

GULFMARK OFFSHORE INC
Form 10-Q
April 22, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2014**

GULFMARK OFFSHORE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-33607

(Commission file number)

76-0526032

(I.R.S. Employer Identification No.)

842 West Sam Houston Parkway North, Suite 400, Houston, Texas 77024
(Address of principal executive offices) (Zip Code)

(713) 963-9522

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Number of shares of Class A Common Stock, \$0.01 par value, outstanding as of April 21, 2014: 26,940,874.

(Exhibit Index Located on Page 26)

GulfMark Offshore, Inc.

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Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements and other statements that are not historical facts concerning, among other things, market conditions, the demand for marine and transportation support services and future capital expenditures. Certain statements and information in Form-10-Q may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. These statements are subject to certain risks, uncertainties and assumptions, including, without limitation:

- operational risk,
- catastrophic or adverse sea or weather conditions,
- dependence on the oil and natural gas industry,
- volatility in oil and natural gas prices,
- delay or cost overruns on construction projects or insolvency of the shipbuilders,
- lack of shipyard or equipment availability,
- ongoing capital expenditure requirements,
- changes in tax laws
- uncertainties surrounding environmental and government regulation,
- uncertainties surrounding deep water permitting and exploration and development activities,
- risks relating to compliance with the Jones Act,
- risks relating to leverage,
- risks of foreign operations,
- risk of war, sabotage, piracy or terrorism,
- assumptions concerning competition,
- risks of currency fluctuations, and
- other matters.

These statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Such statements are subject to risks and uncertainties, including the risk factors discussed above and those discussed in our Annual Report on Form 10-K for the year ended December 31, 2013 (the “2013 Form 10-K”), filed with the SEC, general economic and business conditions, the business opportunities that may be presented to and pursued by us, changes in law or regulations and other factors, many of which are beyond our control.

We cannot assure you that we have accurately identified and properly weighed all of the factors which affect market conditions and demand for our vessels, that the information upon which we have relied is accurate or complete, that our analysis of the market and demand for our vessels is correct, or that the strategy based on that analysis will be successful. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014	December 31, 2013
	<i>(In thousands, except par value amounts)</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$25,705	\$60,566
Trade accounts receivable, net of allowance for doubtful accounts of \$223 and \$448, respectively	102,854	100,173
Other accounts receivable	12,008	11,194
Prepaid expenses and other current assets	21,269	18,132
Total current assets	161,836	190,065
Vessels, equipment, and other fixed assets at cost, net of accumulated depreciation of \$439,781 and \$420,355, respectively	1,440,958	1,316,838
Construction in progress	139,334	177,773
Goodwill	31,114	30,676
Intangibles, net of accumulated amortization of \$16,578 and \$15,858, respectively	18,021	18,741
Cash held in escrow	8,745	8,742
Deferred costs and other assets	29,746	30,457
Total assets	\$1,829,754	\$1,773,292
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$24,586	\$27,229
Income and other taxes payable	3,398	3,340
Accrued personnel costs	18,960	19,624
Accrued interest expense	1,627	9,892
Other accrued liabilities	11,627	13,432
Total current liabilities	60,198	73,517
Long-term debt	551,760	500,864
Long-term income taxes:		
Deferred tax liabilities	104,497	104,647
Other income taxes payable	24,198	23,673
Other liabilities	6,814	7,250
Stockholders' equity:		
Preferred stock, no par value; 2,000 authorized; no shares issued	-	-
Class A Common Stock, \$0.01 par value; 60,000 shares authorized; 27,315 and 27,165 shares issued and 26,639 and 26,616 outstanding, respectively; Class B Common Stock \$0.01 per value; 60,000 shares authorized; no shares issued	270	269
Additional paid-in capital	404,352	402,286
Retained earnings	633,124	623,221

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Accumulated other comprehensive income	58,140	49,965
Treasury stock, at cost	(20,570)	(18,690)
Deferred compensation expense	6,971	6,290
Total stockholders' equity	1,082,287	1,063,341
Total liabilities and stockholders' equity	\$1,829,754	\$1,773,292

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

GULFMARK OFFSHORE, INC. AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended	
	March 31,	
	2014	2013
	<i>(In thousands, except per share amounts)</i>	
Revenue	\$119,600	\$96,888
Costs and expenses:		
Direct operating expenses	56,299	53,137
Drydock expense	7,211	8,560
General and administrative expenses	14,489	10,950
Depreciation and amortization	18,357	15,170
Total costs and expenses	96,356	87,817
Operating income	23,244	9,071
Other income (expense):		
Interest expense	(6,740)	(6,381)
Interest income	15	57
Foreign currency gain and other	936	513
Total other expense	(5,789)	(5,811)
Income before income taxes	17,455	3,260
Income tax expense	(898)	(389)
Net income	\$16,557	\$2,871
Net income per share:		
Basic	\$0.63	\$0.11
Diluted	\$0.63	\$0.11
Weighted average shares outstanding:		
Basic	26,352	26,043
Diluted	26,359	26,051
Cash dividend declared per common share	\$0.25	\$0.25

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

GULFMARK OFFSHORE, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Net income	\$16,557	\$2,871
Comprehensive income:		
Foreign currency gain (loss)	8,175	(35,629)
Total comprehensive income (loss)	\$24,732	\$(32,758)

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

GULFMARK OFFSHORE, INC. AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY****For the Three Months Ended March 31, 2014***(In thousands)*

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Shares	Share Value	Deferred Compensation Expense	Total Stockholders' Equity
Balance at December 31, 2013	\$ 269	\$402,286	\$623,221	\$ 49,965	(549)	\$(18,690)	\$ 6,290	\$ 1,063,341
Net income	-	-	16,557	-	-	-	-	16,557
Dividends	-	-	(6,654)	-	-	-	-	(6,654)
Issuance of common stock	1	1,915	-	-	-	-	-	1,916
Deferred compensation plan	-	151	-	-	(15)	(681)	681	151
Stock repurchases	-	-	-	-	(23)	(1,199)	-	(1,199)
Cash dividends declared	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	8,175	-	-	-	8,175
Balance at March 31, 2014	\$ 270	\$404,352	\$633,124	\$ 58,140	(587)	\$(20,570)	\$ 6,971	\$ 1,082,287

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

GULFMARK OFFSHORE, INC. AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended	
	March 31,	
	2014	2013
	<i>(In thousands)</i>	
Cash flows from operating activities:		
Net income	\$16,557	\$2,871
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	18,357	15,170
Amortization of stock-based compensation	1,640	1,689
Amortization of deferred financing costs	463	372
Provision for doubtful accounts receivable, net of write-offs	(226)	(442)
Deferred income tax provision	(245)	112
Foreign currency transaction gain	(242)	(598)
Change in operating assets and liabilities:		
Accounts receivable	(2,699)	(9,499)
Prepays and other	(3,044)	(1,300)
Accounts payable	(2,756)	(4,354)
Other accrued liabilities and other	(10,156)	(10,178)
Net cash provided by (used in) operating activities	17,649	(6,157)
Cash flows from investing activities:		
Purchases of vessels, equipment and other fixed assets	(96,117)	(45,908)
Release of deposits held in escrow	-	7,945
Proceeds from disposition of vessels and equipment	-	638
Net cash used in investing activities	(96,117)	(37,325)
Cash flows from financing activities:		
Proceeds from borrowings under revolving loan facility	50,045	-
Cash dividends	(6,824)	(6,604)
Stock repurchases	-	(12,389)
Debt issuance costs	-	(1,579)
Proceeds from issuance of stock	288	234
Net cash provided by (used in) financing activities	43,509	(20,338)
Effect of exchange rate changes on cash	98	(2,267)
Net decrease in cash and cash equivalents	(34,861)	(66,087)
Cash and cash equivalents at beginning of the period	60,566	185,175
Cash and cash equivalents at end of period	\$25,705	\$119,088
Supplemental cash flow information:		
Interest paid, net of interest capitalized	\$14,407	\$13,858
Income taxes paid, net	859	977

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

GULFMARK OFFSHORE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

Organization and Nature of Operations

The condensed consolidated financial statements of GulfMark Offshore, Inc. and its subsidiaries included herein have been prepared by us without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, or SEC. Unless otherwise indicated, references to “we”, “us”, “our” and the “Company” refer collectively to GulfMark Offshore, Inc. and its subsidiaries and predecessors. Certain information relating to our organization and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, has been condensed or omitted in this Form 10-Q pursuant to such rules and regulations. However, we believe that the disclosures herein are adequate to make the information presented not misleading. The consolidated balance sheet as of December 31, 2013, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. It is recommended that these financial statements be read in conjunction with our consolidated financial statements and notes thereto included in our 2013 Form 10-K.

In the opinion of management, all adjustments, which include reclassification and normal recurring adjustments necessary to present fairly the unaudited condensed consolidated financial statements for the periods indicated have been made. All significant intercompany accounts have been eliminated. Certain reclassifications of previously reported information may be made to conform with current year presentation.

We provide offshore marine support and transportation services primarily to companies involved in the offshore exploration and production of oil and natural gas. Our vessels transport materials, supplies and personnel to offshore facilities, as well as move and position drilling structures. The majority of our operations are conducted in the North Sea, offshore Southeast Asia and the Americas. We also operate our vessels in other regions to meet our customers' requirements.

Earnings Per Share

Basic Earnings Per Share, or EPS, is computed by dividing net income (loss) by the weighted average number of shares of Class A Common Stock outstanding during the period. Diluted EPS is computed using the treasury stock method for Class A Common Stock equivalents. The reconciliation between basic and diluted earnings per share from income or loss attributable to Class A Common Stock stockholders, including allocation to participating securities, is as follows:

**Three Months
Ended****March 31,
2014 2013***(In thousands,
except per share
amounts)***Income:**

Net income	\$16,557	\$2,871
Less: Distributions on participating securities	-	(11)
Less: Undistributed income allocated to participating securities	-	-
Basic	\$16,557	\$2,882
Diluted	\$16,557	\$2,871

Shares:

Basic		
Weighted-average common shares outstanding	26,352	26,043
Dilutive effect of stock options and restricted stock awards	7	8
Diluted	26,359	26,051

Income per common share:

Basic	\$0.63	\$0.11
Diluted	\$0.63	\$0.11

(2) VESSEL ACQUISITIONS AND DISPOSITIONS

In February 2014, we acquired a vessel we had previously managed, a 2012 built large platform supply vessel (“LgPSV”), for \$31.0 million. This vessel was added to our North Sea fleet.

Interest is capitalized in connection with the construction of vessels. During the three month periods ended March 31, 2014 and March 31, 2013, we capitalized \$2.7 million of interest for each period.

In the third quarter of 2011, the Company approved the initiation of a new-build construction program. We began the program in the North Sea region where we contracted with three shipyards to build a total of six platform supply vessels (“PSVs”). In late 2011, we exercised an option with one of the shipyards to build an additional PSV. The original estimated cost of these seven PSVs was \$288.0 million. The first five of these vessels were delivered during 2013, a sixth vessel was delivered in February 2014, and the final vessel was delivered during March 2014, completing this initial new-build program.

In June 2012, we signed an agreement with a U.S. shipyard (Thoma-Sea) to build two U.S. flagged PSVs for the U.S. Gulf of Mexico region. In July 2012, we signed agreements with another U.S. shipyard (BAE Systems) to build an additional two U.S. flagged PSVs. The original estimated total cost of these four PSVs was approximately \$168.0 million. We expect delivery of the first of these vessels by the end of April 2014 and the remaining three in the third and fourth quarters of 2014 and the second quarter of 2015.

During the third quarter of 2012, we placed \$52.4 million in escrow related to the two Thoma-Sea new-builds described above and in the table below. Progress payments have been drawn from escrow as they became due. There is \$8.7 million remaining in escrow, which is presented in long-term assets in the balance sheet as of March 31, 2014. Funds in the escrow account are invested in U.S. government securities.

There have been no vessel dispositions since December 31, 2013. In April 2014, we approved the construction of an additional North Sea PSV with an estimated total cost of \$60.0 million.

The following tables illustrate the details of the vessels under construction and the vessels added or acquired:

Vessels Under Construction as of April 21, 2014

Construction Yard	Region	Type ⁽¹⁾	Expected Delivery	Length (feet)	BHP ⁽²⁾	DWT ⁽³⁾	Expected Cost (millions)
Thoma-Sea	Americas	LgPSV	Q2 2014	271	9,990	3,600	\$36.0
Thoma-Sea	Americas	LgPSV	Q3 2014	271	9,990	3,600	\$36.0
BAE Systems	Americas	LgPSV	Q4 2014	286	10,960	5,300	\$48.0
BAE Systems	Americas	LgPSV	Q2 2015	286	10,960	5,300	\$48.0
Simek	North Sea	LgPSV	Q4 2015	304	11,935	4,700	\$60.0

Vessel Additions Since December 31, 2013

Vessel	Region	Type ⁽¹⁾	Year Built	Length (feet)	BHP ⁽²⁾	DWT ⁽³⁾	Month Delivered/Acquired
<i>North Cruys</i>	N. Sea	LgPSV	2014	304	11,935	4,700	Feb-14
<i>Highland Princess</i>	N. Sea	LgPSV	2014	246	8,487	3,900	Mar-14

Vessels Acquired Since December 31, 2013

Vessel	Region	Type ⁽¹⁾	Year Built	Length (feet)	BHP ⁽²⁾	DWT ⁽³⁾	Month Aquired
<i>Highland Duke</i>	N. Sea	LgPSV	2012	246	7,483	3,133	Feb-14

⁽¹⁾ LgPSV - Large Platform Supply Vessel

⁽²⁾BHP - Brake Horsepower

⁽³⁾DWT - Deadweight Tons

(3) LONG-TERM DEBT

Our long-term debt at March 31, 2014 and December 31, 2013 consisted of the following:

	March 31, 2014	December 31, 2013
	(In thousands)	
Senior Notes Due 2022	\$500,000	\$ 500,000
Multicurrency Facility Agreement	10,000	-
Norwegian Facility Agreement	40,930	-
	550,930	500,000
Debt Premium	830	864
Total	\$551,760	\$ 500,864

The following is a summary of scheduled debt maturities by year:

Year	Debt Maturity (In thousands)
2014	\$ -
2015	-
2016	-
2017	50,930
2018	-
Thereafter	500,000
Total	\$ 550,930

Senior Notes Due 2022

On March 12, 2012, we issued \$300.0 million aggregate principal amount of 6.375% senior notes due 2022. On December 5, 2012, we issued an additional \$200.0 million of senior notes with substantially the same terms as the previous \$300.0 million issuance (together with the original issue, the “Senior Notes”). The Senior Notes pay interest semi-annually on March 15 and September 15, and commenced September 15, 2012 for the March 12, 2012 Senior Notes and March 15, 2013 for the December 5, 2012 Senior Notes. Prior to March 15, 2017, we may redeem some or all of the Senior Notes for cash at a redemption price equal to 100% of their principal amount plus an applicable make-whole premium and accrued and unpaid interest to the redemption date. The make-whole premium is based on U.S. treasuries plus 50 basis points. On and after March 15, 2017, we may redeem some or all of the Senior Notes at the redemption prices (expressed as percentages of principal amount) equal to 103.188% for the twelve-month period beginning March 15, 2017, 102.125% for the twelve-month period beginning March 15, 2018, 101.063% for the twelve-month period beginning March 15, 2019 and 100.000% beginning March 15, 2020, plus accrued and unpaid interest to the redemption date. In conjunction with the Senior Notes offering, we incurred \$12.7 million in debt issuance costs which are included in our balance sheet under deferred costs and other assets and are being amortized into interest cost over the life of the Senior Notes using the effective interest method. We used the proceeds from the issuance of the Senior Notes to repay amounts outstanding under our \$160.0 million aggregate principal amount of 7.75% senior notes (the “Old Notes”) and under our facility agreement which was subsequently terminated in December 2012 (the “Old Facility”). In conjunction with the retirement of the Old Notes and the repayment of our Old Facility, we recognized a loss on extinguishment of debt of \$4.2 million.

At March 31, 2014, the fair value of the Senior Notes, based on quoted market prices, was approximately \$525.5 million, compared to a carrying amount of \$500.8 million.

Multicurrency Facility Agreement

On September 21, 2012, we entered into a Multicurrency Facility Agreement, which was amended on February 25, 2013, (the “Multicurrency Facility Agreement”) among us, as guarantor, one of our indirect wholly-owned subsidiaries, as borrower (the “Borrower”), and a group of financial institutions as lenders (the “Lenders”). The Multicurrency Facility Agreement has a scheduled maturity date of September 21, 2017 and commits the Lenders to provide loans up to an aggregate principal amount of \$150.0 million at any one time outstanding, subject to certain terms and conditions. Loans under the Multicurrency Facility Agreement accrue interest at LIBOR, plus an applicable margin based on our leverage ratio. In addition, the Multicurrency Facility Agreement provides for loans to be made in currencies other than U.S. Dollars with approval of the Lenders. We paid fees to the arrangers, the agent and the security trustee totaling \$2.7 million, which fees are being amortized into interest cost over the life of the Multicurrency Facility Agreement using the effective interest method.

The Multicurrency Facility Agreement is secured by certain vessels of the Borrower. The collateral that secures the loans under the Multicurrency Facility Agreement may also secure all of the Borrower's obligations under any hedging agreements between the Borrower and any Lender or other hedge counterparty party to the Multicurrency Facility Agreement.

We unconditionally guaranteed all existing and future indebtedness and liabilities of the Borrower arising under the Multicurrency Facility Agreement and other related loan documents. Such guarantee may also cover obligations of the Borrower arising under any hedging arrangements described above. The Multicurrency Facility Agreement is subject to certain financial covenants. At March 31, 2014, we were in compliance with all the covenants under this agreement and had \$10.0 million borrowed and outstanding.

Norwegian Facility Agreement

On June 20, 2013, we entered into an amendment to our December 27, 2012 agreement (the "Norwegian Facility Agreement") among us, as guarantor, one of our indirect wholly-owned subsidiaries, as borrower (the "Norwegian Borrower"), and a Norwegian bank as lead lender (the "Norwegian Lender"). The amendment was established to adjust certain covenants and to allow us to begin to draw on available credit. The Norwegian Facility Agreement has a scheduled maturity date of September 30, 2017 and commits the Norwegian Lender to provide loans up to an aggregate principal amount of 600.0 million NOK (approximately \$100.0 million) at any one time outstanding, subject to certain terms and conditions. Loans under the Norwegian Facility Agreement accrue interest at LIBOR, plus an applicable margin based on our leverage ratio. We paid fees to the Norwegian Lender totaling \$1.3 million, which fees are being amortized into interest cost over the life of the Norwegian Facility Agreement using the effective interest method.

The Norwegian Facility Agreement is secured by certain vessels of the Norwegian Borrower. The collateral that secures the loans under the Norwegian Facility Agreement may also secure all of the Norwegian Borrower's obligations under any hedging agreements between the Norwegian Borrower and the Norwegian Lender or other hedge counterparty party to the Norwegian Facility Agreement.

We unconditionally guaranteed all existing and future indebtedness and liabilities of the Norwegian Borrower arising under the Norwegian Facility Agreement and other related loan documents. Such guarantee may also cover obligations of the Norwegian Borrower arising under any hedging arrangements described above. The Norwegian Facility Agreement is subject to certain financial covenants. At March 31, 2014, we were in compliance with all the covenants under this agreement and had approximately \$40.9 million borrowed and outstanding. The amount is based on the US\$ to NOK exchange rate at March 31, 2014.

(4) INCOME TAXES

Our estimated annual effective tax rate, adjusted for discrete tax items, is applied to interim periods' pretax income (loss). We consider earnings of our foreign subsidiaries to be permanently reinvested, and as such, we have not provided for any U.S. federal or state income taxes on these permanently reinvested earnings.

In recent years, we repatriated cash from our foreign subsidiaries current year foreign earnings and recognized U.S. tax expense, net of available credits, on those occasions. The incremental tax rate associated with these repatriations was approximately 30% with no U.S. cash tax requirement due to utilization of U.S. net operating losses.

(5) STOCKHOLDERS' EQUITY

Repurchases of Equity Securities

On December 11, 2012, our Board of Directors approved a stock repurchase program for up to a total of \$100.0 million of our issued and outstanding Class A common stock. Repurchases can be made from time to time using a variety of methods, which may include open market purchases or purchases through a Rule 10b5-1 trading plan, or in privately negotiated transactions, all in accordance with Securities and Exchange Commission and other applicable legal requirements. The specific timing, price and size of purchases will be determined by our management based on prevailing stock prices, general economic and market conditions and other considerations. The repurchase program does not obligate us to acquire any particular amount of common stock and may be suspended or discontinued at any time. We had no stock repurchases under this plan in the first quarter of 2014 and have \$86.7 million remaining that may yet be used to purchase common shares under the program.

Dividends

In December 2012, our Board of Directors declared an annual cash dividend on our Class A common stock of \$1.00 per share. While the declaration of dividends is at the discretion of our Board of Directors, we intend to pay a recurring quarterly cash dividend of \$0.25 per share. The Board of Directors declared the following dividends for the quarters ended March 31:

	Quarter Ended	Quarter Ended
	March 31, 2014	March 31, 2013
Dividends Declared (in thousands)	\$6,654	\$6,562
Dividend per share	\$0.25	\$0.25

(6) COMMITMENTS AND CONTINGENCIES

We have contingent liabilities and future claims for which we have made estimates of the amount of the eventual cost to liquidate these liabilities or claims. These liabilities and claims may involve threatened or actual litigation where damages have not been specifically quantified but we have made an assessment of our exposure and recorded a provision in our accounts for the expected loss. Other claims or liabilities, including those related to taxes in foreign jurisdictions, may be estimated based on our experience in these matters and, where appropriate, the advice of outside counsel or other outside experts. Upon the ultimate resolution of the uncertainties surrounding our estimates of contingent liabilities and future claims, our future reported financial results will be impacted by the difference, if any, between our estimates and the actual amounts paid to settle the liabilities. In addition to estimates related to litigation and tax liabilities, other examples of liabilities requiring estimates of future exposure include contingencies arising out of acquisitions and divestitures. Our contingent liabilities are based on the most recent information available to us regarding the nature of the exposure. Such exposures change from period to period based upon updated relevant facts and circumstances, which can cause our estimates to change. In the recent past, our estimates for contingent liabilities have been sufficient to cover the actual amount of our exposure. We do not believe that the outcome of these matters will have a material adverse effect on our business, financial condition, or results of operations.

In 2011, we were made aware that a Brazilian state in which we have operated vessels has asserted that certain companies could be assessed for state import taxes with respect to vessels that have operated within Brazilian coastal waters. We have neither been formally notified nor assessed with this tax by the Brazilian state. No accrual has been recorded as of March 31, 2014 for any liabilities associated with a possible future assessment. We can't predict whether any such tax assessment may be made in the future.

(7) NEW ACCOUNTING PRONOUNCEMENTS

In February 2013, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date". These amendments provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. Examples of obligations within this guidance are debt arrangements, other contractual obligations, and settled litigation and judicial rulings. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments are applied retrospectively to all prior periods presented for those obligations within the scope of this ASU that exist at the beginning of an entity's fiscal year of adoption. Early adoption is permitted. The adoption of ASU 2013-04 does not have a material impact on our consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity". These amendments provide guidance on releasing Cumulative Translation Adjustments when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. In addition, these amendments provide guidance on the release of Cumulative Translation Adjustment in partial sales of equity method investments and in step acquisitions. For public entities, the amendments are effective on a prospective basis for fiscal years and interim reporting periods within those years, beginning after December 15, 2013. The amendments must be applied prospectively to derecognition events occurring after the effective date. Prior periods should not be adjusted. Early adoption is permitted. The adoption of ASU No. 2013-05 does not have a material impact on our consolidated financial statements.

(8) OPERATING SEGMENT INFORMATION

We operate three segments: the North Sea, Southeast Asia and the Americas, each of which is considered a reportable segment under FASB ASC 280, "*Segment Reporting*". Our management evaluates segment performance primarily based on operating income. Cash and debt are managed centrally. Because the regions do not manage those items, the gains and losses on foreign currency remeasurements associated with these items are excluded from operating income.

Our management considers segment operating income to be a good indicator of each segment's operating performance from its continuing operations, as it represents the results of the ownership interest in operations without regard to financing methods or capital structures. Each operating segment's operating income (loss) is summarized in the following table, and detailed discussions below.

Operating Income (Loss) by Operating Segment

	North Sea	Southeast Asia	Americas	Other	Total
	<i>(In thousands)</i>				
Quarter Ended March 31, 2014					
Revenue	\$52,623	\$ 18,304	\$ 48,673	\$-	\$ 119,600
Direct operating expenses	26,729	5,484	24,086	-	56,299
Drydock expense	2,668	1,553	2,990	-	7,211
General and administrative	3,492	1,362	3,117	6,518	14,489
Depreciation expense	7,823	2,896	6,806	832	18,357
Operating income (loss)	\$11,911	\$ 7,009	\$ 11,674	\$(7,350)	\$23,244
Quarter Ended March 31, 2013					
Revenue	\$40,622	\$ 9,738	\$ 46,528	\$-	\$96,888
Direct operating expenses	23,197	6,145	23,795	-	53,137
Drydock expense	2,583	3,106	2,871	-	8,560
General and administrative	3,304	1,267	2,442	3,937	10,950
Depreciation expense	5,094	2,807	6,673	596	15,170
Operating income (loss)	\$6,444	\$ (3,587)	\$ 10,747	\$(4,533)	\$9,071

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We provide marine support and transportation services to companies involved in the offshore exploration and production of oil and natural gas. Our vessels transport drilling materials, supplies and personnel to offshore facilities, as well as move and position drilling structures. A substantial portion of our operations are international. Our fleet has grown in both size and capability, to our present number of 79 active vessels, through strategic acquisitions and the new construction of technologically advanced vessels, partially offset by dispositions of certain older, less profitable vessels. At April 21, 2014, our active fleet includes 75 owned vessels and four managed vessels.

Our results of operations are affected primarily by day rates, fleet utilization and the number and type of vessels in our fleet. Utilization and day rates, in turn, are influenced principally by the demand for vessel services from the offshore exploration and production sectors of the oil and natural gas industry. The supply of vessels to meet this fluctuating demand is related directly to the perception of future activity in both the drilling and production phases of the oil and natural gas industry as well as the availability of capital to build new vessels to meet the changing market requirements.

We also provide management services to other vessel owners for a fee. We do not include charter revenue and vessel expenses of these vessels in our operating results; however, management fees are included in operating revenue. These vessels are excluded for purposes of calculating fleet rates per day worked and utilization in the applicable periods.

The operations of our fleet may be subject to seasonal factors. Operations in the North Sea are often at their highest levels from April to August and at their lowest levels from November to February. Operations in our other areas, although involving some seasonal factors, tend to remain more consistent throughout the year.

Our operating costs are primarily a function of fleet configuration. The most significant direct operating cost is wages paid to vessel crews, followed by maintenance and repairs. Generally, fluctuations in vessel utilization have little effect on direct operating costs in the short term and, as a result, direct operating costs as a percentage of revenue may vary substantially due to changes in day rates and utilization.

In addition to direct operating costs, we incur fixed charges related to (i) the depreciation of our fleet, (ii) costs for routine drydock inspections, (iii) modifications designed to ensure compliance with applicable regulations, and (iv) maintaining certifications for our vessels with various international classification societies. The number of drydockings and other repairs undertaken in a given period generally determines our maintenance and repair expenses. The demands of the market, the expiration of existing contracts, the start of new contracts, seasonal factors and customer preferences influence the timing of drydocks. During the first three months of 2014, we completed 187 drydock days, compared to 257 in the same period last year.

Critical Accounting Policies

There have been no changes to the critical accounting policies used in our reporting of results of operations and financial position. For a discussion of our critical accounting policies see Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2013 Form 10-K.

Results of Operations

The table below sets forth, by region, the average day rates and utilization for our vessels and the average number of vessels owned or chartered during the periods indicated. This fleet generates substantially all of our revenues and operating profit. We use the information that follows to evaluate the performance of our business.

	Three Months Ended March 31, 2014 2013			
Revenues by Region (000's) (a):				
North Sea Based Fleet (c)	\$52,623		\$40,622	
Southeast Asia Based Fleet	18,304		9,738	
Americas Based Fleet	48,673		46,528	
Average Rates Per Day Worked (b):				
North Sea Based Fleet (c)	\$22,123		\$19,933	
Southeast Asia Based Fleet	15,312		13,734	
Americas Based Fleet	22,496		20,363	
Overall Utilization (b):				
North Sea Based Fleet	90.4	%	89.9	%
Southeast Asia Based Fleet	86.2	%	50.3	%
Americas Based Fleet	86.4	%	88.1	%
Average Owned Vessels (d):				
North Sea Based Fleet (c)	29.1		25.0	
Southeast Asia Based Fleet	16.0		16.0	
Americas Based Fleet	28.0		29.0	
Total	73.1		70.0	

(a) Includes owned and managed vessels.

(b) Rate per day worked is defined as total charter revenues divided by number of days worked. Utilization rate is defined as the total days worked divided by total days of availability in the period.

(c)

Revenues for vessels in the North Sea based fleet are primarily earned in Pound Sterling (GBP), Norwegian Kroner (NOK) and Euros, and have been converted to U.S. Dollars (US\$) at the average exchange rate for the period. See *Currency Fluctuations and Inflation* below for exchange rates.

Average number of vessels is calculated based on the aggregate number of vessel days available during each period (d)divided by the number of calendar days in such period. Includes owned vessels only, and is adjusted for vessel additions, dispositions and transfers occurring during each period.

Comparison of the Three Months Ended March 31, 2014 with the Three Months Ended March 31, 2013

For the quarter ended March 31, 2014, we had net income of \$16.6 million, or \$0.63 per diluted share, on revenues of \$119.6 million. For the same period in 2013, net income was \$2.9 million, or \$0.11 per diluted share, on revenues of \$96.9 million.

Our revenues for the quarter ended March 31, 2014 increased \$22.7 million, or 23.4%, compared to the first quarter of 2013. Increased capacity, utilization and day rates all contributed to the increase in revenue. We had an average of 3.1 additional vessels during the 2014 period compared to 2013. This increase is the result of seven deliveries during the second half of 2013 and the first quarter of 2014 under our new-build construction program and a first quarter 2014 vessel acquisition. Partially offsetting these additions was the sale of three older vessels during 2013. The overall effect in capacity contributed to an increase in revenue of \$7.8 million year over year. In addition, a 7.9% increase in utilization, from 80.1% in the first quarter of 2013 to 88.0% in the same 2014 quarter, resulted in a revenue increase of \$7.7 million in revenue. Day rates improved from \$19,240 in the first quarter of 2013 to \$20,802 in 2014, increasing revenue by \$7.2 million.

Operating income increased \$14.1 million, from \$9.1 million in the first quarter of 2013 to \$23.2 million during the same 2014 quarter. This increase is due primarily to higher revenue and a \$1.3 million decrease in drydock expense, as the number of drydock days were lower compared to last year's quarter. This was offset by an increase in direct operating costs of \$3.2 million resulting largely from compensation costs associated with the additional vessels, as well as an increase of \$3.2 million in depreciation and amortization expense due to the additional new-build vessels. In addition, general and administrative expense increased by \$3.5 million compared to the 2013 quarter mainly as a result of higher salaries and benefits.

North Sea

Revenues in the North Sea region increased by \$12.0 million to \$52.6 million in the first quarter of 2014 compared to the same 2013 quarter. An increase in capacity was the main factor in the improvement, as the average number of vessels in the region increased by 4.1 vessels due mainly to the delivery of five new-build vessels during the second half of 2013, two during the first quarter of 2014 and an acquisition during 2014. Offsetting this increase was the sale of two older vessels during 2013. This increase in capacity accounted for \$9.5 million increase in revenue. Average day rates increased from \$19,933 in the first quarter of 2013, to \$22,123 in the first quarter of 2014, an improvement of \$1.8 million in revenue. Utilization improvements amounted to an increase in revenue of \$0.7 million. Operating income increased \$5.5 million from the same 2013 quarter due mainly to higher revenue, offset by higher direct operating and depreciation expenses, due largely to the increase in vessels in the fleet during the current quarter. Drydock expense remained unchanged, while general and administrative expense increased \$0.2 million.

Southeast Asia

Revenues for our Southeast Asia based fleet increased by \$8.6 million, or 88.0% to \$18.3 million in the first quarter of 2014 compared to the same 2013 quarter. Utilization in the region increased significantly year over year, from 50.3% in the first quarter of 2013 to 86.2% in the same 2014 quarter. This increase accounted for \$8.5 million of the improvement in revenue in the first quarter of 2014 compared to the first quarter of 2013. Average day rates in the region increased from \$13,734 in 2013 to \$15,312, however, revenue only benefitted by \$0.1 million, due to the change in mix between our higher and lower day rates for the vessels in the region during the 2014 quarter. Operating income was \$7.0 million in the first quarter of 2014, compared to a loss of \$3.6 million for the same period in 2013. The \$10.6 million increase is due mainly to higher revenue combined with a decrease in direct operating expenses and drydock expenses. Drydock expense decreased by \$1.6 million in the first quarter of 2014 as a result of 61 less drydock days in the first quarter of 2014 compared to the same 2013 quarter. Depreciation and general and administrative expense increased slightly compared to the same 2013 quarter.

Americas

The Americas region revenues increased by \$2.1 million to \$48.7 million in the first quarter of 2014 compared to 2013. Average day rates in the region increased from \$20,363 in the first quarter of 2013 to \$22,496 in the current year quarter, an increase of 10.5%. This improvement accounted for \$5.4 million of the revenue increase. Partially offsetting this increase was a decrease in utilization of 1.7% to 86.4%, which reduced revenue \$1.6 million, as well as a decrease in capacity due to the sale of one of our older vessels which reduced revenue \$1.7 million. Operating income for the region was \$11.7 million, an improvement of \$0.9 million over the first quarter of 2013. The increase in revenue was partially offset by a slight increase in direct operating expenses and drydock expense. General and administrative expenses increased from the first quarter of 2013, due mainly to an increase in salaries and benefits.

Other

Other expenses in the first quarter of 2014 remained constant when compared to the same quarter in 2013. An increase in interest expense was largely offset by an increase in foreign currency gain and other income associated with a terminated vessel sale.

Tax Rate

Our effective tax rate for the first quarter of 2014 was 5.1%. This compares to a 12.1% effective tax rate for the first quarter of 2013. The change in rate from the prior year is primarily attributable to the earnings mix between our higher and lower tax jurisdictions.

Liquidity, Capital Resources and Financial Condition

Our ongoing liquidity requirements are generally associated with our need to service debt, fund working capital, maintain our fleet, finance the construction of new vessels and acquire or improve equipment or vessels. We plan to continue to be active in the acquisition of additional vessels through both the resale market and new construction. Bank financing, equity capital and internally generated funds have historically provided funding for these activities. Internally generated funds are directly related to fleet activity and vessel day rates, which are generally dependent upon the demand for our vessels which is ultimately determined by the supply and demand for offshore drilling for crude oil and natural gas.

In the third quarter of 2011, the company approved the initiation of a new-build construction program. We began the program in the North Sea region where we contracted with three shipyards to build a total of six new platform supply vessels (“PSVs”). In late 2011, we exercised an option with one of the shipyards to build an additional PSV. As of March 31, 2014, all vessels in this initial new-build program have been delivered.

In June 2012, we signed an agreement with a U.S. shipyard to build two U.S. flagged PSVs for the U.S. Gulf of Mexico. In July 2012, we signed agreements with another U.S. shipyard to build an additional two U.S. flagged PSVs. The estimated total cost of these four PSVs is approximately \$168.0 million. In April 2014, we approved the construction of an additional North Sea PSV with an estimated total cost of \$60.0 million. We expect to pay another \$107.3 million in future new build payments through the end of 2015. This amount includes the recently approved North Sea PSV and is net of amounts previously placed in escrow.

On March 12, 2012, we issued \$300.0 million aggregate principal amount of 6.375% senior notes due 2022. On December 5, 2012, we issued an additional \$200.0 million of senior notes with substantially the same terms as the previous \$300.0 million issuance (together with the original issue, the "Senior Notes"). The Senior Notes pay interest semi-annually on March 15 and September 15, and commenced September 15, 2012 for the March 12, 2012 Senior Notes, and March 15, 2013 for the December 5, 2012 Senior Notes.

In the third quarter of 2012, we entered into our Multicurrency Facility Agreement that provides us with \$150.0 million of borrowing capacity, secured by our Americas region vessels, through September 2017. In the second quarter of 2013, we entered into an amendment to our Norwegian Facility Agreement allowing us to begin to draw down on the 600.0 million NOK (approximately \$100.0 million) of borrowing capacity available, secured by our Norwegian flagged vessels, through September 2017. At March 31, 2014, we were in compliance with all the covenants under these agreements and had \$50.9 million outstanding.

We are required to make expenditures for the certification and maintenance of our vessels. We expect our drydocking expenditures to be approximately \$27.1 million in 2014, of which we have expensed \$7.2 million in the first three months of 2014.

Net working capital at March 31, 2014, was \$101.6 million. Net cash provided by operating activities was \$17.6 million for the three months ended March 31, 2014. Net cash used in investing activities was \$96.1 million. Net cash provided by financing activities was \$43.5 million.

At March 31, 2014, we had approximately \$25.7 million of cash on hand, approximately \$50.9 million drawn under our Multicurrency Facility Agreement and Norwegian Facility Agreements combined, and \$500.0 million outstanding under our Senior Notes. At March 31, 2014, we had approximately \$200.0 million of borrowing capacity under our Multicurrency and Norwegian Facility Agreements.

As of March 31, 2014, approximately 76% of our cash and cash equivalents were held by our foreign subsidiaries. It is our intention to permanently reinvest all of our earnings generated outside the U.S. prior to December 31, 2013 and through that date had not been remitted (unremitted earnings), and as such we have not provided for U.S. income tax

expense on these unremitted earnings.

In recent years, we repatriated cash from our foreign subsidiaries from current year foreign earnings and recognized U.S. tax expense, net of available credits, on those occasions. The incremental tax rate associated with these repatriations was approximately 30% with no U.S. cash tax requirement due to utilization of U.S. net operating losses. If any portion of the unremitted earnings were ever foreseen to not be permanently reinvested outside the U.S., or if we elect to repatriate a portion of current year foreign earnings, U.S. income tax expense would be required to be recognized and that expense could be material. Although subject to certain limitations, our U.S. net operating loss carryforwards and foreign tax credit carryforwards could be used to reduce a portion or all of the U.S. cash tax requirements of any such future foreign cash repatriations.

We anticipate that cash on hand, future cash flow from operations for 2014, and access to our revolving credit facilities will be adequate to fund our new-build construction program, to repay our debts due and payable during such period, to complete scheduled drydockings, to make normal recurring capital additions and improvements and to meet operating and working capital requirements. This expectation, however, is dependent upon the success of our operations.

Currency Fluctuations and Inflation

A majority of our operations are international; therefore we are exposed to currency fluctuations and exchange rate risks. In areas where currency risks are potentially high, we normally accept only a small percentage of charter hire in local currency, with the remainder paid in U.S. Dollars. Operating costs are substantially denominated in the same currency as charter hire in order to reduce the risk of currency fluctuations. Charters for vessels in our North Sea fleet are primarily denominated in Pounds Sterling (GBP), with a portion denominated in Norwegian Kroner (NOK) or Euros. The North Sea fleet generated 44.0% of our total consolidated revenue and 51.2% in operating income for the three months ended March 31, 2014. Charters in our Americas fleet can be denominated in Brazilian Reais and charters in our Southeast Asia fleet can be denominated in Singapore Dollars. In the first quarters of 2014 and 2013, the exchange rates of GBP, NOK, Euros, Brazilian Reais and Singapore Dollar against the U.S. Dollar averaged as follows:

	Three Months Ended March 31, 2014 2013	
	1 US\$ =	
GBP	0.604	0.645
NOK	6.093	5.631
Euro	0.730	0.757
Brazilian Real	2.362	1.997
Singapore Dollar	1.269	1.238

Our outstanding debt is denominated primarily in U.S. Dollars, but a substantial portion of our revenue is generated in currencies other than the U.S. Dollar. We have evaluated these conditions and have determined that it is not in our best interest to use any financial instruments to hedge this exposure under present conditions. Our strategy is in part based on a number of factors including the following:

the cost of using hedging instruments in relation to the risks of currency fluctuations;
the propensity for adjustments in these foreign currency denominated vessel day rates over time to
compensate for changes in the purchasing power of these currencies as measured in U.S. Dollars;
the level of U.S. Dollar-denominated borrowings available to us; and
the conditions in our U.S. Dollar-generating regional markets.

One or more of these factors may change and, in response, we may begin to use financial instruments to hedge risks of currency fluctuations. We will from time to time hedge known liabilities denominated in foreign currencies to reduce the effects of exchange rate fluctuations on our financial results, such as a fair value hedge associated with the construction of vessels. In this regard, in June 2012, we entered into forward currency contracts to specifically hedge the foreign currency exposure related to firm contractual commitments in the form of future payments for the construction of new vessels. As a result, by design, there was exact offset between the gain or loss exposure in the related underlying contractual commitment. The final forward currency contract matured in July 2013 and there are currently no open derivative contracts. We do not use foreign currency forward contracts for trading or speculative purposes.

Reflected in the accompanying consolidated balance sheet at March 31, 2014, is \$58.1 million in accumulated OCI primarily relating to the change in exchange rates at March 31, 2014 in comparison with the exchange rates when we invested capital in these markets. Changes in accumulated OCI are non-cash items that are primarily attributable to investments in vessels and U.S. Dollar based capitalization between our parent company and our foreign subsidiaries. The current year activity reflects the changes in the U.S. Dollar compared to the functional currencies of our major operating subsidiaries, particularly in the U.K. and Norway.

To date, general inflationary trends have not had a material effect on our operating revenues or expenses.

Off-Balance Sheet Arrangements

We have evaluated our off-balance sheet arrangements, and have concluded that we do not have any material relationships with unconsolidated entities or financial partnerships that have been established for the purpose of facilitating off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K). Based on this evaluation, we believe that no disclosures relating to off-balance sheet arrangements are required.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following market risk disclosures should be read in conjunction with the quantitative and qualitative disclosures about market risk contained in our 2013 Form 10-K.

Interest Rate Sensitivity

Our financial instruments that are potentially sensitive to changes in interest rates include our 6.375% Senior Notes, our Multicurrency Facility Agreement and our Norwegian Facility Agreement. At March 31, 2014, the fair value of the Senior Notes, based on quoted market prices, was approximately \$525.5 million, compared to a carrying amount of \$501.0 million.

Exchange Rate Sensitivity

We operate in a number of international areas and are involved in transactions denominated in currencies other than U.S. Dollars, which exposes us to foreign currency exchange risk. At various times we may utilize forward exchange contracts, local currency borrowings and the payment structure of customer contracts to selectively hedge exposure to exchange rate fluctuations in connection with monetary assets, liabilities and cash flows denominated in certain foreign currencies. We do not hold or issue forward exchange contracts or other derivative financial instruments for speculative purposes.

Other information required under Item 3 has been incorporated into Management's Discussion and Analysis of Financial Condition and Results of Operations and is incorporated herein.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective for the period covered by the report ensuring that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Evaluation of internal controls and procedures.

As of December 31, 2013, our management determined that our internal controls over financial reporting were effective.

There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

General

Various legal proceedings and claims that arise in the ordinary course of business may be instituted or asserted against us. Although the outcome of litigation cannot be predicted with certainty, we believe, based on discussions with legal counsel and in consideration of reserves recorded, that an unfavorable outcome of these legal actions would not have a material adverse effect on our consolidated financial position and results of operations. We cannot predict whether any such claims may be made in the future.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2013 Form 10-K, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibits

See Exhibit Index for list of Exhibits filed herewith.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GulfMark Offshore, Inc.
(Registrant)

By:/s/ Samuel R. Rubio
Samuel R. Rubio
Senior Vice President - Controller and Chief Accounting Officer

Date: April 21, 2014

INDEX TO EXHIBITS

<u>Exhibits</u>	<u>Description</u>	<p>Filed Herewith or</p> <p>Incorporated by</p> <p>Reference</p> <p>from the</p> <p><u>Following</u></p> <p><u>Documents</u></p>
3.1	Certificate of Incorporation, as amended	Exhibit 3.1 to our current report on Form 8-K filed on February 24, 2010
3.2	Bylaws, as amended	Exhibit 3.2 to our current report on Form 8-K filed on February 24, 2010
4.1	Description of GulfMark Offshore, Inc. Common Stock	Exhibit 4.1 to our current report on Form 8-K filed on February 24, 2010
4.2	Form of U.S. Citizen Stock Certificates	Exhibit 4.2 to our current report on Form 8-K filed on February 24, 2010
4.3	Form of Non-U.S. Citizen Stock Certificates	Exhibit 4.3 to our current report on Form 8-K filed on February 24, 2010
4.4	Indenture, dated as of March 12, 2012, between GulfMark Offshore, Inc., as issuer, and U.S. Bank National Association, as trustee, including a form of the Company's 6.375% Senior Notes due 2022	Exhibit 4.1 to our current report on Form 8-K filed on March 12, 2012
4.5	\$300 Million GulfMark Offshore, Inc. 6.375% Senior Notes due 2022 Registration Rights Agreement dated as of March 12, 2012, by among GulfMark Offshore, Inc., Credit Suisse Securities (USA) LLC, Wells Fargo Securities, LLC and RBS Securities Inc.	Exhibit 4.3 to our current report on Form 8-K filed on March 12, 2012

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4.6	\$200 Million GulfMark Offshore, Inc. 6.375% Senior Notes due 2022 Registration Rights Agreement dated as of December 5, 2012, by among GulfMark Offshore, Inc. and Wells Fargo Securities, LLC, as the representative of the several initial purchasers named therein	Exhibit 4.3 to our current report on Form 8-K filed on December 6, 2012
4.7	See Exhibit No. 3.1 for provisions of the Certificate of Incorporation and Exhibit 3.2 for provisions of the Bylaws defining the rights of the holders of Common Stock	Exhibits 3.1 and 3.2 to our current report on Form 8-K filed on February 24, 2010
31.1	Section 302 Certification for Q.V. Kneen	Filed herewith
31.2	Section 302 Certification for J.M. Mitchell	Filed herewith
32.1	Section 906 Certification furnished for Q.V. Kneen	Furnished herewith
32.2	Section 906 Certification furnished for J.M. Mitchell	Furnished herewith
101	The following materials from GulfMark Offshore, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets (ii) Unaudited Condensed Consolidated Statements of Operations, (iii) Unaudited Condensed Consolidated Statements of Stockholders' Equity, (iv) Unaudited Condensed Consolidated Statement of Cash Flows and (v) Notes to Unaudited Consolidated Condensed Financial Statements, tagged as blocks of text.	