

**Company Registration No. 07188049**

**BIBBY OFFSHORE HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 2014**

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Report and financial statements 2014**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Chairman's statement</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Strategic report</b>	<b>5</b>
<b>Directors' responsibilities statement</b>	<b>10</b>
<b>Independent auditor's report</b>	<b>11</b>
<b>Group profit and loss account</b>	<b>12</b>
<b>Group and company balance sheets</b>	<b>13</b>
<b>Group cash flow statement</b>	<b>14</b>
<b>Notes to the financial statements</b>	<b>15</b>

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

Sir Michael Bibby, Bt. (resigned 20 February 2015)  
Jonathan Haymer (resigned 31 December 2014)  
Howard Dennis Woodcock  
Neale John Stewart  
Fraser John Moonie  
David James Forsyth  
Andrew Duncan  
Michael Joseph Arnold  
Gaurav Batra  
Iain Speak (resigned 31 December 2014)  
Stuart Robert Jackson (appointed 27 October 2014)  
Michael Peter Brown (appointed 1 January 2015)  
Simon Featherstone (appointed 20 February 2015)

#### **Secretary**

Bibby Bros. & Co. (Management) Limited

#### **Registered office**

105 Duke Street  
Liverpool  
L1 5JQ

#### **Legal advisers**

Pinsent Masons LLP  
Aberdeen  
AB15 4YL

#### **Bankers**

Royal Bank of Scotland plc  
Aberdeen  
AB10 1YN

Credit Suisse  
London  
E14 4QJ

Barclays Bank plc  
London  
E14 4BB

Standard Chartered Bank  
London  
EC2V 5DD

#### **Independent auditor**

Deloitte LLP  
Aberdeen  
AB10 1SL

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Chairman's statement**

I am pleased to present my first report and financial statements as Chairman of Bibby Offshore, having taken over from my predecessor, Sir Michael Bibby, in February 2015.

Bibby Offshore has had an exceptional performance in the year, achieving record revenue and profit. In 2014, the group saw significant revenue growth in its core market of the North Sea, whilst making good progress in implementing its growth strategy focused on North America and Asia.

These exceptional results were driven by high levels of utilisation particularly on the additional capacity that was brought in during the year, demonstrating the group's ability to effectively manage its fleet to meet demand. It is also a testament to all the employees that work at Bibby Offshore and the Board's focus on developing its people and furthering their development was recognised through the awards won in 2014 (including the "Investment in People" award from Oil & Gas UK).

Although we are entering a more challenging period for the oil and gas industry as a whole, Bibby Offshore is well positioned to manage through the down cycle as we continue to deliver good project execution for all our customers. Our primary focus in the coming year will be to ensure that our capacity remains at a level consistent with demand across our business, providing us with the necessary flexibility to best protect margins.

I would like to thank everyone at Bibby Offshore again for their hard work and dedication in 2014.

On behalf of the Board

**Mike Brown**  
Chairman  
27 March 2015

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2014.

### **Principal activities**

Bibby Offshore Holdings Limited (the group) is a wholly-owned subsidiary of Bibby Line Group Limited and is the holding company for Bibby Line Group's offshore and subsea activities. The group's principal activities are the project management and execution of offshore inspection, repair, maintenance and construction services in offshore industries across the world.

### **Corporate governance**

The group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and Remuneration Committees exist within Bibby Line Group which also covers the activities of this group.

### **Financial risk management objectives and policies**

The group's activities expose it to a number of financial risks including foreign exchange risk, credit risk and liquidity risk.

The principal risks and uncertainties associated with the group's operations and also financial risk management are discussed in the Strategic Report.

### **Environment**

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the group's impact on the environment include recycling, reducing energy consumption and a carbon neutral company car policy.

### **Employees**

The group is committed to the continuing development of effective employee communication, including regular publication of company magazines. It is the policy of the group to ensure that all sections of the community have an equal opportunity in matters related to employment. The group participates in various defined contribution pension schemes for employees.

It is the group's policy to promote the understanding and involvement of all employees in its business and performance. Regular Town Hall meetings are held to fully inform and engage with the employees.

The policy of the group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

### **Dividends**

Interim dividends of £49,624k were declared and paid in the year (2013: £7,871k).

### **Directors**

The present membership of the board and changes during the period to the date of this report are set out on page 1.

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Directors' report (continued)**

### **Charitable and political donations**

Charitable donations of £4k were made during the year (2013: £1k).

### **Events after the balance sheet date**

On 2 January 2015 interim dividends of £9,350k were declared and paid.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board

**H D Woodcock**  
Director

27 March 2015

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Strategic report**

The directors present their report and the audited financial statements for the year ended 31 December 2014.

### **Business review**

2014 was an exceptional year for Bibby Offshore as the group maintained its strong position in our core market of the North Sea, while making progress in growing its presence internationally.

The directors consider turnover and operating profit to be key financial performance indicators. In 2014, turnover increased to £384m (2013:£264m). Operating profit from continuing operations increased to £62m (2013:£44m). The growth reflects strong utilisation on increased fleet capacity.

On 19 June 2014 the group entered the High Yield Bond market when Bibby Offshore Services Plc issued £175m of Bonds on the Luxembourg Stock Exchange's Euro MTF market. The completion of the bond provides a platform to facilitate further growth and we continue to assess strategic options to consolidate our position as a leading provider of subsea services to the global oil and gas market.

Bibby Offshore has an increasing presence in the North American market, based out of Houston and maintained a continued focus on the Asian market, managed out of our office in Singapore. Having opened our Norwegian office in September 2014, the local team continues to grow and we have made good progress in developing client relationships in Norway and raising the awareness of our capabilities. The businesses outside of the North Sea are at an early stage of development, but are core to the group's strategic growth.

Bibby Offshore maintains a balanced fleet combining ownership, long term charter and short term charter of vessels to secure operational capacity, whilst maintaining flexibility across our cost base. 2014 saw excellent utilisation levels above 87% (2013:93%) across an expanded fleet. In 2014, we operated a fleet of four Dive Support Vessels ("DSVs") with the addition of the Mermaid Endurer on charter. There was a further addition to vessel capacity in April 2014 when the EDT Jane, a new build Remotely Operated Vehicle Support Vessel ("ROVSV"), was added to the fleet. A Construction Support Vessel ("CSV"), the Olympic Ares, was added to the fleet in the first quarter and during the second quarter we extended the charter until August 2017. Additional vessel capacity is also chartered in by the group on a short term basis as required.

We carefully managed our short term vessel capacity over the 2014/2015 winter period by redelivering the ROVSV EDT Jane in November 2014 and the DSV Mermaid Endurer in January 2015. The operational gearing of Bibby Offshore was actively managed by redelivering vessels at the end of their work schedule. Capacity will be reinstated in April 2015 when the Olympic Bibby (MT6021) will join the fleet as our new long term ROVSV.

The strong level of repeat business continued at above 75% (2013:88%) for the year with contracts being awarded by oil companies including Shell, BP, Conoco Phillips, Allseas, DONG and Total. The group prides itself on its ability to service clients and to provide high quality execution. The current commodity price environment has impacted the whole oil & gas industry and we are committed to maintaining a constant dialogue with all our customers to ensure visibility on the tendering opportunities that exist in the market. Our First Point Assessment Limited (FPAL) score, which is our key benchmark for customer satisfaction, remained high relative to our peers in the North Sea at 7.8 out of 10 as at December 2014 (2013:7.7).

Bibby Offshore completed a 365 day contract for Maersk Oil in January 2015 and continues to deliver the 3 x 365 day contract for Talisman Sinopec Energy. The group also continues to deliver two large projects for Maersk Oil and Premier Oil, as well as being awarded work from, amongst others, Total, Centrica, DONG, Shell, BP, ConocoPhillips and BG Tunisia in the year. Bibby Offshore continues to build on its growing reputation as a subsea decommissioning specialist winning project work for Endeavour and Conoco Phillips in the UK North Sea.

It is difficult to draw a direct correlation between a change in the oil price and the impact on business, as our business model remains focused on the operating expenditure phase of a field's life cycle. However, in the fourth quarter we took the prudent step of reducing our cost base, as well as taking the time to assess our efficiencies as a business and taking the opportunity to do things differently; without compromising our customer satisfaction, execution or safety.

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Strategic report (continued)**

In North America, the group saw its presence expand in 2014 with the award of further Remotely Operated Vehicles (“ROV”) work and commencement of a new ROV manning contract with Superior Energy Services in November. In November, the decision was taken to temporarily relocate CSV Olympic Ares to the Gulf of Mexico to market our regional offering in the subsea contracting market. In January 2015, Bibby Subsea signed an agreement to charter the Brandon Bordelon, an Ultra-Light Intervention Vessel (“ULIV”), for three years, further enhancing the group’s capability in the region. It is expected that the Brandon Bordelon will be delivered in October 2015, an amendment to the original delivery date of August 2015, due to a slight delay in the build process. In February 2015, our North American operations moved to new custom built premises in Houston.

Trading in Asia was challenging for much of 2014, however, the fourth quarter saw an improved competitive landscape with three competitors closing (or scaling back) their operations. We also reorganised our local operation in the region, through the appointment of new senior management and by optimising our cost base. We are already seeing the benefit of these decisions with an increase in the pipeline of work and a commitment to help drive the business forward committing two ROV systems to the region in March 2015.

We are committed to developing all of our employees and continued extensive training, talent management, appraisal and succession planning programmes to ensure their continued and successful development.

Bibby Offshore’s goal is to have our workforce leading the improvement effort to achieve injury and incident free operations. We promote and encourage a culture of open and honest reporting of incidents, at all times, to ensure we have the opportunity to learn and drive continuous improvement in safety. The safety record for the group continued to demonstrate a low LTIF (lost time incident frequency rate) of 1.69 (2013:0.24) and TRCF (total recorded case frequency) of 2.02 (2013:1.75) which was maintained in the period, both are ratios of incidents per 1,000,000 working hours.

### **Principal risks and uncertainties**

Bibby Offshore has an overall governance framework that includes clear and delegated authorities on business performance monitoring and appropriate insurance level for a wide range of potential risks. The framework for risk management governance is defined by the group leadership team, regional executive committees and the global support functions including Finance, QHSE, IT and HR. These committees and functions apply risk management processes and controls and also develop global policies and standards which the regional entities align their processes.

Risk is monitored and reported through monthly leadership team and regional senior management team meetings. Monthly Finance and QHSE reports are provided to the group and executive committee boards. The Corporate Risk Register (CRR) is used to capture risk, controls, monitor risk realisation and risk assurance and verification activities. The CRR is reviewed and revised on a quarterly basis or as necessary and provided to the quarterly group board.

The table below sets out how the key risks within our business are linked to our business strategy, how we have rated the risks and the Key Performance Indicators we use to monitor the risks. There are a number of other risks that are managed that are not considered to be key risks.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Strategic report (continued)

Principal risks and uncertainties	Mitigation	Key Performance Indicators
<p><b>Our business depends on expenditure by the oil and gas industry</b></p> <p>Expenditure by the oil and gas industry is driven by the demand for energy and the prices of oil, gas and refined products. Any reduction in activity could lead to a decline in the demand for our services impacting utilisation and day rates. This could make it more difficult for us to offer our services at competitive rates, acquire profitable new contracts or secure extensions or renewals of existing contracts.</p> <p>Prolonged downturn in the overall level of exploration and development activities could materially and adversely affect our strategic intent, financial condition and results of operations.</p>	<ul style="list-style-type: none"> <li>• We monitor market activity through the use of market intelligence</li> <li>• We measure our backlog to ensure we have visibility of future revenues</li> <li>• We maintain a balance of fixed and variable costs to enable us to react to market changes</li> </ul>	<ul style="list-style-type: none"> <li>• Order backlog</li> </ul>
<p><b>Future business performance depends on our ability to win new contracts</b></p> <p>Utilisation may drop below currently expected levels, and our business, financial condition or results of operations may be adversely affected.</p>	<ul style="list-style-type: none"> <li>• We monitor the rate at which we convert tenders into confirmed contracts to perform work</li> <li>• We monitor the utilisation rates and the average daily sell rates of our key assets</li> </ul>	<ul style="list-style-type: none"> <li>• Vessel utilisation and day rates</li> <li>• ROV Utilisation and day rates</li> <li>• Tender win rates</li> </ul>
<p><b>We may rely on a small number of key clients or contracts</b></p> <p>If demand for our services or products by any of our key clients declines, a key contract is terminated, a key client fails to pay us on time or a key client or contract proves less profitable than we expected, it may have a material adverse effect on our results of operations, financial condition or prospects.</p>	<ul style="list-style-type: none"> <li>• We work closely with our clients to obtain feedback to ensure we deliver excellent service</li> <li>• We have identified a strategy of expanding our markets to reduce over reliance on core customers</li> <li>• We support and encourage innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of new and repeat clients</li> <li>• FPAL score</li> </ul>
<p><b>Delays or cancellations of projects in our backlog</b></p> <p>Cancellations, delays, scope adjustments, payment defaults and poor project execution could materially reduce the turnover and profits that we ultimately realise from projects in our backlog.</p>	<ul style="list-style-type: none"> <li>• We work closely with our clients to provide flexible timing and solutions to minimise the risk of cancellation</li> <li>• All of our contracts provide the client with a right to early termination within the contractual notice period, and where possible our contracts provide us with the right to receive compensation in respect of such early termination</li> </ul>	<ul style="list-style-type: none"> <li>• Order backlog</li> </ul>
<p><b>Damage to our business reputation and safety record</b></p> <p>Failure to maintain our safety record could have a material adverse effect on our business, results of operations, financial condition or cash flows through; Sanctions from regulatory authorities, fines, or revocations of permissions to operate. Clients would consider competitors with better safety performance despite differences in costs. Attracting and retaining personnel (employees and contractors).</p>	<ul style="list-style-type: none"> <li>• We take all aspects of safety very seriously and have developed and maintain a culture where eliminating harm to people and environmental impact is a priority</li> <li>• Defined responsibilities and accountability for safety; Implementation and maintenance of robust HSE policies, processes and procedures; Maintaining a programme of internal audit and verification on the effectiveness of policy and process; Robust Root Cause Analysis to determine corrective actions and lessons learned</li> </ul>	<ul style="list-style-type: none"> <li>• LTIF</li> <li>• TRCF</li> </ul>

# BIBBY OFFSHORE HOLDINGS LIMITED

## Strategic report (continued)

Principal risks and uncertainties	Mitigation	Key Performance Indicators
<p><b>General economic conditions may impact on our clients' ability to raise capital and contract for services</b></p> <p>The ability of our clients' to raise capital could result in project modifications, delays and/or cancellations. The inability to raise capital could adversely impact our ability to sustain our business and would likely increase our capital costs. Inability to raise sufficient capital and failure to make payments when due or take delivery of new assets could result in a default under our project contracts or expose us to penalties and damages under such contracts.</p>	<ul style="list-style-type: none"> <li>• We monitor market activity through the use of market intelligence.</li> <li>• We maintain a balance of fixed and variable costs to enable us to react to market changes</li> <li>• We measure our backlog to ensure we have visibility of future revenues</li> </ul>	<ul style="list-style-type: none"> <li>• Order backlog</li> </ul>
<p><b>Reduced service delivery onshore and offshore</b></p> <p>Failure to win work/retain clients.</p>	<ul style="list-style-type: none"> <li>• We take great care in building correct risk profile at tendering stage</li> <li>• We have high quality resource planning, scheduling and delivery through the implementation of robust process and procedure and defined roles and responsibilities</li> <li>• Customer focused approach utilising stakeholder feedback and continuous improvement through monitoring, audit &amp; review</li> <li>• We utilise Project Delivery lessons learned data</li> </ul>	<ul style="list-style-type: none"> <li>• Tendering win rate</li> <li>• Percentage of repeat clients</li> </ul>
<p><b>Unable to attract and retain sufficient skilled personnel to meet our operational requirements</b></p> <p>The inability to attract or retain highly skilled personnel for our manned diving and remote intervention operations could have a material adverse effect on our business, financial condition and results of operations.</p>	<ul style="list-style-type: none"> <li>• We use market intelligence to assist in resource &amp; contingency planning</li> <li>• We realise the talent of our people through dedicated learning and development programmes</li> <li>• We have developed offices across the UK to access new talent pools</li> </ul>	<ul style="list-style-type: none"> <li>• Staff retention rates</li> </ul>
<p><b>Vessel may have to be taken out of service for unexpected lengths of time or require extensive repairs or modifications</b></p> <p>The delay in the provisions of services to clients may have a material adverse effect on our business, results of operations, financial condition and prospects. Sufficient funds to cover costs of unpredictable and substantial dry-dock repairs. A delay in vessel maintenance could affect our contracted project schedule and have a material adverse effect on our business and results of operations.</p>	<ul style="list-style-type: none"> <li>• We adopt a robust asset management programme integrating asset integrity and assurance programmes, condition based monitoring and the adoption of a reliability centred maintenance approach</li> <li>• We use market intelligence to understand the availability of charter vessels</li> </ul>	<ul style="list-style-type: none"> <li>• Offhire days</li> </ul>
<p><b>Financial risks</b></p> <p>The group provides assets and services into international markets and it is therefore exposed to currency movements on such sales.</p> <p>The group's credit risk is primarily attributable to its trade receivables and cash balances.</p> <p>The group has in place short and long term finance arrangements to ensure liquidity for ongoing operations and future development.</p>	<ul style="list-style-type: none"> <li>• Exchange rate exposure is managed as far as is possible through contractual terms or matching costs in the same currencies</li> <li>• The group enters forward contracts as considered appropriate</li> <li>• The group monitors the credit risk with customers. Receivables stated in the balance sheet are net of allowances for doubtful debts</li> <li>• The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with recognised credit-ratings assigned by international credit-rating agencies</li> <li>• Derivatives are not entered on a speculative basis</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign exchange losses</li> <li>• Bad debts</li> </ul>

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Strategic report (continued)**

### **Going concern**

The group expects to continue be profitable and cash generative during 2015 and expects to meet its day to day working capital requirements through its cash reserves and the generation of operating cash surpluses.

The group's forecasts and projections, taking account of possible changes in trading performance, show that the group and company should be able to operate within the available cash reserves.

After due and informed enquiry, as per above, the directors have formed a judgment that at the time of approving the financial statements, there is a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis continues to be adopted in preparing the financial statements.

**H D Woodcock**

Director

27 March 2015

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the result of the group for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of BIBBY OFFSHORE HOLDINGS LIMITED**

We have audited the financial statements of Bibby Offshore Holdings Limited for the year ended 31 December 2014 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Graeme Sheils CA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Aberdeen, United Kingdom  
27 March 2015

## BIBBY OFFSHORE HOLDINGS LIMITED

### Group profit and loss account Year ended 31 December 2014

	Note	2014 £000	2013 £000
<b>Group turnover: continuing operations</b>	2	383,597	263,538
Cost of sales		(291,124)	(193,861)
<b>Gross profit</b>		92,473	69,677
Administrative expenses		(30,424)	(25,638)
<b>Operating profit: continuing operations</b>		62,049	44,039
Profit on sale of tangible fixed assets	6	3,052	-
<b>Profit on ordinary activities before finance charges</b>		65,101	44,039
Interest receivable and similar income	4	108	29
Interest payable and similar charges	5		
Recurring		(10,254)	(4,919)
Non-recurring		(2,673)	-
<b>Profit on ordinary activities before taxation</b>	6	52,282	39,149
Tax on profit on ordinary activities	7	(12,062)	(9,901)
<b>Profit for the financial year</b>	17	40,220	29,248

There are no recognised gains and losses other than those included in the profit and loss account in the current or prior year. Accordingly no Statement of Total Recognised Gains and Losses is presented.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Company and group balance sheets At 31 December 2014

	Note	Company 2014 £000	2013 £000	Group 2014 £000	2013 £000
<b>Fixed assets</b>					
Investments	8	23,444	20,698	-	-
Tangible assets	9	-	-	129,496	126,465
		<u>23,444</u>	<u>20,698</u>	<u>129,496</u>	<u>126,465</u>
<b>Current assets</b>					
Stocks	10	-	-	2,150	1,710
Debtors	11	113,758	1,565	58,061	36,137
Cash at bank and in hand		80,221	-	116,368	18,161
		<u>193,979</u>	<u>1,565</u>	<u>176,579</u>	<u>56,008</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(200,403)</u>	<u>(5,263)</u>	<u>(72,547)</u>	<u>(51,237)</u>
<b>Net current (liabilities)/assets</b>		<u>(6,424)</u>	<u>(3,698)</u>	<u>104,032</u>	<u>4,771</u>
<b>Total assets less current liabilities</b>		<u>17,020</u>	<u>17,000</u>	<u>233,528</u>	<u>131,236</u>
<b>Creditors: amounts falling due after more than one year</b>	13	-	-	(179,667)	(67,249)
<b>Provisions for liabilities</b>	15	-	-	(8,503)	(9,225)
<b>Net assets</b>		<u>17,020</u>	<u>17,000</u>	<u>45,358</u>	<u>54,762</u>
<b>Capital and reserves</b>					
Called up share capital	16	17,000	17,000	17,000	17,000
Profit and loss reserve	17	20	-	28,358	37,762
<b>Shareholders' funds</b>	18	<u>17,020</u>	<u>17,000</u>	<u>45,358</u>	<u>54,762</u>

The financial statements of Bibby Offshore Holdings Limited, registered number 07188049 were approved by the board of directors and authorised for issue on 27 March 2015.

Signed on behalf of the Board of Directors

**H D Woodcock**

Director

# BIBBY OFFSHORE HOLDINGS LIMITED

## Group cash flow statement Year ended 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
<b>Net cash inflow from operating activities</b>	19		81,389		55,660
<b>Returns on investment and servicing of finance:</b>					
Interest received		108		29	
Interest paid		(10,426)		(4,153)	
Loan issue costs paid		(7,154)		-	
Non-recurring finance fees		(635)		-	
			(18,107)		(4,124)
<b>Taxation:</b>					
UK corporation tax paid		(10,389)		(7,371)	
Overseas tax paid		(202)		(72)	
			(10,591)		(7,443)
<b>Capital expenditure and financial investment:</b>					
Purchase of tangible fixed assets		(16,492)		(15,121)	
Sale of tangible fixed assets		3,294		-	
			(13,198)		(15,121)
<b>Equity dividends paid</b>			(49,624)		(7,871)
Cash (outflow)/inflow before financing			(10,131)		21,101
<b>Financing:</b>					
New borrowings		205,000		-	
Repayment of amounts borrowed		(97,794)		(7,751)	
New hire purchase agreements		4,518		7,347	
Repayment of hire purchase agreements		(3,386)		(1,861)	
			108,338		(2,265)
<b>Increase in cash</b>			98,207		18,836

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 1. Accounting policies

#### Basis of preparation

The accounts are presented on the basis of the historical cost accounting convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies have been applied consistently in dealing with items considered to be material to the group and company's financial statements in the current and prior year.

The financial statements are prepared on a going concern basis, which is discussed in the Strategic Report under the heading 'Going Concern'.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method of accounting.

As a consolidated profit and loss is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. The parent company's profit for the year amounted to £49,644k (2013:£7,871k).

#### Tangible fixed assets and depreciation

Tangible fixed assets are included at cost, less accumulated depreciation.

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their expected useful economic lives to their expected residual value, as follows:

Vessel fleet	From date of purchase to the age of the vessel of 25 years
ROV fleet	5 to 10 years
Other:	
Plant and equipment	1 to 5 years
Leasehold improvements	Over the lease term

#### Dry dock costs

For all vessels, non-enhancement costs associated with their periodic dry docking is written off in the year in which the dry dock takes place. Enhancement costs are capitalised and depreciated over the useful life of the enhancement.

#### Stock

Stock comprises spares and consumables and is stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

#### Taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Notes to the financial statements Year ended 31 December 2014**

### **1. Accounting policies (continued)**

#### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. All exchange differences are recorded in the profit and loss account other than exchange differences arising on consolidation which are taken directly to reserves.

#### **Pension costs**

The group participates in various defined contribution schemes for employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Hire purchase contracts and operating leases**

Assets held under hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future repayments are recorded as liabilities, while the interest element is charged to the profit and loss account over the period of the contract to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### **Fixed asset investments**

Fixed asset investments are shown at cost less any provision for impairment.

#### **Long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to the stage of completion plus attributable profit. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less that transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account received.

#### **Derivative financial instruments**

The group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. Gains or losses are recognised once realised. The fair value of open instruments is disclosed at note 28. The group had no derivative financial instruments at 31 December 2014.

#### **Borrowings and finance costs**

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of the related instruments.

### **2. Turnover**

Turnover is largely derived from the provision of project management and execution of offshore inspection, repair, maintenance and construction services to the Oil and Gas Sector, recognised when provided to customers, and is stated net of discounts and sales taxes. The directors consider all activities of the group to fall within the offshore sector within two distinct geographical regions. A segmental analysis can be found in note 3 below.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 3. Segmental analysis

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Turnover</b>		
Northern Europe	373,200	250,421
Rest of the world	10,397	13,117
	<u>383,597</u>	<u>263,538</u>
<b>Profit/(loss) before tax</b>		
Northern Europe	54,189	41,370
Rest of the world	(1,907)	(2,221)
	<u>52,282</u>	<u>39,149</u>
<b>Net assets</b>		
Northern Europe	66,520	66,858
Rest of the world	(21,162)	(12,096)
	<u>45,358</u>	<u>54,762</u>

### 4. Interest receivable and similar income

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank and loan interest	108	29
	<u>108</u>	<u>29</u>

### 5. Interest payable and similar charges

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Recurring</b>		
Bank and loan interest	8,775	4,020
Hire purchase interest	991	598
Amortisation of loan issue costs	488	301
	<u>10,254</u>	<u>4,919</u>
<b>Non-recurring</b>		
Early amortisation of loan issue costs	2,038	-
Early repayment fees	635	-
	<u>2,673</u>	<u>-</u>

On 19 June 2014, outstanding bank loans were repaid out of the proceeds of the £175m High Yield Bond issue (note 14). The unamortised loan issue costs on the arrangements together with early repayment fees on settlement and the termination of associated interest rate swap agreements have been expensed and identified as non-recurring due to their size.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 5. Interest payable and similar charges (continued)

The tax credit associated with the non-recurring items reported after operating profit on the amount charged to the profit and loss account is £575k (2013:£nil).

### 6. Profit on ordinary activities before taxation

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Staff costs		
Wages and salaries	46,661	28,633
Social security costs	3,660	2,499
Other pension costs	1,948	1,174
Depreciation of owned assets (note 9)	10,647	9,515
Depreciation of assets held under finance agreements (note 9)	2,599	1,582
Foreign exchange loss	884	314
Operating lease costs		
Hire of plant and machinery	57,183	23,223
Other	2,677	1,571
	<u>          </u>	<u>          </u>

The profit on the disposal of the tangible fixed asset of £3,052k relates to the sale of a vessel, the Aquamarine, and is considered exceptional by virtue of its size. The tax charge of this is estimated to be £126k.

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Auditor's remuneration:</b>		
Fees payable to the company's auditor and associates for the audit of the company's annual accounts	8	3
The audit of the company's subsidiaries	79	72
	<u>          </u>	<u>          </u>
Total audit fees	87	75
Other services	234	-
	<u>          </u>	<u>          </u>
Total fees	<u>          </u>	<u>          </u>

During the year the auditor provided non-audit services amounting to £234k (2013:£nil) in relation to the review of interim financial statements and reporting accountant services in connection with the Bond detailed in note 14. Services of £208k directly relating to the issuance of the bond are being amortised over the period of the instrument (note 14).

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 7. Taxation

	Group		Group	
	2014	2014	2013	2013
	£000	£000	£000	£000
<b>The taxation charge comprises:</b>				
Corporation tax payable – UK	12,923		9,481	
Corporation tax payable – overseas	(34)		1,010	
Corporation tax in respect of prior periods	(105)		22	
	<hr/>		<hr/>	
<b>Current tax charge</b>		12,784		10,513
<b>Deferred tax credit (note 15)</b>		(722)		(612)
		<hr/>		<hr/>
<b>Total tax charge</b>		<u>12,062</u>		<u>9,901</u>

#### Factors affecting current year tax charge for the year:

The current year's tax charge is higher than the anticipated charge (2013: higher). The anticipated tax charge is based on the average standard UK tax rate.

	Group	
	2014	2013
	£000	£000
The differences are reconciled below:		
Profit on ordinary activities before taxation	52,282	39,149
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the average rate of tax of 21.5% (2013: 23.25%)	11,241	9,102
<b>Effects of:</b>		
Difference between capital allowances and depreciation	247	157
Non-deductible costs	140	128
Effect of foreign taxes	(39)	(102)
Effect of prior period tax charges	(105)	22
Tonnage tax	(884)	(433)
Trading losses not utilised	1,551	907
Other	633	732
	<hr/>	<hr/>
<b>Current tax charge</b>	<u>12,784</u>	<u>10,513</u>

The UK Government announced in July 2013 that the main rate of corporation tax will reduce to 20% from 1 April 2015. This rate change will affect the size of Bibby Offshore Holdings Limited's deferred tax assets and liabilities in the future. Deferred tax as at 31 December 2014 has been recognised at the enacted rate at the balance sheet date, which was 20%.

Deferred tax assets for the taxable losses of Bibby Offshore Singapore PTE £3,930k (2013:£2,839k), Bibby Subsea ROV LLC £1,040k (2013:£nil) and Bibby Offshore AS £70k (2013:£nil) have not been recognised as recoverability is dependent on future profitability and therefore considered uncertain.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 8. Investments

	<b>Company £000</b>
<b>Subsidiary companies</b>	
At 1 January 2014	20,698
Additions	2,746
	<hr/>
At 31 December 2014	23,444
	<hr/> <hr/>

On 16 May 2014 the company established a new subsidiary, Bibby Offshore Australia Pty Ltd and acquired 100% of the issued share capital comprising 10 Ordinary AU\$1.00 shares for a consideration of AU\$10.

On 29 May 2014 the company established a new subsidiary, Bibby Offshore Services Plc and acquired 100% of the issued share capital comprising 50,000 Ordinary £1.00 shares for a consideration of £50k.

On 20 August 2014 the company established a new subsidiary, Bibby Offshore Norway AS and acquired 100% of the issued share capital comprising 300 Ordinary NOK100 shares for a consideration of NOK30k.

On 1 April 2014 the company disposed of its interest in Bibby Offshore (Guernsey) Limited to a fellow subsidiary of Bibby Line Group Limited, Bibby Ship Management (Western Europe) Limited for an amount equal to the cost of investment of £1.00.

On 2 December 2014 the company's subsidiary, Bibby Remote Intervention Limited, issued a further 2,689,100 Ordinary £1.00 shares for a consideration of £2,689k.

Details of shares held in subsidiary undertakings are given in note 26.

### 9. Tangible assets

<b>Group</b>	<b>Vessel Fleet £000</b>	<b>ROV Fleet £000</b>	<b>Other £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 January 2014	134,352	20,874	5,630	160,856
Additions	2,110	13,503	879	16,492
Disposals	(5,752)	-	-	(5,752)
Exchange differences	-	-	30	30
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	130,710	34,377	6,539	171,626
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2014	30,690	2,202	1,499	34,391
Charge for the year	9,425	2,884	937	13,246
Disposals	(5,510)	-	-	(5,510)
Exchange differences	-	-	3	3
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	34,605	5,086	2,439	42,130
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>				
At 31 December 2014	96,105	29,291	4,100	129,496
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2013	103,662	18,672	4,131	126,465
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 9. Tangible assets (continued)

Included in tangible assets are ROV fleet with a net book value of £22,751k (2013:£18,673k) which are secured against hire purchase and lease purchase agreements.

Included in vessel fleet are assets with a net book value of £95,486k which are secured against the Bond (detailed in note 14). In 2013 vessel fleet with a net book value of £103,311k was secured against bank loans (detailed in note 14).

### 10. Stocks

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Spares and consumables	2,150	1,710

### 11. Debtors: amounts falling due within one year

	<b>Company</b>		<b>Group</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	-	-	27,509	24,250
Amounts owed by other group companies	113,729	1,565	-	345
VAT recoverable	21	-	3,880	3,026
Other debtors	8	-	142	-
Prepayments and accrued income	-	-	26,530	8,516
	<u>113,758</u>	<u>1,565</u>	<u>58,061</u>	<u>36,137</u>

### 12. Creditors: amounts falling due within one year

	<b>Company</b>		<b>Group</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans (note 14)	-	-	-	8,925
Hire purchase and finance leases (note 14)	-	-	3,260	2,930
Trade creditors	-	-	5,395	6,615
Amounts owed to parent company	1	-	220	262
Amounts owed to other group companies	197,122	4,209	-	-
Corporation tax payable	6	-	8,908	6,715
VAT payable	-	-	12	-
Other creditors	3	43	6,385	-
Accruals and deferred income	3,271	1,011	48,367	25,790
	<u>200,403</u>	<u>5,263</u>	<u>72,547</u>	<u>51,237</u>

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 13. Creditors: amounts falling due after more than one year

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank loans (note 14)	-	57,437
Other secured loans (note 14)	169,054	-
Hire purchase and finance leases (note 14)	10,613	9,812
	<u>179,667</u>	<u>67,249</u>

### 14. Borrowings

#### Bank loans

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank loans	-	67,794
Less: unamortised issue costs	-	(1,432)
	<u>-</u>	<u>66,362</u>
Due within one year (note 12)	-	8,925
Due after more than one year (note 13)	-	57,437
	<u>-</u>	<u>66,362</u>
Analysis of repayments due:		
Within one year	-	9,179
Between one and two years	-	9,179
Between two and five years	-	25,410
After more than five years	-	24,026
Less: unamortised issue costs	-	(1,432)
	<u>-</u>	<u>66,362</u>

At 31 December 2013 there were two bank term loans secured over the related vessels.

The first bank loan was drawn down on 15 April 2010 in the amount of £34,000k and was secured on the DSV Bibby Sapphire. Debt issue costs incurred, initially amounting to £747k were being amortised over the 8 year period to 15 April 2018.

The second bank loan was entered into to purchase the DSV Bibby Polaris in March 2012 and was secured on both vessels. The loan comprised two separate tranches, tranche A in the amount of £39,428k and tranche B in the amount of £12,742k. An initial drawdown of £6,411k was made in March 2012 and the bank loan was fully drawn on 29 October 2012. Debt issue costs incurred, initially amounting to £1,209k were being amortised over the period to 29 October 2020.

On 31 March 2014 the group secured a further £30m of bank term loans, incurring issue costs of £720k, from Standard Chartered Bank secured on the Sapphire. The new funding of £30m was drawn on 4 April 2014.

On 19 June 2014 all outstanding bank borrowings were repaid out of the proceeds of the Bond issue (as described below).

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 14. Borrowings (continued)

Hire purchase and finance leases	Group	
	2014 £000	2013 £000
Due within one year (note 12)	3,260	2,930
Due after more than one year (note 13)	10,613	9,812
	<u>13,873</u>	<u>12,742</u>

  

Other secured loans	Group	
	2014 £000	2013 £000
Due after more than five years (note 13)	175,000	-
Less: unamortised loan costs	(5,946)	-
	<u>169,054</u>	<u>-</u>

On 19 June 2014 Bibby Offshore Services Plc, a wholly owned subsidiary of Bibby Offshore Holdings Limited issued £175m of Bonds on the Luxembourg Stock Exchange's Euro MTF market.

The Bonds mature on 15 June 2021. Interest is fixed at 7.50% per annum, payable bi-annually on 15 June and 15 December. The Bond is secured on the shares and substantially all the assets of Bibby Offshore Services Plc and the vessels DSV Bibby Polaris and DSV Bibby Sapphire.

The group may opt to redeem the Bond, in whole, prior to 15 June 2017 at a redemption price of 100% of the principal amount plus an applicable premium, decided by the group, plus any accrued and unpaid interest. The group may also redeem up to 35% of the Bond with net cash proceeds from specified equity offerings at a redemption price equal to 107.5% of the principal amount plus any accrued and unpaid interest provided that at least 65% of the aggregate original principal amount remains outstanding immediately after the occurrence of such redemption.

Post 15 June 2017 and prior to 15 June 2018, the group may opt to redeem the Bond, in whole or in part, at a redemption price of 103.75% of the principal amount plus any accrued and unpaid interest.

Post 15 June 2018 and prior to 15 June 2019, the group may opt to redeem the Bond, in whole or in part, at a redemption price of 101.875% of the principal amount plus any accrued and unpaid interest.

Post 15 June 2019 the group may opt to redeem the Bond, in whole or in part, at a redemption price of 100% of the principal amount plus any accrued and unpaid interest.

In the event of a change of control the group will offer to redeem the Bond, in whole or in part, at a purchase price of 101% of the principal amount plus any accrued and unpaid interest.

Loan issue costs of £6.4m incurred are being amortised over the duration of the bond.

The group has also entered into a revolving credit facility of £20m of which £16.7m is available for the groups use at the balance sheet date, with an amount of £3.3m being drawn in relation to performance bonds (see note 29).

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 15. Provisions for liabilities

<b>Deferred taxation</b>	<b>Group £000</b>
At 1 January 2014	9,225
Reversal of accelerated capital allowances	(492)
Change in tax rate	(230)
	<hr/>
At 31 December 2014	<u>8,503</u>

The deferred tax liability relates to capital allowances claimed in advance of depreciation charged on the fixed assets.

### 16. Called up share capital

	<b>2014 &amp; 2013 £000</b>
<b>Authorised, allotted and fully paid</b>	
Ordinary shares of £1 each	17,000
	<hr/> <hr/>

### 17. Profit and loss reserve

<b>Group</b>	<b>£000</b>
At 1 January 2014	37,762
Profit for the year	40,220
Dividends paid	(49,624)
	<hr/>
At 31 December 2014	<u>28,358</u>
 <b>Company</b>	
At 1 January 2014	-
Profit for the year	49,644
Dividends paid	(49,624)
	<hr/>
At 31 December 2014	<u>20</u>

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 18. Reconciliation of movements in shareholders' funds

	Company		Group	
	2014 £000	2013 £000	2014 £000	2013 £000
Profit for the financial year	49,644	7,871	40,220	29,248
Dividends paid	(49,624)	(7,871)	(49,624)	(7,871)
Foreign exchange gain arising on consolidation	-	-	-	42
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase/(decrease) in shareholders' funds	20	-	(9,404)	21,419
Opening shareholders' funds	17,000	17,000	54,762	33,343
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	17,020	17,000	45,358	54,762
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 19. Reconciliation of operating profit to net cash inflow from operating activities

	Group	
	2014 £000	2013 £000
Operating profit	62,049	44,039
Depreciation	13,246	11,097
(Increase)/decrease in debtors	(21,924)	4,443
Increase/(decrease) in creditors	28,458	(4,182)
(Increase)/decrease in stock	(440)	263
	<hr/>	<hr/>
Net cash inflow from operating activities	81,389	55,660
	<hr/> <hr/>	<hr/> <hr/>

### 20. Reconciliation of Group net debt

	Group	
	2014 £000	2013 £000
Increase in cash in the year	98,207	18,836
Cash (inflow)/outflow from (increase)/decrease in net debt	(96,666)	9,612
	<hr/>	<hr/>
(Increase)/decrease in net debt resulting from cash flows	1,541	28,448
Amortisation of issue costs	(2,639)	(245)
Hire purchase loans entered into during the year	(4,518)	(7,347)
	<hr/>	<hr/>
Movement in net debt in the year	(5,616)	20,856
Net debt at 1 January	(60,943)	(81,799)
	<hr/>	<hr/>
Net debt at 31 December	(66,559)	(60,943)
	<hr/> <hr/>	<hr/> <hr/>

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 21. Analysis of Group net funds

	1 January 2014 £000	Cash flow £000	Non-cash movement £000	31 December 2014 £000
Cash at bank and in hand	18,161	98,207	-	116,368
Debt due within 1 year	(11,855)	8,848	(253)	(3,260)
Debt due after more than 1 year	(67,249)	(117,186)	4,768	(179,667)
	(79,104)	(108,338)	4,515	(182,927)
	(60,943)	(10,131)	4,515	(66,559)

Non-cash movements arise from the purchase of fixed assets under hire purchase agreements and the payment of and amortisation of loan issue costs.

### 22. Dividends on equity shares

	Company	
	2014 £000	2013 £000
Amounts recognised as distributions to equity shareholders in the year:		
Interim dividends in the year	49,624	7,871

### 23. Emoluments of directors

	Group	
	2014 £000	2013 £000
Aggregate emoluments	4,143	2,175

All directors are members of money purchase schemes and contributions in the year were £262k (2013:£179k).

	Group	
Highest paid director	2014 £000	2013 £000
Total amount of emoluments (including pension contributions)	626	506

Contributions of £48k (2013:£41k) have been made to the money purchase scheme on behalf of the highest paid director.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 24. Particulars of employees

	<b>Group</b>	<b>2013</b>
	<b>2014</b>	<b>No</b>
	<b>No</b>	<b>No</b>
The average number of employees during the year was:		
Management, operations and administration staff	472	350
Marine staff	-	42
	<u>472</u>	<u>392</u>

### 25. Operating lease commitments

<b>Group</b>	<b>2014</b>		<b>2013</b>	
	<b>Property</b>	<b>Other</b>	<b>Property</b>	<b>Other</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
The group has the following annual commitments under operating leases which expire:				
Less than 1 year	-	835	30	25,943
Within two to five years	285	33,764	-	13,025
After more than five years	1,711	-	1,304	-
	<u>1,711</u>	<u>33,764</u>	<u>1,304</u>	<u>-</u>

### 26. Subsidiary undertakings

<b>Subsidiary undertakings</b>	<b>Percentage of equity share capital held %</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
Bibby Offshore Limited	100	United Kingdom	Offshore Oil and Gas Services
Bibby Project Personnel Pte Limited	100	Singapore	Crew Supply
Bibby Diving Services Pte Limited	100	Singapore	Crew Supply
Bibby Remote Intervention Limited	100	United Kingdom	ROV Services
Bibby Subsea Inc	100	USA	Subsea Services
Bibby Offshore AS	100	Norway	Subsea Services
Bibby Offshore	100	Australia	Subsea Services
Bibby Offshore Services Plc	100	United Kingdom	Bond Holding
Bibby Offshore Singapore Pte Ltd*	100	Singapore	Offshore Oil and Gas Services
Huskisson Shipping Limited*	100	United Kingdom	Ship Owning
Rumford Tankers Limited*	100	United Kingdom	Ship Owning
Bibby Freighters Limited*	100	United Kingdom	Ship Owning
Bibby North Star Limited*	100	United Kingdom	Ship Owning
Bibby Subsea ROV LLC**	100	USA	ROV Services

\* Investment held through Bibby Offshore Limited.

\*\* Investment held through Bibby Subsea Inc.

# BIBBY OFFSHORE HOLDINGS LIMITED

## Notes to the financial statements Year ended 31 December 2014

### 27. Pension costs

The group participates in various defined contribution schemes for eligible employees. The contributions made by the group over the financial year to such schemes were £1,949k (2013:£1,174k). There were outstanding pension contributions of £35k at 31 December 2014 (2013:£1k).

### 28. Derivatives not included at fair value

At 31 December 2014, the group did not hold any derivative instruments.

#### Interest rate swaps

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings.

	Principal £000	Rate fixed	Expiry	Fair value £000
<b>31 December 2014</b>				
<b>Interest rate swap contracts</b>				
UK sterling	-	-	N/A	-
<b>31 December 2013</b>				
<b>Interest rate swap contracts</b>				
UK sterling	15,300	6.98%	15 April 2015	(516)
UK sterling	35,927	5.02%	29 October 2020	345

On 19 June 2014 the group settled all outstanding interest rate swap agreements with early repayment fees on the termination being expensed to the profit and loss account.

#### Foreign currency contracts

The group uses foreign currency forward contracts and a forward foreign exchange option to manage its exposure to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date.

	Notional Sold £000	Notional Bought \$000	Average Exchange Rate	Fair value £000
<b>31 December 2014</b>				
Forward foreign exchange contracts	-	-	-	-
<b>31 December 2013</b>				
Forward foreign exchange contracts	29,856	47,564	1.5931	(1,139)

# **BIBBY OFFSHORE HOLDINGS LIMITED**

## **Notes to the financial statements Year ended 31 December 2014**

### **29. Contingent liabilities**

As at 31 December 2014, performance guarantees outstanding to customers and suppliers amounted to £3,305k (2013:£903k).

As noted in the prior year financial statements the group received notification from the Trinidad and Tobago tax authorities as to past indirect liabilities in the amount of £3m plus interest and penalties of a further £3m. Through the course of 2011 the group negotiated and paid what it believed to be the full and final settlement of all past liabilities in this regard. The notification also indicates associated interest and penalties, which substantially relate to a period when the group was in discussion with the authorities on this matter and during which it was accepted that no interest and penalties would be levied. The status of this matter has not progressed significantly and the directors continue to believe there is no remaining liability. Accordingly no provision is made in the financial statements as at 31 December 2014.

In conjunction with this matter, in 2012 the Trinidad and Tobago tax authorities reopened the corporate tax assessments relating to 2008 and 2009. The group received a notice of assessment for £4.5m plus penalties and interest of £3.9m. The group is contesting this assessment and does not consider there is risk of any significant additional liability and need for provision as at 31 December 2014.

### **30. Related party transactions**

Under Financial Reporting Standard 8, the company is exempt from disclosing related party transactions with fellow group undertakings, as 100% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

### **31. Ultimate parent company and controlling party**

The company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements and of which the company is a member.

Two of Bibby Line Group Limited's Directors, M.J. Bibby, J.M. Smith and their immediate families, control 88% of the equity share capital of the Bibby Line Group Limited, either directly or through family trusts.

Copies of the group financial statements may be obtained from Bibby Line Limited, 105 Duke Street, Liverpool L1 5JQ ([www.bibbylinegroup.co.uk](http://www.bibbylinegroup.co.uk)).

### **32. Events after the balance sheet date**

On 2 January 2015 interim dividends of £9,350k were declared and paid.