22 March 2016

Gulf Marine Services PLC

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

Preliminary Results for the year ended 31 December 2015

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 2015.

Financial Summary

US$ million	*2015*	*2014*	*Change*
Revenue	219.7	196.6	12%
Gross profit	132.2	126.5	5%
EBITDA[1] (2014 adjusted)	138.5	124.8	11%
Net profit	75.0	75.6	-1%
Adjusted net profit[2]	84.9	81.3	4%
Adjusted diluted earnings per share (US cents) [2]	24.05	23.71	1%
Proposed Final Dividend per share (pence)	1.20	1.06	13%

[1] EBITDA represents operating profit after adding back depreciation, amortisation (and in 2014 non-operational IPO costs).
[2] After adding back non-operational refinancing costs in 2015 and non-operational IPO costs in 2014.

Financial Highlights

- Revenue increased by 12% to US$ 219.7 million (15% increase on a constant currency* basis) (2014: US$ 196.6 million).
- Healthy cash flows generated from operations, EBITDA up 11% to US$ 138.5 million (16% increase on a constant currency* basis) (2014 EBITDA: US$ 124.8 million). Good EBITDA margin of 63% (2014: 64%).
- Adjusted* net profit after taxation for the year increased by 4% to US$ 84.9 million (2014: US$ 81.3 million excluding IPO costs), 11% increase on a constant currency* basis.

- Adjusted* diluted earnings per share in the year was broadly flat at 24.05 cents (2014: 23.71 cents), on a constant currency* basis growth was 7%.
- Final dividend for the year proposed of 1.20 pence (1.74 cents) per share taking total 2015 dividend payments to 1.61 pence (2.43 cents).
- Net debt of US$ 398.9 million (including obligations under finance leases of US$ 94.6 million) (2014: US$ 273.6 million) and recently negotiated committed undrawn bank facilities of US$ 225.0 million at 31 December 2015.
- New US$ 620.0 million debt facility secured in Q4 2015, improved borrowing margins, extended maturity and with no change to previous covenants.

Operational Highlights

- Continued high SESV fleet utilisation of 98% in 2015.
- In 2015 the Group was awarded a new long-term contract for a Large Class vessel in the MENA region and its first decommissioning project was secured for a Large Class vessel operating in the Southern North Sea.
- A new long-term contract for a Large Class vessel operating in the Dutch sector of the North Sea commenced in 2015.
- Newly designed Mid-Size Class SESVs introduced to the fleet and well received by clients.
- All three new build vessels were delivered on time and within budget in the year and proceeded immediately to their first charters.
- Exercise of purchase option to acquire the leased SESV Pepper for US$ 51.0 million.
- Very good HSE performance sustained during a year of significantly increased man hours worked.
- Relocation of our integrated build model to a new yard, which will deliver greater operational efficiencies.

Outlook

- Secured backlog** of US$ 443.9 million as at 1 March 2016, comprising US$ 210.2 million firm and US$ 233.7 million extension options.
- In 2016 EBITDA is expected to be 15 to 20% lower than in 2015 and earnings per share is expected to be approximately 25 to 30% lower.
- Expected peak net debt level in 2016 of approximately US$ 435.0 million before reducing to around US$ 425.0 million by year end.
- Working with clients and actively expanding the existing services the fleet can deliver, with new cost-effective solutions that will allow GMS to target a broader market share by supplanting more expensive less flexible non-propelled drilling rigs.
- Timing of future fleet expansion beyond 2016 will be driven by our assessment of factors affecting market demand, principally the oil price outlook.

- Following completion of the new build programme net debt levels should reduce and, subject to the market outlook, the Group will have the capacity to look to increase returns to shareholders through the most appropriate mechanism at the time.
- Business model and strategy designed to help the Group navigate through the current challenging market conditions.

Duncan Anderson, Chief Executive Officer for GMS, commented:

"We've delivered a solid set of results in 2015. The turbulence we have seen in oil and gas markets in 2015, we expect to continue throughout 2016. In recent conversations with clients it is clear that they continue to seek incremental cost savings both through the efficiencies that we can deliver through better working practices and innovative offerings, through lower charter rates, and in one instance, through the early termination of an existing vessel contract. In these demanding conditions, our focus is to maximise vessel utilisation and as a result we expect pressure on margins in 2016. While it is difficult at present to quantify with certainty what the impact on our trading will be, based on our expectations for existing charters and the timing and terms of new contracts, we currently expect EBITDA in 2016 to be 15 to 20% lower than in 2015 and earnings per share (reflecting the increased depreciation charge for the enlarged fleet) to be approximately 25 to 30% lower. We expect net debt to peak at approximately US$ 435 million during 2016, before reducing to around US$ 425 million by year end with further deleveraging in 2017 following the completion of the build programme in 2016.

"We will continue to help our clients achieve cost efficiencies through the provision of our low cost, flexible and efficient vessels. We are confident that our opex focused business model, our state of the art SESV fleet and leading operational expertise will ensure the Group navigates through the current challenging market conditions."

- Ends -

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.
**Please refer to note 18 for a list of definitions.* ***An updated schematic summary of the contract duration by SESV is available at http://www.gmsuae.com/investor-relations/results-and-presentations*

Analyst presentation: A management presentation to analysts will be held on 22 March at 09.30am. For additional details and registration for admission, please contact Molly Stewart via email at MStewart@bellpottinger.com

Presentation slides: The results presentation slides will be available on the 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 the leading provider 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' current new build programme to increase the fleet size by 66% to 15 vessels is almost complete, with the final vessel scheduled for delivery at the end of 2016. Further additions to the fleet will be driven by our assessment of market demand.

The Group's SESV fleet, which currently comprises 14 vessels, is technically advanced and amongst the youngest in the industry, with an average age of seven years. The SESVs are four-legged vessels and are self-propelled, which means they do not require tugs or similar support vessels for moves between locations in the field; this makes them significantly more cost-effective and time-efficient than conventional offshore support vessels without self-propulsion. 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 new 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) was 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.

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

GMS performed solidly in 2015. We maintained very high utilisation and good charter rates overall while successfully delivering on our business strategy to expand our fleet of SESVs and grow the business, although a background of low oil prices did hamper our rate of growth in 2015.

- **Group Financial Performance**

  Revenue increased by 12% compared to 2014 to US$ 219.7 million (2014: US$ 196.6 million). On a constant currency* basis the increase in revenue was 15%. During the year adjusted* net profit after taxation increased by 4% to US$ 84.9 million (2014: US$ 81.3 million excluding IPO costs), 11% increase on a constant currency* basis.

- EBITDA increased to US$ 138.5 million (2014: US$ 124.8 million after adding back non-operational IPO costs), with a good EBITDA margin of 63% (2014: 64%). The proposed final dividend for the year is recommended to be 1.20 pence (1.74 cents) per share subject to shareholders' approval at the AGM on 11 May 2016 and this will be paid on 16 May 2016, giving a total dividend for the year of 1.61 pence (2.43 cents).

- The Group was pleased to announce in Q4 2015 a new US$ 620 million debt facility, which both extends the maturity of our debt profile and delivers lower borrowing margins. There was US$ 225.0 million of undrawn bank facilities at 31 December 2015, providing security of financing for the foreseeable future.

- **High Fleet Utilisation**

  GMS has maintained its very high SESV utilisation level achieving a rate of 98% in 2015. Our cost-effective offshore solutions are continuing to be employed by our clients seeking to extract maximum value from their assets while minimising costs; this has become increasingly relevant in the current low oil price environment.

- **Order Book**

  The Group has a secured backlog of US$ 443.9 million as at 1 March 2016 (comprising firm and extension options for existing charters); approximately 50% of this backlog was secured in 2015 when the oil price averaged US$ 53.0 per barrel. The backlog has been adjusted to reflect a known reduction in contract period agreed after this date for one of our Small Class vessels.

  The majority of our work is brownfield opex-related, which continues to be helpful as we navigate the current challenges facing the industry. During the year, we were pleased to win a major new long-term contract (four years including options to extend) in MENA for a Large Class SESV that commenced in Q1 2015. In 2015 we delivered three new build SESVs to their first new charters in MENA. Another Large Class SESV was chartered to a new long-term contract (four years including options to extend) in the Dutch sector of the North Sea.

Operations

Health, safety and the environment (HSE) continues to be our top priority, with the lives of everyone with whom we work, and others who are impacted by our activities, dependent on us upholding our high standards. We take very seriously the requirement to provide both our employees and subcontracted personnel with a safe working environment and one of the ways we achieve this is by including all our subcontractors, who number in excess of 500 people during heavy new build construction phases, in our HSE coaching and performance monitoring.

We sustained a very good health and safety performance throughout the year. While the number of man hours worked in 2015 rose to 7.7 million (2014: 4.8 million) the Total Recordable Injury Rate (TRIR) [3] for the year improved to 0.18 (2014: 0.25). We will maintain our focus on HSE, with zero incidents continuing to be the target.

We have a fleet of 14 SESVs (as at March 2016, including GMS Sharqi) with the majority located in the Middle East and two in Europe. The SESVs have been primarily engaged in well services and accommodation support in 2015. GMS Sharqi was only recently completed at the end of Q1 2016 and we are actively seeking a first charter.

The GMS SESV fleet is the largest in the world and it is one of the youngest, with an average vessel age of just seven years. In 2015 we were especially pleased to introduce the new Mid-Size Class to the fleet, which has been very well received by our clients. By operating such a modern fleet, we are able to provide our clients with cost-effective deployment methods and substantial operational efficiencies that are not typically offered by older less sophisticated vessels.

The fleet performed very well during 2015 and while we had a significant number of special projects during the year, the majority of which were bespoke modifications or mobilisations requested by our clients for new charters, we maintained a very high vessel utilisation level of 98% across the SESV fleet for the days available for charter. Charter rates sustained some downward pressure towards the end of the year primarily as a reflection of the fall in oil price. We are very conscious of managing our costs appropriately in the current environment. However, when utilisation is high there is limited scope for material cost reductions as certain operating costs for vessels tend to remain relatively fixed. If utilisation levels were to reduce, there would be more flexibility to make further cost savings.

In 2015 we successfully integrated the simulator we launched the previous year into our bespoke command course for our masters and masters in training; this is part of our strategy to ensure we have sufficient appropriately-skilled crew to command our vessels now and in the future. The simulator has increased training opportunities, operational efficiency and cost-savings and the first tranche of senior officers graduated during the year.

In-House Build, Maintenance and Modification

We are both the builder and operator of our own SESV fleet, with our well-established in-house build model enabling us to design, build, maintain and modify our vessels ourselves. We are able to construct our vessels up to 30% cheaper than our peers who rely on external shipyards; we also achieve considerable cost-savings by carrying out repairs, modifications and mobilisations at our own shipyard in the Middle East. Towards the end of 2015 we relocated our yard to a new, larger facility at Zayed Port in Abu Dhabi and this will significantly increase our operational efficiency and will allow us to carry out more of our own fabrication work in-house.

I am pleased to report that, in December 2015, we exercised our option to purchase the leased SESV Pepper for US$ 51.0 million, a new Small Class vessel we introduced to the fleet in Q1 2015; this transaction was completed in Q1 2016 and we believe that this represents an appropriate use of capital given the returns expected from acquiring this asset.

2015 was an exceptionally busy year for the new build, modifications and special project teams. Three new SESVs were delivered on time and within budget in the first nine months alone. GMS Sharqi was then delivered in Q1 2016. The Large Class vessel GMS Evolution, which will complete the current new build programme, is scheduled for delivery in Q4 2016. Further fleet expansion beyond this, which will be on a vessel-by-vessel basis, has yet to be decided upon and will be driven by our assessment of the factors affecting market demand, principally the oil price outlook.

Markets

- **Middle East**

We continue to be the leading SESV operator in the Middle East, where a high level of demand characterised the market in 2015. Our vessels in the region are chartered to clients who are very familiar with the cost-effective advantages our assets bring to brownfield maintenance, well intervention and enhanced oil recovery operations. Low production costs and demanding production targets have meant that both opex and capex-related activities have continued throughout the year. However, the sustained lower oil price will mean that operators in the region will continue to focus on cost reductions with inevitable pressure on day rates expected across the industry in 2016. Although four new quasi competitor vessels entered the regional market in 2015 (two of these vessels are not self-propelled and the remaining two vessels' jacking systems are unsuited to the frequent jacking requirements of well services) we believe these vessels are really only suited to construction support projects rather than in well servicing where we predominantly operate. Accordingly, we expect the opex-related activities that provide much of the demand for our fleet to remain stronger relative to the capex/construction market in 2016.

- **Europe**

2015 saw the successful startup of a long-term contract in the Dutch sector of the North Sea on one of our Large Class SESVs. A significant milestone was also reached when our second Large Class SESV operating in the region transitioned from a maintenance to decommissioning role, remaining with the same client. We have been seeking to diversify into the decommissioning sector and this first charter demonstrated our ability to adapt our vessels to suit different types of work and changing market conditions. The vessel is carrying out the work very successfully and has been commended by our client. As decommissioning activity in the UKCS, and elsewhere in the world, increases we would anticipate more business opportunities for GMS in this area.

The introduction of the Mid-Size Class vessels in 2015 has provided us with greater flexibility on specification and pricing when bidding for shallower water contracts. However, in the second half of 2015 there was little new work starting up for short or long-term contracts in either the renewables or oil and gas sectors. Whilst GMS vessels in the region have remained fully utilised, a number of competitor vessels remained idle and we are likely to see strong competition for new opportunities in this region while oil prices remain low.

- **Rest of World**

There have been limited opportunities outside of our core markets in 2015, with this a reflection of the lower oil price environment as clients defer work. However, we would still look to West Africa and South East Asia as good potential markets in the future.

- **Our Enhanced Offering - Well Intervention Services**

We are actively seeking to broaden the services that we can offer from our vessels, particularly in competition with those provided by high operating cost and inflexible drilling rigs.

During 2015 we continued to build up our expertise in well intervention services and are developing cantilever systems for our Mid-Size Class and Large Class SESVs. The cantilever systems will allow GMS to deliver existing well intervention services more efficiently and quickly, and to provide a greater range of services from our SESVs. The delivery of our first large cantilever heavy well intervention system at the end of 2016, which will be installed on GMS Evolution, will enable GMS to compete for workover activity previously only able to be carried out from jackup drilling units. Unlike drilling rigs, the GMS SESV fleet is entirely self-propelled and does not require tugs or similar support vessels for moves between locations in the field; this makes them significantly more cost-effective and time-efficient than conventional offshore support vessels without self-propulsion, such as drilling rigs. We strongly believe this will be an attractive proposition for our clients both in the current market and when oil prices increase.

Our People

Our people are at the very heart of our business. We employ personnel from more than 50 countries and are fortunate to benefit from the rich diversity this brings to GMS. 2015 was our busiest new build period in three decades. I would like to take this opportunity to personally thank all our staff for their dedication to GMS and continued commitment to maintaining our high standards.

Outlook

The turbulence we have seen in oil and gas markets in 2015, we expect to continue throughout 2016. In recent conversations with clients it is clear that they continue to seek incremental cost savings both through the efficiencies that we can deliver through better working practices and innovative offerings, through lower charter rates, and in one instance, through the early termination of an existing vessel contract. In these demanding conditions, our focus is to maximise vessel utilisation and as a result we expect pressure on margins in 2016. While it is difficult at present to quantify with certainty what the impact on our trading will be, based on our expectations for existing charters and the timing and terms of new contracts, we currently expect EBITDA in 2016 to be 15 to 20% lower than in 2015 and earnings per share (reflecting the increased depreciation charge for the enlarged fleet) to be approximately 25 to 30% lower.

Expected peak net debt level for GMS in 2016 is approximately US$ 435.0 million before reducing to around US$ 425.0 million by year end. Following completion of the new build programme net debt levels should reduce and, subject to the market outlook, the Group will have the capacity to look to increase returns to shareholders through the most appropriate mechanism at the time. In terms of future fleet expansion, whilst there are no current plans to increase our fleet size beyond 2016, the addition of any vessels in the future will be driven by our assessment of the factors affecting market demand, principally the oil price outlook.

We will continue to help our clients achieve cost efficiencies through the provision of our low cost, flexible and efficient vessels. We are also developing new cost-effective solutions that offer the Group the opportunity to target a broader market share by supplanting more expensive and less flexible non-propelled drilling rigs. We are confident that our opex focused business model, our state of the art SESV fleet and leading operational expertise will ensure the Group navigates through the current challenging market conditions.

Duncan Anderson
Chief Executive Officer
21 March 2016

Financial Review

US$ million	2015	2014
Revenue	219.7	196.6
Gross profit	132.2	126.5
EBITDA[1] (2014 adjusted)	138.5	124.8
Net profit	75.0	75.6
Adjusted net profit[2]	84.9	81.3
Adjusted diluted earnings per share (US cents)[2]	24.05	23.71
Proposed final dividend per share (pence)	1.20	1.06

1. *EBITDA represents operating profit after adding back depreciation, amortisation (and in 2014 non-operational IPO costs).*
2. *After adding back non-operational refinancing costs in 2015 and non-operational IPO costs in 2014.*

Introduction

The Group delivered a good set of results during 2015 with revenue increasing by 12% to US$ 219.7 million (2014: US$ 196.6 million). The reported results were impacted by foreign currency exchange rates fluctuations; on a constant currency* basis there was revenue growth of 15% during the year.

Our operations during 2015 have delivered increased EBITDA of US$ 138.5 million (2014: US$ 124.8 million after adding back non-operational IPO costs). On a constant currency* basis, EBITDA increased by 16%. Adjusted net profit after taxation for 2015 increased by 4% to US$ 84.9 million (2014: US$ 81.3 million), on a constant currency* basis an increase of 11%. Adjusted diluted EPS was broadly flat at 24.05 cents (2014: 23.71 cents), on a constant currency* basis growth was 7%.

The Group will continue to focus on cost management and achieving operational efficiencies in 2016.

GMS continues to have a sound financial position with a healthy balance sheet and resilient operating cash flows. Total capital expenditure for 2015 of US$ 205.4 million (2014: US$ 140.7 million) was primarily spent on construction of new vessels (US$ 127.6 million) together with the acquisition of a new Small Class vessel (US$ 53.0 million) that was accounted for as a finance lease. The Group refinanced its bank borrowings during the year and at 31 December 2015 there were undrawn committed bank facilities of US$ 225.0 million (2014: US$ 130.0

million). The net debt level (being borrowings and finance lease obligations less cash) increased to US$ 398.9 million at the year end (2014: US$ 273.6 million) mainly as a result of the continued investment of funding as part of the new build programme. The Group's net leverage ratio was 2.9 times (2014: 2.2 times) EBITDA.

The following sections discuss the Group's adjusted results as the Directors consider that they provide a useful indicator of performance. The adjusting items (non-operational costs) are discussed below in this review and a reconciliation between the adjusted and statutory results is contained in note 2.

Revenue and Segmental Profit

Revenue increased by 12% to US$ 219.7 million in 2015 (2014: US$ 196.6 million) reflecting the increase in the number of vessels in the SESV fleet together with high utilisation of 98% (2014: 97%) and maintenance of overall healthy charter day rates during the year. Revenue growth on a constant currency* basis was 15% during the year.

During the year 72% of total Group revenue was derived from customers located in the MENA region (2014: 64%) while the remaining 28% of revenue was earned from customers located in Northern Europe (2014: 36%).

The Small Class vessel segment made the largest contribution to Group revenue with US$ 114.5 million (2014: US$ 104.4 million). Revenue contribution from Large Class vessels was US$ 86.4 million (2014: US$ 79.4 million), US$ 14.5 million for Mid-size Class vessels (2014: US$ nil) and US$ 4.3 million (2014: US$ 12.8 million) for Other vessels. The segment profit, being gross profit excluding depreciation, was US$ 82.7 million (2014: US$ 75.6 million) for Small Class vessels, US$ 64.6 million (2014: US$ 60.5 million) for Large Class vessels, US$ 10.1 million for Mid-size Class vessels (2014: US$ nil), and US$ 0.9 million (2014: US$ 7.6 million) for Other vessels.

The backlog as at 1 March 2016 was US$ 443.9 million comprising firm and option periods on existing charters. The backlog has been adjusted to reflect a known reduction in contract period agreed after this date for one of our Small Class vessels. When negotiating terms with customers the Group maintains a balance between profitability and revenue visibility through contracted backlog.

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 tight control is maintained as the business grows. Cost of sales increased by 25% to US$ 87.5 million (2014: US$ 70.1 million) primarily reflecting the addition of the three new vessels to the fleet during the year. Cost of sales, excluding depreciation and amortisation, expressed as a percentage of revenue, remained relatively constant at 28% (2014: 27%). We are very conscious of managing our costs appropriately in the current environment. However, whilst fleet utilisation remains high there is limited scope for material cost reductions as certain operating costs for vessels tend to remain relatively fixed. If utilisation levels were to reduce significantly, there would be more flexibility to make further material cost savings.

General and administrative expenses were US$ 20.9 million in 2015 (2014: US$ 19.7 million - excluding non-operational IPO costs of US$ 5.7 million) reflecting the expanded workforce and operations to effectively meet the increased requirements of our growing business. As a percentage of revenue, general and administrative expenses excluding non-recurring costs was flat at 10% (2014: 10%).

The Group will continue to focus on cost management and achieving operational efficiencies in 2016.

EBITDA

EBITDA for the year increased to US$ 138.5 million (2014: Adjusted for IPO costs US$ 124.8 million). The Group's EBITDA margin in 2015 was good overall at 63% (2014: 64%). On a constant currency* basis, adjusted EBITDA increased by 16%. The Group's constant currency* EBITDA margin was flat year on year.

Finance costs

Net finance costs in 2015 were higher at US$ 33.5 million (2014: US$ 20.5 million), primarily occurring as a result of the expensing of unamortised loan arrangement fees of US$ 9.9 million that were fully written off at the time of the Group refinancing which was completed at the end of 2015. After excluding these legacy items, net finance costs increased by US$ 3.1 million reflecting the additional loan drawdowns in 2015 to fund the new build programme.

During the year US$ 5.8 million (2014: US$ 3.4 million) of finance costs were capitalised as part of the new build programme as directly attributable costs.

Taxation

The tax charge for the year was US$ 2.1 million (2014: US$ 4.7 million), representing 3% of profit for the year before taxation (2014: 6%). The decrease in the effective tax rate arises mainly from a greater weighting of profits being generated in lower or zero tax jurisdictions.

Adjusted net profit and earnings per share

The Group recorded an increase in adjusted net profit of 4% in 2015 to US$ 84.9 million (2014: US$ 81.3 million), an increase of 11% on a constant currency* basis. The fully diluted adjusted earnings per share (DEPS) for the year was broadly flat at 24.05 cents (2014: 23.71 cents), on a constant currency* basis growth was 7%. 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 per ordinary share on 28 September 2015 to shareholders on the register at 4 September 2015.

The Board is recommending a final dividend of 1.20 pence (1.74 cents) per share to be paid in cash for the year ended 31 December 2015. Subject to shareholder approval, this will be paid on 16 May 2016 to all ordinary shareholders who were on the register of members at close of business on 15 April 2016. This brings the total 2015 dividend to US$ 8.5 million which represents 10% of adjusted net profit for the year.

Capital expenditure

The Group's capital expenditure during the year ended 31 December 2015 was US$ 205.4 million (2014: US$ 140.7 million). The main area of investment was additions to assets under the course of construction (Capital work in progress) of US$ 139.2 million (2014: US$ 136.6 million) which includes new build expenditure of US$ 127.6 million. Additions to vessels amounted to US$ 64.6 million (2014: US$ 1.7 million) which includes the acquisition of a new Small Class vessel for US$ 53.0 million that was treated as a finance lease.

A record level of special projects were undertaken during H1 2015. These special projects included vessel modifications and upgrades, and contract mobilisations. Whilst we benefit from longer term contracts being secured, the vessels are out of service which reduces the number of days available for hire. Approximately US$ 24.7 million was expended on special projects on vessels during the year.

Cash flow and liquidity

The Group's net cash flow from operating activities continued to be healthy in the year, reflected in a net inflow of US$ 125.0 million (2014: net inflow of US$ 120.3 million). The net cash outflow from investing activities for 2015 was US$ 189.8 million (2014: US$ 139.6 million). The increase in outflow was mainly due to investment on capital expenditure as we continued to deliver on our new build programme. The Group's net cash flow relating to financing activities during the year was an inflow of US$ 66.1 million (2014: US$ 31.9 million).

The net debt position as at 31 December 2015 was US$ 398.9 million, compared to US$ 273.6 million as at 31 December 2014. The year end outstanding debt was US$ 459.7 million (2014: US$ 333.1 million) comprising bank borrowings of US$ 365.1 million (2014: US$ 249.1 million) and finance lease obligations of US$ 94.6 million (2014: US$ 84.0 million). Undrawn committed bank facilities were US$ 225.0 million at year end (2014: US$ 130.0 million).

In December 2015, the Group refinanced its bank debt facilities, delivering improvements to some of the key terms of the loan, such as available facility, borrowing margins, and tenure. The Group's net leverage ratio, being the ratio of net debt (including finance lease obligations) to EBITDA, was 2.9 times at year end (2014: 2.2 times) against a maximum net leverage ratio permitted under the bank facility agreement of 4.0 times EBITDA. The Group remained in full compliance with all its debt covenants, with significant headroom, during the year and expects to remain so.

Capital expenditure for 2016 is forecast to be approximately US$ 150.0 million, which comprises US$ 51.0 million for the acquisition of a leased Small Class vessel in Q1 2016 and new build and modification capital expenditure of approximately US$ 100.0 million. The net debt level is expected to peak in 2016 at approximately US$ 435.0 million before reducing to around US$ 425.0 million by year end.

Balance sheet

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

Total current assets at 31 December 2015 were US$ 120.7 million (2014: US$ 109.5 million). This movement is mainly attributable to an increase in trade and other receivables to US$ 59.9 million (2014: US$ 49.9 million) reflecting an increase in billings at year end in line with the expansion in the size of our fleet. The credit quality of the outstanding receivables is considered to be strong as the Group's customers are mainly NOCs and IOCs. Cash and cash equivalents at year end increased to US$ 60.8 million (2014: US$ 59.5 million).

Total current liabilities at 31 December 2015 were US$ 110.0 million (2014: US$ 99.8 million), the principal movement being the increase in the current portion of obligations under finance leases to US$ 55.0 million (2014: US$ 41.5 million) mainly as a result of the Group exercising a purchase option to acquire a leased Small Class vessel that was completed in Q1 2016. There was an increase in trade and other payables to US$ 33.9 million (2014: US$ 30.1 million).

The combined effect of the above items was an increase in the Group's working capital and cash balance to US$ 10.7 million at 31 December 2015 (2014: US$ 9.7 million).

Total non-current assets at 31 December 2015 were US$ 803.4 million (2014: US$ 620.2 million). This increase is primarily attributable to the US$ 181.7 million increase in the net book value of property, plant and equipment, mainly from the ongoing new build programme to expand the fleet. Total non-current liabilities at 31 December 2015 were US$ 390.2 million (2014: US$ 270.7 million). This increase reflects the refinancing of the Group's bank borrowings resulting in an increase in the non-current portion of borrowings to US$ 347.3 million (2014: US$ 225.7 million).

Shareholders' equity increased from US$ 358.6 million at 31 December 2014 to US$ 423.3 million at 31 December 2015. The movement is mainly attributed to profit earned during the year which was partly offset by the dividend paid of US$ 7.8 million.

Adjusting Items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying performance. The items that are excluded from the adjusted results are non-operational items. In 2015 these comprised the expensing of unamortised loan arrangement fees of US$ 9.9 million that were written off at the time of the Group refinancing. A reconciliation between the adjusted and statutory results is provided in note 2.

Outlook

The Group is well-placed to manage the current challenges within the industry as it has a healthy balance sheet, resilient operating cash flows and is well funded. We will maintain our focus on what we can manage, including customer relations, preserving a financially sound balance sheet, controlling our cost base and capitalising on the youngest and most cost efficient fleet in our sector.

It remains our intention to ensure the business has a capital structure that allows it to continue to invest in the fleet as appropriate and deliver strong shareholder returns in the future.

John Brown
Chief Financial Officer
21 March 2016

Consolidated statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	3	**219,713**	196,554
Cost of sales		**(87,491)**	(70,094)
Gross profit		**132,222**	126,460
General and administrative expenses	4	**(20,875)**	(25,417)
Finance income		**640**	843
Finance expense	5	**(34,134)**	(21,354)
Other (loss)/income		**(740)**	245
Foreign exchange loss, net		**(32)**	(408)
Profit for the year before taxation		**77,081**	80,369
Taxation charge for the year		**(2,058)**	(4,744)
Profit for the year		**75,023**	75,625
Exchange differences on translating foreign operations		**(817)**	(430)
Total comprehensive income for the year		**74,206**	75,195
Profit attributable to:			
Owners of the Company		**74,776**	75,065
Non-controlling interests		**247**	560
		75,023	75,625

Total comprehensive income attributable to:			
Owners of the Company		**73,959**	74,635
Non-controlling interests		**247**	560
		74,206	75,195
Earnings per share			
Basic (cents per share)	**6**	**21.39**	22.14
Diluted (cents per share)	**6**	**21.25**	22.04

All results are derived from continuing operations in each year.

Consolidated statement of financial position
as at 31 December 2015

	Notes	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**796,261**	614,524
Intangibles		**375**	750
Dry docking expenditure	8	**6,510**	4,177
Fixed asset prepayments		**261**	750
Total non-current assets		**803,407**	620,201
Current assets			
Trade and other receivables	9	**59,876**	49,948
Cash and cash equivalents	10	**60,834**	59,532
Total current assets		**120,710**	109,480
Total assets		**924,117**	729,681
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	**57,929**	57,929
Share premium	11	**93,075**	93,247
Restricted reserve		**272**	272
Group restructuring reserve	12	**(49,710)**	(49,437)
Share option reserve		**1,409**	563
Capital contribution	13	**9,177**	9,177
Translation reserve		**(637)**	180
Retained earnings		**311,760**	246,631
Attributable to the Owners of the Company		**423,275**	358,562
Non-controlling interests		**628**	610

Total equity		**423,903**	359,172
Non-current liabilities			
Bank borrowings	**14**	**347,253**	225,741
Obligations under finance leases		**39,577**	42,473
Provision for employees' end of service benefits		**3,391**	2,468
Deferred tax liability		**13**	5
Total non-current liabilities		**390,234**	270,687
Current liabilities			
Trade and other payables		**33,883**	30,120
Current tax liability		**3,208**	4,809
Bank borrowings	**14**	**17,863**	23,415
Obligations under finance leases		**55,026**	41,478
Total current liabilities		**109,980**	99,822
Total liabilities		**500,214**	370,509
Total equity and liabilities		**924,117**	729,681

Consolidated statement of changes in equity
for the year ended 31 December 2015

	Share capital US$'000	Share premium US$'000	Statutory reserve US$'000	Restricted reserve US$'000	Group restructuring reserve US$'000	Share option reserve US$'000	Capital contribution US$'000	Translation reserve US$'000	Retained earnings US$'000	Attributable to the owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014	273	-	136	136	-	-	78,527	610	103,228	182,910	1,328	184,238
Total comprehensive income	-	-	-	-	-	-		(430)	75,065	74,635	560	75,195
Share appreciation rights charge	-	-	-	-	-	-	1,400	-	-	1,400	-	1,400
Share options rights charge	-	-	-	-	-	563	-	-	-	563	-	563
Transfer of capital contribution to retained earnings	-	-	-	-	-	-	(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 1 January 2015	57,929	93,247	-	272	(49,437)	563	9,177	180	246,631	358,562	610	359,172
Total comprehensive income	-	-	-	-	-	-	-	(817)	74,776	73,959	247	74,206
Share options rights charge	-	-	-	-	-	846	-	-	-	846	-	846
Group restructuring reserve	-	-	-	-	(273)	-	-	-	-	(273)	-	(273)
Acquisition of interest in joint venture	-	-	-	-	-	-	-	-	(1,816)	(1,816)	(229)	(2,045)
Share issue cost	-	(172)	-	-	-	-	-	-	-	(172)	-	(172)
Dividends paid during the year	-	-	-	-	-	-	-	-	(7,831)	(7,831)	-	(7,831)
Balance at 31 December 2015	**57,929**	**93,075**	**-**	**272**	**(49,710)**	**1,409**	**9,177**	**(637)**	**311,760**	**423,275**	**628**	**423,903**

Condensed consolidated statement of cash flows for the year ended 31 December 2015

	2015	2014
	US$'000	US$'000
Net cash generated from operating activities (Note 15)	**124,960**	120,353
Investing activities		
Payments for property, plant and equipment	**(184,403)**	(136,563)
Proceeds from disposal of property, plant and equipment	**768**	25
Movement in Capital Advances	**489**	(750)
Dry docking expenditure incurred	**(7,320)**	(4,656)
Movement in pledged deposits	**299**	1,679
Movement in guarantee deposits	**(247)**	(164)
Interest received	**640**	843
Net cash used in investing activities	**(189,774)**	(139,586)
Financing activities		
Bank borrowings received	**485,000**	-
Proceeds from share issue - IPO	**-**	110,921
Share issue cost paid	**(172)**	(9,455)
Repayment of bank borrowings	**(370,500)**	(13,000)
Repayment of loans from related parties	**-**	(19,504)
Repayment of short term loans to shareholders	**-**	(782)
Interest paid	**(25,832)**	(22,814)
Payment on obligations under finance lease	**(4,628)**	(4,832)
Dividends paid	**(7,831)**	(3,455)
Decrease in loans to related parties	**-**	445
Payment of issue cost on borrowings	**(9,921)**	(5,656)
Net cash provided by financing activities	**66,116**	31,868
Net increase in cash and cash equivalents	**1,302**	12,635
Cash and cash equivalents at the beginning of the year	**59,532**	46,897
Cash and cash equivalents at the end of the year (note 10)	**60,834**	59,532

Non-cash transactions		
Transfer of capital contribution to retained earnings	**-**	70,750
Group restructuring reserve recognised	**-**	(49,437)
Finance lease transaction (note 7)	**53,000**	-

Notes to the financial information for the year ended 31 December 2015

1. Basis of preparation

The preliminary announcement does not constitute the Group's statutory accounts for the year ended 31 December 2015, but is derived from those accounts. Statutory accounts for the year ending 31 December 2015 were approved by the Directors on 21 March 2016 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 2015 Annual Report will be posted to shareholders in advance of the Annual General Meeting to be held on 11 May 2016.

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.

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 capex facility of US$ 175.0 million, of which US$ 175.0 million remained undrawn as at 21 March 2016. The Group also has access to a committed working capital facility of US$ 50.0 million, of which only US$ 25.0 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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015 none of which had a material impact on the results or financial position of the Group.

2. Presentation of adjusted results

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

	Year ended 31 December 2015			Year ended 31 December 2014		
	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	**219,713**	**-**	**219,713**	196,554	-	196,554
Cost of sales						
-Operating expenses	**(61,400)**	**-**	**(61,400)**	(52,864)	-	(52,864)
-Depreciation and amortization	**(26,091)**	**-**	**(26,091)**	(17,230)	-	(17,230)
Gross profit	**132,222**	**-**	**132,222**	126,460	-	126,460
General and administrative						
-Depreciation	**(1,094)**	**-**	**(1,094)**	(887)	-	(887)
-IPO related costs*	**-**	**-**	**-**	-	(5,686)	(5,686)
-Other administrative costs	**(19,781)**	**-**	**(19,781)**	(18,844)	-	(18,844)
Operating profit	**111,347**	**-**	**111,347**	106,729	(5,686)	101,043
Finance income	**640**	**-**	**640**	843	-	843
Finance expense	**(24,268)**	**-**	**(24,268)**	(21,354)	-	(21,354)
Expensing of refinancing costs**	**-**	**(9,866)**	**(9,866)**	-	-	-
Other income	**305**	**-**	**305**	245	-	245
Loss on sale of asset	**(1,045)**	**-**	**(1,045)**	-	-	-
Foreign exchange loss, net	**(32)**	**-**	**(32)**	(408)	-	(408)
Profit before taxation	**86,947**	**(9,866)**	**77,081**	86,055	(5,686)	80,369
Tax	**(2,058)**	**-**	**(2,058)**	(4,744)	-	(4,744)
Net profit	**84,889**	**(9,866)**	**75,023**	81,311	(5,686)	75,625
Profit attributable to						
Owners of the Company	**84,642**	**(9,866)**	**74,776**	80,751	(5,686)	75,065
Non-controlling interest	**247**	**-**	**247**	560	-	560
Earnings per share	**24.22**	**(2.83)**	**21.39**	23.81	(1.68)	22.14
Supplementary non-statutory information						
Operating profit	**111,347**	-	**111,347**	106,729	(5,686)	101,043
Add: Depreciation and Amortisation charges	**27,185**	**-**	**27,185**	18,117	-	18,117
EBITDA	**138,532**	**-**	**138,532**	124,846	(5,686)	119,160

**IPO related costs, by their nature, are not considered part of the Group's underlying business. Further details are given in note 4.*
***The write-off of unamortised arrangement fees being non-operational in nature has been added back to net profit to arrive at Adjusted Net Profit for the year.*

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 Class vessels which includes the Naashi, Kamikaze, Kikuyu, Kawawa, Kudeta, Keloa, Kinoa and Pepper vessels (ii) Mid-Size Class vessels which includes the Shamal and Scirocco vessels, (iii) Large Class vessels which includes the Endeavour, Endurance and Enterprise vessels, and (iv) Other vessels, which includes two legacy non-SESV vessels and one accommodation barge (Khawla) which do not form part of the Small, Mid-Size or Large Class vessels segments.

All 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.

	Revenue		***Adjusted Gross Profit***	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Small Class vessels	**114,468**	104,424	**82,667**	75,623
Mid-Size Class vessels	**14,459**	-	**10,120**	-
Large Class vessels	**86,390**	79,351	**64,646**	60,493
Other vessels	**4,396**	12,779	**880**	7,574
Total	**219,713**	196,554	**158,313**	143,690
Less:				
Depreciation charged to cost of sales			**(22,467)**	(15,973)
Amortisation charged to cost of sales			**(3,624)**	(1,257)

Gross profit	**132,222**	126,460
General and Administrative expenses	**(20,875)**	(25,417)
Finance income	**640**	843
Finance expense	**(34,134)**	(21,354)
Other (loss)/income	**(740)**	245
Foreign exchange	**(32)**	(408)
Profit before taxation	**77,081**	**80,369**

The total revenue from reportable segments which comprises the Small, Mid-Size and Large Class vessels is US$ 215.32 million (2014: US$ 183.77 million). The Other segment does not constitute a reportable segment per IFRS 8 Operating Segments.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the periods.

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.

Information about major customers

Certain customers individually accounted for greater than 10% of the Group's revenue. During the year, 3 customers (2014: 3) accounted for more than 10% of the Group's revenues. The related revenue figures for these major customers, the identity of which may vary by year, were US$ 47.07 million (2014: US$ 53.66 million), US$ 46.93 million (2014: US$ 42.19 million) and US$ 36.43 million (2014: US$ 21.25 million). The revenue from these customers is attributable to the Large Class vessels, Mid-Size Class vessels and Small Class vessels reportable segments.

Geographical segments

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

	2015	2014
	US$'000	US$'000
United Arab Emirates	**129,320**	87,417

Rest of Middle East and North Africa	**29,238**	38,491
Total - Middle East and North Africa	**158,558**	125,908
United Kingdom	**61,155**	70,646
Worldwide Total	**219,713**	196,554

4. General and administrative expenses

Transaction costs incurred during 2014 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

	2015	2014
	US$'000	US$'000
Interest on bank borrowings	**13,945**	12,252
Interest on finance leases	**11,966**	10,280
Interest on loan from related parties	**-**	382
Write-off of unamortised loan arrangement fees*	**9,866**	-
Amortisation of issue costs and commitment fees	**4,158**	1,816
Fair value loss on derivative financial instrument	**27**	61
Finance expense	**39,962**	24,791
Less: Amounts included in the cost of qualifying assets	**(5,828)**	(3,437)
	34,134	21,354

*Triggered by the loan refinancing in December 2015 (see note 14).

6. Earnings per share

	31 December 2015	31 December 2014
Earnings for the purpose of basic and diluted earnings per share being profit for the period attributable to owners of the parent (US$'000)	**74,776**	75,065
Earnings for the purpose of adjusted basic and diluted earnings per share (US$'000) (see note 2)	**84,642**	80,751
Weighted average number of shares ('000)	**349,528**	339,079
Weighted average diluted number of shares in issue ('000)	**351,946**	340,523
Basic earnings per share (cents)	**21.39**	22.14
Diluted earnings per share (cents)	**21.25**	22.04
Adjusted earnings per share (cents)	**24.22**	23.81
Adjusted diluted earnings per share (cents)	**24.05**	23.71

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 written off unamortised arrangement fees which have been charged to the income statement in the period (US$ 9.9 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:

	2015 (000's)	2014 (000's)
Weighted average basic number of shares in issue	**349,528**	339,079
Effect of share options under LTIP schemes	**2,418**	1,444
Weighted average diluted number of shares in issue	**351,946**	340,523

7. Property, plant and equipment

	Vessels US$'000	**Capital work-in-progress US$'000**	**Land, building and improvements US$'000**	**Vessel Spares US$'000**	**Others US$'000**	**Total US$'000**
Cost						
Balance at 1 January 2014	517,520	50,710	6,361	8,089	3,706	586,386
Additions	1,675	136,607	-	2,260	176	140,718
Transfers	96,023	(98,606)	1,039	505	1,039	-
Disposals	(50)	-	-	(268)	(76)	(394)
Balance at 1 January 2015	615,168	88,711	7,400	10,586	4,845	726,710
Additions	64,626	139,197	622	861	56	205,362
Transfers	146,942	(146,472)	771	(1,544)	303	-
Disposals	(635)	-	(74)	(14)	(1,066)	(1,789)
Balance at 31 December 2015	**826,101**	**81,436**	**8,719**	**9,889**	**4,138**	**930,283**

	Vessels US$'000	Capital work-in-progress US$'000	Land, building and improvements US$'000	Vessel Spares US$'000	Others US$'000	Total US$'000
Accumulated depreciation						
Balance at 1 January 2014	83,461	-	4,225	5,276	3,070	96,032
Eliminated on disposal of assets	(4)	-	-	(268)	(59)	(331)
Depreciation expense	15,057	-	199	815	414	16,485
Balance at 1 January 2015	98,514	-	4,424	5,823	3,425	112,186
Eliminated on disposal of assets	(186)	-	(74)	(14)	(1,076)	(1,350)
Depreciation expense	21,621	-	300	663	602	23,186
Balance at 31 December 2015	**119,949**	**-**	**4,650**	**6,472**	**2,951**	**134,022**
Carrying value						
Balance at 31 December 2015	**706,152**	**81,436**	**4,069**	**3,417**	**1,187**	**796,261**
Balance at 31 December 2014	516,654	88,711	2,976	4,763	1,420	614,524

The carrying amount of vessels held under finance leases is US$ 100.2 million (2014: US$ 91.4 million). During the period the Group purchased the formerly leased vessel Keloa for US$ 37.5 million and also entered into a new finance lease for the vessel Pepper with the related addition of US$ 53.0 million.

Depreciation amounting to US$ 22.47 million (2014: US$ 15.97 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$ 5.8 million (2014: US$ 3.4 million) in respect of capitalised borrowing costs. The capitalisation rate used to determine this figure was 5.56% (2014: 5.65%) based on specific borrowing rates.

Certain vessels, with a total net book value of US$ 465.2 million (2014: US$ 337.5 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:

	2015	2014
	US$'000	US$'000
At 1 January	**4,177**	778
Expenditure incurred during the year	**7,320**	4,656
Disposals	**(1,363)**	-
Amortised during the year	**(3,624)**	(1,257)
At 31 December	**6,510**	**4,177**

Amortisation for the year has been charged to cost of sales.

9. Trade and other receivables

	2015	2014
	US$'000	US$'000
Trade receivables	**54,700**	36,754
Accrued income	**503**	5,099
Prepayments and deposits	**3,918**	6,923
Advances to suppliers	**540**	644
Other receivables	**145**	185
Due from related parties	**70**	343
	59,876	49,948

10. Cash and cash equivalents

	2015	2014
	US$'000	US$'000
Interest bearing		
Held in UAE banks	**35,922**	36,702
Non-interest bearing		
Held in UAE banks	**5,323**	5,325
Held in banks outside UAE	**20,357**	18,325
Total cash at bank and in hand	**61,602**	60,352
Presented as:		
Restricted cash included in trade and other receivables (note 9)	**768**	820
Cash and cash equivalents	**60,834**	59,532
Total	**61,602**	60,352

11. Share capital

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

On 19 March 2014, the Company 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 2015 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

Issued share capital and share premium movement for the year ended 31 December 2015:

	Number of ordinary shares (thousands)	Ordinary shares US$'000	Share premium US$'000	Total US$'000
At 1 January 2015	349,528	57,929	93,247	151,176
Share issue costs	-	-	(172)	(172)
At 31 December 2015	**349,528**	**57,929**	**93,075**	**151,004**

12. Group restructuring reserve

The group restructuring reserve arises on consolidation under the pooling of interests (merger accounting) method used for the 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$ 49.71 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 which took place in 2014 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:

	2015
	US$'000
Balance as on 1 January 2015	
Share appreciation rights	9,177
Movement during the period	
Provision for Share appreciation rights	**-**
At 31 December 2015	**9,177**

	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

	2015	2014
	US$'000	US$'000
Working capital facility	**-**	20,000
Term loans	**375,000**	240,500
	375,000	260,500
Less: Unamortised issue costs	**(9,884)**	(11,344)
	365,116	249,156

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

	2015	2014
	US$'000	US$'000
Non-current portion	**347,253**	225,741
Current portion	**17,863**	23,415
	365,116	249,156

In December 2015, the bank facility which was restructured in February 2014 with Abu Dhabi Islamic Bank (see below), was refinanced resulting in amendments to some of the key terms of the loan as follows:

- The bank facility is repayable in 2021 (previous facility: 2019);
- The term loan facility to fund capital expenditure was increased from US$ 110 million to US$ 175 million. The entire loan facility remained undrawn during the year and is available for draw down until November 2017;

- The working capital facility was increased to US$ 50 million (previous facility: US$ 40 million).
- The facility remains secured by mortgages over certain Group vessels, with a net book value at year end of US$ 465.2 million (2014: US$ 337.5 million).

	Outstanding amount				Security	Maturity
	Current	Non-current	Total	Unused facility		
	US$'000	US$'000	US$'000	US$'000		
31 December 2015:						
Term loan	**18,750**	**356,250**	**375,000**	-	Secured	November 2021
Working capital facility	-	**-**	**-**	**50,000**	Secured	November 2021
Capex facility	-	**-**	**-**	**175,000**	Secured	November 2021
Unamortised issue costs	**(887)**	**(8,997)**	**(9,884)**	-		
	17,863	**347,253**	**365,116**	**225,000**		
31 December 2014:						
Term loan – Syndicated Ijara facility	26,000	214,500	240,500	-	Secured	September 2019
Working capital facility	-	20,000	20,000	20,000	Secured	September 2019
Term loan	-	-	-	110,000	Secured	September 2019
Unamortised issue costs	(2,585)	(8,759)	(11,344)	-		
	23,415	225,741	249,156	130,000		

15. Net cash generated from operating activities

	2015	2014
	US$'000	US$'000
Operating activities		
Profit for the year before taxation	**77,081**	80,369
Adjustments for:		
Depreciation of property, plant and equipment	**23,186**	16,485
Amortisation of intangibles	**375**	375
Amortisation of dry docking expenditure	**3,624**	1,257
End of service benefit charge	**1,181**	701
End of service benefits paid	**(258)**	(143)
Provision for doubtful debts	**614**	1,278
Recovery of doubtful debts	**(925)**	-
Fair value loss on derivative financial instrument	**27**	61
Loss on disposal of property, plant and equipment	**1,045**	38
Share appreciation rights expense	**-**	1,400
Share options rights charge	**846**	562
Interest income	**(640)**	(843)
Interest expense	**21,452**	19,475
Write-off of unamortised issue costs	**7,743**	-
Other income	**(305)**	(284)
Amortisation of issue costs	**2,516**	1,816
Cash flow from operating activities before movement in working capital	**137,562**	122,547
Increase in trade and other receivables	**(9,669)**	(6,665)
Increase in trade and other payables	**718**	8,087
Cash generated from operations	**128,611**	123,969
Taxation paid	**(3,651)**	(3,616)
Net cash generated from operating activities	**124,960**	120,353

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 event occurred after the reporting period:

On 16 March 2016, the Group completed the transaction to purchase the leased vessel Pepper for US$ 51.0 million. The transaction was funded by available cash and a drawdown from the Group's working capital facility of US$ 25.0 million.

18. Definitions

Below is a list of terms used by the Group:

Adjusted (net profit/ diluted earnings) - After adding back non-operational refinancing costs in 2015 and non-operational IPO costs in 2014.

Available days - The number of days during which an SESV is available for hire. Periods during which the vessel is not available for hire due to planned upgrade work, transit time for long-term relocation to a new region or construction are excluded from the available days. In calculating available days for each SESV in a given year, we also subtract from a base of 365 days those days spent on mobilisation and demobilisation, planned refurbishment and, in the case of a newly constructed SESV, delivery time.

Constant currency basis - Results that have been calculated by retranslating the comparative period results using current period exchange rates.

EBITDA - Represents operating profit after adding back depreciation, amortisation (and in 2014 non-operational IPO costs).

TRIR - is calculated on the injury rate per 200,000 man hours and includes all our onshore and offshore personnel and subcontracted personnel. Offshore personnel are monitored over a 24-hour period.

Utilisation - The percentage of available days in a relevant period during which an SESV is under contract and in respect of which a customer is paying a day rate for the charter of the SESV.