Millennium Offshore Services Superholdings LLC

(part of the **Seafox Group**)

SECOND QUARTER 2015

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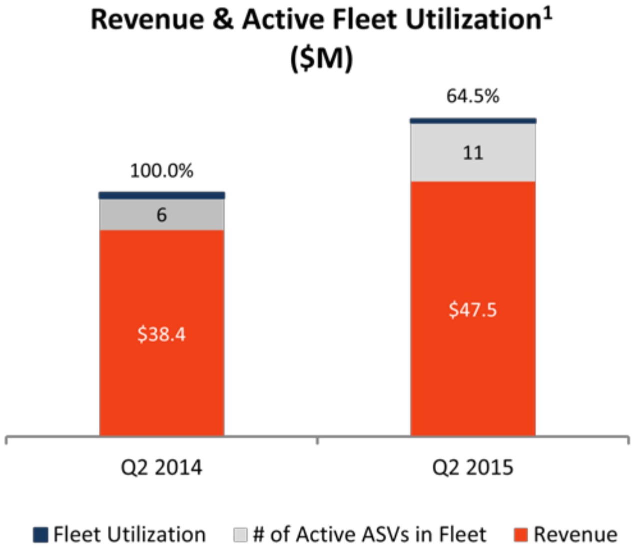
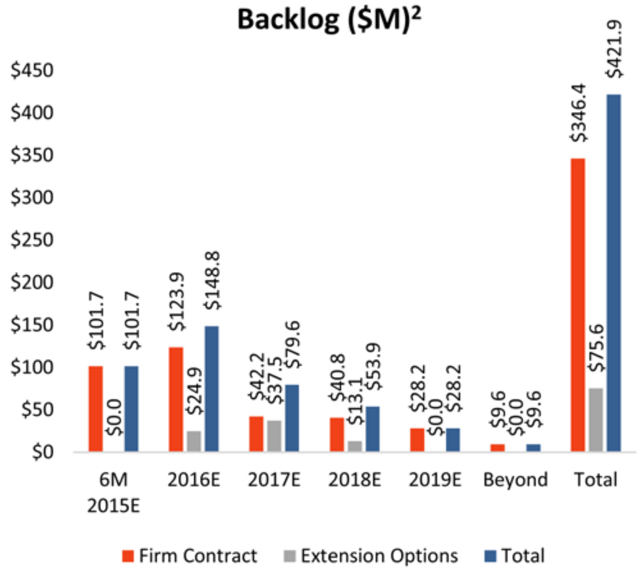
QUARTERLY REPORT CONTENTS

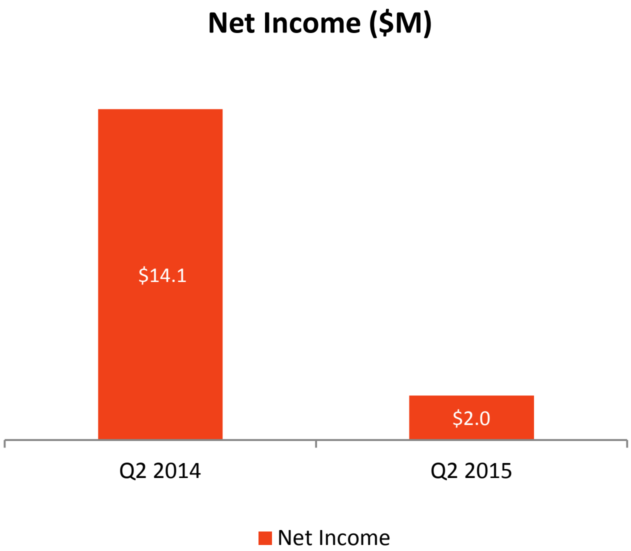
SECOND QUARTER 2015 FINANCIAL HIGHLIGHTS

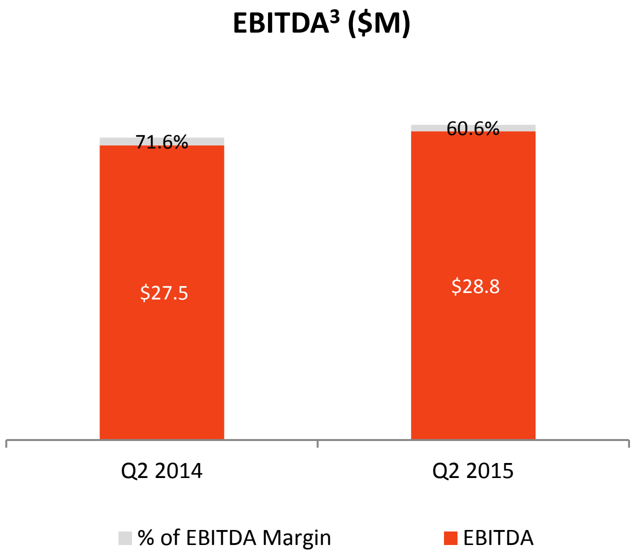




23.6% revenue growth in second quarter of 2015, driven by the addition of the Seafox Frontier and newly acquired Seafox 1, 2, 4 & 7 into the increased fleet, compared with prior year. Lower utilization of 64.5% in the quarter due to scheduled shipyard works and special surveys.

Total backlog as of end of second quarter 2015 was $421.9 million, providing strong visibility into future revenues.





Net income decreased $12.2 million, year on year, in the second quarter of 2015, primarily due to unrealized exchange loss on the EUR based Senior Secured Term Loan as a result of EUR : USD exchange rate movement and increased finance costs.

EBITDA for the second quarter of 2015 increased $1.3m year-over-year, primarily due to increased fleet size, with a lower EBITDA margin of 60.6% due to lower utilization as a result of the shipyard works in quarter.

Footnotes:

(1) Q2 2015 active fleet includes the Seafox Frontier, which entered into active service and first contract in July 2014, and also Seafox 1, 2, 4 and 7 which were acquired and included in utilization numbers from November 7, 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 income 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.

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 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 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).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The financial statements presented herein are the condensed 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 income 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* shipyard balances payable under conversion contracts.

- 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, 57 out of a total 72 customer extension options (including Seafox 1, 2, 4 and 7 since November 7, 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, we 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", "Seafox", "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, 2014. 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 quarter ended June 30, 2015. 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" in the annual report for the year ended December 31, 2014. 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 year 2014, including cash flow statements and the notes to the financial statements, are available for public access on the Company's corporate website www.seafox.com *under the investor relations section of the website.*

Results of Operations

Quarter Ended June 30, 2015 Compared to Quarter Ended June 30, 2014

The following table sets forth our historical income statement data derived from the unaudited interim condensed consolidated financial statements of the Issuer and its subsidiaries for the three months ended June 30, 2014 and 2015, as well as other financial data.

	Quarter ended June 30,			**Six Months ended June 30,**		
(U.S. dollars in millions)	**2014**	**2015**	**% change**	**2014**	**2015**	**% change**
Revenue	**38.4**	**47.5**	**23.6%**	**77.0**	**86.9**	**12.9%**
Rental of offshore accommodation units	34.4	37.9	10.1%	68.8	70.6	2.7%
Mobilization/ demobilization revenue	0.0	3.8	—	0.0	5.1	—
Service income	4.0	5.8	45.9%	8.2	11.2	36.2%
Direct costs	(14.0)	(24.0)	71.5%	(28.2)	(46.9)	66.4%
Staff costs	(3.4)	(6.2)	80.6%	(6.9)	(12.4)	79.6%
Sub-contract charges	(1.7)	(2.5)	50.4%	(3.5)	(5.2)	48.3%
Depreciation of property and equipment	(5.1)	(8.3)	63.3%	(10.3)	(16.3)	58.7%
Mobilization / demobilization costs	(0.0)	(2.7)	—	0.0	(5.4)	—
Other direct expenses	(3.8)	(4.2)	10.8%	(7.5)	(7.6)	1.7%
Gross profit	**24.4**	**23.4**	**(3.9%)**	**48.8**	**40.0**	**(18.0%)**
General and administrative expenses	(2.1)	(3.4)	59.0%	(4.8)	(7.0)	45.4%
Finance costs	(5.9)	(8.7)	48.3%	(11.8)	(18.0)	51.8%
Foreign currency exchange gain / (loss)	(0.1)	(7.7)	—	(0.2)	18.4	—
Other Income	0.0	0.9	—	0.0	0.9	—
Profit before tax	**16.3**	**4.5**	**(72.1%)**	**32.0**	**34.2**	**7.0%**
Income tax expense	(2.2)	(2.6)	18.9%	(4.3)	(4.9)	14.4%
Profit for the period	**14.1**	**2.0**	**(86.2%)**	**27.7**	**29.3**	**5.8%**

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 $9.1 million, or 23.6%, from $38.4 million in the quarter ended June 30, 2014 to $47.5 million in the quarter ended June 30, 2015, primarily due to the increased fleet size from the addition of the Seafox Frontier (active since July 2014) and the inclusion of the results from Seafox 1, 2, 4 and 7 ASVs from November 7, 2014. The increase in revenues were partially offset by the impact of lower fleet utilization of 64.5% in the quarter ended June 30, 2015, due to shipyard works performed during the period, compared with 100% utilization in the prior year period. Shipyard works during the quarter included periods where the Seafox Ahmed, Seafox Deema, Seafox Marinia, Burj, Seafox 2 and Seafox 4 were in the yard undergoing capital works and surveys.

Rental income increased by $3.5 million, or 10.1%, from $34.4 million in the quarter ended June 30, 2014 to $37.9 million in the quarter ended June 30, 2015. The increase in rental income was primarily due to the impact of the increased fleet size (eleven ASVs compared with six ASVs in prior year period) more than offsetting the lower utilization from the ASVs undergoing shipyard works and surveys in the quarter.

Mobilization / demobilization revenues increased by $3.8 million from nil in the quarter ended June 30, 2014 to $3.8 million in the quarter ended June 30, 2015, due to mobilization / demobilization revenues on charters for Seafox Ahmed, Burj, Seafox Deema and Seafox 4 in the quarter, and amortization of mobilization revenues over the contract periods from the Seafox Frontier.

Service income increased by $1.8 million, or 45.9%, from $4.0 million in the quarter ended June 30, 2014 to $5.8 million in the quarter ended June 30, 2015, primarily due to the addition of Seafox 1, 2, 4 and 7 to our fleet, all of which generated service income during the quarter, compared with the prior year period. The increased service revenues, from the increased fleet size, were partially offset by the lower utilization on the ASVs undergoing shipyard and survey works in the quarter.

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 $10.0 million, or 71.5%, from $14.0 million in the quarter ended June 30, 2014 to $24.0 million in the quarter ended June 30, 2015. The increased direct costs were primarily driven by the increased staff and crewing costs and depreciation resulting from the addition of the Seafox Frontier and Seafox 1, 2, 4 and 7 compared with the prior year period where we had an active fleet of six ASVs compared with eleven ASVs in 2015. Mobilization and demobilization costs were also higher than the prior year period due to the ASV activity during the current year quarter.

Staff costs increased by $2.8 million, or 80.6%, from $3.4 million in the quarter ended June 30, 2014 to $6.2 million in the quarter ended June 30, 2015, primarily due to the increased fleet size and the associated higher crew numbers and costs from the addition of Seafox Frontier and Seafox 1, 2, 4 and 7 compared with the prior year period.

Sub-contract charges (catering / messing costs) increased by $0.9 million, or 50.4%, from $1.7 million in the quarter ended June 30, 2014 to $2.5 million in the quarter ended June 30, 2015, primarily due to the addition of Seafox 1, 2, 4 and 7 compared with the prior year period. The increase in sub-contract costs is in line with the increase in associated service income described above.

Depreciation costs increased by $3.2 million, or 63.3%, from $5.1 million in the quarter ended June 30, 2014 to $8.3 million in the quarter ended June 30, 2015, primarily due to the increased fleet size and the associated increase in property and equipment asset values.

Mobilization and Demobilization costs increased by $2.7 million from nil in the quarter ended June 30, 2014 to $2.7 million in the quarter ended June 30, 2015, primarily due to mobilization / demobilization costs on charters for Seafox Ahmed, Burj, Seafox Deema and Seafox 4 in the quarter, and amortization of mobilization costs over the contract period for the Seafox Frontier.

Other direct expenses increased by $0.4 million, or 10.8%, from $3.8 million in the quarter ended June 30, 2014 to $4.2 million in the quarter ended June 30, 2015, primarily due to repair and maintenance costs incurred in the quarter.

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 $1.2 million, or 59.0%, from $2.1 million in the quarter ended June 30, 2014 to $3.4 million in the quarter ended June 30, 2015, primarily due to the combination between Seafox and MOS on November 7, 2014 and the inclusion of the North Sea business, Netherlands office and corporate costs within general and administrative expenses compared with prior year period.

Finance Costs

Finance costs include interest on credit facilities, including the 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 conversion contract. 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 $2.8 million, or 48.3%, from $5.9 million in the quarter ended June 30, 2014 to $8.7 million in the quarter ended June 30, 2015, primarily due to the addition of the Term Loan Facility which was entered into as a part of the Seafox transaction on November 7, 2014 compared to the same period in the prior year.

Income Tax Expense

Income tax expense includes corporate income tax.

Income tax expense increased by $0.4 million, or 18.9%, from $2.2 million in the quarter ended June 30, 2014 to $2.6 million in the quarter ended June 30, 2015. The increase in tax was primarily due to the addition of the Seafox Frontier and Seafox 1, 2, 4 and 7 earnings and associated taxes from November 7, 2014 compared with prior year, offset partially by the impact of lower utilization during the quarter due to shipyard works.

Income Statement for 12 months ended June 30, 2015

For ease of calculation we have also presented the last twelve month (LTM) income statement below for the period ended June 30, 2015.

(U.S. dollars in millions)	**LTM ended June 30, 2015**
Revenue…………………………………………………....	**194.5**
Rental of offshore accommodation units……………..	158.7
Service income……………………………………….	21.2
Mobilization/demobilization revenue………………………………………………	14.6
Direct costs………………………………………………...	(93.7)
Staff costs…………………………………………….	(23.5)
Sub-contract charges…………………………………	(9.8)
Depreciation of property and equipment…………….	(27.1)
Mobilization/demobilization costs…………………..	(16.6)
Other direct expenses………………………………...	(16.6)
Gross profit……………………………………………….	**100.8**
General and administrative expenses……………………...	(13.7)
Finance costs………………………………………………	(32.8)
Foreign currency exchange gain	25.2
Other income………………………………………………	1.0
Profit before tax…………………………………………..	**80.5**
Income tax expense………………………………………..	(10.2)
Profit for the period………………………………	**70.3**

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 June 30, 2014 and 2015.

	As of and for the quarter ended June 30,		As of and for the six months ended June 30,	
	2014	**2015**	**2014**	**2015**
Fleet utilization rate[(1)]…………………	100.0%	64.5%	100.0%	61.3%
Active ASVs in fleet[(2)]………………...	6	11	6	11
Backlog[(3)]				
Fixed term contracts[(4)]………………	166.7	346.4	166.7	346.4
Customer extension options[(5)] ………	50.9	75.6	50.9	75.6
Total backlog………………………..	217.6	421.9	217.6	421.9

(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 and 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 and recent business wins.

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

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.

As at June 30, 2015, pro forma for recent contract additions and business wins, backlog attributed to our fixed term contracts was $346.4 million and backlog attributed to our customer extension options was $75.6 million.

The following table sets out our backlog breakdown by year as at June 30, 2015, pro forma for recent contract additions and business wins.

(U.S. dollars in millions)	6M 2015E	2016E	2017E	2018E	2019E	Beyond	Total
Fixed term contract (1)	101.7	123.9	42.2	40.8	28.2	9.6	346.4
Customer extension options (2)	0.0	24.9	37.5	13.1	0.0	0.0	75.6
Total	101.7	148.8	79.6	53.9	28.2	9.6	421.9

(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 quarters and six month periods ended June 30, 2014 and 2015.

	As of and for the quarter ended June 30,		As of and for the six months ended June 30,	
(U.S. dollars in millions)	**2014**	**2015**	**2014**	**2015**
EBITDA(1)………………………………	27.5	28.8	54.4	49.7
Total debt(2)……………………………..	248.0	414.1	248.0	414.1
Net debt(3)……………………………….	226.7	391.8	226.7	391.8
Capital expenditure……………………..	27.8	36.6	70.2	60.4
ASV acquisition and conversion(4)…...	27.0	2.1	68.9	4.6
Maintenance(5)………………………..	0.8	34.5	1.3	55.8
Adjusted net working capital(6)…………	20.1	(29.2)	20.1	(29.2)

(1) EBITDA is defined as net income 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 and borrowings under the Notes and shipyard finance utilized in relation to the Seafox Frontier conversion in 2014.

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

(4) Q2 2014 acquisition relates to the acquisition and conversion of the Seafox Frontier. Q2 2015 relates to the capex relating to acquisition of new temporary living quarter units in quarter.

(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 income on a consolidated basis

	For the quarter ended June 30,		For the six months ended June 30,	
(U.S. dollars in millions)	**2014**	**2015**	**2014**	**2015**
Net income	**14.1**	**2.0**	**27.7**	**29.3**
Depreciation and amortization[a]……………..	5.2	8.6	10.5	16.8
Finance costs…………………………………	5.9	8.8	11.8	18.0
Income tax expense…………………………..	2.2	2.6	4.3	4.9
Foreign currency exchange loss……………..	0.1	7.7	0.1	(18.4)
Other income/expense[b]……………………...	(0.0)	(0.9)	(0.0)	(0.9)
EBITDA	**27.5**	**28.8**	**54.4**	**49.7**

(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, plus amortization of intangibles.

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

Material Recent Developments

There are no material recent developments to report.

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

Review report and consolidated interim
financial information
for the six months period ended 30 June 2015

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

Contents	**Pages**

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Millennium Offshore Services Superholdings L.L.C. (the "Company") and its Subsidiaries (together referred to as the "Group"), Republic of the Marshall Islands** as at 30 June 2015 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "*Interim Financial Reporting*".

August 4, 2015

Condensed consolidated statement of financial position
At 30 June 2015

	Notes	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
ASSETS			
Non-current assets			
Property and equipment	5	**555,219,457**	529,319,399
Intangible assets		**3,163,225**	3,486,624
Goodwill		**2,378,753**	2,590,878
Total non-current assets		**560,761,435**	535,396,901
Current assets			
Inventories		**10,603,644**	10,051,793
Due from related parties	6	**-**	381,959
Trade and other receivables	7	**36,910,833**	35,368,758
Bank balances and cash	8	**22,365,770**	65,739,684
Total current assets		**69,880,247**	111,542,194
Total assets		**630,641,682**	646,939,095
EQUITY AND LIABILITIES			
Equity			
Capital contribution	9	**40,866,331**	40,866,331
Foreign currency translation reserve		**(26,312,163)**	(6,903,207)
Retained earnings		**143,599,366**	114,289,581
Total equity		**158,153,534**	148,252,705
Non-current liabilities			
Provision for employees' end of service indemnity		**647,582**	623,359
Senior secured notes	10	**218,046,589**	216,887,293
Bank borrowings	11	**136,941,666**	175,743,239
Derivative financial instrument		**133,149**	92,165
Trade and other payables	12	**-**	1,931,214
Total non-current liabilities		**355,768,986**	395,277,270
Current liabilities			
Bank borrowings	11	**40,013,633**	43,839,505
Due to related parties	6	**853,586**	3,775,883
Trade and other payables	12	**75,851,943**	55,793,732
Total current liabilities		**116,719,162**	103,409,120
Total liabilities		**472,488,148**	498,686,390
Total equity and liabilities		**630,641,682**	646,939,095

Group Chief Financial Officer **Group Chief Executive Officer**

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

Condensed consolidated statement of comprehensive income (unaudited)
for the six months period ended 30 June 2015

	Notes	Three months period ended 30 June 2015 USD	Three months period ended 30 June 2014 USD	Six months period ended 30 June 2015 USD	Six months period ended 30 June 2014 USD
Revenue	13	**47,479,137**	38,413,773	**86,885,595**	76,960,593
Direct costs	14	**(24,033,189)**	(14,014,157)	**(46,886,115)**	(28,172,129)
Gross profit		**23,445,948**	24,399,616	**39,999,480**	48,788,464
General and administrative expenses		**(3,353,718)**	(2,109,075)	**(7,044,292)**	(4,844,399)
Unrealised gain/(loss) on fair valuation of interest rate swap		**49,618**	-	**(40,984)**	-
Finance costs:					
- Secured senior notes		**(5,934,991)**	(5,862,397)	**(11,773,634)**	(11,631,335)
- Secured senior term loan		**(2,802,249)**	-	**(6,090,863)**	-
- Other		**-**	(30,556)	**(90,480)**	(193,056)
Foreign currency exchange (loss)/gain		**(7,717,586)**	(138,817)	**18,390,087**	(173,038)
Other income		**855,217**	32,156	**866,766**	41,906
Profit before tax		**4,542,239**	16,290,927	**34,216,080**	31,988,542
Income tax expense		**(2,588,624)**	(2,177,514)	**(4,906,295)**	(4,287,741)
Profit for the period		**1,953,615**	14,113,413	**29,309,785**	27,700,801
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Exchange gain/(loss) on translating foreign operations		**8,677,893**	-	**(19,408,956)**	-
Total comprehensive income for the period		**10,631,508**	14,113,413	**9,900,829**	27,700,801

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

Condensed consolidated statement of changes in equity
for the six months period ended 30 June 2015

	Capital contribution USD	Foreign currency translation reserve USD	Retained earnings USD	Total USD
Balance at 31 December 2013 (audited)	40,866,331	-	45,584,673	86,451,004
Total comprehensive income for the period	-	-	27,700,801	27,700,801
Balance at 30 June 2014 (unaudited)	40,866,331	-	73,285,474	114,151,805
Balance at 31 December 2014 (audited)	40,866,331	(6,903,207)	114,289,581	148,252,705
Profit for the period	-	-	29,309,785	29,309,785
Other comprehensive loss	-	(19,408,956)	-	(19,408,956)
Total comprehensive income for the period	-	(19,408,956)	29,309,785	9,900,829
Balance at 30 June 2015 (unaudited)	**40,866,331**	**(26,312,163)**	**143,599,366**	**158,153,534**

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

Condensed consolidated statement of cash flows (unaudited)
for the six months period ended 30 June 2015

	3 months period ended 30 June		6 months period ended 30 June	
	2015	2014	**2015**	2014
	USD	USD	**USD**	USD
Cash flows from operating activities				
Profit for the period after tax	**1,953,615**	14,113,413	**29,309,785**	27,700,801
Adjustments for:				
Depreciation of property and equipment	**8,564,523**	5,208,780	**16,749,741**	10,477,555
Amortization of intangible assets	**18,013**	-	**36,857**	-
Gain on disposal of property and equipment	**(450,000)**	-	**(450,000)**	-
Unrealised (gain)/loss on fair valuation of interest rate swap	**(49,618)**	-	**40,984**	-
Amortisation of issue costs	**1,288,286**	518,648	**2,545,728**	1,016,998
Foreign currency exchange loss/(gain) on term loan	**9,596,615**	-	**(16,042,385)**	-
Finance costs	**7,367,466**	5,374,305	**15,327,761**	10,807,393
Income tax expenses	**2,588,624**	2,177,514	**4,906,295**	4,287,741
Provision for employees end of service benefits	**47,591**	41,791	**113,748**	184,046
Operating cash flows before changes in operating assets and liabilities	**30,925,115**	27,434,451	**52,538,514**	54,474,534
Increase in inventories	**(433,277)**	(443,074)	**(551,851)**	(525,803)
Decrease in due from related parties	**1,406,798**	-	**381,959**	-
Increase in trade and other receivables	**(5,270,992)**	(5,823,815)	**(1,542,075)**	(6,503,325)
Decrease in due to related parties	**(2,435,230)**	-	**(2,922,297)**	-
Increase/(decrease) in trade and other payables	**18,306,449**	(671,784)	**16,842,487**	(2,475,758)
Net cash generated from operating activities	**42,498,863**	20,495,778	**64,746,737**	44,969,648
Finance costs paid	**(2,146,070)**	(43,056)	**(15,523,277)**	(10,880,556)
Income tax paid	**(1,927,145)**	(1,972,498)	**(3,426,269)**	(5,602,983)
Employees end of service indemnity paid	**(89,525)**	(7,630)	**(89,525)**	(7,630)
Net cash flows generated from operating activities	**38,336,123**	18,472,594	**45,707,666**	28,478,479
Cash flows from investing activities				
Purchase of property and equipment	**(36,577,503)**	(23,268,412)	**(60,372,674)**	(40,075,518)
Disposal of property and equipment	**450,000**	-	**450,000**	-
Decrease in fixed deposits	**1,299,995**	-	**958,372**	-
Net cash used in investing activities	**(34,827,508)**	(23,268,412)	**(58,964,302)**	(40,075,518)

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

Condensed consolidated statement of cash flows (unaudited)
for the six months period ended 30 June 2015 (continued)

	3 months period ended 30 June		6 months period ended 30 June	
	2015 USD	2014 USD	**2015 USD**	2014 USD
Cash flows from financing activities				
Term loan repaid	**(16,990,034)**	-	**(27,971,492)**	-
Cash used in financing activities	**(16,990,034)**	-	**(27,971,492)**	-
Net decrease in cash and cash equivalents	**(13,481,419)**	(4,795,818)	**(41,228,128)**	(11,597,039)
Cash and cash equivalents at the beginning of the period	**34,512,645**	24,711,679	**64,313,144**	31,512,900
Effects of exchange rate changes on the balances of cash held in foreign currency	**866,376**	-	**(1,187,414)**	-
Cash and cash equivalents at the end of the period (Note 15)	**21,897,602**	19,915,861	**21,897,602**	19,915,861

Non-cash transactions:

- Advances as at 31 December 2013 amounting to USD 7 million were transferred to capital work in progress in the period ended 30 June 2014.
- USD 23 million for modification work-in-progress of offshore accommodation units was payable as at 30 June 2014.

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

Notes to the condensed consolidated financial statements for the six months period ended 30 June 2015

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. Accordingly, the comparative figures disclosed in the condensed consolidated statement of comprehensive income, changes in equity and cash flows does not include the results of the Seafox Group and is not directly comparable.

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 IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
• 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 periods of service.	1 July 2014
• 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

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

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

2.2 New and revised 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 are 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
• 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 14 *Regulatory Deferral Accounts* issued in January 2014 specifies the financial reporting requirements for 'regulatory deferral account balance' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	1 January 2016

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

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

2.2 New and revised 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 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. 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.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 34 and IAS 19.	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 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	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

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 2016 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 significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customer. 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. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34 - Interim Financial Reporting issued by the International Accounting Standard Board.

These condensed consolidated financial statements are presented in United States Dollars (USD) since that is the currency in which the majority of the Group's transactions are denominated.

These condensed consolidated financial statements are prepared in accordance with the historical cost basis, except for the measurement at fair value of financial instruments.

The accounting policies, presentation and methods in these condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2014.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2014. In addition, results for the six months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 condensed 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.

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.

3.2 Basis of consolidation

These condensed consolidated financial statements of Millennium Offshore Services Superholdings L.L.C. and Subsidiaries (the "Group") incorporate the financial statements of the Company and 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.

3. Summary of significant accounting policies (continued)

3.2 Basis of consolidation (continued)

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 period are included in the condensed consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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.

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

3. Summary of significant accounting policies (continued)

3.3 Subsidiaries

Details of the Company's subsidiaries as at 30 June 2015 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.

4. Critical accounting judgements and key sources of estimation of uncertainty

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

Notes to the condensed consolidated financial statements for the six months period ended 30 June 2015 (continued)

5. Property and equipment

	Offshore accommodation units	Offshore accommodation units upgrade	Offshore accommodation units equipment	Furniture, fixture and office equipment	Motor vehicles	Capital work-in-progress	Total
	USD	USD	USD	USD	USD	USD	USD
Cost							
At 31 December 2013 (audited)	253,223,352	21,703,535	21,635,105	2,016,601	336,317	41,497,440	340,412,350
Additions	71,821	10,501	163,385	107,925	-	69,814,844	70,168,476
Transfers	-	(10,936)	116,441	10,936	-	(116,441)	-
At 30 June 2014 (unaudited)	253,295,173	21,703,100	21,914,931	2,135,462	336,317	111,195,843	410,580,826
At 31 December 2014 (audited)	574,902,039	21,721,594	31,162,435	3,239,375	1,256,089	6,760,193	639,041,725
Additions	24,764,938	-	3,928,372	277,342	82,068	31,319,954	60,372,674
Disposals	-	-	(1,022,235)	-	-	-	(1,022,235)
Transfers	6,792,457	-	(1,627,487)	-	-	(5,164,970)	-
Effect of foreign currency exchange differences	(16,958,303)	-	(694,756)	(77,252)	(75,305)	(88,698)	(17,894,314)
At 30 June 2015 (unaudited)	**589,501,131**	**21,721,594**	**31,746,329**	**3,439,465**	**1,262,852**	**32,826,479**	**680,497,850**
Accumulated depreciation							
At 31 December 2013 (audited)	59,910,218	11,478,745	14,811,723	1,687,059	230,855	-	88,118,600
Charge for the period	6,708,162	1,888,859	1,676,666	154,829	49,039	-	10,477,555
Transfers	-	(2,050)	-	2,050	-	-	-
At 30 June 2014 (unaudited)	66,618,380	13,365,554	16,488,389	1,843,938	279,894	-	98,596,155
At 31 December 2014 (audited)	73,892,532	15,126,823	18,288,170	2,066,229	348,572	-	109,722,326
Charge for the period	12,705,086	1,443,868	2,152,209	332,635	115,943	-	16,749,741
Eliminated on disposals	-	-	(1,022,235)	-	-	-	(1,022,235)
Effect of foreign currency exchange differences	(148,273)	-	(15,705)	(4,874)	(2,587)	-	(171,439)
At 30 June 2015 (unaudited)	**86,449,345**	**16,570,691**	**19,402,439**	**2,393,990**	**461,928**	**-**	**125,278,393**
Carrying amount							
At 30 June 2015 (unaudited)	**503,051,786**	**5,150,903**	**12,343,890**	**1,045,475**	**800,924**	**32,826,479**	**555,219,457**
At 31 December 2014 (audited)	501,009,507	6,594,771	12,874,265	1,173,146	907,517	6,760,193	529,319,399

Offshore accommodation units with carrying amount of USD 495 million (2014: USD 495.84 million) are mortgaged against senior secured notes and senior term loan facility (Note 10 and 11).

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

6. 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:

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Due from related parties		
Companies under common ownership	**-**	381,959
Due to related parties		
Companies under common ownership	**853,586**	3,775,883

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

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

	Three months period ended 30 June		**Six months period ended 30 June**	
	2015 USD (unaudited)	2014 USD (unaudited)	**2015 USD (unaudited)**	2014 USD (unaudited)
Revenue	**879,198**	-	**2,002,353**	-
Payment of expenses on behalf of Parent Company	**2,417,665**	-	**2,705,404**	-

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

Compensation of directors/key management personnel:

	Three months period ended 30 June		**Six months period ended 30 June**	
	2015 USD (unaudited)	2014 USD (unaudited)	**2015 USD (unaudited)**	2014 USD (unaudited)
Short-term benefits	**356,281**	270,399	**459,807**	508,802
Long-term benefits	**5,875**	17,147	**11,750**	295,322

With effect from 1 March 2014, the Board of Directors revised the remuneration agreement of the Group Chief Executive Officer and Group Chief Financial Officer. Accordingly, their remunerations are accounted in the Parent Company and allocated to the Group's subsidiaries.

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

7. Trade and other receivables

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Trade receivables	**29,423,283**	23,067,115
Advances	**1,669,924**	1,403,555
Accrued income	**67,871**	1,572,256
Prepaid expenses	**2,987,945**	4,204,855
Other receivables	**2,761,810**	5,120,977
	36,910,833	35,368,758

8. Bank balances and cash

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Cash on hand	**9,012**	856
Bank balances:		
Current accounts	**21,888,590**	64,314,288
Fixed deposits	**468,168**	1,426,540
	22,365,770	65,739,684

Fixed deposits carry an interest rate of 0.75% (2014: 0.75%).

9. 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"). MOS was liable for all the funding requirements of the Company, based on underlying Shareholders' approved Capital contribution agreement. 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.

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 Parent Company 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 condensed consolidated financial statements.

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

10. Senior secured notes

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Proceeds of issue	**225,000,000**	225,000,000
Less: unamortised issue cost	**(6,953,411)**	(8,112,707)
Carrying amount	**218,046,589**	216,887,293

On 14 February 2013, the Company (the "Issuer") issued USD 225 million 9.5% per annum senior secured notes (the "Notes"), maturing on 15 February 2018. These are non-convertible bonds and the 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 2014 of Euro 192 million (Note 11) was within the restrictions of the covenants of the Notes and reported to the Note holders.

Fair Value of Notes as at 30 June 2015 is USD 213.18 million (31 December 2014: USD 229 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.

10. Senior secured notes (continued)

Securities (continued)

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 Additional 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.

11. Bank borrowings

Senior secured term loan:

The senior secured term loan is repayable as follows:

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
On demand or within one year – net of transaction costs	**40,013,633**	43,839,505
In the second to fifth year– net of transaction costs	**136,941,666**	175,743,239
	176,955,299	219,582,744
Less: Net amount due for settlement within 12 months	**(40,013,633)**	(43,839,505)
Net amount due for settlement after 12 months	**136,941,666**	175,743,239

On 6 November 2014, the Group entered into a senior secured term loan facility (the "Term Loan") with a bank amounting to Euro 192 million (equivalent to USD 240 million). The funds were used to fund the acquisition of Seafox Group. The Term Loan is repayable 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 14 million.

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.

11. 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 10) 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.

Movement in the senior secured term loan is as follows:

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Opening balance	**233,148,337**	-
Proceeds of senior secured term loan	**-**	240,000,000
Repayments made during the period	**(27,971,492)**	-
Foreign exchange gain	**(16,042,385)**	(6,851,663)
	189,134,460	233,148,337
Unamortized of transaction costs	**(12,179,161)**	(13,565,593)
Carrying amount	**176,955,299**	219,582,744

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 is 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 2.3 million (Euro 2 million) (2014: USD 2.6 million) of the revolving credit facility to back performance guarantees (non-cash utilization).

The revolving credit facility is guaranteed by the Issuer and the same Guarantors that guarantee the senior secured notes (Note 10). 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.

12. Trade and other payables

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Trade payables	**34,787,790**	20,675,985
Accruals for finance costs	**9,686,278**	9,881,794
Accruals and other payables	**17,611,526**	18,183,324
Deferred revenue	**5,972,804**	2,670,324
Provision for income tax*	**7,793,545**	6,313,519
	75,851,943	57,724,946
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)	**75,851,943**	55,793,732

*Foreign subsidiaries of the Group are liable to the corporate taxes of the respective jurisdictions at prevailing tax rates.

13. Revenue

	Three months period ended 30 June		**Six months period ended 30 June**	
	2015 USD (unaudited)	2014 USD (unaudited)	**2015 USD (unaudited)**	2014 USD (unaudited)
Rental of offshore accommodation units	**37,921,739**	34,441,733	**70,615,601**	68,761,099
Mobilisation and demobilisation revenue	**3,762,374**	-	**5,104,739**	-
Service income	**5,795,024**	3,972,040	**11,165,255**	8,199,494
	47,479,137	38,413,773	**86,885,595**	76,960,593

Notes to the condensed consolidated financial statements
for the six months period ended 30 June 2015 (continued)

14. Direct costs

	Three months period ended 30 June		Six months period ended 30 June	
	2015	2014	**2015**	2014
	USD	USD	**USD**	USD
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Staff costs	**6,222,662**	3,445,224	**12,443,605**	6,927,673
Sub-contract charges	**2,545,255**	1,691,789	**5,158,145**	3,477,764
Depreciation of property and equipment	**8,342,637**	5,109,119	**16,301,163**	10,271,637
Mobilisation and demobilisation costs	**2,747,985**	-	**5,364,346**	-
Other direct expenses	**4,174,650**	3,768,025	**7,618,856**	7,495,055
	24,033,189	14,014,157	**46,886,115**	28,172,129

15. Cash and cash equivalents

	30 June 2015	30 June 2014
	USD	USD
	(unaudited)	(unaudited)
Bank balances and cash	**22,365,770**	21,342,401
Short term deposits under lien with original maturities greater than three months	**(468,168)**	(1,426,540)
	21,897,602	19,915,861

16. Commitments and contingent liabilities

	30 June 2015	31 December 2014
	USD	USD
	(unaudited)	(audited)
Commitments		
Capital commitments	**5,370,530**	23,126,934
Contingent liabilities		
Letters of guarantee	**5,669,424**	5,990,797

The letters of guarantee for USD 370 thousand have been issued by the agent of the Group on behalf of the Group.

17. Operating lease commitments

The minimum lease commitments as of the reporting date were as follows:

	30 June 2015 USD (unaudited)	31 December 2014 USD (audited)
Within one year	**1,097,671**	1,443,750

18. Segment information

The management reviews operations of Group as one operating segment and all the relevant information relating to this operating segment is disclosed in the condensed consolidated financial statements.

19. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the six months period ended 30 June 2015 and 2014.

20. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Chairman of the Board of Directors and authorised for issue on August 4, 2015.

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