For Immediate Release **24 March 2015**

Gulf Marine Services PLC
("Gulf Marine Services", "GMS", "the Company" or "the Group")

Preliminary Results for the year ended 31 December 2014

2014 – Delivering on our Strategy

Gulf Marine Services (LSE: GMS), the leading provider of self-propelled self-elevating support vessels (SESVs) serving the offshore oil, gas and renewable energy sectors, today announces its results for the year ended 31 December 2014.

Financial Summary

US$ million	*2014*	*2013*	*Change*
Revenue	196.6	184.3	+7%
Gross profit	126.5	118.8	+6%
Adjusted EBITDA[1]	124.8	124.7	-
Net profit	75.6	69.4	+9%
Adjusted net profit[2]	81.3	71.9	+13%
Adjusted diluted earnings per share (US cents)[2]	23.71	23.56	-
Proposed Final Dividend per share (pence)	1.06	-	-

[1] *Representing operating profit after adding back depreciation, amortisation and IPO costs.*
[2] *After adding back IPO costs.*

Financial Highlights

- Revenue increased by 7% to US$ 196.6 million (2013: US$ 184.3 million).
- Robust cash flows generated from operations, adjusted EBITDA of US$ 124.8 million (2013: US$ 124.7 million).
- Adjusted EBITDA margin of 64% (2013: 68%).
- Adjusted net profit (excluding IPO costs) up by 13% to US$ 81.3 million for 2014 (2013: US$ 71.9 million).
- Adjusted diluted earnings per share increased in the year to 23.71 cents (2013: 23.56 cents)
- Final dividend for the year proposed of 1.06 pence (1.64 cents) per share taking total 2014 dividend payments to 1.47 pence (2.33 cents).
- Successful IPO in March 2014 raised primary gross proceeds of approximately US$ 111.0 million.

Operational Highlights

- The Group's focus on providing cost-effective and flexible solutions to its clients is reflected in a continued high SESV fleet utilisation of 97% for the year.

- Six new contract wins (with charter day rates in line with previous guidance) and three significant contract extensions during 2014, comprising:
    - Two new contracts for the existing SESV fleet: a Large Class vessel four-year charter in the North Sea (two years firm with two 12-month options) and a Small Class vessel 12-month charter in MENA (six months with up to six months option).
    - Four new contracts for the new build SESV fleet: one Large Class vessel initially contracted for four months directly followed by a long-term contract of four years (three years plus a one-year option, signed in January 2015), the first Mid-Size Class vessel contracted for five years (two years firm with three one-year options) and an enhanced Small Class vessel contracted for five years (three years firm plus a two-year option).
    - Three significant contract extensions from existing clients for SESV fleet: one Large Class vessel in the North Sea and two Small Class vessels in MENA.
- The new build programme, which will expand the SESV fleet from nine to 15 vessels during the period 2014 to 2016, is going well with, to date, two SESVs delivered as planned and on charter and the remaining four SESVs at various stages of construction as scheduled.

Outlook

- Demand for the Group's cost-effective support solutions in the Opex cycle remains strong with a healthy secured backlog* of US$ 707 million as at 1 March 2015 comprising US$ 380 million firm and US$ 327 million extension options.
- Well-placed to continue progress with robust operating cash flows and net debt (including obligations under finance leases) of US$ 273.6 million (2013: US$ 307.2 million) and committed undrawn bank facilities of US$ 130.0 million at 31 December 2014.
- The 2014 to 2016 fleet expansion programme, which is fully-financed, will help drive significant growth in 2015 and 2016.

The above highlights are based on the Group's adjusted results. A full reconciliation between the adjusted and statutory results is contained in note 2.
**An updated schematic summary of the contract duration by SESV is available at http://www.gmsuae.com/investor-relations/results-and-presentations*

Duncan Anderson, Chief Executive Officer for GMS, commented:

"GMS delivered a strong performance in 2014. The Group carried out the business strategy we set out at IPO, maintaining high utilisation levels of 97% for the SESV fleet and achieving charter rates in line with expectations. The new build programme, which will expand the fleet by two-thirds during the period 2014 to 2016, progressed as scheduled with a Large Class vessel delivered to its first contract in Q4 2014, and two further new vessels contracted well ahead of their Q2 2015 scheduled build completion. As our fleet continues to grow we believe 2015 will be a year of progress.

The continued demand for our vessels highlights the value of our cost-effective solutions as our core Opex-focused oil and gas clients seek to extract maximum value from their offshore assets, which is increasingly relevant in the current oil price environment. Whilst we cannot say with certainty how GMS will be affected by the recent rapid decline in the oil price, any effects to date have been limited and we believe that the outlook for GMS continues to be good. With over US$ 700 million of backlog derived exclusively from Opex rather than Capex-related activities, mainly for NOCs in the low cost production areas of the Middle East, GMS is well-placed to continue to grow its business."

- Ends -

Analyst presentation: A management presentation to analysts will be held on 24 March at 09.30am. For additional details and registration for admission, please contact Sarah Vethaak via email at svethaak@bellpottinger.com.

Presentation slides: The results presentation slides will be available on GMS website after the presentation at *http://www.gmsuae.com/investor-relations/results-and-presentations*

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Notes to Editors:
Gulf Marine Services PLC, a company listed on the London Stock Exchange, was founded in Abu Dhabi in 1977 and has become one of the leading providers of self-propelled self-elevating support vessels (SESVs) in the world. The fleet serves the oil, gas and renewable energy industries from its offices in the United Arab Emirates, Saudi Arabia and the United Kingdom. The Group's assets are capable of serving clients' requirements across the globe, including the Middle East, South East Asia, West Africa and Europe.

GMS has an ongoing new build programme which will increase the fleet size by 66% to 15 vessels (including two more Mid-Size Class SESVs) during the period 2014 to the end of 2016, in response to continued strong customer demand and an anticipated growing market in the foreseeable future.

The Group's SESV fleet, which comprised ten vessels as at 31 December 2014 and which increased to 11 vessels in March 2015, is technically advanced and amongst the youngest in the industry, with an average age of eight years.

The SESVs are four-legged vessels that move independently, with no requirement for anchor handling or tug support. They have a large deck space, crane capacity and accommodation facilities that can be adapted to the requirements of the Group's clients.

These vessels support GMS' clients in a broad range of offshore oil and gas platform refurbishment and maintenance activities, well intervention work and offshore wind turbine maintenance work (which are Opex-led activities) and offshore oil and gas platform installation and offshore wind turbine installation (which are Capex-led activities).

The fleet is categorised by size into Large Class vessels (operating in water depth of up to 80m, with crane capacity of up to 400 tonnes and accommodation for up to 300 people) and Small Class vessels (operating in water depth of up to 45m, with crane capacity of up to 45 tonnes and accommodation for up to 300 people). A third class, the Mid-Size Class vessels (operating in water depth up to 55m, with crane capacity of up to 150 tonnes and accommodation for up to 300 people) will be added to the fleet in 2015.

Demand for GMS' vessels is predominantly driven by their premium capabilities as well as market growth underpinned by the need to maintain ageing oil and gas infrastructure and increasing use of enhanced oil recovery techniques to offset declining production profiles. This focus on Opex brownfield work positions GMS well against a current background of challenging macroeconomic conditions.

www.gmsuae.com

Disclaimer

The content of the Gulf Marine Services PLC website should not be considered to form a part of or be incorporated into this announcement.

Cautionary note regarding forward-looking statements

This announcement includes statements that are forward-looking in nature. All statements other than statements of historical fact are capable of interpretation as forward-looking statements. These statements may generally, but not always, be identified by the use of words such as ‘will’, ‘should’, ‘expects’, ‘is expected to’, ‘aims’, ‘should’, ‘may’, ‘objective’, ‘is likely to’, ‘intends’, ‘believes’, ‘anticipates’, ‘plans’, ‘we see’ or similar expressions. By their nature these forward-looking statements involve numerous assumptions, risk and uncertainty, both general and specific, as they relate to events and depend on circumstances that might occur in the future.

Accordingly, the actual results, operations, performance or achievements of the Company and its subsidiaries may be materially different from any future results, operations, performance or achievements expressed or implied by such forward-looking statements, due to known and unknown risks, uncertainties and other factors. Other than in accordance with the Company's obligations under the Listing Rules of the United Kingdom Listing Authority and the Disclosure Rules and Transparency Rules (DTR) of the Financial Conduct Authority, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest the Company or any other entity, and must not be relied upon in any way in connection with any investment decision. All written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above.

Chief Executive’s Review

2014 – A Year of Delivery and Well-Positioned for Growth

GMS delivered a solid performance in the year, successfully implementing the business strategy we set out at IPO as we expanded both our fleet and operations.

- Group Financial Performance

  Revenue improved by 7% compared to 2013 to US$ 196.6 million and adjusted net profit increased by 13% to US$ 81.3 million (net profit was US$ 75.6 million). EBITDA (adjusted for IPO costs) has remained stable year on year at a robust US$ 124.8 million, with a healthy EBITDA margin of 64%. The Group’s IPO raised primary gross proceeds of approximately US$ 111.0 million. For 2014, we declared a maiden interim dividend of 0.41 pence per share, which was paid on 27 October 2014. The final dividend for the year will be 1.06 pence (1.64 cents) per share subject to shareholders’ approval at the AGM on 6 May 2015 and this will be paid on 12 May 2015.

- High Fleet Utilisation

  GMS has continued to focus on providing cost-effective offshore support solutions to its clients and this, combined with the Group’s extensive operational expertise is reflected in a high SESV utilisation rate of 97%.

- Strong Order Book

  Demand for our assets continues to be excellent in the MENA region and solid in Europe. The Group has entered 2015 with a very healthy secured backlog, comprising firm and extension options, of US$ 707 million as at 1 March 2015.

GMS had an encouraging total of six new contract wins since the beginning of 2014 to date. Two of these were for SESVs in our existing fleet, with a four-year charter for a Large Class vessel in the North Sea, and a 12-month charter for a Small Class vessel in MENA. A newly-built Large Class SESV was initially contracted for four months and directly followed by a long-term contract of four years in MENA. The remaining two new long-term contracts, each being five-year charters, were secured for our new build SESVs well ahead of the vessels' scheduled delivery dates, for operations in the MENA region.

Operations

The Group's current SESV fleet is one of the youngest in the industry, with an average age of eight years. This is based on 11 years for the Small Class SESV fleet and two years for the Large Class SESV fleet. At the time of our IPO we set out our new build programme for the years 2014 to 2016. On its completion, which will see an increase in our SESV fleet to 15 vessels, the average age of the SESV fleet will reduce still further. The GMS fleet offers clients not only the cost-efficient deployment of our vessels, but also the prospect of substantial operational efficiencies in their own maintenance activities that would not be available from less modern vessels.

Utilisation of the SESV fleet for the year was 97%, with charter day rates in line with those previously indicated at IPO. The Group has built its reputation on the reliability of its fleet. Across our entire fleet, we only had 12 days of unpaid technical downtime (for repairs/maintenance) in 2014 and we would seek to maintain this level of performance in 2015.

Health, safety and environment (HSE) is a top priority for GMS, with the lives of our personnel, our contractors and others who are impacted by our activities dependent upon us upholding our high standards. The Group's strong HSE track record has been maintained throughout a period of considerable expansion, with zero lost time injuries both onshore and offshore throughout our global business and operations. I would like to commend all our personnel for their diligence and vigilance.

The recruitment and training of highly specialised crew to operate our vessels is always important. With a relatively small pool of SESV-qualified senior officers worldwide, it is essential to ensure we have enough appropriately-skilled crew to meet not only the needs of our current fleet, but also that of our expanding fleet. During the year we substantially enhanced the training opportunities for our crew, forming a partnership with Abu Dhabi Ports Company to develop the world's first self-propelled SESV manoeuvring and jacking simulator course. This excellent facility allows us to repeat difficult and complex operations until the trainee is well-practiced in any given scenario. A number of new training initiatives were introduced during the year for both land and sea-going personnel. The Group also continues to build a good pipeline of 'home-grown' qualified staff to ensure the continuity of efficient operations as we grow the business.

Markets

- Middle East

2014 has been characterised by excellent demand and high levels of utilisation across the SESV fleet. We completed two charters on Small Class vessels in 2014, which were immediately re-chartered on new contracts. Two further Small Class units that had outstanding options with existing long-term contracts had these options exercised by their respective clients during the year. Our entire Small Class fleet and one Large Class vessel is operational in the Middle East. They will be joined by the Group's first new build Mid-Size Class SESV and a new enhanced Small Class vessel, which will commence contracts during the first half of 2015.

GMS has long-term confidence in the Saudi Arabian market and, as announced previously, subject to the normal regulatory approvals by the relevant government authorities, plans to increase its ownership in its KSA joint venture to 75% by purchasing a 15% interest from its existing partner, which will at the same time sell its remaining 25% stake to a well-regarded KSA conglomerate.

- Europe

Two Large Class SESV units have been operating in the Southern North Sea throughout 2014. One is chartered under a long-term oil and gas contract, and the second vessel that undertook a mixture of shorter-term contracts in both the oil and gas and renewables sectors during the year, will be directly chartered in Q2 2015 under a long-term contract for up to four years' work in the Dutch sector of the Southern North Sea. A number of other opportunities remain within the oil and gas sector in this region despite the current low oil price. While the renewables sector continues to provide short-term opportunities, demand in the wind farm segment is unpredictable. The flexibility of our SESVs will allow us to maximise opportunities should this sector pick up, subject to vessel availability.

- Rest of World

During the year, the Group entered into cooperation agreements with local partners in Malaysia and Brunei, and these are providing greater levels of access and support within these new markets. While we believe the NOC client base in the South East Asian region is receptive to the SESV concept, development of this market to date has been restricted by a lack of available vessels within our current fleet. Going forward, we expect demand in South East Asia to be more sensitive to lower oil prices due to the higher production costs in that region compared to the Gulf. It is difficult to gauge what the impact is likely to be on demand over the next three to five years, but we believe that there will continue to be opportunities for GMS.

The level of tendering activity for new business in West Africa during 2014 has been significantly lower than in previous years, in part due to the uncertainty associated with elections in some countries, but we are continuing to track opportunities in this market.

- Enhancing our Offering

During the year, we continued to build up our in-house expertise in well services in order to engage more effectively with our clients and their sub-contractors, with a view to providing SESVs with increased capabilities specifically suited to their needs. As a result, we are seeing significant new opportunities developing across all of our current markets for enhanced well intervention services that can be performed from our vessels where clients may previously have used more expensive drilling rigs. Our ability to provide innovative and cost-effective new options to clients will continue to drive demand for our services and contribute towards maintaining high levels of utilisation in future.

New Build Programme

The Group's new build programme, which will expand the fleet of SESVs from nine to 15 vessels during the period 2014 to 2016, progressed as planned throughout the year. GMS continues to benefit from the competitive advantage our well-established in-house quayside facility in Abu Dhabi provides, which allows us to build our vessels approximately 30% cheaper than our peers who rely on third party shipyards. This also allows us to control the quality of the entire construction process and manage the timely delivery of the completed vessel.

The first of the six new SESVs, GMS Enterprise, was completed ahead of schedule and under budget. The hull of the next new build, the Mid-Size Class vessel GMS Shamal, arrived at the yard in Q4 2014 and is scheduled for completion in Q2 2015. An Enhanced Small Class vessel, Pepper, will be completed in Q1 2015, and a second Mid-Size Class vessel, GMS Scirocco, will be completed in Q3 2015. A third Mid-Size Class vessel, GMS Sharqi, is scheduled for Q1 2016 and a further Large Class vessel, GMS Evolution, is planned for Q4 2016. Various enhancements are being incorporated into the design of GMS Evolution in order to expand the well service offering on board to clients. These include higher deck loads and increased free deck space, and a cantilever crane that will not only further enhance the efficiency and cost-effectiveness of existing interventions, but will also extend the range of possible well interventions to include ESP (electric submersible pump) systems replacement or plug and abandonment activities for example.

The estimated cost to complete the remainder of the new build programme for the period 2015 to 2016 is approximately US$ 175 million.

Our People

Our people are at the very core of our business and are the strength behind the Group. GMS employs personnel from more than 50 countries and this rich diversity ensures we look at ourselves, and the way we work, from many different viewpoints. I would like to take this opportunity to thank all our staff for their great dedication and support as we prepared for our IPO and throughout our first year as a listed company.

I would also like to extend my gratitude to the management team for its hard work in ensuring the Group has the correct strategy in place for our future growth, and to my colleagues on the Board of Directors, who provide us with the benefit of their extensive knowledge and experience.

Outlook

The Group is continuing to increase its SESV fleet throughout 2015 with the delivery of three new vessels; a further two vessels are scheduled for 2016. This 2014 to 2016 fleet expansion programme is fully-financed and will help drive earnings growth in 2015 and 2016. It is our intention to continue to expand the fleet beyond this at an appropriate rate to capitalise on the continuing strong demand we see for our vessels. Future growth will be paced responsibly, based on the Group's view of market demand and investment returns. Whilst we will always have regard to our earnings progress and the capital required for investment in our new build programme, we expect the increasing strength in our cash flows to be reflected in a step up in our dividend payments ratio.

The recent rapid decline in the oil price is clearly already having significant effects across the oil and gas sector. Whilst we cannot say with certainty how GMS will be affected by this, any effects to date have been limited and we believe that we are well-placed to continue to grow our business. The Group has a strong backlog (over $700m) of firm and option-based contracts, and all of the activity in the backlog is in Opex rather than Capex based work meaning that none of our contracts are vulnerable to the major cutbacks to capital expenditure that are already taking place. In addition, over 70% of the Group's backlog will be derived from our work mainly for NOCs in the low cost production areas in the Middle East. The low oil price could well also lead to the acceleration of abandonment and decommissioning work by our clients which would provide further business opportunities for GMS.

We continue to monitor carefully any emerging effects of the low oil price environment and will, if necessary, adjust our strategy accordingly. However, the outlook, based on our current pipeline of contracts under negotiation and other tender opportunities, is for continued strong demand driven primarily by our core Opex-related brownfield oil and gas client base, and in particular in the Middle East.

We are well-positioned for continued growth and I look forward to 2015 and beyond with confidence.

Duncan Anderson
Chief Executive Officer
23 March 2015

Financial Review

Introduction

The Group delivered a solid set of results in 2014 and produced a record year in terms of both revenue and profit.

Our operations during the year have resulted in adjusted EBITDA[1] of US$ 124.8 million (2013: US$ 124.7 million). Adjusted net profit[2] for 2014 improved by 13% to US$ 81.3 million (2013: US$ 71.9 million), while adjusted diluted EPS for year increased to 23.71 cents (2013: 23.56 cents).

GMS continues to have a healthy financial position with robust operating cash flows and a strong balance sheet. Capital expenditure for 2014 of US$ 140.7 million (2013: US$ 53.5 million) was primarily invested on construction of new vessels as part of the ongoing new build programme. The Group's net debt level (being borrowings and finance lease obligations less cash) reduced by 11% to US$ 273.6 million at the year end compared to US$ 307.2 million as at 31 December 2013. The Group's net debt (including obligations under finance leases) was 2.19 times adjusted EBITDA at year end (2013: 2.46 times), well below the maximum net leverage ratio permitted under the bank facility agreement of 4 times adjusted EBITDA. At the year end, the Group had undrawn committed bank facilities of US$ 130.0 million (2013: US$ 80.0 million).

Each of the following sections discusses the Group's adjusted results as the Directors consider that they provide a useful indication of performance. The adjusting items are discussed below in this review and reconciliation between the adjusted and statutory results is contained in note 2.

Revenue and Segment Results

Revenue increased by 7% to US$ 196.6 million in 2014 (2013: US$ 184.3 million) due to the 97% utilisation rate of our SESVs (2013: 94%) combined with the maintenance of strong average charter day rates. There was growth in all three segments of the business; Large Class, Small Class, and Other vessels. The Small Class segment made the largest contribution to Group revenue with US$ 104.4 million (2013: US$ 94.4 million). Revenue from Large Class and Others segments was US$ 79.4 million (2013: US$ 77.7 million) and US$ 12.8 million (2013: US$ 12.1 million), respectively. The segment profit, being gross profit excluding depreciation, was US$ 75.6 million (2013: US$ 65.5 million) for Small Class vessels, US$ 60.5 million (2013: US$ 63.5 million) for Large Class vessels, and US$ 7.6 million (2013: US$ 7.0 million) for Other vessels.

The increase in Small Class revenue primarily reflects the increase in average utilisation of Small SESVs from 95% in 2013 to 99% in 2014. The increase in Large Class revenue was mainly due to successful deployment of our latest Large Class vessel GMS Enterprise in September 2014. The increase in revenue attributable to our Other, non-SESV, vessels is largely due to the increased utilisation of an accommodation barge in 2014.

Cost of sales and general and administrative expenses

The Group has a relatively predictable operating cost base, which is kept under constant review to ensure that tight control is maintained as the Group grows. Cost of sales as proportion of revenue remained relatively stable year on year constituting 35.7% of revenue in 2014 (2013: 35.5% of revenue). The increase in cost of sales to US$ 70.1 million (2013: US$ 65.5 million) has been commensurate with the increase in operations required for a larger fleet.

General and administrative expenses, excluding non-recurring IPO costs of US$ 5.7 million, increased to US$ 19.7 million (2013: US$ 12.6 million including management fee of US$ 0.3 million) mainly due to increased staff costs as we enhanced our management team and expanded our workforce to meet effectively the expected increase in requirements of our growing business.

EBITDA

Adjusted EBITDA for the year was US$ 124.8 million (2013: US$ 124.7 million). The Group's adjusted EBITDA margin remained strong overall, having decreased from 68% in 2013 to 64% in 2014, mainly as general and administrative costs increased as we continued to invest in positioning the business for an anticipated period of major organic growth.

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[1] Adjusted EBITDA represents operating profit after adding back depreciation, amortisation and IPO Costs. Refer to note 2.

[2] Adjusted Net Profit represents net profit after adding back exceptional IPO related costs.

Finance costs

Net finance costs in 2014 were lower at US$ 20.5 million (2013: US$ 28.8 million), mainly as a result of more favourable loan terms following the bank refinancing.

Taxation

The tax charge for the year was US$ 4.7 million (2013: US$ 3.9 million), representing 6% (2013: 5%) of profit for the year before taxation. The small increase in tax charge is primarily due to a higher level of profits being generated in taxable jurisdictions during 2014.

Adjusted net profit and earnings per share

The Group recorded an increase in adjusted net profit of 13% in 2014 to US$ 81.3 million (2013: US$ 71.9 million). The improvement in results is largely attributable to lower finance costs and increased fleet size in the final quarter of the year. The fully diluted adjusted earnings per share (DEPS) for the year increased to 23.71 cents (2013: 23.56 cents). Adjusted DEPS is calculated based on adjusted profit after tax and a reconciliation between the adjusted and statutory profit, is provided in note 2.

Dividends

The Group paid an interim dividend of 0.41 pence (0.69 cents) per ordinary share on 27 October 2014 to shareholders on the register on 26 September 2014.

The Board has reviewed the results for the year and is pleased to recommend a final dividend of 1.06 pence (1.64 cents) per share to be paid in cash for the year ended 31 December 2014. Subject to shareholder approval, this will be paid on 12 May 2015 to all ordinary shareholders who were on the register of members at the close of business on 17 April 2015. This final dividend brings the 2014 dividends to the targeted payout ratio, communicated at the time of IPO, of 10% of the Group's consolidated post-tax profit from its ongoing business.

Capital expenditure

The Group's capital expenditure during the year ended 31 December 2014 was US$ 140.7 million (31 December 2013: US$ 53.5 million). The main area of investment was additions to assets under the course of construction of US$ 136.6 million (US$ 53.0 million), of which US$ 96.0 million was transferred to vessels upon completion of a new large class vessel and improvements to certain existing vessels.

Cash flow and liquidity

The Group's net cash flow from operating activities continued to be robust for 2014, as reflected in a net inflow of US$ 120.3 million (2013: net inflow of US$ 113.3 million).

The net cash outflow from investing activities for 2014 was US$ 139.6 million (2013: US$ 52.5 million). The increase in outflow was mainly due to investment on capital expenditure.

The Group's net cash relating to financing activities during the year was an inflow of US$ 31.9 million (2013: cash outflow of US$ 15.9 million). This net positive balance was mainly attributable to receipt of net IPO proceeds during the year which were mainly invested in our ongoing new build programme.

The year end net debt position was US$ 273.6 million as at 31 December 2014 as compared to US$ 307.2 million as at 31 December 2013. The year end outstanding debt was US$ 333.1 million (December 2013: US$ 354.1 million) constituting bank borrowings of US$ 249.2 million (December 2013: US$ 265.3 million) and finance lease obligations of US$ 84.0 million (31 December 2013: US$ 88.8 million). Undrawn committed bank facilities were US$ 130.0 million at year end (2013: US$ 80.0 million). The Group completed a drawdown of US$ 37.5 million in March 2015 to fund the exercise of a purchase option on a leased vessel as discussed below. The Group remained in full compliance with its debt covenants, with significant headroom, during the year and expects to continue to do so.

In February 2014, the Group's main bank facility was restructured, resulting in improvements to some of the key terms of the loan, such as available facility, margins and tenure. The Group's net leverage ratio, being the ratio of net debt (including finance lease obligations) to adjusted EBITDA, reduced to 2.19 times at year end (2013: 2.46 times). While the Group targets its net leverage ratio not to exceed 3 times adjusted EBITDA, the maximum net leverage ratio permitted under the bank facility agreement is 4 times adjusted EBITDA.

Secured undrawn debt facilities and strong operating cashflows, makes the Group fully financed to complete its capital expenditure program for the years 2015 and 2016.

Balance Sheet

The Group has a robust and well-financed balance sheet. A review of the major components of the balance sheet follows.

Total current assets at 31 December 2014 were US$ 109.5 million (December 2013: US$ 91.1 million). This movement is attributable to an increase in cash and cash equivalents to US$ 59.5 million (December 2013: US$ 46.9 million) and an increase in trade and other receivables to US$ 50.0 million (31 December 2013: US$ 43.2 million).

Total current liabilities at 31 December 2014 were US$ 99.8 million (31 December 2013: US$ 43.2 million). The principal movement was a reclassification of obligations under finance leases from non-current liabilities to current liabilities of US$ 41.5 million (December 2013: US$ 5.7 million), mainly as the period remaining for the option to purchase a leased Small Class vessel became exercisable within one year. The option to purchase the vessel was exercised in March 2015. There was an increase in trade and other payables to US$ 30.1 million (December 2013: US$ 22.0 million) and an increase in bank borrowings classified as current liabilities to US$ 23.4 million (December 2013: US$ 11.0 million).

The combined result of the above was a decrease in the Group's combined working capital and cash to US$ 9.7 million at 31 December 2014 (December 2013: US$ 47.9 million).

Total non-current assets at 31 December 2014 were US$ 620.2 million (December 2013: US$ 495.1 million). This increase is primarily attributable to the US$ 124.2 million increase in the net book value of property, plant and equipment, from the ongoing new build programme to expand the fleet.

Total non-current liabilities at 31 December 2014 were US$ 270.7 million (December 2013: US$ 358.8 million). This reduction is primarily due to repayment of shareholder loans of US$ 19.5 million, repayment of bank borrowings of US$ 13.0 million and obligations under finance leases of US$ 41.5 million being reclassified to current liabilities.

Shareholders' equity increased from US$ 182.9 million at 31 December 2013 to US$ 358.6 million at 31 December 2014. The movement is mainly as a result of the new equity issued as part of the IPO which increased share capital to US$ 57.9 million (31 December 2013: US$ 0.3 million) and share premium to US$ 93.2 million (December 2013: US$ nil), as well as the retained profit for the year of US$ 75.1 million (2013: US$ 68.2 million). Furthermore, a share based payment reserve of US$ 0.5 million and capital contribution reserve of US$ 1.4 million was created during the year in respect of share based payments. These increases in equity were partially offset by the group restructuring reserve of US$ 49.4 million, created in the year as outlined in note 12, and certain other items such as interim dividend of US$ 2.4 million which was paid in October 2014.

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of performance. The pre-tax item that is excluded from adjusted results in 2014 is IPO costs of US$ 5.7 million (2013: IPO costs of US$ 2.1 million and management fee of US$ 0.3 million). A reconciliation between the adjusted and statutory results is given in note 2.

Outlook

The Group is well-placed to continue the progress it demonstrated in 2014. The 2014 to 2016 fleet expansion programme is fully-financed and funding allocation for future growth beyond that will be paced responsibly, based on the Group's view of market demand and achieving its investment returns.

Our intention is that financial and business performance will be supported by a capital structure which is both sustainable and seeks in time to deliver significant total shareholder returns.

Condensed consolidated statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 US$'000	2013 US$'000
Revenue	3	**196,554**	184,264
Cost of sales		**(70,094)**	(65,506)
Gross profit		**126,460**	118,758
General and administrative expenses	4	**(25,417)**	(14,778)
Finance income		**843**	693
Finance expense	5	**(21,354)**	(29,495)
Other income/(loss)		**245**	(1,247)
Foreign exchange loss, net		**(408)**	(637)
Profit for the year before taxation		**80,369**	73,294
Taxation charge for the year		**(4,744)**	(3,861)
Profit for the year		**75,625**	69,433

	Note		
Other comprehensive income – Items that will be reclassified to profit and loss			
Exchange differences on translating foreign operations		**(430)**	568
Total comprehensive income for the year		**75,195**	70,001
Profit attributable to:			
Owners of the Company		**75,065**	68,201
Non-controlling interests		**560**	1,232
		75,625	**69,433**
Total comprehensive income attributable to:			
Owners of the Company		**74,635**	68,769
Non-controlling interests		**560**	1,232
		75,195	70,001
Earnings per share	**6**		
Basic (cents per share)		22.14	22.73
Diluted (cents per share)		22.04	22.73

All results are derived from continuing operations in each year.

Condensed consolidated statement of financial position
as at 31 December 2014

	Notes	31 December 2014 US$'000	31 December 2013 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	**614,524**	490,354
Intangibles		**750**	1,125
Dry docking expenditure	**8**	**4,177**	778
Fixed asset prepayments		**750**	2,827
Total non-current assets		**620,201**	495,084
Current assets			
Loans to related parties		**-**	445
Derivative financial instrument		**-**	541
Trade and other receivables	**9**	**49,948**	43,249
Cash and cash equivalents	**10**	**59,532**	46,897
Total current assets		**109,480**	91,132
Total assets		**729,681**	586,216
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**11**	**57,929**	273
Share premium	**11**	**93,247**	-
Statutory reserve			136
Restricted reserve		**272**	136
Group restructuring reserve	**12**	**(49,437)**	-
Share option reserve		**563**	-
Capital contribution	**13**	**9,177**	78,527
Translation reserve		**180**	610
Retained earnings		**246,631**	103,228
Attributable to the Owners of the Company		**358,562**	182,910
Non-controlling interests		**610**	1,328
Total equity		**359,172**	184,238
Non-current liabilities			
Bank borrowings	**14**	**225,741**	254,269
Obligations under finance leases		**42,473**	83,086
Loans from related parties		**-**	19,504
Provision for employees' end of service benefits		**2,468**	1,910
Deferred tax liability		**5**	5

Total non-current liabilities		**270,687**	358,774
Current liabilities			
Trade and other payables		**30,120**	22,033
Current tax liability		**4,809**	3,682
Bank borrowings	**14**	**23,415**	11,010
Obligations under finance leases		**41,478**	5,697
Due to related parties		**-**	782
Total current liabilities		**99,822**	43,204
Total liabilities		**370,509**	401,978
Total equity and liabilities		**729,681**	586,216

Condensed consolidated statement of changes in equity for the year ended 31 December 2014

	Share capital	**Share premium**	**Statutory Reserve**	**Restricted reserve**	**Group restructuring reserve**	**Share option reserve**	**Capital contribution**	**Translation reserve**	**Retained earnings**	**Attributable to the owners of the Company**	**Non-controlling interests**	**Total equity**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 January 2013	273	-	136	136	-	-	70,750	42	115,027	186,364	598	186,962
Transfer of share appreciation rights payable	-	-	-	-	-	-	7,777	-	-	7,777	-	7,777
Total comprehensive income for the year	-	-	-	-	-	-	-	568	68,201	68,769	1,232	70,001
Dividends paid during the year	**-**	**-**	**-**	**-**	-	-	**-**	**-**	(80,000)	(80,000)	(502)	(80,502)
Balance at 1 January 2014	273	-	136	136	-	-	78,527	610	103,228	182,910	1,328	184,238
Total comprehensive	-	-	-	-	-	-	-	(430)	75,065	74,635	560	75,195

income												
Share appreciation rights charge	-	-	-	-	-	-	1,400	-	-	1,400	-	1,400
Share options rights charge	-	-	-	-	-	563	-	-	-	563	-	563
Transfer of capital contribution	-	-	-	-	-	-	(70,750)	-	70,750	-	-	-
Transfer to restricted reserve	-	-	(136)	136	-	-	-	-	-	-	-	-
Group restructuring reserve	(273)	-	-	-	273	-	-	-	-	-	-	-
Issue of share capital	497,100	-	-	-	(497,100)	-	-	-	-	-	-	-
Capital reduction	(447,390)	-	-	-	447,390	-	-	-	-		-	-
Issue of share capital – IPO	8,219	102,702	-	-	-	-	-	-	-	110,921	-	110,921
Share issue cost	-	(9,455)	-	-	-	-	-	-	-	(9,455)	-	(9,455)
Dividends paid during the year	-	-	-	-	-	-	-	-	(2,412)	(2,412)	(1,278)	(3,690)
Balance at 31 December 2014	**57,929**	**93,247**	**-**	**272**	**(49,437)**	**563**	**9,177**	**180**	**246,631**	**358,562**	**610**	**359,172**

Condensed consolidated statement of cash flows
for the year ended 31 December 2014

	2014 US$'000	2013 US$'000
Net cash generated from operating activities (Note 15)	**120,353**	**113,343**
Investing activities		
Payments for property, plant and equipment	**(136,563)**	**(48,502)**
Proceeds from disposal of property, plant and equipment	**25**	**847**
Payment for Capital Advances	**(750)**	**(2,827)**
Dry docking expenditure incurred	**(4,656)**	**(855)**
Movement in pledged deposits	**1,679**	**(1,602)**
Movement in guarantee deposits	**(164)**	**309**
Interest received	**843**	**135**
Net cash used in investing activities	**(139,586)**	**(52,495)**
Financing activities		
Bank borrowings received	**-**	**280,000**
Proceeds from share issue - IPO	**110,921**	**-**
Share issue cost paid	**(9,455)**	**(9,391)**
Repayment of bank borrowings	**(13,000)**	**(164,844)**
Repayment of loans from related parties	**(19,504)**	**(10,410)**
Repayment of short term loans to shareholders	**(782)**	**--**
Interest paid	**(22,814)**	**(26,552)**
Payment on obligations under finance lease	**(4,832)**	**(4,352)**
Dividends paid	**(3,455)**	**(80,502)**
Decrease in loans to related parties	**445**	**133**
Payment of issue cost on borrowings	**(5,656)**	**-**
Net cash provided by (used in) financing activities	**31,868**	**(15,918)**
Net increase in cash and cash equivalents	**12,635**	**44,930**
Cash and cash equivalents at the beginning of the year	**46,897**	**1,967**
Cash and cash equivalents at the end of the year (note 10)	**59,532**	**46,897**
Non-cash transactions		
Transfer of capital contribution to retained earnings	**70,750**	**-**
Group restructuring reserve recognised	**(49,437)**	**-**
Transfer of share appreciation rights obligation to shareholders (note 13)	**-**	**7,777**

Notes to the financial information for the year ended 31 December 2014

1. Basis of preparation

The preliminary announcement does not constitute the Group's statutory accounts for the year ended 31 December 2014, but is derived from those accounts. Statutory accounts for the year ending 31 December 2014 were approved by the Directors on 23 March 2015 and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section s498 (2) or (3) of the 2006 Companies Act.

The 2014 Annual Report, which is the first annual report following the Group restructuring outlined below, will be posted to shareholders in advance of the Annual General Meeting to be held on 6 May 2015.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRSs'), this announcement does not itself contain sufficient information to comply with the disclosure aspects of IFRSs.

The consolidated preliminary announcement of the Group has been prepared in accordance with EU Endorsed IFRSs, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities, including derivative instruments, at fair value.

Group restructuring

On 24 January 2014, the Company was incorporated as the new holding company for the Group. On 5 February 2014, the Company legally acquired GMS Global Commercial Investments LLC (the previous parent company of the Group), including the underlying subsidiaries. The transaction was effected by way of issuing shares in the Company to the existing shareholders of GMS Global Commercial Investments in exchange for their shares already held in GMS Global Commercial Investments LLC. This transaction falls outside the scope of IFRS 3 Business Combinations, therefore the pooling of interests (merger accounting) method was applied and the condensed consolidated financial information of the Group is presented as a continuation of the existing Group. The following accounting treatment was applied:

The consolidated assets and liabilities of the previous parent, GMS Global Commercial Investments LLC, were recognised and measured at the pre-restructuring carrying amounts, without restatement to fair value.

The results for the year ended 31 December 2013 and the period from 1 January 2014 to the date of restructuring are those of GMS Global Commercial Investments LLC.

Comparative numbers presented in the condensed consolidated financial statements are those of GMS Global Commercial Investments LLC for the year end 31 December 2013 and as at 31 December 2013.

The difference between historical carrying amounts of net assets transferred and consideration paid has been recognised as a group restructuring reserve (note 12).

Going concern

The Group is expected to continue to generate positive operating cash flows on its own account for the foreseeable future and has in place a committed term loan facility of US$ 110.0 million, of which US$ 72.5 million remained undrawn as at 23 March 2015. The Group also has access to a committed working capital facility of US$ 40.0 million, of which only US$ 20.0 million has been drawn to date.

On the basis of their assessment of the Group's financial position, and after reviewing its cash flow forecasts for a period of not less than 12 months from the date of publication of the preliminary results, the Group's Directors have a reasonable expectation that, taking into account reasonably possible changes in trading performance, the Group will be able to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the condensed consolidated financial statements.

Significant accounting policies

The significant accounting policies and methods of computation adopted in the preparation of this financial information is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013 as disclosed in the IPO prospectus, except for the adoption of new standards and interpretations effective as of 1 January 2014 none of which had a material impact on the results or financial position of the Group. The principles of merger accounting including the pooling of interests method for business combinations under common control have been used in accounting for the Group restructuring as referred to above.

2. Presentation of adjusted results

The following table provides a reconciliation between the Group's adjusted and statutory financial results:

	Year ended 31 December 2014			Year ended 31 December 2013		
	Adjusted results US$'000	**Adjusting items US$'000**	**Statutory total US$'000**	**Adjusted results US$'000**	**Adjusting items US$'000**	**Statutory total US$'000**
Revenue	**196,554**	**-**	**196,554**	184,264	-	184,264
Cost of sales						-
-Operating expenses	**(52,864)**	**-**	**(52,864)**	(48,150)	-	(48,150)
-Depreciation and amortization	**(17,230)**	**-**	**(17,230)**	(17,356)	-	(17,356)
Gross profit	**126,460**	**-**	**126,460**	118,758	-	118,758
General and administrative						
-Depreciation	**(887)**	**-**	**(887)**	(901)	-	(901)
-IPO costs*	**-**	**(5,686)**	**(5,686)**	-	(2,149)	(2,149)
-Management fee**	**-**	**-**	**-**	-	(320)	(320)
-Other administrative costs	**(18,844)**	**-**	**(18,844)**	(11,408)	-	(11,408)
Operating profit	**106,729**	**(5,686)**	**101,043**	106,449	(2,469)	103,980
Finance income	**843**	**-**	**843**	693	-	693
Finance expense	**(21,354)**	**-**	**(21,354)**	(29,495)	-	(29,495)
Other / (loss)	**245**	**-**	**245**	31	-	31
Loss on Sale of Asset	**-**	**-**	**-**	(1,278)	-	(1,278)
Foreign exchange (loss) net	**(408)**	**-**	**(408)**	(637)	-	(637)
Profit before taxation	**86,055**	**(5,686)**	**80,369**	75,763	(2,469)	73,294
Tax	**(4,744)**	**-**	**(4,744)**	(3,861)	-	(3,861)
Net profit	**81,311**	**(5,686)**	**75,625**	71,902	(2,469)	69,433
Profit attributable to						
Owners of the Company	**80,751**	**(5,686)**	**75,065**	70,670	(2,469)	68,201
Non-controlling interest	**560**	**-**	**560**	1,232	-	1,232
Earnings per share	**23.81**	**(1.67)**	**22.14**	23.56	(0.83)	22.73
Supplementary non-statutory information						
Operating profit	**106,729**	**(5,686)**	**101,043**	106,449	(2,469)	103,980
Add: Depreciation and Amortisation charges	**18,117**	**-**	**18,117**	18,257	-	18,257
EBITDA	**124,846**	**(5,686)**	**119,160**	124,706	(2,469)	122,237

**IPO costs, by their nature, are not considered part of the Group's underlying business. Further details are given in note 4.*
***Management fee represents the fees paid to the controlling shareholders, Gulf Capital PJSC, in 2013. This management fee is no longer payable. This was not presented as an adjusting item in the June 2014 Interim Results.*

3. Segment reporting

Management have identified that the Directors and senior management team are the chief operating decision makers in accordance with the requirements of IFRS 8 'Operating Segments'. Segment performance is assessed based upon adjusted gross profit, which represents gross profit before depreciation and amortisation and loss on write off of assets. The reportable segments have been identified by management based on the size and type of asset in operation.
The operating and reportable segments of the Group are (i) Small vessels, which include all K-class vessels, (ii) Large vessels, which include all E-class vessels, and (iii) Other vessels, which include two small legacy vessels and one accommodation barge (Khawla) which do not form part of the Small or Large vessels segments.
The K-class vessels segment comprises the Naashi, Kamikaze, Kikuyu, Kawawa, Kudeta, Keloa and Kinoa vessels. The E-class vessels segment comprises of the Endeavour, Endurance and Enterprise vessels. Both of these operating segments earn revenue related to the hiring of vessels and related services including charter hire income, messing and accommodation services, personnel hire and hire of equipment. The accounting policies of the operating segments are the same as the Group's accounting policies (see note 1).

	Revenue		***Adjusted Gross Profit***	
	2014	**2013**	**2014**	**2013**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Small vessels	**104,424**	94,448	**75,623**	65,533
Large vessels	**79,351**	77,701	**60,493**	63,548
Other vessels	**12,779**	12,115	**7,574**	7,033
Total	**196,554**	184,264	**143,690**	136,114
Less:				
Loss on scrapping of property, plant and equipment			-	(1,507)
Depreciation charged to cost of sales			(15,973)	(15,085)
Amortisation charged to cost of sales			(1,257)	(764)
Gross profit			**126,460**	118,758
General and Administrative expenses			(25,417)	(14,778)
Finance income			843	693
Finance expense			(21,354)	(29,495)
Other income			245	-
Loss on sale of asset			-	(1,247)
Foreign exchange			(408)	(637)
Profit before taxation			**80,369**	73,294

The total revenue from reportable segments which comprises the Small and Large vessels is US$ 183.77 million (2013: US$ 172.15 million). The Other segment does not constitute a reportable segment per IFRS 8 Operating Segments.

Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the chief operating decision makers on a segmental basis and are therefore not disclosed.
Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the periods.

Information about major customers

Certain customers individually accounted for greater than 10% of the GMS Group's revenue. During the year, three customers (2013: 3) accounted for more than 10% of the GMS Group's revenues. The related revenue figures for these major customers, the identity of which may vary by year, were US$ 53.66 million (2013: US$ 47.84 million), US$ 42.19 million (2013: US$ 40.80 million) and US$ 21.25 million (2013: US$ 21.13 million). The revenue from these customers is attributable to the Large vessel and Small vessel reportable segments.

Geographical segments

Revenue by geographical segment is based on the geographical location of the customer as shown below

	2014	2013
	US$'000	US$'000
United Arab Emirates	**87,417**	62,795
Rest of Middle East and Africa	**38,491**	43,768
Total - Middle East and Africa	**125,908**	106,563
United Kingdom	**70,646**	77,701
Worldwide Total	**196,554**	184,264

4. General and administrative expenses

Transaction costs incurred during the period in relation to the completion of the Company's Premium Listing on the London Stock Exchange totalled US$ 15.2 million. US$ 5.7 million has been charged to general and administrative expenses in the statement of comprehensive income, and US$ 9.5 million, attributable to the issue of new equity, has been deducted from the share premium account. The IPO costs of US$ 5.7 million includes US$ 1.4 million relating to the remaining 15% of the pre-IPO SARs scheme.

5. Finance expenses

	2014 US$'000	2013 US$'000
Interest on bank borrowings	**12,252**	14,072
Interest on finance leases	**10,280**	10,836
Interest on loan from related parties	**382**	2,150
Write-off of unamortised issue costs	**-**	2,154
Amortisation of issue costs	**1,816**	1,340
Fair Value loss on derivative financial instrument	**61**	
Finance expense	**24,791**	30,552
Less: Amounts included in the cost of qualifying assets	**(3,437)**	(1,057)
	21,354	29,495

6. Earnings per share

	31 December 2014	31 December 2013
Earnings for the purpose of basic and diluted earnings per share being profit for the period attributable to owners of the parent (US$'000)	**75,065**	**68,201**
Earnings for the purpose of adjusted basic and diluted earnings per share (US$'000) (see note 2)	**80,751**	**70,670**
Weighted average number of shares ('000)	**339,079**	**300,000**
Weighted average diluted number of shares in issue ('000)	**340,523**	**300,000**
Basic earnings per share (cents)	**22.14**	**22.73**
Diluted earnings per share (cents)	**22.04**	**22.73**
Adjusted earnings per share (cents)	**23.81**	**23.56**
Adjusted diluted earnings per share (cents)	**23.71**	**23.56**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period (as disclosed in the income statement) by the weighted average number of ordinary shares in issue during the period.

Adjusted earnings per share is calculated on the same basis but uses the earnings for the purpose of basic earnings per share (shown above) adjusted by adding back IPO related costs which have been charged to the income statement in the period (US$ 5.7 million). The adjusted earnings per share is presented as the Directors consider it provides an additional indication of the underlying performance of the Group.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the period, adjusted for the weighted average effect of share options outstanding during the period.

Adjusted diluted earnings per share is calculated on the same basis but uses adjusted profit (note 2) attributable to equity shareholders of the Company.

The following table shows a reconciliation between the basic and diluted weighted average number of shares:

	2014 US$'000	**2013 US$'000**
Weighted average basic number of shares in issue	339,079	300,000
Effect of share options under LTIP schemes	1,444	-
Weighted average diluted number of shares in issue	340,523	300,000

In accordance with the principles of merger accounting, the weighted average number of shares assumes that the 300 million shares issued as part of the group restructuring (see note 12) were in place throughout the comparative period.

7. Property, plant and equipment

	Total vessels US$'000	**Capital work-in-progress US$'000**	**Land, building and improvement US$'000**	**Vessel – spares, fittings and other equipment US$'000**	**Office equipment and fittings US$'000**	**Motor vehicles US$'000**	**Total US$'000**
Cost							
Balance at 1 January 2013	508,652	9,050	6,144	9,826	3,131	468	537,271
Additions	224	52,992	20	-	143	93	53,472
Transfers	10,603	(11,332)	197	532	-	-	**-**
Disposals	-	-	-	(2,269)	(9)	(120)	(2,398)
Assets written off	(1,959)	-	-	-	-	-	(1,959)
	-						
Balance at 1 January 2014	517,520	50,710	6,361	8,089	3,265	441	586,386
Additions	1,675	136,607	-	2,260	143	33	140,718
Transfers	96,023	(98,606)	1,039	505	1,039	-	-
Disposals	(50)	-	-	(268)	-	(76)	(394)
Balance at 31 December 2014	**615,168**	**88,711**	**7,400**	**10,586**	**4,447**	**398**	**726,710**

	Total vessels US$'000	Capital work in progress US$'000	Land, building and improvement US$'000	Vessel – spares, fittings and other equipment US$'000	Office equipment and fittings US$'000	Motor vehicles US$'000	Total US$'000
Accumulated depreciation							
Balance at 1 January 2013	70,228	-	3,925	4,308	2,534	271	81,266
Eliminated on disposal of assets	-	-	-	(163)	(7)	(102)	(272)
Eliminated on assets written-off	(452)	-	-	-	-	-	(452)
Depreciation expense	13,685	-	300	1,131	275	99	15,490
Balance at 1 January 2014	**83,461**	-	**4,225**	**5,276**	**2,802**	**268**	**96,032**
Eliminated on disposal of assets	(4)	-	-	(268)	-	(59)	(331)
Depreciation expense	15,057	-	199	815	325	89	16,485
Balance at 31 December 2014	**98,514**	**-**	**4,424**	**5,823**	**3,127**	**298**	**112,186**
Carrying value							
Balance at 31 December 2014	**516,654**	**88,711**	**2,976**	**4,763**	**1,320**	**100**	**614,524**
Balance at 31 December 2013	434,059	50,710	2,136	2,813	463	173	490,354

The carrying amount of vessels held under finance leases is US$ 91.4 million (2013: US$ 94.2 million).

Depreciation amounting to US$ 15.97 million (2013: US$ 15.08 million) has been allocated to cost of sales. The balance of the depreciation for the year is charged to administrative expenses.

Included in additions to the vessels under construction is US$ 3.4 million (2013: US$ 1.06 million) in respect of capitalised borrowing costs. The capitalisation rate used to determine this figure was 5.65% (2013: 5.96%) based on specific borrowing rates.

Certain vessels, with a total net book value of US$ 337.5 million (2013: US$ 345.9 million), have been mortgaged as security for the loans extended by the Group's bankers.

8. Dry docking expenditure

The movement in dry docking expenditure is summarised as follows:

	2014 US$'000	2013 US$'000
At 1 January	**778**	**687**
Expenditure incurred during the year	**4,656**	**855**
Amortised during the year	**(1,257)**	**(764)**
At 31 December	**4,177**	**778**

Amortisation for the year has been charged to operating costs.

9. Trade and other receivables

	2014 US$'000	2013 US$'000
Trade receivables	**36,754**	22,915
Accrued income	**5,099**	14,465
Prepayments and deposits	**6,923**	5,215
Advances to suppliers	**644**	422
Other receivables	**185**	162
Due from related parties	**343**	70
	49,948	43,249

10. Cash and cash equivalents

	2014 US$'000	2013 US$'000
Interest bearing		
Held in UAE banks	**36,702**	-
Held in banks outside UAE	**-**	-
Non-interest bearing	**-**	
Held in UAE banks	**5,325**	48,311
Held in banks outside UAE	**18,325**	921

Total cash at bank and in hand	**60,352**	49,232
Presented as:		
Restricted cash included in long-term other receivables	**-**	-
Restricted cash included in trade and other receivables	**820**	2,335
Cash and cash equivalents	**59,532**	46,897
Total	**60,352**	49,232

11. Share capital

The Company was incorporated on the 24 January 2014 with a share capital of 300 million shares at a par value of £1 each. Subsequently on 5 February 2014, as part of the Group restructuring, the Company undertook a capital reduction by solvency statement, in accordance with s643 of the Companies Act 2006. The nominal value of the authorised and issued ordinary shares was reduced from £1 to 10p.

On 19 March 2014, the Company successfully completed its initial public offering (IPO) on the London Stock Exchange. A total of 49,527,804 shares with a par value of 10 pence per share were issued at a price of 135 pence (US$ 2.24) per share.

The movement in issued share capital and share premium is provided below.

The share capital of Gulf Marine Services PLC as at 31 December 2014 was as follows:

	Number of ordinary shares (thousands)	Ordinary shares US$'000	Total US$'000
Authorised Share Capital	349,528	57,929	57,929
Issued and fully paid	349,528	57,929	57,929

The share capital of GMS Global Commercial Investments LLC as at 31 December 2013 was as follows:

	Number of ordinary shares (thousand)	Ordinary shares US$'000	Total US$'000
Issued and fully paid	1	273	273

Issued share capital and share premium movement for the year ended 31 December 2014:

	Number of ordinary shares (thousands)	Ordinary shares US$'000	Share premium US$'000	Total US$'000
At 1 January 2014	1	273	-	273
Group restructuring				
- Restructuring	(1)	(273)	-	(273)
- Issue of new Shares	300,000	497,100	-	497,100
- Capital reduction	-	(447,390)	-	(447,390)
Issue of new shares – IPO	49,528	8,219	102,702	110,921
Share issue costs (note 4)	-	-	(9,455)	(9,455)
At 31 December 2014	**349,528**	**57,929**	**93,247**	**151,176**

12. Group restructuring reserve

The group restructuring reserve arises on consolidation under the pooling of interests (merger accounting) method used for group restructuring. Under this method, the Group is treated as a continuation of GMS Global Commercial Investments LLC (the predecessor parent company) and its subsidiaries. At the date the Company became the new parent company of the Group via a share-for-share exchange, the difference between the share capital of GMS Global Commercial Investments LLC and the Company, amounting to US$ 49.44 million, was recorded in the books of Gulf Marine Services PLC as a group restructuring reserve. This reserve is non-distributable.

13. Capital contribution

As part of the Group restructuring (note 1) the pre-IPO Shareholders resolved to transfer a capital contribution balance of US$ 70.75 million to retained earnings.

The movement in capital contribution reserve is as follows:

	2014 US$'000
Balance as on 1 January 2014	
Capital contribution from a Shareholder (i)	**70,750**
Share appreciation rights (ii)	**7,777**

	78,527
Movement during the period	
Transfer to Retained Earnings	**(70,750)**
Provision for share appreciation rights (ii)	**1,400**
At 31 December 2014	**9,177**

(i) The capital contribution balance represents the net assets transferred by Bridge Capital L.L.C., a wholly owned subsidiary of Gulf Capital PJSC, to the Company for no consideration. This transfer took place on 17 July 2007. Effective 30 June 2014, the shareholders passed a resolution to transfer US$ 70.8 million to retained earnings.

(ii) During 2013 US$ 7.8 million was transferred from share appreciation rights payable to capital contribution as, effective 1 January 2013, the shareholders have assumed the obligation to settle the share appreciation rights. This balance is not available for distribution. An additional charge in respect of this scheme of US$ 1.4 million was made in 2014.

14. Bank borrowings

Secured borrowings at amortised cost

	2014	2013
	US$'000	US$'000
Working capital facility	**20,000**	20,000
Term loans	**240,500**	253,500
	260,500	273,500
Less: Unamortised issue costs	**(11,344)**	(8,221)
	249,156	265,279

Bank borrowings are presented in the consolidated statement of financial position as follows:

	2014	**2013**
	US$'000	**US$'000**
Non-current portion	**225,741**	254,269
Current portion	**23,415**	11,010

	2014	**2013**
	US$'000	**US$'000**
	249,156	265,279

In February 2014, the bank facility which was entered into in 2013 with Abu Dhabi Islamic Bank (see below) was restructured resulting in amendments to some of the key terms of the loan as follows:

- The loan repayment period was extended by one (1) year to six (6) years, being repayable by 2019;
- The loan margin rate was reduced to 4.1% (December 2013: 5.2%) per annum plus LIBOR;
- The term loan facility to fund capital expenditure was increased from US$ 80 million to US$ 110 million. The entire loan facility remained undrawn during the year and is available for draw down until June 2016;
- The working capital facility was increased to US$ 40 million (December 2013: US$ 20 million). During the year ended 31 December 2014 US$ 20 million was utilised with US$ 20 million remaining undrawn during the year.

	Outstanding amount						
	Current	**Non-current**	**Total**	**Unused facility**	**Security**	**Interest rate**	**Maturity**
	US$'000	**US$'000**	**US$'000**	**US$'000**			
31 December 2014:							
Term loan – Syndicated Ijara Facility	**26,000**	**214,500**	**240,500**	-	Secured	4.1% per annum plus LIBOR	September 2019
Working capital facility	-	**20,000**	**20,000**	**20,000**	Secured	4.1% per annum plus LIBOR	September 2019
Term loan	-	**-**	**-**	**110,000**	Secured	4.1% per annum plus LIBOR	September 2019
Unamortised issue costs	**(2,585)**	**(8,759)**	**(11,344)**	-			
	23,415	**225,741**	**249,156**	**130,000**			
31 December 2013:							
Term loan – Syndicated Ijara Facility	13,000	240,499	253,499	-	Secured	5.2% per annum plus LIBOR	September 2018
Working capital facility		20,000	20,000	-	Secured	5.2% per annum plus LIBOR	September 2018
Term loan	-	-	-	80,000	Secured	5.2% per annum plus LIBOR	September 2018
Unamortised issue costs	(1,990)	(6,230)	(8,220)	-			
	11,010	254,269	265,279	80,000			

15. Net cash generated from operating activities

	2014 US$'000	2013 US$'000
Operating activities		
Profit for the year before taxation	**80,369**	**73,294**
Adjustments for:		
Depreciation of property, plant and equipment	**16,485**	**15,490**
Amortisation of intangibles	**375**	**496**
Amortisation of dry docking expenditure	**1,257**	**764**
End of service benefit charge	**701**	**525**
End of service benefits paid	**(143)**	**(251)**
Provision for doubtful debts	**1,278**	**105**
Fair value loss/(gain) on derivative financial instrument	**61**	**(541)**
Loss on scrapping of property, plant and equipment	**-**	**1,507**
Loss on disposal of property, plant and equipment	**38**	**1,278**
Share appreciation rights expense	**1,400**	**-**
Share options rights charge	**562**	
Interest income	**(843)**	**(152)**
Interest expense	**19,475**	**26,001**
Write-off of unamortised loan issue costs	**-**	**2,154**
Payments of share appreciation rights	**-**	**(580)**
Other income	**(284)**	**-**
Amortisation of issue costs	**1,816**	**1,340**
Cash flow from operating activities before movement in working capital	**122,547**	**121,430**
Increase in trade and other receivables	**(6,665)**	**(4,342)**
Increase/(decrease) in trade and other payables	**8,087**	**(22)**
Cash generated from operations	**123,969**	**117,066**
Taxation paid	**(3,616)**	**(3,723)**
Net cash from operating activities	**120,353**	**113,343**

16. General information

Gulf Marine Services PLC ("GMS" or "the Company") is a Company which was registered in England and Wales on 24 January 2014. The Company is a public limited liability company with operations mainly in the Middle East and North Africa, and Europe. The address of the registered office of the Company is 1st Floor, 40 Dukes Place, London EC3A 7NH. The registered number of the Company is 08860816.

The Company and its subsidiaries (collectively the "Group") are engaged in providing self-propelled, self-elevating off shore support vessels which provide the stable platform for delivery of a wide range of services throughout the total lifecycle of offshore oil, gas and renewable energy activities and are capable of operations in the Middle East, South East Asia, West Africa and Europe.

17. Post balance sheet events

The following events occurred after the reporting period:

(i) On 16 March 2015 the option to purchase the leased vessel Keloa was exercised for US$ 37.5 million. The transaction was funded by a US$ 37.5 million drawdown from the committed loan facility.

(ii) In January 2014, the Group entered into an arrangement to lease a vessel (Pepper) commencing in 2015 for a five-year term with an option to purchase the vessel at the end of the lease term. This vessel commenced its inaugural client charter in March 2015 and is now on lease.