENA and Asia-Pacific. We have only experienced one early cancellation in our operating history, which occurred in December 2009 when one of our customers cancelled the Ahmed contract nine months prior to the contracted end date.

Since 2007, 54 out of a total 65 customer extension options (including Seafox 1, 2, 4 & 7 since 7th November 2014) have been exercised which gives us a reasonable indication of the probability of future customer extension options included in the backlog being exercised. For eight of the extension options not exercised, MOS continued to provide an ASV on the client project but under a new charter contract which superseded the extension options which were not exercised.

Changes in our backlog provide an early indication of future revenue and visibility of cash flows. Before the end of the fixed term contract, our management seeks to identify prospects for our ASVs based on the expressions of interest, requests for quotation and invitations to tender we have received, and ongoing discussions with both existing and potential new customers. Overall market conditions and the competition dynamics in our markets have a direct impact on the number of contracts we have, their duration and the exercise of customer extension options, and therefore our backlog. While our backlog is a key performance indicator of our future business, it may be adjusted up or down depending on any early cancellation of contracts, failure to exercise customer extension options, changes to the scope of work, changes to the applicable day rate and differences between our estimated average PoB and actual PoB. In general, our customers are not required to commit to a minimum PoB, and the revenues that we eventually earn from messing and accommodation reflect the actual PoB.

Fleet Utilization

Fleet utilization rate is defined as the percentage of days of the year that an active ASV is under contract and in respect of which a customer is paying a day rate for rental of the ASV. Fleet utilization rate is the average of the utilization rates for each of our active ASVs.

Certain Terms Used

In this report, "Issuer" and "MOS Superholdings" refer only to Millennium Offshore Services Superholdings, LLC and not any of its subsidiaries and the terms "we", "us", "our", "MOS", "Company" and "Group" refer to the Issuer and its consolidated subsidiaries except where the context otherwise requires or as otherwise indicated.

Seafox Combination

Unless otherwise stated, the descriptions of our business and results of operations contained herein include the results of the Seafox group from November 7, 2014.

Forward Looking Statements

This report contains forward looking statements within the meaning of the U.S. federal securities laws regarding future financial performance and results and other statements that are not historical facts. The words "believe", "anticipate", "plan", "expect", "project", "estimate", "predict", "intend", "target", "assume", "may", "could", "will" and similar expressions are intended to identify such forward looking statements. Such statements are made on the basis of assumptions and expectations that we believe to be reasonable as of the date of this report, but may prove to be erroneous. Such forward looking statements involve known and unknown risks and uncertainties and other factors which may cause our actual results, business, financial condition, results of operations, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, among others, those more fully described in "Risk Factors" and elsewhere in the annual report for the year ended December 31, 2013. The risks and uncertainties we face going forward which could affect the accuracy of these forward looking statements include, but are not limited to:

- our ability to win new contracts and extend existing contracts on favorable terms;
- early termination of our ASV contracts by our customers on varying notice periods;
- changes to our backlog;
- sustained decreases in oil and gas prices, which may impact the level of activity in the oil and gas industry and demand for our ASVs;
- limitations on the contracts for which we can tender;
- our reliance on a small number of customers and ASVs;
- our status as subcontractor under some of our contracts;
- time and cost overruns associated with mobilization and demobilization;
- our ability to effectively compete in the event the supply of ASVs in the accommodation services industry increases or other vessel types enter the ASV market;
- fluctuations to our operating and maintenance costs that are not in proportion to changes in our operating revenue, and economic viability of continued maintenance of our ASVs as they age;
- delay or inability to obtain appropriate third party certifications for our ASVs;
- limitations on customers we can service and jurisdictions in which we can operate due to the age of our fleet;
- delays or cost overruns in the construction of new ASVs or the conversion of drilling rigs into ASVs;
- our dependence on contractors and subcontractors for a number of services;
- adverse economic, social or political conditions in any of the several different countries in which we operate;
- the outbreak of communicable diseases or other public health threats in the regions in which we operate;
- the operating hazards associated with our business, and our ability to insure all potential losses, liabilities and damage related to our activities;
- the costs, liabilities and operational restrictions imposed by applicable law, including in the areas of health and safety and environmental protection;
- our ability to comply with anti-corruption laws;
- the outcome of any litigation or threatened litigation;
- the tax laws in the countries in which we operate or changes thereto or to our tax profile;
- our ability to recruit, retain and develop qualified personnel; and
- our dependence on our senior personnel.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, our actual results, business, financial condition, results of operations, performance or achievements or industry results may vary materially from those indicated. We therefore caution investors and prospective investors against relying on any of these forward looking statements. Except as required by law or regulation, we assume no obligation to update such forward looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis summarizes the significant factors affecting our results of operations and financial condition during the year ended December 31, 2014. This discussion contains certain forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this report, particularly under "Forward Looking Statements", and under "Risk Factors." This discussion should be read in conjunction with "Presentation of Financial and Other Information," "Business Overview" and the consolidated financial statements and related notes included elsewhere in this report.

Note: the complete audited IFRS financial results for the years 2012 and 2013, including cash flow statements and the notes to the financial statements, are incorporated herein by reference and are available for public access on the Company's corporate website www.mosrigs.net *under the investor relations section of the website.*

Results of Operations

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

The following table sets forth our historical income statement data derived from the annual audited consolidated financial statements of the Issuer and its subsidiaries for the year ended December 31, 2013 and 2014, as well as other financial data.

	Year ended December 31,		
(U.S. dollars in millions)	**2013**	**2014**	**% change**
Revenue	**137.5**	**184.6**	**34%**
Rental of offshore accommodation units	118.8	156.8	32%
Mobilisation/ demobilization revenue	3.5	9.5	168%
Service income	15.1	18.2	21%
Direct costs	(55.8)	(74.9)	34%
Staff costs	(13.0)	(18.0)	38%
Sub-contract charges	(6.1)	(8.2)	35%
Depreciation of property and equipment	(20.4)	(21.1)	3%
Mobilisation /demobilization costs	(0.5)	(11.2)	—
Other direct expenses	(15.8)	(16.5)	5%
Gross profit	**81.7**	**109.6**	**34%**
General and administrative expenses	(7.9)	(11.5)	45%
Finance costs	(21.0)	(26.5)	26%
Foreign currency exchange (loss)/ gain	(0.5)	6.6	—
Profit before tax	**52.3**	**78.3**	**50%**
Income tax expense	(6.7)	(9.6)	43%
Profit for the period	**45.6**	**68.7**	**51%**

Revenue

Revenues include (i) rental income from our ASVs, (ii) mobilization/demobilization income and (iii) service income. Rental income is the day rate that we charge for chartering our ASVs, and is the main source of our revenue. Mobilization/demobilization income includes the income associated with the mobilization and de-mobilization of our ASVs. Service income includes messing and accommodation income, and any other costs recharged to the customer. Messing and accommodation income is based either on a daily fee per PoB or a fee per meal.

Revenues increased by $47.1 million, or 34%, from $137.5 million in the year ended December 31, 2013 to $184.6 million in the year ended December 31, 2014, primarily due to the addition of our seventh ASV, Seafox Frontier, into active service and first contract during July 2014, a higher overall fleet utilization rate of 93% compared to 92% in the prior year and the inclusion of the results from Seafox 1, 2, 4 & 7 ASVs from November 7, 2014.

Rental income increased by $38.1 million, or 32%, from $118.8 million in the year ended December 31, 2013 to $156.8 million in the year ended December 31, 2014, primarily due to the entry of Seafox Frontier into active service in July 2014 and a higher utilization rate of 93% across the fleet compared with 92% in prior year period and inclusion of charter revenues from Seafox 1, 2, 4 & 7 ASVs from November 7, 2014.

Mobilization / demobilization revenues increased by $5.9 million, or 168%, from $3.5 million in the year ended December 31, 2013 to $9.5 million in the year ended December 31, 2014, primarily due to revenue from the mobilization and demobilization fees on the Seafox Frontier, Seafox Deema and Seafox Ahmed charter contracts, respectively during the second half of 2014.

Service income increased by $3.1 million, or 21%, from $15.1 million in the year ended December 31, 2013 to $18.2 million in the year ended December 31, 2014, primarily due to higher fleet utilization, the addition of Seafox 1, 2, 4 & 7 from November 7, 2014, combined with higher client occupancy numbers resulting in increased service income.

Direct Costs

Direct costs include (i) staff costs, which include offshore crew costs, crew and contract labor payroll, uniforms, crew health insurance, medicals, training, accommodation, flights, and visas; (ii) sub-contract charges, which includes messing and catering costs; (iii) depreciation of property and equipment; (iv) mobilization and demobilization costs and (v) other direct expenses, including repair and maintenance, materials and consumables, fuel, rental equipment, ASV insurance, classification costs and port charges.

Direct costs increased by $19.2 million, or 34%, from $55.8 million in the year ended December 31, 2013 to $74.9 million in the year ended December 31, 2014, primarily driven by the increased fleet size from the addition of the Seafox Frontier into operations from July 2014 and the addition of the Seafox 1, 2, 4 and 7 direct costs of operation from November 7, 2014 and also the higher mobilization and demobilization costs incurred during the second half of 2014 due to the costs associated with the mobilization of Seafox Frontier and demobilization of Seafox Ahmed and Seafox Deema.

Staff costs increased by $5.0 million, or 38%, from $13.0 million in year ended December 31, 2013 to $18.0 million in the year ended December 31, 2014, primarily due to the higher crew numbers and costs associated with the addition of Seafox Frontier into operations during July 2014 and addition of the Seafox 1,2,4 & 7 ASVs from November 7, 2014.

Sub-contract charges (catering / messing costs) increased by $2.1 million, or 35%, from $6.1 million in the year ended December 31, 2013 to $8.2 million in the year ended December 31, 2014, primarily due to the increased fleet size, as detailed above and higher client occupancy numbers compared with the prior year period in 2013.

Direct costs also include depreciation, which increased by $0.7 million, or 3%, from $20.4 million in the year ended December 31, 2013 to $21.1 million in the year ended December 31, 2014. The reason the depreciation has only increased by 3% despite the introduction of the Seafox Frontier and Seafox 1, 2, 4 & 7 ASVs, as described above, is that during the year management has revised the useful lives of certain ASVs which had the effect of reducing the depreciation expense by $3.3 million for the year ending December 31, 2014 and offsetting the resultant increase from the additional units added.

Other direct expenses increased by $0.7 million, or 5%, from $15.8 million in the year ended December 31, 2013 to $16.5 million in the year ended December 31, 2014, primarily due to higher utilization of 93% compared with 92% in prior year period.

General and Administrative Expenses

General and administrative expenses include overhead staff costs, legal and professional fees, depreciation of property and equipment, rent, traveling expenses and other items.

General and administrative expenses increased by $3.6 million, or 45%, from $7.9 million in year ended December 31, 2013 to $11.5 million in the year ended December 31, 2014. Note the 2014 expenses include $3.5 million of acquisition related costs from the Seafox transaction. Also during 2014 a share of the management costs incurred by the company were recharged to ultimate group parent HM MOS International Limited. General and administration expenses as a percentage of revenues remained consistent at 6% in the year ended December 31, 2014 compared with 6% in prior year. At 6% of revenues, we believe that our general and administration costs are low when benchmarked to our peers in the sector.

Finance Costs

Finance costs include interest on credit facilities, Term Loan Facility and the Notes, amortization of senior secured notes and Term Loan Facility issue and consent solicitation costs, and interest on the shipyard finance provided under the Seafox Frontier and Burj conversion contracts. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

Finance costs increased by $5.5 million, or 26%, from $21.0 million in the year ended December 31, 2013 to $26.5 million in the year ended December 31, 2014, primarily due to interest on the Notes being incurred for the full year compared with from February 14, 2013 in the prior year, the addition of the Term Loan Facility which was entered into as a part of the Seafox transaction on November 7, 2014 and cumulative interest incurred on the shipyard finance provided against the Seafox Frontier conversion contract compared to the same period in the prior year.

Income Tax Expense

Income tax expense includes corporate income tax.

Income tax expense increased by $2.9 million, or 43%, from $6.7 million in the year ended December 31, 2013 to $9.6 million in the year ended December 31, 2014, primarily due to the addition of the higher taxable income on the Seafox Frontier charter (which commenced in July 2014), increased utilization on the Deema and addition of the Seafox 1, 2, 4 & 7 earnings and associated taxes from

November 7, 2014. Income under the Burj and MOS Frontier contracts were subject to taxation in Timor-Leste, Australia and Singapore, where there are higher income tax rates paid than in other jurisdictions where we currently operate.

Other Financial Data

Backlog, Fleet Utilization and Day Rates

Our revenues and profitability are strongly influenced by our backlog, fleet utilization rate and day rates. Backlog represents the amount of revenue that we expect to realize from the remaining term of our existing fixed term contracts and customer extension options across all of our ASVs, based on the currently contracted day rate. We define fleet utilization rate as the percentage of days in a period that our ASVs are under contract and during which we are receiving a day rate for the rental of our ASVs.

The following table sets out our fleet utilization rate, ASVs and backlog as at December 31, 2013 and 2014.

	As of and for the year ended December 31,	
	2013	**2014**
Fleet utilization rate(1)…………………	92%	93%
Active ASVs in fleet(2)………………...	6	11
Backlog(3)		
Fixed term contracts(4)………………	199.3	362.5
Customer extension options(5) ………	72.1	97.7
Total backlog………………………..	271.4	460.2

(1) Fleet utilization rate is defined as the percentage of days of the year that an ASV is under contract and in respect of which a customer is paying a day rate for rental of the ASV. Fleet utilization rate is the average of the utilization rates for each of our ASVs.

(2) MOS Frontier entered into active service in July 2014 following completion of the conversion project and Seafox 1, 2, 4 & 7 were included from November 7, 2014.

(3) Presented in U.S. dollars in millions.

(4) Represents backlog under the fixed term of our existing contracts. Backlog is pro-forma for recent contract additions.

(5) Represents backlog under the extension options available to our customers under our existing contracts. Backlog is pro-forma for recent contract extensions and recent business wins.

Backlog

Our backlog reflects the estimated future revenue attributable to the remaining term of our existing fixed term contracts, customer extension options across all of our ASVs. We include new fixed term contracts and extension options in the calculation of our backlog only after we have entered into full contracts with the relevant counterparties. We assume that customer extension options will be exercised at the day rate under the contract.

As at December 31, 2014, pro forma for recent contract additions, backlog attributed to our fixed term contracts was $362.5 million and backlog attributed to our customer extension options was $97.7 million.

The following table sets out our backlog breakdown by year as at December 31, 2014, pro forma for recent contract additions.

(U.S. dollars in millions)	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**Beyond**	**Total**
Fixed term contract [1]	161.2	100.6	41.0	27.2	23.7	8.8	362.5
Customer extension options [2]	21.0	16.7	30.8	25.1	4.1	0.0	97.7
Total	182.2	117.3	71.8	52.3	27.8	8.8	460.2

(1) Represents backlog under the fixed term of our existing contracts.

(2) Represents backlog under the extension options available to our customers under our existing contracts.

EBITDA and Other Financial Data

The following table sets out our EBITDA and certain other financial data as of and for the years ended December 31, 2013 and 2014.

EBITDA

	As of and for the year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
EBITDA[(1)]………………………………	94.6	123.2
Total debt[(2)]……………………………..	225.0	458.1
Net debt[(3)]……………………………….	192.1	392.4
Capital expenditure……………………..	50.3	82.0
ASV acquisition and conversion[(4)]…...	39.6	72.9
Maintenance[(5)]………………………..	10.7	9.1
Adjusted net working capital[(6)]…………	9.2	(13.8)

(1) EBITDA is defined as net profit for the applicable period before finance costs, income tax expense, unrealized gain/loss on fair valuation of interest rate swap, depreciation of property and equipment, amortization and other income / expense related to realized and unrealized exchange gain / loss, gain / loss on sale of assets, acquisition transaction fees and deposit income. EBITDA-based measures are presented because we believe they are frequently used by securities analysts, investors and other interested parties in evaluating companies. However, other companies may calculate EBITDA-based measures in a manner different from ours. EBITDA-based measures are not a measurement of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Total debt includes bank borrowings, borrowings under the Notes and shipyard finance utilized in relation to the Seafox Frontier conversion.

(3) Net debt calculated as total debt *less* bank balances and cash.

(4) Relates to the acquisition and conversion of the MOS Frontier.

(5) Maintenance capital expenditure includes capital expenditure relating to surveys, upgrades, general maintenance and headquarters equipment.

(6) Adjusted net working capital represents inventory, trade and other receivables, trade and other payables, amounts due from a related party and amounts due to a related party, *less* shipyard balances payable under conversion contracts.

Reconciliation of EBITDA to net profit on a consolidated basis

	For the years ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
Net profit	**45.6**	**68.7**
Depreciation[(a)]………………………………..	20.8	21.6
Finance costs…………………………………	21.0	26.5
Income tax expense…………………………..	6.7	9.6
Acquisition transaction fees	0.0	3.5
Foreign currency exchange (gain) / loss	0.5	(6.6)
Other income/expense[(b)]……………………...	0.0	(0.0)
EBITDA	**94.6**	**123.2**

(a) Includes depreciation of property and equipment recognized in Direct Costs as well as deprecation of certain property and equipment included in our General and Administrative Expenses.

(b) Other income and expense related to realized and unrealized gain / loss on interest swap, gain / loss on sale of assets and deposit income.

Liquidity and Capital Resources

Overview

Our principal sources of funds have historically been cash generated from our operations, borrowings under our finance arrangements (including bank loans and vendor funding provided by Lamprell) and contributions from our shareholders. Our principal uses of cash are to fund capital expenditures and working capital and debt service obligations.

We expect that our principal source of liquidity in the future will continue to be cash generated from our operations. Our ability to generate cash from our operations depends on our future operating performance which is in turn dependent, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control. See "Risk Factors."

We believe that our operating cash flows, together with borrowings under our financing arrangements, will be sufficient to fund our working capital requirements, anticipated capital expenditures and payments of interest as they become due for the foreseeable future, although we cannot provide assurance that this will be the case. We believe that the potential risk to our liquidity is a reduction in operating cash flows due to a reduction in our fleet utilization rate and day rates, which could result from downturns in our performance or the industry as a whole or unforeseen delays.

Historical Cash Flow

The following table sets forth the principal components of our historical cash flow statement data for the periods indicated.

(U.S. dollars in millions)	Year ended December 31, 2013	2014
Net cash flows from operating activities	52.5	116.3
Net cash used in investing activities	(50.3)	(309.1)
Net cash generated from financing activities	11.2	226.0
Net increase in cash and cash equivalents	13.4	33.2
Cash and cash equivalents[(1)] at the beginning of the reporting period	18.1	31.5
Cash and cash equivalents[(1)] at the end of the reporting period	31.5	64.3
Restricted cash at the end of the reporting period	1.4[(2)]	1.4[(2)]

(1) Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(2) Represents $1.4 million on deposit for guarantees, $1.3 million of which relates to a performance bond required under our current contract for Ahmed and $0.1 million of which relates to a guarantee provided to the GAFI Free Zone authority in Egypt.

Net Cash Flow from Operating Activities

The following table sets forth the principal components of our net cash flow from operating activities for the periods indicated.

(U.S. dollars in millions)	**For the year ended December 31, 2013**	**2014**
Cash flows from operating activities		
Profit for the year	45.6	68.7
Adjustments for:		
Depreciation of property and equipment	20.8	21.6
Amortisation of intangible assets	0.0	0.0
Unrealized loss on interest rate swap	0.0	0.1
Amortization of Issue Cost	1.7	2.6
Foreign Currency Exchange Gain on Term Loan	0.0	(6.9)
Finance costs	19.4	23.9
Income tax expenses	6.7	9.6
Provision for employees end of service indemnity	0.2	0.2
Operating cash flows before changes in operating assets and liabilities	**94.3**	**119.8**
Increase in inventories	(0.8)	(2.0)
Increase in due from a related party	-	(0.4)
(Increase)/decrease in trade and other receivables	(13.9)	5.6
Increase in trade and other payables	0.5	18.6
Increase / (Decrease) in due to a related party	(7.9)	3.8
Net cash generated from operating activities	**72.2**	**145.4**
Finance costs paid	(11.4)	(22.0)
Income tax paid	(8.2)	(7.1)
Employee’s end of service indemnity paid	(0.1)	(0.0)
Net cash flows from operating activities	**52.5**	**116.3**

Net cash flow from operating activities increased by $63.8 million, or 122%, from $52.5 million in the year ended December 31, 2013 to $116.3 million in the year ended December 31, 2014. Operating cash flows before changes in operating assets and liabilities increased by $25.5 million, or 27%, from $94.3 million in the year ended December 31, 2013 to $119.8 million in the year ended December 31, 2014 in line with the increase in net income for 2014. Net cash flow from operating activities was however impacted by a $18.6 million increase in trade and other payables as a result of the addition of Seafox Frontier plus the Seafox 1, 2, 4 & 7 ASVs and associated expenditures and also the accrual for the Seafox acquisition transaction and financing costs which were included within payables at year end following the November 7th, 2014 acquisition of the group and financing from the Term Loan Facility.

Net Cash Flow from Investing Activities

The following table sets forth the principal components of our net cash flow from investing activities for the periods indicated.

	Year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
Purchase of property and equipment	(50.3)	(82.0)
Net cash outflow on acquisition of subsidiary	-	(227.1)
Increase in fixed deposits	(0.0)	(0.0)
Net cash used in investing activities	(50.3)	(309.1)

Net cash used in investing activities increased by $258.8 million, from cash used of $50.3 million in the year ended December 31, 2013 to cash used of $309.1 million in the year ended December 31, 2014. The increase was primarily due to the net cash outflow of $227.1 million on the acquisition of Seafox 1, 2, 4 & 7 and purchase of property and equipment during 2014 of $82.0 million, which mainly related to the acquisition and conversion costs of Seafox Frontier, compared with purchases of property and equipment of $50.3 million in the year ended December 31, 2013. The $82.0 million cash invested in property and equipment during 2015 was split $72.9 million relating to the Seafox Frontier acquisition and conversion and $9.1 million invested in capital maintenance, upgrades and survey costs.

Net Cash Flow from Financing Activities

The following table sets forth the principal components of our net cash generated from/(used in) financing activities for the periods indicated.

	Year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
Loans repaid during the year	(26.3)	-
(Decrease)/Increase in bank overdraft.	(0.0)	-
Proceeds from senior secured notes issue cost	225.0	-
Payment for senior secured notes issue cost	(11.2)	-
Reduction in capital contribution	(55.8)	-
Dividends paid during the period	(102.7)	-
Derivative financial instrument settled	(0.3)	-
Payment of other financial liabilities	(17.4)	-
Proceed from Senior secured term loan	-	240.0
Payment of senior secured term loan transaction costs	-	(13.9)
Net cash generated from financing activities	**11.2**	**226.0**

Cash generated from financing activities increased by $214.8 million, from $11.2 million cash generated in the year ended December 31, 2013 to $226.0 million generated in the year ended December 31, 2014, primarily due to the net proceeds from the $240.0 million Term Loan Facility entered into in November 2014.

Net Working Capital Requirements

The following table sets forth the principal components of our net working capital as of the end of the periods indicated.

	Year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
Trade and other payables	(21.2)	(55.8)
Trade and other receivables[(1)]	26.4	35.4
Inventories	4.0	10.1
Due from a related party	-	0.4
Due to a related party	-	(3.8)
Net working capital	**9.2**	**(13.8)**

(1) As of the year ended December 31, 2013 included $7.1 million shipyard deposit balance on the Lamprell Shipyard contract for Seafox Frontier which has been deducted from other receivables for working capital purposes.

Our adjusted net working capital was $9.2 million as at December 31, 2013, compared to negative net working capital of $13.8 million as at December 31, 2014. The following table sets forth the reconciliation of our net working capital to our adjusted net working capital as of the end of the periods indicated.

	Year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
Net working capital	**16.3**	**(13.8)**
Adjustments to trade and other receivables		
Lamprell[(1)]	**(7.1)**	**-**
Adjusted net working capital	**9.2**	**(13.8)**

(1) Represents the remaining deposit balance on the Lamprell Shipyard conversion contract for MOS Frontier as at December 31, 2013.

Our adjusted net working capital reduced by $23.0 million, from $9.2 million as of the year ended December 31, 2013 to ($13.8) million as of the year ended December 31, 2014. This decrease is primarily due to an increase of $34.6 million in trade and other payables as of the year ended December 31, 2014. Year end payables were higher than normal levels due to the following factors: (i) payables included the associated costs of demobilization of ASVs Ahmed and Burj following their conclusion of respective charter contracts in the fourth quarter 2014; (ii) payables included capex costs for the Burj and Seafox Deema which were undergoing shipyard works at year end; (iii) payables included professional fees and advisory costs on the Seafox transaction and the Term Loan Facility financing; (iv) payables included deferred revenues of $2.7 million from advance payments on one of the acquired Seafox rig charters; and (v) payables included higher tax accruals based on the acquired Seafox assets and the addition of the Seafox Frontier to the fleet in July where taxes are payable in Timor Leste, Australia and Singapore. The increase in trade payables was partially offset by an increase of $9.0 million in trade receivables and $6.0 million in inventories due to the year on year increase in fleet size from 7 ASVs to 11 ASVs at end of year 2014.

Our trade receivables relate to ten customers. Contract payment terms are typically between 15 and 45 days. Other receivables mainly comprise prepaid insurance, shipyard deposit on Seafox Frontier (2013 only), accrued revenue and amortization of mobilization revenues.

Trade payables consist of both operating expenditures, transaction fees and capital expenditure payables. Capital expenditure payables generally relate to upgrades and maintenance of the ASVs. Other payables mainly comprise accrued expenses, accrued crew payroll, interest payable on bank facilities, interest payable on the Notes and Term Loan Facility and tax payable.

Capital Expenditure

Our capital expenditure mainly relates to acquisition / conversion costs of the Seafox Frontier and ASV maintenance, survey costs and subsequent ASV upgrades. Our capital expenditure amounted to \$50.3 million for 2013 and \$82.0 million for the year ended December 31, 2014. For the year ended December 31, 2014 our capital expenditure increased significantly due to our acquisition and conversion of Seafox Frontier.

The following table sets forth the breakdown of our capital expenditure in respect of acquisition and conversion and maintenance for the periods indicated.

	Year ended December 31,	
(U.S. dollars in millions)	**2013**	**2014**
ASV acquisition and conversion	39.6	72.9
Maintenance[(1)]	10.7	9.1
Total	**50.3**	**82.0**

(1) Includes capital expenditure relating to surveys, upgrades, general maintenance and headquarters equipment.

In 2013, our capital expenditure included \$39.6 million in acquisition and conversion costs relating to the Seafox Frontier, with the remaining \$10.7 million incurred on survey costs, upgrades and maintenance of the existing fleet. In 2014, our capital expenditure included \$72.9 million in acquisition and conversion costs relating to the Seafox Frontier, with the remaining \$9.1 million incurred on survey costs, upgrades and maintenance of the existing fleet. The capital expenditure on maintenance, surveys and upgrades decreased in 2014 primarily due to only the Trident One having a special survey in 2014. As of December 31, 2014, there were capital commitments of circa \$23.1 million in relation to the scheduled shipyard works for five year special surveys and planned upgrade completions ahead of planned charter contracts. In 2015, seven of our ASVs will undergo planned shipyard works for a combination of scheduled upgrades ahead of contract start dates and class survey requirements.

Contractual Obligations and Off-Balance Sheet Arrangements

For a description of our liabilities as of December 31, 2014, see "— Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk" and note 27 to our audited consolidated financial statements as of and for the year ended December 31, 2014.

As of December 31, 2014, we did not have any significant off-balance sheet arrangements other than the capital commitments on the planned shipyard works described above and letters of guarantee required under client charter contracts. For a full description of our commitments and contingencies, see note 22 to the consolidated financial statements as of and for the year ended December 31, 2014 included elsewhere in this annual report.

Quantitative and Qualitative Disclosures about Market Risk

The following are what we consider the most material market risks relating to our business.

Credit Risk

The market for our services is the offshore oil and gas industry, and the customers consist primarily of NOCs, IOCs and EPIC companies who lease our ASVs at varying contract lengths to provide support to their offshore capital projects. We perform ongoing credit evaluations of our customers and generally do not require collateral in our business agreements. Reserves for potential credit losses are maintained when necessary.

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to us. We have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Our exposure and the credit ratings of our counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by making binding legal agreements with the counter parties and is monitored by management.

We may also face credit-related losses in the event that counterparties to our derivative financial instrument contracts do not perform according to the terms of the contract. The credit risk arising from these counterparties relates to unrealized profits from our interest rate swaps. We generally do not require collateral for our financial instrument contracts. In the opinion of our management, our counterparties are creditworthy financial institutions with high credit ratings assigned by international credit rating agencies, and we do not expect any significant loss to result from their non-performance. As of the date of this annual report, we have not recorded any bad debts resulting from the credit quality of our customers.

Liquidity Risk

We manage liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of our short, medium and long-term funding and liquidity management requirements, which includes the issuance of a $15.0 million super senior revolving credit facility which was put in place February 26, 2013. See "Material Debt Instruments—Revolving Credit Facility." The table below includes the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the financial assets and financial liabilities at December 31, 2014 based on contractual repayment arrangements was as follows:

(U.S. dollars in millions)

Financial Assets	**Within 1 year**	**1–2 years**	**2–5 years**	**Total**
Bank balances and cash	65.7	—	—	65.7
Trade and other receivables	28.2	—	—	28.2
Due from a related party	0.4			0.4
Total	**94.3**	**—**	**—**	**943**

(U.S. dollars in millions) **Financial Liabilities**	**Within 1 year**	**1–2 years**	**2–5 years**	**Total**
Senior Secured Notes	-	-	225.0	225.0
Bank Borrowings	46.6	46.6	139.9	233.1
Derivative Financial Instrument	-	-	0.1	0.1
Due to a related party	3.8	-	-	3.8
Trade and other payables	48.7	-	-	48.7
Total	**99.2**	**46.6**	**364.9**	**510.8**

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our debt obligations. The Group has senior secured notes with an interest rate of 9.5% per annum and a term loan with a bank with an interest rate ranging from 3%-5% plus EURIBOR. The interest rate on the senior secured notes of 9.5% per annum is fixed and accordingly there is no exposure to interest rate risk. See "Material Debt Instruments."

Foreign Exchange Risk

We use the U.S. dollar as our functional currency because the majority of our revenues and expenses are denominated in U.S. dollars. Accordingly, our reporting currency is also the U.S. dollar. We do, however, earn some revenue and incur some expenses in other currencies and there is thus a risk that currency fluctuations could have an adverse effect on the value of our cash flows. We undertake certain transactions denominated in foreign currencies, hence, exposure to exchange rate fluctuations arise.

The carrying amounts of our foreign currency denominated monetary liabilities at December 31, 2014 date are as follows.

(U.S. dollars in millions)	**Liabilities**
UAE Dirhams	1.5
Euro	261.4
Australian Dollars	0.1
British Pound	0.9
Singaporean Dollars	0.0
Egyptian Pound	0.0
Qatari Riyals	0.1
Others	0.0

The carrying amounts of our foreign currency denominated monetary assets at December 31, 2014 date are as follows.

(U.S. dollars in millions)	Assets
Euros	178.2
Australian Dollars	0.2
British Pound	0.1
Singaporean Dollars	0.0
Egyptian Pound	5.3

The Group is mainly exposed to the currency risk related to the Euro. Based on the sensitivity analysis to a 10% increase or decrease in the USD against the Euro the Group's profit for the year ended 31 December 2014 and equity as of 31 December 2014 would have increased/decreased by USD 8.3 million. The impact of the other currencies on the Group's profit for the year ended 31 December 2014 would not be material. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Certain Relationships and Related Party Transactions

Full details on the related party transactions during the year ended December 31, 2014 are provided in Note 9 of the Consolidated Financial Statements.

MATERIAL DEBT INSTRUMENTS

Senior Secured Notes

Overview

On February 14, 2013, Millennium Offshore Services Superholdings, LLC, as the Issuer, issued $225.0 million aggregate principal amount of 9½% Senior Secured Notes due 2018 (the "Notes"). The Notes were issued pursuant to an indenture (the "Indenture") dated February 14, 2013 among, *inter alios*, the Issuer, the Initial Guarantors (as defined below), Citibank, N.A., London Branch as trustee (the "Trustee") and ABN AMRO Bank N.V. as collateral agent. The Notes:

- are general senior secured obligations of the Issuer;
- are secured by the Collateral (as defined below);
- are effectively subordinated to any existing and future indebtedness of the Issuer, to the extent such Indebtedness is secured by liens senior to the liens securing the Notes, or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness;
- rank *pari passu* in right of payment with all existing and future senior indebtedness of the Issuer;
- rank senior in right of payment to any future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- are fully and unconditionally guaranteed on a senior basis by the Guarantors (as defined below), subject to limitations under applicable law; and
- are structurally subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors.

Guarantees

The Notes are senior obligations of the Issuer and prior to the Seafox acquisition were guaranteed (the "Original Guarantees") on a senior basis by the following subsidiaries of the Issuer (the "Original Guarantors"): Millennium Offshore Services Management Pte. Ltd.; Millennium Offshore Services Pte. Ltd.; Burj, LLC; Millennium Offshore Services Holdings, LLC; Millennium Offshore Services Marshall Islands Inc.; Ahmed LLC; Deema LLC; Marinia LLC; Trident One LLC; and Leen LLC.

In addition, following the Seafox acquisition, the Notes are additionally guaranteed (the "Additional Guarantees", and together with the Original Guarantees, the "Guarantees") by the following subsidiaries of the Issuer (the "Additional Guarantors", and together with the Original Guarantors, the "Guarantors"): MOS Frontier, LLC; Seafox 1 Limited; Seafox 2 Limited; Seafox 4 Limited; Seafox 7 Limited; Seafox 8 Limited; Seafox 1 BV; Seafox 2 BV; Seafox 4 BV; Seafox 7 BV; Seafox TLQ BV; Seafox Contractors BV; TLQ Ltd; and Millennium Offshore Services Management Company – F.Z.E.

Each Guarantee is a general, senior secured obligation of the relevant Guarantor and:

- is secured by the Collateral (as defined below);
- is effectively subordinated to any existing and future indebtedness of that Guarantor that is secured by liens senior to the liens securing the Guarantees, or secured by property and assets that do not secure the Guarantees, to the extent of the value of the property and assets securing such indebtedness;
- ranks *pari passu* in right of payment with any future senior indebtedness of that Guarantor that is not subordinated in right of payment to that Guarantor;
- ranks senior in right of payment to any future indebtedness of that Guarantor that is expressly subordinated in right of payment to the relevant Guarantee; and

- is effectively senior to all of that Guarantor's existing and future unsecured indebtedness to the extent of the assets securing that Guarantee.

The Guarantees are subject to release under certain circumstances.

Security

Prior to the Seafox acquisition, the Notes and the Guarantees were secured by first ranking security over: (i) all of the limited liability company interests in the Issuer; (ii) all of the limited liability company interests or capital stock, as the case may be, in each Original Guarantor; (iii) material bank accounts of the Issuer and each Original Guarantor (for the avoidance of doubt, excluding any bank accounts in Egypt and Australia existing on the date of issuance of the Notes); (iv) all vessels of the Issuer and each Original Guarantor; (v) an assignment of insurances of the Issuer and each Original Guarantor; (vi) the proceeds of customer contracts and the proceeds of any other vessel earnings, in each case, received by the Issuer and each Original Guarantor; (vii) requisition proceeds of the Issuer and each Original Guarantor; (viii) equipment, inventory and intercompany receivables of the Issuer and each Original Guarantor; (ix) any shareholder loans from HM MOS International Limited to the Issuer or any Original Guarantor; and (x) in the case of any Original Guarantor organized in Singapore, substantially all of the assets of such Original Guarantor (the "Original Collateral").

In addition, following the Seafox acquisition, the Notes are also secured by first ranking security over: (i) all of the limited liability company interests or capital stock, as the case may be, in each Additional Guarantor (other than Millennium Offshore Services Management Company – F.Z.E.); (ii) all bank accounts of the Issuer and Guarantors; (iii) all vessels of the Additional Guarantors; (iv) assignments of earnings, insurances and requisition compensation of the Additional Guarantors; (v) assignment of rights of the Additional Guarantors under certain documents related to the [Acquisition]; (vi) assignments of rights of the Additional Guarantors (other than MOS Frontier, LLC) under certain hedging agreements; (vii) equipment, inventory and intercompany receivables of the Additional Guarantors; (viii) rights of Millennium Offshore Services Management Company – F.Z.E. under the services agreement with Zakher Marine Services; and (ix) in the case of the Additional Guarantors organized in the Isle of Man, substantially all of the assets of such Additional Guarantors (the "Additional Collateral", and together with the Original Collateral, the "Collateral").

The Revolving Credit Facility and the Term Loan Facility are also secured on the Collateral. Pursuant to the Intercreditor Agreement, the Revolving Credit Facility will receive priority with respect to any proceeds received upon any enforcement action over the Collateral.

Subject to the terms of the security documents and the Intercreditor Agreement, the obligations of the Issuer under the Notes, and the obligations of the Guarantors in respect of the Guarantees under the Indenture, may be secured by liens and security interests on the same assets that secure, *inter alia*, the obligations under future indebtedness. See "—Intercreditor Agreement" below.

The Collateral is subject to release under certain circumstances.

Principal, Maturity and Interest

The Issuer has issued $225.0 million in aggregate principal amount of Notes. The Issuer may issue additional Notes under the Indenture from time to time. Any issuance of such additional Notes is subject to all of the covenants in the Indenture, including the covenant relating to our ability to incur debt. The Notes will mature on February 15, 2018.

Interest on the Notes accrues at the rate of 9.50% per annum and are payable semi-annually in arrears on February 15 and August 15. Interest on overdue principal and interest, if any, will accrue at a rate that is 1.0% higher than the then applicable interest rate on the Notes. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

Prior to February 15, 2015, the Issuer may redeem all or a portion of the Notes at a price equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any, and a "make-whole" premium. At any time on or after February 15, 2015, the Issuer may redeem all or a portion of the Notes at the prices specified in the Indenture plus accrued and unpaid interest and additional amounts, if any. In addition, prior to February 15, 2015, the Issuer may redeem at its option up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at a price equal to 109.50% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at a price equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any.

Change of Control

Upon the occurrence of certain change of control events together with a downgrade or withdrawal of a rating from certain rating agencies resulting primarily from the occurrence of such a change of control event (as determined in good faith by the Issuer's Board of Directors), within 90 days following the occurrence of such events, the Issuer is required to make an offer to purchase the Notes at a price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and additional amounts, if any. On December 24, 2013, the Issuer completed a consent solicitation with respect to the Notes to clarify the definition of "Change of Control Rating Decline."

Asset Sales

The Issuer is required to offer to purchase the Notes with excess proceeds, if any, following certain asset sales at a purchase price equal to 100% of the aggregate principal amount, and accrued and unpaid interest and additional amounts, if any, to the date of purchase.

Covenants

The Indenture governing the Notes contains information and restrictive covenants. The Indenture limits, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends on, redeem or repurchase our capital stock;
- make certain restricted payments and investments, including dividends or other distributions with regard to the shares of the Issuer or its restricted subsidiaries;
- create or incur certain liens;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends or other distributions or make loans or advances to the Issuer or any of its restricted subsidiaries;
- transfer or sell assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the Notes.

Each of the covenants is subject to a number of important exceptions and qualifications.

Events of Default

The Indenture contains certain events of default, including but not limited to default in payment when due of principal, premium or interest on the Notes, cross-default (subject to a $10.0 million threshold) with respect to other indebtedness of the Issuer and its Restricted Subsidiaries (as defined in the Indenture), failure to comply with the Indenture and certain events of bankruptcy or insolvency. In the case of an event of default caused by certain events of bankruptcy or insolvency with respect to the Issuer, any Restricted Subsidiary that is a Significant Subsidiary (as defined in the Indenture) or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all then outstanding Notes will become due and payable immediately. In the case of any other event of default occurring and continuing, the Trustee may and at the direction of the holders of at least 25% in aggregate principal amount of the then outstanding Notes shall, declare all of the then outstanding Notes to be due and payable immediately by notice in writing to the Issuer and, in case of a notice by holders, also to the Trustee.

Listing

The Notes are listed on the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market.

Governing Law

The Indenture, the Notes and the Guarantees are governed by the laws of the State of New York. The security documents are governed by the laws of the Marshall Islands, New York law, Dutch law and Singapore law.

Revolving Credit Facility

On February 26, 2013, we entered into a $15.0 million super senior revolving credit facility with ABN AMRO Bank N.V. (the "Revolving Credit Facility"). The terms of the Revolving Credit Facility, including provisions relating to maintenance of financial covenants, change of control and events of default, differ from the terms of the Notes. Set out below is a summary of the material terms of the Revolving Credit Facility.

Overview

The Revolving Credit Facility provides for up to $15.0 million of committed financing (the "Total Commitments"), which are available for utilization by way of the drawing of cash revolving loans, performance guarantees and ancillary facilities from and including March 15, 2013 (the date on which all conditions precedent under the Revolving Credit Facility were satisfied) until the date falling one month prior to the RCF Termination Date (as defined below).

Borrowings under the Revolving Credit Facility will be used for the working capital and general corporate purposes of the Group.

The borrower under the Revolving Credit Facility is the Issuer. The Revolving Credit Facility is guaranteed by the Guarantors and the Issuer. The facility agent (the "RCF Agent") under the Revolving Credit Facility is ABN AMRO Bank N.V.

Repayments and Prepayments

The Revolving Credit Facility will terminate on February 15, 2017 (the "RCF Termination Date"). Any amounts still outstanding at such date must be repaid on that date.

Subject to certain conditions, the Issuer is permitted to voluntarily prepay utilizations and/or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving three business days' prior notice to the RCF Agent (provided that such prepayment or cancellation must be, if in part, in a minimum amount of $500,000 and in an integral multiple of $500,000). Any such prepayment will be made with accrued interest on the amount prepaid, and subject to breakage costs, without premium or penalty.

Amounts repaid may, subject to the terms of the agreement governing the Revolving Credit Facility, be reborrowed.

Change of Control

The Revolving Credit Facility includes customary mandatory prepayment provisions relating to any person gaining more than 50.1% control of the Issuer, other than any entity or entities which are owned, managed or advised by HM MOS International Limited.

Interest and Fees

The Revolving Credit Facility bears interest at a rate per annum equal to LIBOR plus certain mandatory costs and a margin of 4.00% per annum (the "Margin").

We are required to pay a commitment fee on available but not utilized or not cancelled commitments under the Revolving Credit Facility at a rate of 25% of the Margin per annum on the undrawn portion of each lender's commitment under the Revolving Credit Facility.

Security and Guarantees

The Revolving Credit Facility is guaranteed by the Issuer and the same Guarantors that guarantee the Notes. The Revolving Credit Facility also benefits from security over the same collateral as the Notes and the Term Loan Facility and pursuant to the Intercreditor Agreement will receive priority with respect to any proceeds received upon any enforcement action over the Collateral. See "Senior Secured Notes—Guarantees" and "Senior Secured Notes—Security."

Covenants

The Revolving Credit Facility contains customary information and negative covenants (including certain restrictive covenants that replicate those contained in the Indenture, and the note purchase condition described below under "—The Note Purchase Condition"), subject to customary carve outs, thresholds, materiality and permitted baskets.

The Revolving Credit Facility also requires the Issuer and each guarantor under the Revolving Credit Facility to observe certain customary affirmative covenants, subject to customary carve outs, thresholds, materiality and permitted baskets.

The Revolving Credit Facility requires our financial and operating performance to be monitored by three financial covenants, which will require us to ensure that:

- the fair market value of the vessels owned by the Issuer and each Guarantor shall be at least equal to 115% of the total net debt of the Issuer and each Guarantor;

- the ratio of total net debt of the Issuer and each Guarantor to EBITDA (the "Leverage") is (i) equal to or less than 4.0:1 on each test date up to and including December 31, 2014 and (ii) equal to or less than 3.5:1 on each test date falling on or after June 30, 2015; and

- the debt service cover ratio ("DSCR") is equal to or higher than 1.15:1.

We have rights to cure any breach of the Leverage and DSCR financial covenants by adding new equity or subordinated debt to EBITDA or using the proceeds thereof to reduce Total Net Debt (as defined in the Revolving Credit Facility). These rights cannot be exercised more than three times, in consecutive quarters or more than once in a financial year, and the new equity or subordinated debt must be provided within 60 business days of the compliance certificate which evidences the breach.

The Note Purchase Condition

The Notes or other debt ranking *pari passu* with the Notes may be prepaid or redeemed by an amount equal to 35% of the initial principal amount of the Notes without cancellation of the Revolving Credit Facility. Any further prepayment or redemption will be accompanied by a *pro rata* cancellation of the Revolving Credit Facility.

Events of Default

The Revolving Credit Facility contains customary events of default (subject to customary carve outs, thresholds, materiality and permitted baskets), including a cross-default with respect to financial indebtedness of the Issuer and Guarantors (subject to a $10.0 million threshold), the occurrence of which would likely allow the lenders under the Revolving Credit Facility to exercise customary rights to (i) cancel the Total Commitments; (ii) declare that all or part of the loans (plus accrued interest and all other accrued amounts) are immediately due and payable; (iii) declare that all or part of the loans are payable on demand; (iv) declare any of the amounts (or cash cover in relation to those amounts) outstanding in respect of any performance guarantees or ancillary facilities to be immediately due and payable; (v) declare any of the amounts (or cash cover in relation to those amounts) outstanding in respect of any performance guarantees or ancillary facilities be payable on demand; and/or (vi) exercise or direct the Collateral Agent to exercise any of its rights and remedies under the agreement governing the Revolving Credit Facility and other related finance documents.

Governing Law

The Revolving Credit Facility and any non-contractual obligation arising out of or in connection with it will be governed by and construed and enforced in accordance with English law, although the incurrence covenants included in the Revolving Credit Facility largely replicate those contained Indenture and will be interpreted in accordance with the law of the State of New York (without prejudice to the fact that the Revolving Credit Facility is governed by English law).

Senior Secured Term Loan Facility

On November 6, 2014, we entered into a new $240.0 million (euro equivalent) senior secured term loan facility agreement with ABN AMRO Bank N.V. (the "Term Loan Facility Agreement"). Set out below is a summary of the material terms of the Term Loan Facility Agreement. Capitalized terms used but not defined in this "*Senior Secured Term Loan Facility*" description are as defined in the Term Loan Facility Agreement.

Overview

The Term Loan Facility Agreement provides for up to $240.0 million (euro equivalent) of committed financing (the "Term Loan Facility"). Borrowings under the Term Loan Facility were used to fund the purchase price and pay costs relating to the Seafox acquisition, and repay certain indebtedness of the Seafox group.

The borrower under the Term Loan Facility is the Issuer. The Term Loan Facility is guaranteed by the Issuer and the Issuer's subsidiaries that guarantee the Notes and the Revolving Credit Facility. The facility agent (the "Agent") under the Term Loan Facility Agreement is ABN AMRO Bank N.V.

Repayments and Prepayments

The Term Loan Facility will terminate on November 7, 2019. Any amounts still outstanding at such date must be repaid on that date.

This Issuer must repay the loan made under the Term Loan Facility Agreement in installments by repaying on each date falling at three month intervals after November 7, 2014 (the "Utilization Date") an amount which reduces the loan by an amount equal to 5% of the amount borrowed on the Utilization Date.

Subject to certain conditions, the Issuer is permitted to voluntarily prepay and/or cancel all or part of the Term Loan Facility by giving five business days' prior notice to the Agent (provided that such prepayment or cancellation must be, if in part, in a minimum amount of €5,000,000 and in incremental amounts of €1,000,000).

Mandatory Prepayments

Exit and Senior Secured Notes

The Term Loan Facility will immediately be cancelled and all amounts outstanding and accrued thereunder will become immediately due and payable by the Issuer if:

(a) any person or persons (acting in concert), other than the ultimate shareholders of the Issuer on the date of the Term Loan Facility Agreement and the Vendors, gaining the power to, other than as a result of a Flotation, (i) cast or control the casting of 30% or more of the maximum number of votes that may be cast at a general meeting of the Issuer, (ii) appoint or remove all or the majority of the directors of the Issuer, or (iii) give directions with respect to the operating and financial policies of the Issuer with which the directors of the Issuer are obliged to comply;

(b) there is a sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions; or

(c) the full amount of the Notes is not repaid in full by the date falling six months before the date on which the Notes are scheduled to be repaid in full.

Flotation

The Issuer must, by no later than the date falling one business day after any Flotation, prepay and cancel the Term Loan Facility in an amount equal to a percentage of the net proceeds from the Flotation, depending on Net Debt Cover (Total Net Debt: Consolidated EBITDA) measured as at the most recent Quarter Date, as applicable:

(a) if Net Debt Cover would have been greater than or equal to 2.50:1.0, 30% of the net proceeds of the Flotation; or

(b) if Net Debt Cover would have been less than 2.5:1.0 but greater than 2.0:1.0, 20% of the net proceeds of the Flotation; or

(c) if Net Debt Cover would have been less than 2.0:1.0 but greater than or equal to 1.5:1.0, 10% of the net proceeds of the Flotation,

in each case, determined on a *pro forma* basis as if the Flotation had occurred at the beginning of the relevant quarter and where Net Debt Cover is determined on a *pro forma* basis (including a *pro forma* application of the net proceeds of the Flotation for the purposes of Total Net Debt but not Consolidated EBITDA).

Disposal Proceeds, Insurance Proceeds, Acquisition Proceeds and Free Operating Cash Flow

The Term Loan Facility Agreement also requires the Issuer to cancel and prepay the Term Loan Facility with (a) a portion of the proceeds from certain claims against the Vendor or its Affiliates, (b) proceeds from vessel disposals, (c) certain insurance proceeds in respect of vessel damage or loss, and, (d) if, as at any Quarter Date, Net Debt Cover is greater than 1.75:1.0, an amount equal to 50% of Free Operating Cash Flow for the quarter ending on that Quarter Date (or, in the case of the first Quarter Date after November 7, 2014 (the "Closing Date"), for each complete calendar month falling during the period from the Closing Date to that Quarter Date based on monthly management financial statements).

Unless a Default is continuing, insurance proceeds in respect of vessel damage required to be applied as above will be placed in an account and may be withdrawn by the Issuer following the receipt by the Agent of evidence that the relevant damage has been properly made good and repaired and that all repair accounts and other liabilities have been fully paid and discharged, or may be transferred in direct payment of those repair accounts and other liabilities.

Interest and Fees

The Term Loan Facility bears interest at a rate per annum equal to EURIBOR (or LIBOR in relation to any part of the loan denominated in dollars) and a margin of 4.50% per annum (the "Margin").

If (i) no Event of Default has occurred and is continuing; (ii) a period of at least three months has expired since the Utilization Date; and (iii) Net Debt Cover in respect of the period completed on the most recent Quarter Date is within a range set out below, then the Margin will be the percentage per annum set out below in the column opposite that range:

Net Debt Cover	**Margin % per annum**
Greater than or equal to 3.0:1.0	5.00
Less than 3.0:1.0 but greater than or equal to 2.5:1.0	4.50
Less than 2.5:1.0 but greater than or equal to 2.0:1.0	4.00
Less than 2.0:1.0 but greater than or equal to 1.5:1.0	3.50
Less than 1.5:1.0	3.00

We are required to pay a commitment fee on available but not utilized or not cancelled commitments under the Term Loan Facility at a rate of 0.4% of the Margin per annum on the undrawn portion of each lender's commitment under the Term Loan Facility.

Security and Guarantees

The Term Loan Facility is guaranteed by the Issuer and the same guarantors that guarantee the Notes and the Revolving Credit Facility, benefits from the same collateral as the Notes and the Revolving Credit Facility and ranks *pari passu* with the Notes with respect to any proceeds received upon any enforcement action over the Collateral. See "Senior Secured Notes—Guarantees" and "Senior Secured Notes—Security."

Covenants

The Term Loan Facility requires the Issuer and each guarantor thereunder to observe certain information undertakings and negative and affirmative covenants, subject in some cases to carve outs, thresholds, materiality and permitted baskets. The Term Loan Facility limits, among other things, our ability to:

- make acquisitions, investments and capital expenditures;
- issues shares;
- enter into, invest in, acquire, transfer assets to, lend to or guarantee the obligations of a joint venture;
- dispose of our assets;
- pay dividends or redeem share capital;
- incur Financial Indebtedness;
- grant security over our assets; and
- enter into a merger, demerger, amalgamation, consolidation or corporate reconstruction.

The Term Loan Facility also requires the Issuer and each guarantor thereunder to observe various covenants with respect to the Group's vessels, including with respect to the maintenance of insurance.

The Term Loan Facility requires our financial and operating performance to be monitored by four financial covenants, which will require us to ensure that:

(a) at each Quarter Date, the ratio of our Total Net Debt to the aggregate fair market value of our vessels as set out in a valuation report (Total Net Debt to Value Ratio) does not exceed a set percentage, beginning with 80% for the quarter ending December 31, 2014 and reducing each quarter until December 31, 2017 (40%);

(b) the ratio of our Consolidated EBITDA to our Net Total Debt Service (Debt Service Cover Ratio) for each four consecutive quarters ending on a Quarter Date is greater than or equal to 1.4:1.0;

(c) Net Debt Cover at each Quarter Date does not exceed the percentages specified in the Term Loan Facility Agreement, beginning at 3.0:1.0 for December 31, 2014 and reducing each Quarter Date from September 30, 2015 down to 1.5:1.0 for December 31, 2017; and

(d) we maintain a Minimum Liquidity of not less than $15.0 million at all times (including undrawn amounts under the Revolving Credit Facility, cash held by the Issuer and up to $5.0 million of working capital).

We have rights to cure any breach of the covenants at (1), (2) or (3) above by adding new equity, subordinated shareholder debt or other subordinated obligation that reduces Total Net Debt and/or is used to prepay the Term Loan Facility or certain other debt. These rights cannot be exercised more than three times or in consecutive quarters, and the new equity or subordinated debt must be provided within 30 business days of the compliance certificate which evidences the breach.

Guarantor Coverage

The Issuer must procure that, as at each Quarter Date:

(a) Consolidated EBITDA of the Issuer and the Guarantors equals or exceeds 85% of the Consolidated EBITDA of the Group as at that Quarter Date; and

(b) Total Assets of the Issuer and the Guarantors equals or exceeds 70% of the Total Assets of the Group as at that Quarter Date,

(collectively, the "Guarantor Coverage Thresholds") by causing one or more of its subsidiaries that are not Guarantors (and any holding company of such subsidiary) to become a Guarantor to the extent necessary to ensure the Guarantor Coverage Thresholds are met. Any such subsidiary must, within 30 days after the delivery of a compliance certificate indicating that a new guarantor is required (or, if earlier, the date on which the subsidiary is required to become a guarantor under any of the Other Financing Documents and/or the lntercreditor Agreement), become an Additional Guarantor, grant security as the Agent may require (subject to the Agreed Security Principles) and accede to the lntercreditor Agreement.

Events of Default

The Term Loan Facility contains customary events of default (subject in some cases to materiality, cure periods and/or thresholds), including a cross-default with respect to (a) the Revolving Credit Facility, Notes, related finance documents or other Secured Debt Documents (as defined in the Intercreditor Agreement) and (b) financial indebtedness of any member of the Group, subject to a $10.0 million threshold (other than with respect to financial indebtedness set out at (a)), the occurrence of which would likely allow the lenders under the Term Loan Facility to exercise customary rights to: (i) cancel their commitments under the Term Loan Facility; (ii) declare that all or part of the loans (plus accrued interest and all other accrued or outstanding amounts) are immediately due and payable; (iii) declare that all or part of the loans are payable on demand; and/or (iv) exercise or direct the Collateral Agent to exercise any of its rights and remedies under the Term Loan Facility Agreement and other related finance documents.

Governing Law

The Term Loan Facility and any non-contractual obligation arising out of or in connection with it will be governed by English law.

Intercreditor Agreement

To establish the relative rights of certain of the Issuer's and each other Debtors' (as defined below) creditors under the Group's financing arrangements, the Issuer and certain of its subsidiaries entered into an intercreditor agreement (the "Intercreditor Agreement") dated February 14, 2013 to govern the relationships and relative priorities among: (i) the Trustee on behalf of itself and the holders of the Notes (the "Noteholders"); (ii) the hedge counterparties under certain hedging agreements (the "Hedge Counterparties"); (iii) certain future creditors of the Issuer and its restricted subsidiaries; (iv) certain intra-group creditors and debtors; (v) HM MOS International Limited as the shareholder of the Issuer (the "Parent"); (vi) various creditor representatives; and (vii) ABN AMRO Bank N.V. as the Collateral Agent. In connection with the Seafox acquisition, the Additional Guarantors have acceded to the Intercreditor Agreement.

The Issuer and each of its subsidiaries that incurs any liability or provides any guarantee under the Indenture or the Super Senior Facilities (as defined below) or the Pari Passu Debt (as defined below) documents and which is a party to the Intercreditor Agreement are together referred to in this description as “Debtors” (and each a “Debtor”).

The Intercreditor Agreement sets out:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the effect of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale of the Collateral.

The Intercreditor Agreement allows for the Debtors to enter into super senior credit facilities (including the refinancing, in full or in part, of any super senior facilities then outstanding at the time of such refinancing) (the “Super Senior Facilities”) *provided* that such Super Senior Facilities do not breach the terms of the Indenture, any other agreement documenting any Super Senior Facilities then outstanding and any agreement documenting any Pari Passu Debt then outstanding.

Subject to the following sentence or as otherwise set out in this description, the Super Senior Facilities shall rank in right and priority of payments, and the Collateral shall rank and secure the liabilities owed under the Super Senior Facilities, *pari passu* to the Notes. In respect of the proceeds of the enforcement of the Collateral (and certain other amounts), the Super Senior Facilities shall rank in right and priority of payments super senior to the Notes.

The lenders of the Super Senior Facilities (the “Super Senior Lenders”) have rights under the Intercreditor Agreement which are summarized below. For the purposes of this description, any references to the Super Senior Facilities or Super Senior Lenders or Super Senior Facilities Liabilities (as defined below) should be read as including any other super senior credit facilities or any refinancing debt in respect of the Super Senior Facilities.

The Intercreditor Agreement also contains provisions relating to future indebtedness that may be incurred by the Debtors *provided* that it is not prohibited by the terms of the Indenture and any agreement documenting Super Senior Facilities then outstanding, which may rank in right and priority of payments *pari passu* to the Notes and be secured by the Collateral (the “Pari Passu Debt”) and *provided* that it is permitted by the terms of any other Pari Passu Debt then outstanding, subject to the terms of the Intercreditor Agreement.

The creditors of the Pari Passu Debt (the “Pari Passu Creditors”) have rights under the Intercreditor Agreement which are summarized below.

The Intercreditor Agreement also contains provisions relating to hedging liabilities that may be incurred by the Debtors *provided* that such liabilities are not prohibited by the terms of the Indenture, any agreement documenting Super Senior Facilities then outstanding and any agreement documenting any Pari Passu Debt then outstanding, which may rank in right and priority of payments *pari passu* to the Notes and be secured by the Collateral (the “Hedging Liabilities”), subject to the terms of the Intercreditor Agreement.

The Hedge Counterparties have rights under the Intercreditor Agreement which are summarized below.

The following description is a summary of certain provisions that are contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions regarding "—Collateral" and "—Permitted Payments" below, that the right and priority of payment of all present and future liabilities and obligations under the Notes (the "Notes Liabilities"), of all present and future liabilities and obligations under the Super Senior Facilities (the "Super Senior Facilities Liabilities"), the Hedging Liabilities and the Pari Passu Debt will rank *pari passu* in right and priority of payment without any preference or payment between them. The Super Senior Lender will be paid on priority to other creditors from the proceeds of any enforcement of the Collateral and certain other amounts paid to, or recovered by, the Collateral Agent in accordance with the terms of the Intercreditor Agreement.

These liabilities will rank ahead of any liabilities of the Debtors to the Issuer and its subsidiaries (the "Intra-Group Liabilities") or any debt to the Parent or any future direct shareholder in the Issuer who accedes to the Intercreditor Agreement (the "Investors") (the "Investor Liabilities" and together with the Intra-Group Liabilities, the "Subordinated Liabilities" and the holders of any Subordinated Liabilities, the "Subordinated Creditors"). The Intercreditor Agreement does not purport to rank any of the Subordinated Liabilities as between themselves.

Collateral

The Noteholders, the Super Senior Lenders, the Hedge Counterparties and the Pari Passu Creditors will benefit from a common guarantee and security package and no such secured creditor may take the benefit of any guarantee or security unless such guarantee or security is also offered for the benefit of the other secured creditors from the Issuer and its restricted subsidiaries.

Subject to the provision regarding the "—Application of Proceeds" below, the Collateral shall rank and secure the liabilities owed to the Noteholders, the Super Senior Lenders, the Hedge Counterparties and the Pari Passu Creditors *pari passu* and without any preference between them. The Super Senior Lender will be paid on priority to other creditors from the proceeds of any enforcement of the Collateral and certain other amounts paid to, or recovered by, the Collateral Agent in accordance with the terms of the Intercreditor Agreement.

In addition, the Intercreditor Agreement provides that the guarantees and security over the Collateral will be released in certain circumstances described further below in "—Release of Security and Guarantees—Non-distressed Disposals" and "—Release of Security and Guarantees—Distressed Disposals."

Permitted Payments

The Intercreditor Agreement permits payments to be made, at any time, by the Debtors under the Indenture and any Pari Passu Debt documentation (*provided* such payments are permitted under such documents and unless, in the case of a redemption, repurchase or repayment, any documentation relating to the Super Senior Liabilities or the Notes Liabilities or the Pari Passu Debt (as applicable) restricts such redemption, repurchase or repayment).

The Intercreditor Agreement permits payments to be made, at any time, by the Debtors under the Super Senior Facilities agreement (*provided* such payments are permitted under any documentation relating to such Super Senior Facilities).

The Intercreditor Agreement includes restrictions on payments to Hedge Counterparties except certain specified permitted payments.

Provided that no acceleration event has occurred, subject to certain conditions, the Intercreditor Agreement permits payments to lenders of Intra-Group Liabilities. If an acceleration event has occurred payments to lenders of Intra-Group Liabilities may only be paid if the requisite consents required under the Intercreditor Agreement for those payments to be made are given or the payment is being made to facilitate the payment of Notes Liabilities, Super Senior Liabilities, Hedging Liabilities, Pari Passu Debt or amounts owed to the Trustee.

No payments may be made in respect of Investor Liabilities except to the extent not prohibited by the Indenture, any documentation for the Super Senior Facilities and the Pari Passu Debt documentation or if the requisite consents required under the Intercreditor Agreement for those payments to be made are given.

An acceleration event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Indenture, Super Senior Facilities agreement (or any other equivalent acceleration provisions under any replacement or additional facility agreement for the Super Senior Facilities) and/or the Pari Passu Debt documentation (as applicable).

Enforcement

Enforcement Instructions

The Collateral Agent may refrain from enforcing the Collateral unless instructed otherwise by the Instructing Group (as defined below).

Subject to the security having become enforceable in accordance with its terms and compliance with the provisions described under "—Enforcement Instructions—Consultation Periods" below, the Instructing Group may give instructions to the Collateral Agent to enforce the Collateral as they see fit *provided* that the instructions as to enforcement given by the Instructing Group are consistent with the security enforcement principles set out in the Intercreditor Agreement (the "Security Enforcement Principles").

In the case of the enforcement of Collateral, the Intercreditor Agreement defines "Instructing Group" as the Majority Super Senior Creditors (being, $66^2/_3$% by value of the Super Senior Lenders) and the Majority Senior Secured Creditors (being, 50% by value of the Noteholders, the Hedge Counterparties and the Pari Passu Creditors) (in each case acting through its respective Creditor Representative), *provided* that:

(a) in the case of an insolvency event in respect of a member of the Group, the instructions with respect to Enforcement from the Majority Super Senior Creditors will prevail *provided* further that such instructions are consistent with the Security Enforcement Principles;

(b) if the Collateral Agent has received instructions (or proposed instructions) as to the enforcement of the Collateral by or on behalf of both the Majority Super Senior Creditors and the Majority Senior Secured Creditors that are inconsistent as to the manner of such enforcement (including any inconsistency as to the timeframe for realising value from an enforcement of the Collateral or a distressed disposal) ("Conflicting Enforcement Instructions") then:

(i) subject to (ii) below, if instructions with respect to such enforcement have been received from the Majority Senior Secured Creditors and:

(A) the provisions in the second paragraph described under "—Enforcement Instructions—Consultation Periods" below have been complied with; and

(B) such instructions are instructions to enforce or not to enforce the Collateral or otherwise require the distressed disposal of Collateral,

such enforcement instructions from the Majority Senior Secured Creditors will prevail; and

(ii) in the event that the relevant Instructing Group is the Majority Senior Secured Creditors, and:

(A) from the date that is three months after the date the first enforcement instructions were issued, no steps have been taken in relation to the commencement of enforcement of the Collateral; or

(B) the Super Senior Liabilities have not been fully discharged within six months of the date the first such Enforcement instructions were issued,

the instructions with respect to Enforcement from the Majority Super Senior Creditors will prevail *provided* that they are consistent with the Security Enforcement Principles.

Other than in certain specified circumstances set out in the Intercreditor Agreement, the Hedge Counterparties may not, independently, take any enforcement action in respect of the Hedging Liabilities.

No secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Collateral Agent.

Enforcement Instructions—Consultation Periods

If either of the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Collateral Agent to commence enforcement of the Collateral, such group of creditors must deliver a copy of the proposed instructions as to such enforcement (the "Enforcement Proposal") to the Collateral Agent and the agent/representative of each creditor class at least ten business days prior to the proposed date of issuance of instructions under such Enforcement Proposal (the "Proposed Enforcement Instruction Date").

If any Super Senior Facilities are then outstanding and the Collateral Agent has received Conflicting Enforcement Instructions, the Collateral Agent shall promptly notify the agent/representative of each creditor class and such agents/representatives will consult with each other and the Collateral Agent in good faith for a period of no less than 30 days (or such shorter period as the relevant agents/representatives may agree) from the earlier of (i) the date of the latest such Conflicting Enforcement Instruction and (ii) the date falling ten Business Days after the date the original Enforcement Proposal is delivered in accordance with the paragraph above, with a view to co-ordinating instructions as to any enforcement.

No agent/representative of the creditors represented in the Instructing Group shall be obliged to consult in accordance with the immediately preceding paragraphs, and the Instructing Group shall be entitled to give any instructions to the Collateral Agent to enforce the Collateral or take any other enforcement action prior to the end of a consultation period, if:

(a) the security has become enforceable as a result of an insolvency event in respect of a member of the Group;

(b) the creditors represented in the Instructing Group or any agent/representative of the creditors represented in the Instructing Group determines in good faith (and notifies each of agent/representative and the Collateral Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the security could reasonably be expected to have a material adverse effect on:

  (i) the Collateral Agent's ability to enforce any of the Collateral; or

  (ii) the realization proceeds of any enforcement of the Collateral;

(c) a period of no less than three months has elapsed since the Proposed Enforcement Instruction Date and no enforcement is being effected by the Collateral Agent; or

(d) the agents/representatives of each creditor class agree no consultation period is required.

Turnover

Primary Creditors

Subject to certain exclusions, if any Noteholder, Super Senior Lender, Pari Passu Creditor or Hedge Counterparty (or any of their respective creditor representatives) receives or recovers the proceeds of any enforcement of any Collateral or any Distressed Disposal (as defined below) except in accordance with "—Application of Proceeds" below, that person must:

(a) in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the Collateral Agent and promptly pay an amount equal to that amount to the Collateral Agent; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery,

in each case, to the Collateral Agent for application in accordance with the provisions of "—Application of Proceeds" below.

The Trustee shall only have an obligation to turn over or repay amounts received or recovered by it as described above (i) if it had actual knowledge of that obligation; and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of that receipt to the Noteholders in accordance with the Indenture.

Subordinated Creditors

There is a general turnover obligation on the Subordinated Creditors to turnover all amounts not received in accordance with the Intercreditor Agreement.

For example, if, following the occurrence of an insolvency event in respect of any Debtor:

(a) a Subordinated Creditor is entitled to receive a distribution out of the assets of that Debtor, that Subordinated Creditor must pay an amount equal to that distribution; or

(b) to the extent any liability owed to a Subordinated Creditor is discharged by way of set-off, that Subordinated Creditor must pay an amount equal to the amount discharged by way of set-off;

in each case, to the Collateral Agent for application in accordance with the provisions of "—Application of Proceeds" below.

Application of Proceeds

All amounts from time to time received or recovered by the Collateral Agent in connection with the realization or enforcement of all or any part of the Collateral or otherwise paid to the Collateral Agent under the Intercreditor Agreement for application pursuant thereto shall be held by the Collateral Agent on trust and applied in the following order:

- *first*:

(a) pro rata and *pari passu,* in payment of certain amounts owing to the Trustee and any amount owing to any agent/representative for the Super Senior Lenders and the Pari Passu Creditors, the Collateral Agent and any receiver or delegate; and then

(b) pro rata and *pari passu,* in payment of all costs, expenses and liabilities incurred by any agent/representative of the Super Senior Lenders, the Noteholders or the Pari Passu Creditors (but not a Hedge Counterparty in its capacity as its own representative) and any receiver, attorney or agent in connection with any realization or enforcement of the Collateral in accordance with the terms of the Intercreditor Agreement;

- *second*, pro rata and *pari passu,* in payment of all costs and expenses incurred by the Super Senior Lenders and their agent/representative in connection with the enforcement of the Collateral or any action taken at the request of the Collateral Agent;

- *third,* pro rata and *pari passu,* in payment to the agent of the Super Senior Lenders for its own behalf and on behalf of the arrangers of the Super Senior Facilities and the Super Senior Lenders for application towards the discharge of the Super Senior Liabilities and any liabilities owed to the arrangers of the Super Senior Facilities;

- *fourth*, pro rata and *pari passu,* in payment of all costs and expenses incurred by the Noteholders, the Pari Passu Creditors and the Hedge Counterparties and any agent/representative of the Noteholders and the Pari Passu Creditors in connection with the enforcement of the Collateral or any action taken at the request of the Collateral Agent;

- *fifth*, pro rata and *pari passu,* in payment to (i) the Trustee on its own behalf and on behalf of the Noteholders for application towards the discharge of the Notes Liabilities in accordance with the Indenture; (ii) the creditor representatives of the Pari Passu Creditors for application towards the discharge of the Pari Passu Debt; and (iii) the Hedge Counterparties for application towards the discharge of the Hedging Liabilities; and

- *sixth*, after amounts referred to above have been repaid in full, in payment of the surplus (if any) to the relevant Debtor or other person entitled to it.

Option to Purchase

The Noteholders and Pari Passu Creditors may, after the occurrence of an acceleration event or the commencement of any enforcement of the Collateral, and subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to the Super Senior Lenders), exercise an option to purchase the Super Senior Liabilities in full and at par.

Release of Security and Guarantees—Non-distressed Disposals

In circumstances where a disposal is not a Distressed Disposal (and the applicable agent/representative has notified the Collateral Agent that such disposal is permitted, or is not prohibited, by the terms of the Super Senior Facilities agreement and any Pari Passu Debt documentation and the Issuer certifies for the benefit of the Collateral Agent that such disposal is permitted under, or is not prohibited by, the Indenture or the Trustee authorises the release in accordance with the terms of the Indenture), the Collateral Agent is authorized:

(a) to release the Collateral or any other claim over the relevant asset; and

(b) if the relevant asset consists of shares in the capital of a Debtor, to release the Collateral or any other claim over that holding company's or Debtor's assets and the assets of any of their subsidiaries.

Release of Security and Guarantees—Distressed Disposals

"Distressed Disposal" means a disposal of an asset or shares of a member of the Group which is:

(a) being effected at the request of the Instructing Group in circumstances where the Collateral has become enforceable;

(b) being effected by enforcement of the Collateral; or

(c) being effected, after an acceleration event or an enforcement of Collateral has occurred, by a Debtor to a person or persons which is not a member of the Group.

In circumstances where a Distressed Disposal is being effected, Collateral Agent is authorized:

(a) to release the Collateral or any other claim over the relevant asset;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing, guaranteeing or other liabilities; (ii) any Collateral granted over that Debtor's assets and the assets of any of its subsidiaries; and (iii) any other claim of a Debtor, an Investor or other intra-group lender over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (i) that holding company and any subsidiary of that holding company from all or any part of its borrowing, guaranteeing or other liabilities; (ii) any Collateral granted over the assets of any subsidiary of that holding company; and (iii) any other claim of a Debtor, an Investor or other intra-group lender over the assets of any subsidiary of that holding company;

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all or any part of that Debtor's or the holding company that Debtor's or any subsidiary of the Debtor or holding company's borrowing, guaranteeing liabilities or other liabilities *provided* that, if the transferee of such liabilities is to be treated as a Noteholder, Super Senior Lender, Hedge Counterparty or Pari Passu Creditor or otherwise benefit from the Collateral for the purposes of the Intercreditor Agreement, all Notes Liabilities, Super Senior Facilities Liabilities, Hedging Liabilities and Pari Passu Debts must be transferred to that transferee; and

(e) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer Intra-Group Liabilities and debtor liabilities owed by that Debtor or holding company of a Debtor to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under "—Application of Proceeds."

Amendment

The Intercreditor Agreement may be amended only with the consent of the Majority Super Senior Creditors, the Trustee, the required percentage of Pari Passu Creditors (as set out in the relevant Pari Passu Debt documentation), the Issuer and the Collateral Agent unless it relates to certain specified matters such as redistributions, application of proceeds, amendments and consents, certain provisions relating to protection of the Collateral Agent's own position and the order of any priority or subordination. Such amendments require consent from all Super Senior Lenders (to the extent such amendments would materially and adversely affect them), the Trustee acting on behalf of the Noteholders (to the extent such amendments would materially and adversely affect them), the agent/representative of the Pari Passu Creditors acting on their behalf (to the extent such amendments would materially and adversely affect the Pari Passu Creditors), each Hedge Counterparty (to the extent such amendments would adversely affect it), the Issuer and the Collateral Agent.

No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than in a way which affects creditors of that party's class generally) to the Intercreditor Agreement without the prior consent of that party or, in relation to the Noteholders or Pari Passu Creditors, the consent of their representatives.

The Intercreditor Agreement may be amended without the consent of the Noteholders in certain circumstances set out further in the Indenture. The Intercreditor Agreement also permits the Collateral Agent to enter into new or supplemental security if certain conditions are met, set out further in the Indenture.

To the extent the Debtors wish to enter into Pari Passu Debt or other additional or replacement indebtedness ("Additional Indebtedness") which is permitted to share in the Collateral then the parties to the Intercreditor Agreement may be required to enter into a replacement intercreditor agreement as set out further in the Indenture.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL AND OTHER DATA

On 7 November 2014, MOS Superholdings purchased 100% of the share capital of the Seafox 8 Group ("Acquired Business"), which provides jack-up offshore accommodation in the North Sea, for USD 240 million and gained control of the group at this date. As a result of this transaction, we believe that the Group will increase its market share; increase its geographical spread; increase availability, fleet diversity and flexibility for customers; and increase efficiency.

The unaudited pro forma financial information was prepared as if the Acquired Business was acquired on 1 January 2014. This unaudited pro forma financial information is based on available information and various assumptions that management believes to be reasonable. The actual results may differ significantly from those reflected in the unaudited pro forma financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual amounts. The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the acquisition occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position. The balance sheet shown as at December 31, 2014 and related footnotes included elsewhere in this report includes the results of the target therefore a pro-forma balance sheet information is not provided.

The unaudited pro forma financial information was prepared using the acquisition method accounting under IFRS 3, "Business Combinations," This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable acquired assets and assumed liabilities in a business combination are measured initially at their fair values at the acquisition date.

This unaudited pro forma information has been compiled on a basis consistent with the historical accounting policies of MOS Superholdings. The unaudited pro forma information for the period presented is based on the audited consolidated financial statements of MOS Superholdings for the year ended 31 December 2014 and the unaudited consolidated interim financial information for the period between 1 January 2014 and 7 November 2014 of the Acquired Business. The consolidated interim financial information of the Acquired Business has been prepared in accordance with the historical accounting policies of MOS Superholdings. The differences between accounting policies applied by MOS Superholdings and the Acquired Business relating to the Acquired Business's financial information have been aligned as part of the pro forma adjustments.

The consolidated interim financial information of the Acquired Business has been translated by MOS Superholdings from euro into U.S. dollars. For all comprehensive income statement items and pro forma adjustments, an average rate of USD 1.3293, reflecting the period 1 January 2014 to 7 November 2014, has been used when compiling the pro forma information in U.S. dollars.

The unaudited pro forma financial information reflects a number of adjustments made to the consolidated interim financial information of the Acquired Business. The compilation of the unaudited pro forma financial information and the adjustments reflected therein are explained as follows:

- To the extent management is aware of any differences, the underlying consolidated interim financial information of the Acquired Business has been adjusted to align the classification of certain income statement items with their treatment in the consolidated financial statements of MOS Superholdings.

- Adjustments have been made to reflect the continuing impact that the fair value of the assets acquired and liabilities assumed, will have on the statement of comprehensive income.

- The acquisition costs were expensed as incurred. The financing costs incurred in conjunction with the loan to finance the transaction are recognized over the term of the loan. The pro forma financial information reflects the amortization of these financing costs for the twelve months ended 31 December 2014.

The basis for the disclosures reflected in the unaudited pro forma financial information notes and the key assumptions made by us in preparation of these disclosures are explained further within the notes to the information accompanying the tables.

The unaudited pro forma financial information set forth below has not been prepared in accordance with the requirements of Regulation S-X under the Exchange Act or U.S. Generally Accepted Auditing Standards ("U.S. GAAS"). Neither the adjustments nor the resulting pro forma financial information has been audited or reviewed in accordance with International Standards on Auditing or U.S. GAAS. The summary unaudited pro forma combined financial and other data set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of MOS Superholdings included elsewhere in this annual report and on our website (www.mosrigs.net). The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been had the acquisition occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or financial position.

	For the twelve months ended 31 December 2014			
(U.S. dollars in millions)	**MOS Super-holdings**	**Acquired Business [1]**	**Pro forma adjustments**	**Pro forma Financial data [9]**
Income Statement Data				
Revenue	184.6	86.2	-	270.8
Direct costs	(74.9)	(34.9)	(31.4)[3][5]	(141.2)
Gross Profit	**109.7**	**51.3**	**(31.4)**	**129.6**
		-		
General and administrative expenses	(11.5)[2]	(23.2)	15.1 [3][4][5]	(19.6)
Unrealized Gain on Fair Valuation of Interest Swap	-	-	-	-
Finance costs				
-Senior secured notes	(23.6)	-	-	(23.6)
-Senior secured term loan	(2.3)[7]	-	(12.0)[7]	(14.3)
-Other	(0.6)	(0.3)	-	(0.9)
Foreign currency exchange gain /(loss)	6.6	-	-	6.6
Other income	0.1	0.1	-	0.2
Profit before tax	**78.4**	**27.9**	**(28.3)**	**78.0**
Income tax expense	(9.6)	(3.2)	-[8]	(12.8)
Profit/(loss) for the period	**68.8**	**24.7**	**(28.3)**	**65.2**
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/loss for the period	**68.8**	**24.7**	**(28.3)**	**65.2**

(1) Acquired Business represents Seafox 8 Group of companies. The consolidated interim financial information of the Acquired Business for the period between 1 January 2014 and 7 November 2014 has not been audited.

(2) An amount of USD 2.9 million acquisition related expenses incurred in connection with the transaction have been recognised in the consolidated statement of comprehensive income for the year ending 31 December 2014 within the financial statement line General and administrative expenses. This amount relates mainly to fees paid to legal and other advisors.

(3) As part of the acquisition accounting performed by management, the Acquired Business' accounting policies were aligned with MOS Superholdings' accounting policies. Certain adjustments have been made to the pro forma statement of comprehensive income for the year ending 31 December 2014, to align the presentation and classification of depreciation expense in the income statement. The total adjustment made to the pro forma income statement for the depreciation classification is USD 15.2 million from General and administrative expenses to Direct costs in line with the MOS Superholdings presentation and accounting policy.

(4) The Seafox brand name and certain technology related intangible assets not previously recognised have been identified and recognised at fair value as part of acquisition accounting. The fair value of these intangible assets amounted to USD 3.8 million. The identified brand name was assigned a useful life of 20 years and the identified technologies were assigned an indefinite useful life. An adjustment of USD 0.1 million has been made to the pro forma combined statement of comprehensive income for the year ending 31 December 2014, to reflect the increase in the amortisation expense for the brand name. The increase in amortisation expense will have a continuing impact on the consolidated financial statements of MOS Superholdings.

(5) Property and equipment ("P&E") have been recognised at their fair values. An adjustment to increase tangible assets by USD 83.6 million was recognised in acquisition accounting to reflect the difference between book values and fair values of the vessels Seafox 1, Seafox 2, Seafox 4, Seafox 7 and the TLQ. The remaining useful lives for these vessels are estimated to be between 9 and 19 years. An adjustment of USD 16.3 million has been made to the pro forma statement of comprehensive income for the year ending 31 December 2014, to reflect the corresponding increase in the depreciation expense taking into accounting the estimated remaining useful life of the vessels and TLQ. The increase in depreciation expense will have a continuing impact on the consolidated financial statements of MOS Superholdings.

(6) The balance sheet of Seafox 8 included deferred rent of USD 0.2 million, related to an operating lease. The recognised deferred rent was the result of the existing accounting guidance to recognise lease expense on a straight-line basis. This deferred rent did not meet the definition of a liability in acquisition accounting, and hence was derecognised as part the acquisition method. An adjustment of USD 0.1 million has been made to the pro forma statement of comprehensive income for the year ending 31 December 2014, to reflect the corresponding increase in the rental expense, arising from the operating lease.

(7) The consideration of USD 240 million transferred for the "Acquired Business" was financed through a term loan. The term loan has a term of five years and is paid quarterly with an interest rate of EURIBOR +4.5%. An amount of USD 0.4 million of amortised finance cost relating to the financing of the transaction has been recognised in the consolidated statement of comprehensive income for the year ending 31 December 2014 within Senior secured term loan financial statement line item. A pro forma adjustment of USD 2.3 million relating to the amortisation of the financing costs, has been recognised to reflect the impact where these costs are amortised over the term of the loan in the pro forma statement of comprehensive income for the year ending 31 December 2014. An interest expense for the term loan of USD 9.7 million has been recognised in the line Senior Secured Term Loan in the pro forma statement of comprehensive income for the year ending 31 December 2014, to reflect the impact of the financing of the acquisition, as if the financing had occurred on 1 January 2014.

(8) No material income tax effect is expected from the pro form adjustments as all significant pro forma adjustments relate to tax jurisdictions which have a statutory rate of 0%.

(9) A goodwill amount of USD 2.7 million arises from the acquired workforce. None of the goodwill recognised is expected to be deductible for income tax purposes. Under IFRS, amortisation of goodwill is not allowed, but in accordance with IAS 36 Impairment of Assets, goodwill would be tested for impairment annually. No impairment tests have been performed as part of the preparation of this pro forma information and no impairments have been recognized in the income statement for the twelve months ended 31 December 2014.

**MILLENNIUM OFFSHORE SERVICES SUPERHOLDINGS L.L.C.
AND SUBSIDIARIES**

**Consolidated financial statements and
independent auditor’s report
for the year ended 31 December 2014**

Contents	**Pages**

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Millennium Offshore Services Superholdings L.L.C.
Republic of the Marshall Islands

We have audited the accompanying consolidated financial statements of **Millennium Offshore Services Superholdings L.L.C. (the "Company") and its Subsidiaries (together the "Group") – Republic of the Marshall Islands** which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines it necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Millennium Offshore Services Superholdings L.L.C. and its Subsidiaries – Republic of the Marshall Islands** as at 31 December 2014, and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

30 March 2015

Consolidated statement of financial position
At 31 December 2014

	Notes	2014 USD	2013 USD
ASSETS			
Non-current assets			
Property and equipment	5	529,319,399	252,293,750
Intangible assets	6	3,486,624	-
Goodwill	7	2,590,878	-
Total non-current assets		535,396,901	252,293,750
Current assets			
Inventories	8	10,051,793	4,037,390
Due from a related party	9	381,959	-
Trade and other receivables	10	35,368,758	33,524,252
Bank balances and cash	11	65,739,684	32,939,440
Total current assets		111,542,194	70,501,082
Total assets		646,939,095	322,794,832
EQUITY AND LIABILITIES			
Equity			
Capital contribution	12	40,866,331	40,866,331
Foreign currency translation reserve		(6,903,207)	-
Retained earnings		114,289,581	45,584,673
Total equity		148,252,705	86,451,004
Non-current liabilities			
Provision for employees' end of service indemnity	13	623,359	438,160
Senior secured notes	14	216,887,293	214,690,192
Bank borrowings	15	175,743,239	-
Derivative financial instrument	16	92,165	-
Trade and other payables	17	1,931,214	-
Total non-current liabilities		395,277,270	215,128,352
Current liabilities			
Bank borrowings	15	43,839,505	-
Due to a related party	9	3,775,883	-
Trade and other payables	17	55,793,732	21,215,476
Total current liabilities		103,409,120	21,215,476
Total liabilities		498,686,390	236,343,828
Total equity and liabilities		646,939,095	322,794,832

Managing Director

Finance Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2014

	Notes	2014 USD	2013 USD
Revenue	**18**	**184,565,094**	137,462,270
Direct costs	**19**	**(74,944,943)**	(55,766,738)
Gross profit		**109,620,151**	81,695,532
General and administrative expenses	**20**	**(11,487,061)**	(7,911,602)
Unrealised loss on fair valuation of interest rate swap	**16**	**(92,165)**	-
Finance costs:			
- Senior secured notes		**(23,572,101)**	(20,421,437)
- Senior secured term loan	**15**	**(2,295,373)**	-
- Other		**(622,727)**	(609,240)
Foreign currency exchange gain/(loss)		**6,606,762**	(476,890)
Other income		**128,424**	14,620
Profit before tax		**78,285,910**	52,290,983
Income tax expense	**21**	**(9,581,002)**	(6,706,310)
Profit for the year		**68,704,908**	45,584,673
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translating foreign operations		**(6,903,207)**	-
Total comprehensive income for the year		**61,801,701**	45,584,673

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2014

	Capital contribution USD	Foreign currency translation reserve USD	Retained earnings USD	Total USD
Balance at 31 December 2012	96,705,765	-	102,659,373	199,365,138
Total comprehensive income for the year	-	-	45,584,673	45,584,673
Reduction in capital contribution (Note 12)	(55,839,434)	-	-	(55,839,434)
Dividends paid (Note 24)	-	-	(102,659,373)	(102,659,373)
Balance at 31 December 2013	40,866,331	-	45,584,673	86,451,004
Profit for the year	-	-	68,704,908	68,704,908
Other comprehensive loss	-	(6,903,207)	-	(6,903,207)
Total comprehensive income for the year	-	(6,903,207)	68,704,908	61,801,701
Balance at 31 December 2014	**40,866,331**	**(6,903,207)**	**114,289,581**	**148,252,705**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2014

	2014 USD	2013 USD
Cash flows from operating activities		
Profit for the year after tax	**68,704,908**	45,584,673
Adjustments for:		
Depreciation of property and equipment	**21,603,726**	20,805,597
Amortization of intangible assets	**12,143**	-
Unrealised loss on fair valuation of interest rate swap	**92,165**	-
Amortisation of issue costs	**2,610,733**	1,674,507
Foreign currency exchange gain on term loan	**(6,851,663)**	-
Finance costs	**23,879,468**	19,356,170
Income tax expenses	**9,581,002**	6,706,310
Provision for employees end of service indemnity	**195,959**	153,980
Operating cash flows before changes in operating assets and liabilities	**119,828,441**	94,281,237
Increase in inventories	**(1,969,753)**	(796,753)
Increase in due from a related party	**(358,460)**	-
Decrease/(increase) in trade and other receivables	**5,578,178**	(13,867,047)
Increase/(decrease) in due to a related party	**3,775,860**	(7,928,155)
Increase in trade and other payables	**18,559,985**	493,874
Net cash generated from operating activities	**145,414,251**	72,183,156
Finance costs paid	**(21,997,727)**	(11,356,117)
Income tax paid	**(7,144,771)**	(8,173,697)
Employee’s end of service indemnity paid	**(10,760)**	(128,343)
Net cash generated from operating activities	**116,260,993**	52,524,999
Cash flows from investing activities		
Purchase of property and equipment	**(82,010,761)**	(50,252,957)
Increase in fixed deposits	**-**	(10,895)
Net cash outflow on acquisition of subsidiary	**(227,084,523)**	-
Net cash used in investing activities	**(309,095,284)**	(50,263,852)
Cash flows from financing activities		
Loans repaid during the year	-	(26,305,700)
Decrease in bank overdraft	-	(19,626)
Proceeds from senior secured notes issue	-	225,000,000
Payment for senior secured notes issue cost	-	(11,246,336)
Reduction in capital contribution	-	(55,839,434)
Dividend paid during the period	-	(102,659,373)
Derivative financial instrument settled	-	(311,728)
Payment of other financial liabilities	-	(17,429,500)
Proceeds from senior secured term loan	**240,000,000**	-
Payment for senior secured term loan transaction costs	**(13,979,225)**	-
Net cash generated from financing activities	**226,020,775**	11,188,303
Net increase in cash and cash equivalents	**33,186,484**	13,449,450
Cash and cash equivalents at the beginning of the year	**31,512,900**	18,063,450
Effects of exchange rate changes on the balances of cash held in foreign currency	**(386,240)**	-
Cash and cash equivalents at the end of the year (Note 11)	**64,313,144**	31,512,900

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2014

1. General information

Millennium Offshore Services Superholdings L.L.C. – Republic of the Marshall Islands (the "Company") was incorporated on 12 June 2007 under the Limited Liability Company Act 1996 of the Republic of Marshall Islands. The address of the Company's registered office is Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands (MH 96960).

The "Group" comprises Millennium Offshore Services Superholdings L.L.C. and Subsidiaries (see Note 3).

On 4 March 2014, the Company was acquired by HM MOS International Limited, a company registered in the Territory of British Virgin Islands under the BVI Business Companies Act, 2004. Accordingly, on this date, HM MOS International Limited (the "Parent Company") became the holding company. The ultimate controlling party of the Company is HM Coral Ventures Limited, British Virgin Islands.

On 7 November 2014, the Company purchased 100% of the share capital of the Seafox 8 Limited and subsidiaries (the "Seafox Group"), which provides jack-up offshore accommodation in the North Sea. This transaction was made up of two separate transactions, the acquisition of Seafox Group by the Company, and the acquisition of Sea Accommodation Resorts (SAR) by the Parent Company.

The principal activity of the Company is to invest in stocks and other securities of companies engaged in the business of purchasing, maintaining, operating and investing in floating accommodation units.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised International Financial Reporting Standards ("IFRSs) applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2014, have been adopted in these consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 36 recoverable amount disclosures:
  The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities:
  On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.

2.2 New and revised International Financial Reporting Standards ("IFRSs") in issue but not yet effective and not early adopted

The Group has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised International Financial Reporting Standards ("IFRSs") in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9. Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	1 January 2018
• IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	1 January 2017

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 15 Revenue from Contracts with Customers (continued) The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
• Annual improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Annual improvements to IFRSs 2010 – 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual improvements to IFRSs 2011 – 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to period of service.	1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 15, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2017. The application of IFRS 15 may have impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers. However, it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Group performs a detailed review.

3. Significant accounting policies

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that have been measured at amortised cost or fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Basis of preparation (continued)
In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements of Millennium Offshore Services Superholdings L.L.C and Subsidiaries (the “Group”) incorporates the financial statements of the Company and the entities controlled by the Company (its Subsidiaries).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Details of the Company's subsidiaries at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Millennium Offshore Services Holdings L.L.C. and Subsidiaries	Republic of the Marshall Islands	100%	Management of business of its subsidiaries.
Millennium Offshore Services Management L.L.C. and Subsidiaries	Republic of the Marshall Islands	100%	Management of business of its subsidiaries.
Millennium Offshore Services Management PTE	Singapore	100%	Management of business of its subsidiaries.
Millennium Offshore Services PTE	Singapore	100%	Providing offshore accommodation facilities on rental
Burj L.L.C.	Republic of the Marshall Islands	100%	Providing offshore accommodation facilities on rental
MOS Frontier L.L.C.	Republic of the Marshall Islands	100%	Providing offshore accommodation facilities on rental
Seafox 8 Limited and Subsidiaries*	Isle of Man	100%	Providing offshore accommodation facilities on rental

*Seafox 8 Limited was acquired by the Group on 7 November 2014, along with its subsidiaries (Note 7).

3. Significant accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.
A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes if applicable (such as VAT) and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Revenue from rental of offshore accommodation units

Revenue from services is recognised as the services are rendered, including where they are based on contractual daily rates for the chartering of offshore accommodation units in respect of multi-year service contracts. Income from offshore accommodation units hired on time is accounted for on a time apportionment basis in line with agreed contract terms.

Contract mobilisation/demobilisation revenue

Contracts generally provide for payment on a daily rate basis, and revenues are recognized as the work progresses with the passage of time. In addition, the Group frequently receive lump-sum payments at the outset or at the end of a contract for offshore accommodation unit moves which are termed mobilisation/demobilisation revenue. Lump-sum fees received for mobilisation (and related costs) are initially deferred and amortized on a straight-line basis over the expected term of the contract.
The Group recognise revenue for certain reimbursable costs. Each reimbursable item and amount is stipulated in the Group's contract with the customer, and such items and amounts frequently vary between contracts. The Group recognise reimbursable costs on the gross basis, as both revenues and expenses, because the Group are the primary obligor in the arrangement, have discretion in supplier selection, are involved in determining product or service specifications and assume full credit risk related to the reimbursable costs.

Revenue from messing services

Revenue from these services is recognised as the services are rendered, including where they are based on contractual daily rates for providing messing services which include catering services.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States Dollar ("USD"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollar ("USD"), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in the equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity.

Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Property and equipment

Property and equipment, except capital work-in-progress are stated at their cost, less any accumulated depreciation and any identified impairment losses. The cost of property and equipment is their purchase cost together with any incidental expenses of acquisition. Subsequent expenditure incurred on offshore accommodation units is capitalised where the expenditure gives rise to future economic benefits in excess of the originally assessed standard of performance of the existing assets.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on offshore accommodation units is calculated after considering the salvage value.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The depreciation charge for the period is allocated between direct costs and administrative expenses, depending on the usage of the respective assets.

Upon acquisition of an offshore accommodation unit, the components of the unit which are required to be replaced at the next dry-docking are identified as a separate inherent component of the units and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of offshore accommodation units are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

The following useful lives are used in calculation of depreciation:

	Years
Offshore accommodation units	15 - 25
Offshore accommodation units upgrade	5
Offshore accommodation units equipment	5
Furniture, fixtures & office equipment	2 - 5
Motor vehicles	5
Dry docking costs (included with offshore accommodation units)	5

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and identified impairment losses, on the same basis as intangible assets acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Spares, consumables and supplies are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO method.

3. Significant accounting policies (continued)

Taxation

Provision for current tax is based on taxable income at the applicable rate of income tax after taking into account tax credits and rebates, if any. The Group takes into account the current applicable tax law and decision taken by taxation authorities. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of the assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employees' end of service benefits

In accordance with the applicable Labour Laws of UAE, the Group is required to pay end of service benefits to all qualifying employees upon cessation of employment. The only obligation of the Group with respect to end of service benefits is to make the specified lump sum payments to employees which become payable when they leave the Group for reasons other than gross misconduct. The amount payable is calculated as a multiple of a pre-defined fraction of basic salary based on the number of full years of service.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Employees' end of service benefits (continued)

To meet the requirement of UAE labour laws, a provision is made for the full amount of end of service benefits payable to qualifying employees up to the end of the reporting period. The provision relating to end of service benefits is disclosed as a non-current liability. The provision has not been subject to a full actuarial valuation or discounted as the impact would not be material.

The actual payment is made in the year of cessation of employment of a qualifying employee. The payment for end of service benefit is made as a lump sum along with the full and final settlement of the employee.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets include bank balances and cash, due from a related party and trade and other receivables (excluding prepaid expenses and advances to suppliers), which are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Bank balances and cash

Bank balances and cash comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Loans and receivables that have fixed or determinable payments are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

3. Significant accounting policies (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Financial liabilities

Senior secured notes, bank borrowings, due to a related party and trade and other payables (excluding provision for income tax and deferred revenue) are classified as 'other financial liabilities'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into interest rate swap contracts to manage its exposure to interest rate risk.

Derivatives that are not designated and effective as hedging instruments are classified as financial liabilities or financial assets and are held at FVTPL. Derivatives held at FVTPL are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period with the resulting gain or loss recognised in profit or loss immediately. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair values of the derivatives are carried out by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. They represent Level 2 financial instruments under the IFRS hierarchy.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading derivatives.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying Group's accounting policies, Management is of the opinion that the following is the instance of application of judgement which is expected to have a significant effect on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

Business combinations

As disclosed in Note 7 to these consolidated financial statements, on 7 November 2014 (the "acquisition date"), the Group acquired 100% of the share capital of Seafox 8 Limited. In accordance with International Financial Reporting Standards, on acquisition of a subsidiary, the Group is required to allocate the cost of the business combination, amounting to Euro 191.82 million (equivalent to USD 240 million at acquisition date), by recognising, at fair value, the acquiree's identifiable assets, liabilities and contingent liabilities that meet certain recognition criteria (see Note 7).

The Group has appointed a valuer for the purchase price allocation related to the acquisition of the business and net assets. The valuation was carried out by a valuer not connected with the Group. The valuer is a member of professional valuers' association and have appropriate qualifications and recent experience in the valuation of assets. For the purchase price allocation, management have exercised their judgment, based on experience and knowledge of the industry, in determining the applicability of the recognition criteria, including the separability of intangible assets, the forecasting horizon, the appropriate discount rate and the amortisation timetable. Management applied these judgments taking into consideration the report produced by the valuer for the purchase price allocation.

The Directors are satisfied that these judgments have resulted in a fair and reasonable estimate of the fair value of the identifiable assets (including intangible assets), liabilities and contingent liabilities at the date of the acquisitions made

Allocation of acquisition costs

As disclosed in Note 1 to these consolidated financial statements, the combined acquisition of the Seafox Group was split into two separate acquisitions, the acquisition of Seafox Group by the Company, and the acquisition of SAR by the Parent Company. The allocation of the acquisition costs between Company and the Parent Company is a matter of judgment, dependent on the nature and size of the acquisitions. Management has decided to allocate the costs related to the acquisition of the Seafox Group based upon the number of offshore accommodation units being acquired in each company.

Recognition of demobilisation revenue and costs

The Group recognises demobilisation revenue and costs in the year in which actual demobilisation takes place, since demobilisation costs cannot be ascertained reliably at the inception of the contract. As per IAS 18, Revenue cannot be recognized when expenses related to same transaction cannot be measured reliably. Accordingly, demobilisation revenue and costs are not deferred over the term of the contract.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies (continued)

Income tax

The Group has exposure to income taxes in numerous jurisdictions, as disclosed further in Note 21 to these consolidated financial statements. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. The tax authorities may disagree with the position taken by the Group and consequently impose additional taxes and penalties. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact income tax in the period in which such determination is made.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual values of offshore accommodation units

Management reviews the residual values and estimated useful lives of its offshore accommodation units at the end of each annual reporting period in accordance with IAS 16 Property, Plant and Equipment. The residual values of offshore accommodation units and related equipment are determined taking into consideration the expected scrap value of the offshore accommodation units. Management has determined the residual values of the offshore accommodation units to approximate 20%, based on best industry practices and expected salvage value. Management has assessed the residual values as of the reporting date and concluded that it approximates the expected scrap value.
The estimated useful lives of the offshore accommodation units of between 15-25 years are management’s best estimate, with the useful life of any given offshore accommodation units dependent on factors such as the operating environment it is expected to work in and the condition of the offshore accommodation units both at acquisition and at each balance sheet date. During the year, management has revised the useful lives of certain offshore accommodation units, and the change in estimate has been accounted for on a prospective basis (Note 5).

Impairment of property and equipment

Management evaluate the carrying amounts of the Group’s property and equipment to determine whether there is any indication that those property and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of property and equipment is estimated in order to determine the extent of the impairment loss (if any).

As part of the process of assessing fair values less costs to sell of the offshore accommodation units, management obtain valuations from leading, independent and internationally recognised valuers on an annual basis or when there is an indication that the value of the offshore accommodation units may be impaired. If an indication of impairment is identified, the need for recognising an impairment loss is assessed by comparing the carrying amount of the offshore accommodation units to the higher of fair value less costs to sell and the value in use. The projection of cash flows in the value in use calculations is complex and requires the use of various estimates including future day rates, offshore accommodation units’ utilisation and discount rates.

5. Property and equipment

	Offshore accommodation units USD	Offshore accommodation units upgrade USD	Offshore accommodation units equipment USD	Furniture, fixtures and office equipment USD	Motor vehicles USD	Capital work-in-progress USD	Total USD
Cost							
At 31 December 2012	252,261,955	13,705,004	19,938,914	1,633,852	246,728	2,372,940	290,159,393
Additions	961,397	1,216,158	2,334,806	382,749	89,589	45,268,258	50,252,957
Transfers	-	6,782,373	(638,615)	-	-	(6,143,758)	-
At 31 December 2013	253,223,352	21,703,535	21,635,105	2,016,601	336,317	41,497,440	340,412,350
Additions	60,412	10,501	913,859	286,796	48,542	80,690,651	82,010,761
Transfers	115,320,372	7,558	127,779	10,936	-	(115,466,645)	-
Acquisition through business combinations (see Note 7.2)	212,334,614	-	8,734,002	952,111	896,724	39,888	222,957,339
Effect of foreign currency exchange differences	(6,036,711)	-	(248,310)	(27,069)	(25,494)	(1,141)	(6,338,725)
At 31 December 2014	**574,902,039**	**21,721,594**	**31,162,435**	**3,239,375**	**1,256,089**	**6,760,193**	**639,041,725**
Accumulated depreciation							
At 31 December 2012	46,324,084	8,344,630	11,118,774	1,426,729	98,786	-	67,313,003
Charge for the year	13,586,134	3,128,107	3,698,957	260,330	132,069	-	20,805,597
Transfers	-	6,008	(6,008)	-	-	-	-
At 31 December 2013	59,910,218	11,478,745	14,811,723	1,687,059	230,855	-	88,118,600
Charge for the year	13,982,314	3,650,128	3,476,447	377,120	117,717	-	21,603,726
Transfers	-	(2,050)	-	2,050	-	-	-
At 31 December 2014	**73,892,532**	**15,126,823**	**18,288,170**	**2,066,229**	**348,572**	**-**	**109,722,326**
Carrying amount							
At 31 December 2014	**501,009,507**	**6,594,771**	**12,874,265**	**1,173,146**	**907,517**	**6,760,193**	**529,319,399**
At 31 December 2013	193,313,134	10,224,790	6,823,382	329,542	105,462	41,497,440	252,293,750

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

5. Property and equipment (continued)

Offshore accommodation units with carrying amounts of USD 495.84 million (2013: USD 189 million) are mortgaged against senior secured notes and senior secured term loan facility (Note 14 and 15).

Capital work-in-progress includes costs incurred for offshore accommodation unit modifications and upgrades, and advances made for dry-docking.

During 2014, management has revised the useful lives of certain offshore accommodation units, and the change in estimate has been accounted for on a prospective basis. This change has the effect of reducing the depreciation expenses by USD 3.26 million and increasing the profit by USD 3.26 million for the year ended 31 December 2014.

The financial effect of this reassessment for future financial performance assuming the buildings are held until the end of their estimated useful lives is to decrease/(increase) the depreciation by the following amounts:

Year	**Amount USD**
2015	**3,909,049**
2016	**3,909,049**
2017	**3,909,049**
2018	**3,909,049**
2019 and after	**(15,636,196)**

6. Intangible assets

Intangible assets arising out of acquisition of Seafox Group determined by management, based on the report produced by the valuer (Note 7), is as follows:

	Brand name USD	**Technologies USD**	**Total USD**
Cost			
Acquired on acquisition of Seafox Group	1,671,798	1,929,350	3,601,148
Effect of foreign currency exchange differences	(47,530)	(54,851)	(102,381)
At 31 December 2014	**1,624,268**	**1,874,499**	**3,498,767**
Accumulated amortization			
Amortization for the year	**12,143**	**-**	**12,143**
Carrying amount			
At 31 December 2014	**1,612,125**	**1,874,499**	**3,486,624**

The useful life of brand name have been estimated to be 20 years by the management, based on the report produced by the valuer.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

6. Intangible assets (continued)

The useful life of the technologies have been estimated to be indefinite by the management, based on the report produced by the valuer.

7. Acquisition of a subsidiary

On 7 November 2014 (the "Acquisition Date"), the Company acquired 100% of the share capital of Seafox 8 Limited, a company limited by shares on Isle of Man, and its subsidiaries (the "Seafox Group"). The Seafox Group provides jack-up offshore accommodation in the North Sea. As a result of this transaction, the Group is expected to increase its market share, increase its geographical spread, increase availability, fleet diversity and flexibility for customers, and increase efficiency. The goodwill is attributed to the assembled work force included within Seafox Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

The consolidated financial statements include the results of Seafox Group from the Acquisition Date to the year ended 31 December 2014.

7.1 Consideration transferred

An amount of Euro 191.82 million (equivalent to USD 240 million at Acquisition Date) has been paid as purchase consideration to the previous shareholders of Seafox Group.

7.2 Assets acquired and liabilities assumed at the date of acquisition

The fair values of the identifiable assets and liabilities of Seafox Group as at the date of acquisition were:

	USD
Assets	
Property and equipment	**222,957,339**
Inventories	**4,044,650**
Due from a related party	**23,499**
Trade and other receivables	**7,422,684**
Cash and cash equivalents	**12,915,477**
Total assets	**247,363,649**
Liabilities	
Current income tax liabilities	**(2,308,510)**
Trade and other payables	**(8,049,787)**
Due to a related party	**(23)**
Other liabilities	**(3,273,216)**
Net assets acquired	**233,732,113**

The fair value of trade and other receivables was USD 7.4 million and included trade receivables with a fair value of USD 5.6 million. The gross contractual amount of trade receivables due was USD 5.6 million, of which full balance is expected to be collectible.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

7. Acquisition of a subsidiary (continued)

7.3 Goodwill

Goodwill arising out of acquisition of Seafox Group, determined by management, based on the report produced by the valuer, is as follows:

	2014 **USD**	2013 USD
Total fair value of Seafox Group – purchase consideration	**240,000,000**	-
Fair value of intangible assets (Note 6)	**(3,601,148)**	-
Fair value of identifiable net assets acquired.	**(233,732,113)**	-
Goodwill arising on acquisition of Seafox Group	**2,666,739**	
Effect of foreign currency exchange translation	**(75,861)**	
Goodwill as of reporting date	**2,590,878**	-

7.4 Net cash outflow from acquisition

	2014 **USD**
Consideration paid in cash	**(240,000,000)**
Cash and cash equivalent balances acquired	**12,915,477**
Net cash outflow from acquisition	**(227,084,523)**

7.5 Impact of acquisition on the results of the Group

The revenue included in the consolidated statement of comprehensive income post acquisition contributed by Seafox Group was USD 14.49 million. Seafox Group also contributed profit of USD 4.59 million over the same period.

Had Seafox Group been consolidated from 1 January 2014 with the Group, the consolidated statement of income would show pro-forma revenue of USD 271.85 million and profit of USD 82.53 million.

Acquisition-related costs amounted to USD 3.5 million have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss in the current year (see Note 20).

8. Inventories

	2014 **USD**	2013 USD
Spares, consumables and supplies	**10,051,793**	4,037,390

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

9. Related party transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

At the reporting date, amount due from/to related parties were as follows:

	2014 USD	2013 USD
Due from related a party		
Seafox 5 Limited – under common ownership	**381,959**	-
Due to a related a party		
HM MOS International Limited – parent company	**3,775,883**	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given.

During the year, the Group entered into the following transactions with related parties:

	2014 USD	2013 USD
Revenue	**670,452**	-
Payment of expenses on behalf of Parent Company	**3,357,572**	-
Funds paid by Parent Company	**8,000,000**	-
Interest expense	**-**	486,049

Transactions with related parties were carried out on terms agreed with the management.

Compensation of directors/key management personnel:

The remuneration of directors and other members of key management personnel during the year was as follows:

	2014 USD	2013 USD
Short-term benefits	**495,074**	2,503,560
Long-term benefits	**247,459**	97,218

With effect from 1 March 2014, the Board of Directors revised the remuneration agreement of the Managing Director and Finance Director. Accordingly, their remunerations are accounted in the Parent Company.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

10. Trade and other receivables

	2014	2013
	USD	USD
Trade receivables	**23,067,115**	23,509,110
Advances	**1,403,555**	7,106,770
Deferred income	**1,572,256**	-
Prepaid expenses	**4,204,855**	2,097,318
Other receivables	**5,120,977**	811,054
	35,368,758	33,524,252

The average credit period ranges between 30-60 days. Trade receivables more than 90 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience in addition to specific provision made on identified customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Of the trade receivables balance at the end of year, USD 4,710,234 (2013: USD 7,155,615) is due from the Group's largest customer.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period amounting to USD 1,515,818. This includes USD 228,736, an amount withheld by a customer pending receipt of tax clearance certificate from the Group. Management is in the process of obtaining the clearance and accordingly no allowance is provided against this overdue balance. For the remaining past due balances the Group has not provided allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date.

The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired:

	2014	2013
	USD	USD
91 days and above	**1,515,818**	228,736

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

11. Bank balances and cash

	2014 USD	2013 USD
Cash on hand	**856**	14,350
Bank balances:		
Current accounts	**64,312,288**	31,498,550
Fixed deposits	**1,426,540**	1,426,540
Bank balances and cash	**65,739,684**	32,939,440
Fixed deposits under lien with original maturities greater than three months	**(1,426,540)**	(1,426,540)
Cash and cash equivalents	**64,313,144**	31,512,900

Fixed deposits carry an interest rate of 0.75%.

12. Capital contribution

As per 'Limited Liability Agreement' dated 12 June 2007, the Company was registered and was wholly owned by Millennium Offshore Services L.L.C. (the "MOS"). The MOS was liable for all the funding requirements of the Company, based on underlying Shareholders' approved Capital contribution agreement, the MOS funded USD 96,705,765 as at 31 December 2011. The Capital contributions from MOS were treated as Equity Instruments whereby the MOS had residual interest in the assets of the Company after deducting all its liabilities.

During the year ended 31 December 2013, the shareholders of the Company resolved to reduce the capital contribution by USD 55,839,434 and accordingly amount was refunded to MOS.

On 4 March 2014, Millennium Offshore Services Superholdings LLC and subsidiaries was acquired by HM MOS International Limited (the "Parent Company") which became the holding company. As a consequence of this acquisition, the capital contributions made by MOS have been transferred to the Parent Company. The Capital contributions are being treated as equity instruments whereby, the contributor will have residual interest in the assets of the Company after deducting all its liabilities.

As per underlying operating agreement, there are no shares issued against amount of capital contribution and hence disclosure for earnings per share is not presented in these consolidated financial statements.

13. Provision for employees' end of service indemnity

Movements in the net liability were as follows:

	2014 USD	2013 USD
Balance at the beginning of the year	**438,160**	412,523
Provision for the year	**195,959**	153,980
Amount paid	**(10,760)**	(128,343)
Balance at the end of the year	**623,359**	438,160

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

14. Senior secured notes

	2014 USD	2013 USD
Proceeds of issue	**225,000,000**	225,000,000
Less: unamortised issue cost	**(8,112,707)**	(10,309,808)
Carrying amount	**216,887,293**	214,690,192

On 14 February 2013, the Company (the "Issuer") has issued USD 225 million 9.5% per annum senior secured notes (Notes), maturing on 15 February 2018. These are non-convertible bonds and interest is paid semi-annually in arrears on each 15 February and 15 August. The Notes are listed on the Irish Stock Exchange.

Senior secured notes include restrictive covenants including among other limitations on incurring additional indebtedness. The new senior secured term loan obtained during the year of Euro 191.82 million (Note 15) was within the restrictions of the covenants of the Notes and reported to the note holders.

Fair Value of Notes as at 31 December 2014 is USD 228.66 million (2013: USD 235.97 million) which is derived from quoted prices in an active market. The fair value determination of Notes will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Securities

The Notes are guaranteed by all of the Issuer's material subsidiaries (Guarantors). The Notes and the Guarantees are secured by first-ranking security over (i) all of the limited liability company interests in the Issuer; (ii) all of the limited liability company interests or capital stock, as the case may be, in each Guarantor; (iii) material bank accounts of the Issuer and each Guarantor (for the avoidance of doubt, excluding any bank accounts in Egypt and Australia existing on the 14 February 2013); (iv) all offshore accommodation units of the Issuer and each Guarantor; (v) an assignment of insurances of the Issuer and each Guarantor; (vi) the proceeds of customer contracts and the proceeds of any other offshore accommodation units earnings, in each case, received by the Issuer and each Guarantor; (vii) requisition proceeds of the Issuer and each Guarantor; (viii) equipment, inventory and intercompany receivables of the Issuer and each Guarantor; (ix) any shareholder loans from HM MOS International Limited to the Issuer or any Guarantor; and (x) in the case of any Guarantor organized in Singapore, substantially all of the assets of such Guarantor.

The notes are additionally guaranteed by the MOS Frontier L.L.C., Seafox 8 Limited and subsidiaries and Millennium Offshore Services Management Company – F.Z.E ("Additional Guarantors"). The notes are also secured by first ranking security over: (i) all of the limited liability company interests or capital stock, as the case may be, in each Additional Guarantor (other than Millennium Offshore Services Management Company – F.Z.E.); (ii) all bank accounts of the Issuer and Guarantors; (iii) all offshore accommodation units of the Additional Guarantors; (iv) assignments of earnings, insurances and requisition compensation of the Additional Guarantors; (v) assignment of rights of the Additional Guarantors under certain documents related to the acquisition of Seafox 8 and subsidiaries; (vi) assignments of rights of the Additional Guarantors (other than MOS Frontier L.L.C.) under certain hedging agreements; (vii) equipment, inventory and intercompany receivables of the Additional Guarantors; (viii) rights of Millennium Offshore Services Management Company – F.Z.E. under the services agreement with Zakher Marine Services; and (viii) in the case of the Additional Guarantors organized in the Isle of Man, substantially all of the assets of such Additional Guarantors.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

15. Bank borrowings

	2014 USD	2013 USD
Proceeds of senior secured term loan	**240,000,000**	-
Foreign exchange gain	**(6,851,663)**	-
	233,148,337	-
Transaction costs	**(13,979,225)**	
Amortization of transaction costs	**413,632**	-
Carrying amount as at 31 December	**219,582,744**	-

The senior secured term loan is repayable as follows:

31 December 2014	**Term loan USD**	**Unamortized transaction costs USD**	**Total USD**
On demand or within one year	**46,635,350**	**(2,795,845)**	**43,839,505**
In the second to fifth year	**186,512,987**	**(10,769,748)**	**175,743,239**
	233,148,337	**(13,565,593)**	**219,582,744**
Less: Amount due for settlement within 12 months			**(43,839,505)**
Amount due for settlement after 12 months			**175,743,239**

Senior secured term loan:

On 6 November 2014, the Group entered into a senior secured term loan facility (the "Term Loan") with a bank amounting to Euro 191.82 million (equivalent to USD 240 million). The funds were used to fund the acquisition of Seafox Group. The Term Loan is payable in five years in 20 quarterly installments starting from 7 February 2015. The rate of interest on the term loan for each interest period is the percentage aggregate per annum of a leverage based margin ranging from 3% to 5% and EURIBOR rate.

The Term Loan's carrying amount is calculated by using amortised cost method and netting off transaction costs of USD 13.98 million. For the year ended 31 December 2014 the related interest expense is USD 1,881,741 and USD 413,632 of issue costs have been amortised.

The Term Loan requires the Group to observe certain information undertakings and negative and affirmative covenants on incurring further indebtedness, payment of dividends and further acquisitions. The Term Loan also requires the Group to observe certain vessel covenants including in relation to the maintenance of insurance of the offshore accommodation units. Furthermore, the Term Loan requires the Group's financial and operating performance to be monitored by certain financial covenants.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

15. Bank borrowings (continued)

Senior secured term loan (continued):

The Term Loan facility is guaranteed by the Issuer and the same guarantors that guarantee the senior secured notes (Note 14) and the revolving credit facility, benefits from the same collateral as the senior secured notes and the revolving credit facility and ranks pari passu with the senior secured notes with respect to any proceeds received upon any enforcement action over the collateral.

Revolving credit facility:

On 26 February 2013, the Group has entered into a USD 15 million super senior revolving credit facility with a bank. The revolving credit facility provides for up to USD 15 million of committed financing, which are available for utilization by way of the drawing of cash revolving loans, performance guarantees and ancillary facilities. Borrowings under the revolving credit facility are used for the working capital and general corporate purposes of the Group. As of the reporting date, the Group has utilized an amount of USD 2.6 million (Euro 2 million) (2013: Nil) of the revolving credit facility to back performance guarantees (non-cash utilization) and interest expense of USD 292,725 was recognised in the profit and loss for the year ended 31 December 2014.

The revolving credit facility is guaranteed by the Issuer and the same Guarantors that guarantee the senior secured notes (Note 14). The revolving credit facility also benefits from security over the same collateral as the senior secured notes and the term loan facility and pursuant to the Intercreditor Agreement will receive priority with respect to any proceeds received upon any enforcement action over the collateral.

16. Derivative financial instrument

	2014 **USD**	2013 USD
Interest rate swap	**92,165**	-

The Group uses interest rate swap to manage its exposure to interest rate movements on its bank borrowings by entering into interest rate swap to convert a proportion of those borrowings from floating rates to fixed rates liabilities.

At 31 December 2014 the unrealised loss on changes in fair value of swap was USD 92,165 which has been taken to the statement of comprehensive income for the year ended 31 December 2014.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

17. Trade and other payables

	2014 USD	2013 USD
Trade payables	**20,675,985**	7,098,608
Accruals for finance costs	**9,881,794**	8,000,053
Accruals and other payables	**18,183,324**	2,239,527
Deferred revenue	**2,670,324**	-
Provision for income tax*	**6,313,519**	3,877,288
	57,724,946	21,215,476
Less: Amount due for settlement after 12 months (shown under non-current liabilities)	**(1,931,214)**	-
Amount due for settlement within 12 months (shown under current liabilities)	**55,793,732**	21,215,476

*Foreign subsidiaries of the Group are liable to the corporate taxes of the respective jurisdictions at prevailing tax rates (Note 21).

18. Revenue

	2014 USD	2013 USD
Rental of offshore accommodation units	**156,847,658**	118,790,140
Mobilisation and demobilisation revenue	**9,468,194**	3,531,590
Service income	**18,249,242**	15,140,540
	184,565,094	137,462,270

19. Direct costs

	2014 USD	2013 USD
Staff costs	**17,959,026**	12,985,660
Sub-contract charges	**8,154,771**	6,054,760
Depreciation of property and equipment	**21,108,889**	20,413,198
Mobilisation/demobilisation costs	**11,204,311**	532,979
Other direct expenses	**16,517,946**	15,780,141
	74,944,943	55,766,738

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

20. General and administrative expenses

	2014 USD	2013 USD
Staff costs	**3,553,470**	4,371,490
Legal and professional fees*	**5,077,310**	997,050
Depreciation of property and equipment	**494,837**	392,399
Rent	**719,629**	894,440
Traveling expenses	**616,466**	518,290
Other general and administrative expenses	**1,025,349**	737,933
	11,487,061	7,911,602

*Legal and professional fees include acquisition related costs of USD 3.5 million for the acquisition of Seafox Group (see Note 7.5).

21. Taxation

The total profit of the Group is not liable to tax, as there are only certain jurisdictions where the Group is liable for taxation. Tax is calculated at the rates prevailing in the respective jurisdictions in which the Group operates. The overall effective rate is the aggregate of taxes paid in jurisdictions where income is subject to tax (being principally Qatar, Singapore, Timor Leste, Australia, Egypt, and the Netherlands).

During the year tax on profits of the Group from operations were 10 % in Qatar (2013: 10%), 30% in Australia (2013: 30%), 30% on Timor Leste (2013: 30%), 17% on Singapore (2013: 17%) and 25% in the Netherlands. The income tax included in the current tax charge amounted to USD 6,512,254 (2013: USD 4,603,910).

The Group incurred 5% withholding taxes on charter revenue in Qatar (2013:5%), 7% on catering revenue in Qatar (2013: 7%), 1% on invoiced amount in Egypt (2013:1%), 7.2% on services in Timor Leste (2013: 7.2%). The withholding tax included in the current tax charge amounted to USD 3,068,748 (2013: USD 2,102,400).

The Group has no unused tax losses and none of its subsidiary undertakings have any unremitted earnings on which tax would be due, other than that disclosed in the consolidated financial statements.

The Group expects the overall effective tax rate in the future to vary according to local tax law changes in jurisdictions which incur taxes, as well as any changes to the share of Group profits, which arise in tax paying jurisdictions.

22. Contingent liabilities and capital commitments

	2014 **USD**	2013 USD
Letters of guarantee	**5,990,797**	1,400,000
Capital commitments	**23,126,934**	72,864,303

The letters of guarantee for USD 1.4 million have been issued by the agent of the Group on behalf of the Group.

23. Operating lease commitments

The minimum lease commitments as of the reporting date were as follows:

	2014 **AED**	2013 AED
Within one year	**1,443,750**	368,164

24. Dividends

During the year ended 31 December 2013, cash dividend of USD 102,659,373 was paid to the Shareholders.

25. Segment information

The management reviews the operations of the Group as one operating segment and all the relevant information relating to this operating segment is disclosed in the consolidated financial statements.

26. Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of bank balances and cash, senior secured notes, bank borrowings, and equity comprising capital contribution, foreign currency translation reserve, and retained earnings.

26.1 Gearing of debt/equity

The Group's management reviews the capital structure on regular basis. As part of this review, the management considers the cost of capital and the risks associated with capital.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

26. Capital risk management (continued)

26.1 Gearing of debt/equity (continued)

The gearing ratio at the year-end was as follows:

	2014 **USD**	2013 USD
Debt (i)	**436,470,037**	214,690,192
Bank balances and cash	**(65,739,684)**	(32,939,440)
Net debt	**370,730,353**	181,750,752
Equity (ii)	**148,252,705**	86,451,004
Debt/Equity (ratio)	**2.50**	2.10

(i) Debt is defined as bank borrowings (Note 15) and senior secured notes (Note 14).
(ii) Equity comprises capital contribution, foreign translation reserve and retained earnings.

27. Financial instruments

27.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

27.2 Categories of financial instruments

	2014 **USD**	2013 USD
Financial assets		
Loans and receivables (including bank balances and cash)	**94,309,735**	57,259,604
Financial liabilities		
At amortised cost	**510,757,488**	242,338,188

The management considers that the carrying amounts of the financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

27.3 Financial risk management objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

27. Financial instruments (continued)

27.3.1 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

27.3.2 Foreign currency rate management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	2014	2013	**2014**	2013
	USD	USD	**USD**	USD
UAE Dirhams	**1,509,780**	804,240	**-**	-
Euro	**261,437,782**	-	**178,187,667**	31,970
Australian Dollars	**70,418**	-	**242,707**	-
British Pound	**924,042**	-	**69,000**	-
Singaporean Dollars	**20,763**	-	**49,992**	-
Egyptian Pound	**40,393**	323,980	**5,348,328**	5,754,900
Qatari Riyals	**65,602**	49,110	**-**	-
Others	**435**	84,870	**-**	189,740

27.3.3 Foreign currency sensitivity analysis

The Group is mainly exposed to the currency risk related to the Euro. Based on the sensitivity analysis to a 10% increase or decrease in the USD against the Euro the Group's profit for the year ended 31 December 2014 and equity as of 31 December 2014 would have increased/decreased by USD 8.3 million. The impact of the other currencies on the Group's profit for the year ended 31 December 2014 would not be material.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

27.3.4 Interest rate risk management

The Group has senior secured notes with an interest rate of 9.5% per annum and a term loan with a bank with an interest rate ranging from 3%-5% plus EURIBOR. The interest rate on the senior secured notes of 9.5% per annum is fixed and accordingly there is no exposure to interest rate risk.

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

27. Financial instruments (continued)

27.3 Financial risk management objectives (continued)

27.3.5 Interest rate sensitivity analysis

Based on the sensitivity analysis to a 200 basis points increase or decrease in the EURIBOR rate the Group's profit for the year ended 31 December 2014 and equity as of 31 December 2014 would have increased/decreased by USD 0.8 million (2013: nil)

27.4 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by making binding legal agreements with the counter parties and is monitored by the Management.

At the reporting date, the amounts receivable from 8 (2013: 5) customers representing 83% (2013: 100%) of the outstanding trade receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

27.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below includes the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the end of reporting date based on contractual repayment arrangements was as follows:

	Within 1 year USD	**1 year to 2 years USD**	**2 years to 5 years USD**	**Total USD**
31 December 2014				
Financial assets				
Bank balances and cash	**65,739,684**	-	-	**65,739,684**
Trade and other receivables	**28,188,092**	-	-	**28,188,092**
Due from a related party	**381,959**	-	-	**381,959**
	94,309,735	-	-	**94,309,735**

Notes to the consolidated financial statements
For the year ended 31 December 2014 (continued)

27. Financial instruments (continued)

27.5 Liquidity risk management (continued)

	Within 1 year USD	**1 year to 2 years USD**	**2 years to 5 years USD**	**Total USD**
31 December 2014				
Financial liabilities				
Senior secured notes	**-**	**-**	**225,000,000**	**225,000,000**
Bank borrowings	**46,635,350**	**46,635,350**	**139,877,637**	**233,148,337**
Derivative financial instrument	**-**	**-**	**92,165**	**92,165**
Trade and other payables	**48,741,103**	**-**	**-**	**48,741,103**
Due to a related party	**3,775,883**	**-**	**-**	**3,775,883**
	99,152,336	**46,635,350**	**364,969,802**	**510,757,488**

	Within 1 year USD	1 year to 2 years USD	2 years to 5 years USD	Total USD
31 December 2013				
Financial assets				
Bank balances and cash	32,939,440	-	-	32,939,440
Trade and other receivables	24,320,164	-	-	24,320,164
	57,259,604	-	-	57,259,604
Financial liabilities				
Senior secured notes	-	-	225,000,000	225,000,000
Trade and other payables	17,338,188	-	-	17,338,188
	17,338,188	-	225,000,000	242,338,188

28. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 30 March 2015.

INDEPENDENT APPRAISAL VALUE OF FLEET

Annual independent third party valuation of our ASVs

In January 2015, M3 Marine Expertise Pte Ltd independently valued our combined fleet of eleven ASVs at between $585.0 million and $636.0 million.

General Assumptions for Valuations

The valuations are made on the following basis:

a) The Specification and upgrade details as provided to us and made available through public sources.

b) The units are being in sound condition for their age, compliant with all regulations for the areas in which they operate, and fully operational with respect to all of their specification.

c) The present preventive maintenance systems being continued throughout the units' estimated economic lives.

d) Willing buyer/willing seller terms apply.

e) The units being charter-free.

f) The units being free of all encumbrances.

g) According to the prevailing conditions in the market for offshore accommodation units.

h) In line with M3's Valuation Methodology

The independent third-party fleet valuation process is comprehensive multi-phase analysis which takes into account a variety of factors including consideration of: (1) the development of a good understanding of the vessel specifications and general arrangement; (2) the review of historical vessel valuation records; (3) the vessel's current and future earnings potential; (4) market conditions; (5) the vessel's inherent value; (6) the vessel's replacement costs; (7) deriving a range of figures which best represent the vessel's value; and (8) preparing a vessel valuation certificate.

The independent valuation of the market value of the rigs is on the basis of a prompt 'as is, where is' sale in between a buyer and a willing seller. Valuation is based on assumption that the rigs are in good order and in a condition in hull and machinery which is to be expected of rigs of this type and age.

COMPANY DETAILS

Millennium Offshore Services Superholdings, LLC
Trust Company Complex
Ajeltake Island
Ajeltake Road, Majuro
Marshall Islands, MH96960

INDEPENDENT AUDITORS
Deloitte & Touche (M.E.)
701 Corniche Plaza 2
P.O. Box 5470
Sharjah, United Arab Emirates

TRUSTEE
Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PRINCIPAL PAYING AGENT AND TRANSFER AGENT
Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR
Citigroup Global Markets Deutschland AG
5th Floor, Reuterweg 16
60323 Frankfurt
Germany

INVESTOR RELATIONS
Grayling
101 Avenue of the Americas, 14th Floor
New York, New York 10013
United States

SEAFOX