

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

POSTING OF 2016 ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The Company advises that the 2016 Annual Report, including the Notice of the 2017 Annual General Meeting and Proxy Form, has been mailed to its shareholders. The 2016 Annual Report is available on the Company's website at www.gmsuae.com. The Company will hold its AGM on Tuesday, 16 May 2017.

In accordance with Listing Rule 9.6.1R, copies of these documents have been submitted to the UK Listing Authority via a National Storage Mechanism and will shortly be available to the public for inspection at www.morningstar.co.uk/uk/NSM.

In accordance with Disclosure and Transparency Rule 6.3.5, additional information is set out in the appendices to this announcement. This information is extracted from the 2016 Annual Report. The appendices should be read in conjunction with the Company's Preliminary Results Announcement, issued at 07:00 on 28 March 2017, RNS Number 6781A. This material is not a substitute for reading the full 2016 Annual Report.

Appendix A

Statement of Directors' Responsibilities

The following responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. This statement relates to and is extracted from page 65 of the 2016 Annual Report.

These responsibilities are for the full 2016 Annual Report and not the extracted information presented in this announcement or otherwise.

“We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.”

Duncan Anderson
Chief Executive Officer
27 March 2017

John Brown
Chief Financial Officer
27 March 2017

Appendix B

Principal risks and uncertainties

The following has been extracted from pages 19 to 21 of the 2016 Annual Report:

The principal risks and uncertainties facing the Group in the short to medium term are set out below, together with the principal mitigation measures. These risks are not intended to be an exhaustive analysis of all risks that may arise in the ordinary course of business or otherwise.

Risk profile	Mitigation, monitoring and assurance
STRATEGIC	
<p>The macroeconomic environment influences the demand for our services. A sustained period of low oil prices could affect the demand for the Group's oil extraction support services. This could lead to lower utilisation or lower charter day rates causing profit margins to fall.</p> <p>Significant changes in the market-place as a result of the actions of our competitors or the entrance of new competitors may jeopardise our market share or adversely affect utilisation levels or charter day rate levels achieved.</p> <p>Over-exposure to any one geographic market or loss of a major client or a reduction in activity of a major client could impact our performance.</p>	<p>Construction and modification flexibility for clients</p> <p>Our vessels are built to be as flexible as possible allowing us to compete for a wide share of the market, helping us to maximise utilisation levels and charter day rates. The Group is also able to more easily modify assets in its own yard to satisfy client requirements where necessary.</p> <p>Focus on low cost of production areas such as MENA</p> <p>A substantial proportion of the Group's client base and revenues are generated in the MENA region, where the cost of oil production is generally lower than in other parts of the world.</p> <p>Growth and expansion</p> <p>The Group has expansion of its geographical footprint as one of its long term strategic aims as it seeks to diversify into other markets. Where possible we strive to have a geographical balance of our operations by not limiting our portfolio of clients to one country.</p> <p>In addition we are further expanding the range of well activities that our vessels can perform. The Group recently developed the cantilever concept for its Large Class vessels. It is anticipated that this concept should significantly expand our service offering, allowing the Group to compete for a greater range of well services work. It remains the intention of the Group to further expand the fleet, subject to future market demand.</p> <p>Opex v capex</p> <p>The Group provides cost-effective services mainly</p>

	<p>in the opex phase of oil companies' budgets, supporting long-term oil production which historically has tended to be less cyclical than capex phase work.</p> <p>Cost management The Group is focused on controlling costs in order to help achieve appropriate profit margins whilst having the ability to offer competitive pricing to clients.</p>
COMMERCIAL	
<p>The reliance of the Group on a limited number of blue chip clients may expose us to losses in the event of client relationship disruptions.</p> <p>The Group may not be able to win new contracts or retain existing contracts including clients not opting to exercise contractual option periods because of the actions of competitors. This could lead to lower vessel utilisation or lower charter day rates causing profit margins to fall.</p> <p>The Group may not be able to secure long term contracts or certain clients could cancel contracts, which may lead to commercial downtime between contracts and lower overall average utilisation.</p>	<p>Flexibility and innovation We seek to continually improve our offering through innovation including new vessel designs and specification improvements by responding directly to client feedback.</p> <p>Market knowledge and operational expertise The Group has a clear record of established long term relationships in the MENA region and North West Europe, which helps provide a clear understanding of our clients' requirements and operating standards. We believe that the Group continues to have a competitive edge over most other alternative providers of vessels through our operational expertise and the high quality specifications of our offshore solutions.</p> <p>Tender approach We compete in tenders for all vessels nearing the end of their firm contracts, ensuring that, if a client chooses not to exercise their option, other opportunities should not be missed. The Group continually monitors and tracks its pipeline of new contract opportunities. When negotiating contracts, where possible, the Group seeks to exclude client termination rights. In addition, our robust operating standards result in minimal downtime which helps ensure that clients are not given cause to cancel contracts through non-performance.</p>
FINANCIAL	
<p>Macro and micro economic events, such as a sustained low oil price, may impact our ability to</p>	<p>Key performance indicators (KPIs) Transparent KPIs are used for reporting to track</p>

<p>raise finance, achieve forecast, effectively manage our working capital and service our financial obligations.</p> <p>A sustained reduction in charter day rates and/or utilisation levels could lead to a breach in certain debt covenants.</p> <p>Failure of the Group to service its debts and comply with debt covenants could result in negative repercussions for the Group including restriction of funding.</p> <p>The Group may use external funding in financing major projects, and inability to obtain the required funding may hamper the successful undertaking of capital-intensive projects</p>	<p>progress. The KPIs are reviewed regularly to ensure Management has all the necessary information to make timely financial decisions.</p> <p>Availability of funding The Group has a committed banking facility in place that provides access to funding and now that the current new build programme is coming to an end, the Group is forecast to begin deleveraging.</p> <p>Policies and procedures We adhere to Group-wide financial and accounting policies which underpin our approach to risk management.</p> <p>Management and Board reporting The Management and the Board regularly monitor the Group's debt obligations and funding requirements and seek to ensure that sufficient funds are always in place to meet the needs of the business as well as maintaining adequate headroom over debt covenants thus minimising the risk of breach.</p>
HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY	
<p>The Group may suffer commercial and reputational damage as a result of an environmental or safety incident involving our employees, visitors or contractors.</p> <p>Our operations have an inherent safety risk due to our offshore operations. We have a fundamental obligation to protect our people and recognise the implications of poor safety procedures.</p>	<p>Safety awareness Safety and assurance continues to be a top priority and is underpinned by our HSSEQ management system and strong safety-focused culture. Management ensures appropriate safety practices and procedures, disaster recovery plans and the insurance coverage of all commercial contracts are in place both prior to acceptance and during contract delivery.</p> <p>Training and compliance Our employees undergo continuous training and sensitisation on operational best practices.</p> <p>Scheduled maintenance The Group follows regular maintenance schedules on its vessels and the condition of the vessels is consistently monitored.</p>
COMPLIANCE AND REGULATION	
<p>Non-compliance with anti-bribery and corruption regulations could damage stakeholder relations</p>	<p>Code of conduct The Group has a Code of Conduct which</p>

<p>and lead to reputational and financial loss.</p> <p>Failure to appropriately identify and comply with laws and regulations and other regulatory statutes in new and existing markets could lead to regulatory investigations.</p>	<p>employees are required to comply with when conducting business on behalf of the Group; this includes anti-bribery and corruption policies.</p> <p>Due diligence Prior to venturing into new markets, the Group performs substantial due diligence work and obtains an understanding of the governing laws and regulations. Group legal and external counsel support are utilised as necessary.</p>
<p>OPERATIONAL</p>	
<p>There is a risk that the Group's assets may not be fit for purpose or may fail to operate in the manner intended by Management. Failure to deliver the expected operational performance could result in reputational damage, litigation, reduced profit margins or loss of clients.</p> <p>Changes in the political regimes, civil and political unrest or sanctions in the jurisdictions in which we operate could adversely affect our operations.</p>	<p>Vessel monitoring The Group constantly monitors the condition of the vessels and other equipment which undergo mandatory dry docking within the specified timeframes. The Group has policies and procedures in place such as the Planned Maintenance System to ensure that the vessels undergo regular preventative maintenance.</p> <p>Emergency plans and insurance For all our major assets and areas of operation, the Group maintains emergency preparedness plans. We regularly review the insurance coverage over the Group's assets to ensure adequate cover is in place.</p> <p>Constant review The Group remains vigilant to potential changes and risks and may engage with governments and legal counsel to ensure a comprehensive view of our stakeholders is presented. The Group constantly monitors the ever-changing political landscape in the regions that are considered volatile or unpredictable.</p>
<p>PEOPLE</p>	
<p>The Group's success depends on our ability to attract and retain sufficiently qualified and experienced personnel, particularly at senior management levels.</p> <p>Failure to attract, develop and retain sufficient competent crew to support our clients' needs could result in operational issues on-board vessels.</p>	<p>Succession planning The Group maintains detailed management succession plans for key personnel which are monitored by the Group HR team. The current macroeconomic environment has resulted in a wider external talent pool available for certain roles within the Group.</p> <p>As the Group's new build programme has neared completion, key Technical personnel who were involved in vessel construction projects, have been integrated within the Operations Department to assist in vessel modification and maintenance</p>

	<p>projects. This enables the Group to retain key technical skills and expertise in our fleet of high quality vessels.</p> <p>Learning and development The Group is committed to providing bespoke training and development paths for key personnel and invests heavily in learning and development with a major focus on regular training for our safety critical, senior operational and management roles.</p> <p>Competitive remuneration packages The Group has a competitive remuneration structure that aims to attract, motivate and retain suitably qualified personnel through performance-based reward practices.</p>
INVESTMENTS	
<p>Delays in completion, or errors in assessing the impact of new strategic expansion projects could result in decreased margins and market share.</p>	<p>Board oversight The Board has oversight of approving and monitoring strategic projects.</p> <p>Project management Extensive project management controls and processes are adhered to throughout project life cycles.</p>

Enquiries

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