GMS
OFFSHORE CONTRACTOR

CONTINUED DELIVERY IN A CHALLENGING MARKET

Gulf Marine Services PLC
Annual Report 2015

LEADING THE WAY IN OFFSHORE SUPPORT SOLUTIONS FOR THE OIL, GAS AND RENEWABLE ENERGY INDUSTRIES

Financial Highlights

- Revenue increased by 12% to US$ 219.7 million (15% increase on a constant currency* basis) (2014: US$ 196.6 million).
- Healthy cash flows generated from operations, EBITDA up 11% to US$ 138.5 million (16% increase on a constant currency* basis) (2014 EBITDA: US$ 124.8 million). Good EBITDA margin of 63% (2014: 64%).
- Adjusted* net profit after taxation for the year increased by 4% to US$ 84.9 million (2014: US$ 81.3 million excluding IPO costs), 11% increase on a constant currency* basis.
- Adjusted* diluted earnings per share in the year was broadly flat at 24.05 cents (2014: 23.71 cents), on a constant currency* basis growth was 7%.
- Final dividend for the year proposed of 1.20 pence (1.74 cents) per share taking total 2015 dividend payments to 1.61 pence (2.43 cents).
- Net debt of US$ 398.9 million (including obligations under finance leases of US$ 94.6 million) (2014: US$ 273.6 million) and recently negotiated committed undrawn bank facilities of US$ 225.0 million at 31 December 2015.
- New US$ 620.0 million debt facility secured in Q4 2015, improved borrowing margins, extended maturity and with no change to previous covenants.

Operational Highlights

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

Outlook

- Secured backlog of US$ 443.9 million as at 1 March 2016, comprising US$ 210.2 million firm and US$ 233.7 million extension options.
- In 2016 EBITDA is expected to be 15 to 20% lower than in 2015 and earnings per share is expected to be approximately 25 to 30% lower.
- Expected peak net debt level in 2016 of approximately US$ 435.0 million before reducing to around US$ 425.0 million by year end.

- Working with clients and actively expanding the existing services the fleet can deliver, with new cost-effective solutions that will allow GMS to target a broader market share by supplanting more expensive less flexible non-propelled drilling rigs.
- Timing of future fleet expansion beyond 2016 will be driven by our assessment of factors affecting market demand, principally the oil price outlook.
- Following completion of the new build programme net debt levels should reduce and, subject to the market outlook, the Group will have the capacity to look to increase returns to shareholders through the most appropriate mechanism at the time.
- Business model and strategy designed to help the Group navigate through the current challenging market conditions.

The above highlights are based on the Group's adjusted results. A full reconciliation between the adjusted and statutory results is contained in note 6 to the consolidated financial statements.

* Please refer to the Glossary.

INTRODUCTION

STRATEGIC REPORT

PERFORMANCE

GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

A WORLD LEADER IN SESVs

Gulf Marine Services is the operator of the world's largest fleet of advanced self-propelled Self-Elevating Support Vessels (SESVs).

About Us

GMS' assets provide a stable platform for the delivery of a wide range of services performed by the Group's clients throughout the total lifecycle of offshore oil, gas and renewable energy activities. The vessels are capable of operations in the Middle East, South East Asia, West Africa and Europe.

The Group constructs and maintains its vessels at its yard in Abu Dhabi; its extensive new build programme makes the GMS fleet the most sophisticated in the industry. The current fleet of SESVs comprises 14 vessels; GMS will increase this to 15 vessels by the end of 2016.

Our Offering

The Group's SESV fleet is technically advanced and amongst the youngest in the industry, with an average age of seven years. The SESVs are four-legged vessels that move independently, with no requirement for anchor handling or tug support. They have a large deck space, crane capacity and accommodation facilities that can be adapted to the requirements of the Group's clients.

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

Three classes of vessels serve a range of client needs

Large Class

- 3 units + 1 to be constructed
- Average age: 4 years
- Water depth: 65–80m
- Accommodation for up to 300 people
- Harsh weather capable

Mid-Size Class

- 3 units
- Average age: less than a year
- Water depth: 55m
- Accommodation for up to 300 people
- Harsh weather capable

Small Class

- 8 units
- Average age: 11 years (8 years excl Naashi)
- Water depth: 45m
- Accommodation for up to 300 people

GMS Fleet of SESVs

Large Class Vessels	Year of Delivery
GMS Enterprise	2014
GMS Endeavour	2011
GMS Endurance	2010

Mid-Size Class Vessels	Year of Delivery
GMS Sharqi	2016
GMS Scirocco	2015
GMS Shamal	2015

Small Class Vessels	Year of Delivery
Pepper	2015
Kinoa	2012
Keloa	2009
Kudeta	2008
Kawawa	2006
Kikuyu	2005
Kamikaze	1999
Naashi	1982

GMS Supports:

- Well intervention services and enhanced oil recovery
- Drilling support, completions and testing
- Platform construction, hookup and commissioning
- Platform restoration and maintenance
- Coil tubing, wireline and snubbing
- Well abandonment and decommissioning
- Wind turbine installation and maintenance

History

GMS was established in Abu Dhabi, UAE in 1977. In 2007 the Group was acquired by a consortium of investors, led by private equity firm Gulf Capital, and a new senior management team was appointed, headed by the current CEO Duncan Anderson. At this time, the Group was operating three self-propelled SESVs (with a fourth undergoing refurbishment) and had another under construction. Within just eight years, GMS has successfully expanded its fleet and geographical coverage, from a local operation in Abu Dhabi to become the number one player in the Middle East, and is now the largest operator of self-propelled SESVs in the world. The Group listed on the London Stock Exchange in March 2014.

The current SESV fleet stands at 14 vessels (as at March 2016); it also has an accommodation barge and two anchor-handling tug support (AHTS) vessels.

The first Large Class vessel, which opened up a market sector where vessels can operate in harsh weather and deeper water environments, was constructed in 2010, with a second delivered in 2011. In 2010 when GMS Endurance was completed it was initially deployed in Saudi Arabia, whilst the second, GMS Endeavour, was mobilised to the North Sea; both markets were a first for GMS and allowed the Group to continue its growth strategy and to expand its geographic and client footprint beyond the UAE where it had predominantly been working up to that time. GMS operated entirely in the oil and gas sector until 2011 when it entered the offshore wind power installation market in North West Europe with one of its Large Class vessels, GMS Endeavour.

In 2014 GMS embarked on a programme to expand the fleet by a further six SESVs. Five of these vessels have been successfully delivered on time and within budget and the sixth one, GMS Evolution, is scheduled for completion at the end of 2016.

The information in this section is as of 1 March 2016.

I am very pleased to be introducing Gulf Marine Services' second Annual Report. The Group performed very well in 2015 against a background of low oil prices, successfully delivering on its business strategy.

We can report a solid set of results for 2015. Revenue has grown 12% to US$ 219.7 million and EBITDA increased to US$ 138.5 million, with a continued good EBITDA margin of 63% (2014: 64%). Adjusted* net profit after taxation rose to US$ 84.9 million and adjusted* diluted earnings per share in the year was broadly flat at 24.05 cents.

During 2015, three new build vessels were delivered on time and within budget and all three proceeded directly to their first contracts in the Middle East. Fleet expansion continues to be part of our strategy. Further additions to the fleet beyond 2016 are still to be decided upon and will be driven by our assessment of the factors affecting market demand, principally the oil price outlook.

An existing Large Class vessel commenced a new long-term contract in the Middle East and a further Large Class vessel was also chartered to a new long-term contract in Europe.

As at 1 March 2016, our backlog stands at US$ 443.9 million, with approximately 50% of this being contracted during 2015 when the oil price averaged US$ 53.0 a barrel.

I am pleased to report that the Board has recommended a final dividend for the year of 1.20 pence (1.74 cents) per share subject to shareholders' approval at the AGM on 11 May 2016 and this will be paid on 16 May 2016. The total dividend for the year is 1.61 pence per share (2.43 cents) representing 10% of adjusted* net profit. The Group's dividend policy looks to maximise shareholder value and reflect GMS' strong earnings and cash flow characteristics, while allowing the retention of sufficient capital to invest in long-term growth for the Group. As the period of intensive capital investment associated with the current new build programme concludes in 2016, the Board will consider the potential for further increased shareholder returns.

Throughout 2015 we continued to seek ways to enhance our offering. Early in 2016 we were proud to announce that we are at the advanced design stage of a bespoke cantilever system for our SESVs. We anticipate that this exciting innovation will help to widen significantly the scope of work opportunities in supporting well services for GMS. Further information on this is included later in this report.

In 2015 we saw a marked reduction in the oil price compared to recent years and this hampered the rate of growth we delivered in the year. While we are protected against the current market challenges to some extent as most of our operations are brownfield opex-related, with the majority of our vessels working in the low production cost MENA region, we did see some pressure on EBITDA margins in the latter part of 2015. We expect that a sustained low oil price will have a continued compression effect in 2016.

While it is difficult currently to assess accurately what the impact on our trading will be, we are focused on maintaining vessel utilisation and our business model and strategy will help us continue our ongoing successful operations.

As detailed elsewhere in this report, it has been a particularly busy year for the organisation. As staffing levels increased and the number of man hours worked rose significantly to 7.7 million, we maintained our focus on upholding our high levels of health and safety across the business and sustained a very good safety performance. I would like to take this opportunity to recognise and commend all staff and contractors, both onshore and offshore, for their hard work during the year and for successfully executing a significant number of projects.

Looking forward, the Group is well-funded, with a healthy balance sheet and good operating margins. I am confident that under the leadership of our CEO Duncan Anderson and his strong management team, GMS is in a good position to manage the current challenges facing the industry.

Simon Heale
Chairman
21 March 2016

* Please refer to the Glossary.


NS MFT

STRATEGIC REPORT

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

Group Financial Performance

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

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

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

High Fleet Utilisation

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

Order Book

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

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

Operations

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

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

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

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

The fleet performed very well during 2015 and while we had a significant number of special projects during the year, the majority of which were bespoke modifications or mobilisations requested by our clients for new charters, we maintained a very high vessel utilisation level of 98% across the SESV fleet for the days available for charter. Charter rates sustained some downward pressure towards the end of the year primarily as a reflection of the fall in oil price.

* Please refer to the Glossary.

We are very conscious of managing our costs appropriately in the current environment. However, when utilisation is high there is limited scope for material cost reductions as certain operating costs for vessels tend to remain relatively fixed. If utilisation levels were to reduce, there would be more flexibility to make further cost savings.

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

In-House Build, Maintenance and Modification

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

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

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

Markets

Middle East

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

Europe

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

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

Rest of World

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

* Please refer to the Glossary.

Our Enhanced Offering – Well Intervention Services

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

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

Our People

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

Outlook

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

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

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

Duncan Anderson
Chief Executive Officer
21 March 2016

CREATING LONG-TERM VALUE FOR OUR SHAREHOLDERS

Our business model is centred on the provision of highly cost-effective and sophisticated self-propelled self-elevating support vessels (SESVs) to clients operating in the offshore energy sector.

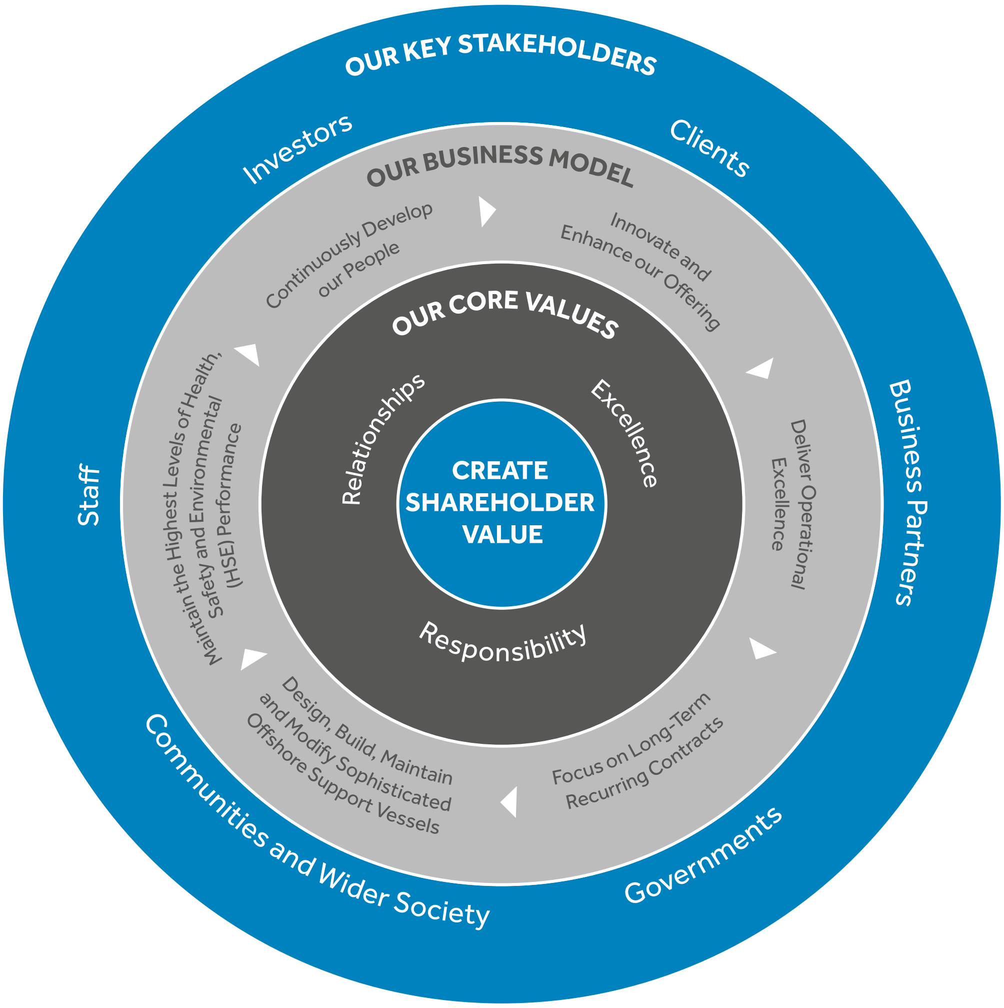
This service enables our clients primarily to carry out maintenance, modification and well services work on their offshore facilities, by providing a stable platform immediately adjacent to the facility. The vessel allows the storage and application of materials and equipment necessary for the client's work, and for the accommodation of the workforce.

We have developed an integrated approach focused around six key areas in order to deliver this business model.

Innovate and Enhance our Offering

We have a long history of satisfying the requirements of our national and international oil company clients with our experience, technical expertise and ability to modify and enhance our vessels enabling us to efficiently address their evolving needs.

We work alongside our clients to ensure the design and construction of our new vessels meets their expectations in terms of operational efficiency, safety and cost; our ability to further develop our offering at the design stage gives us a clear advantage over competitors who have to place their orders with third party shipbuilders. Through close collaboration with clients on a project-by-project basis, GMS offers a cost-effective model that provides optimum efficiency and minimum non-productive time during clients' mobilisations or operations, whilst maintaining the flexible multi-role design as part of the Group's core strategy for high utilisation.



The diagram above represents the Group's business. The outer circle represents the environment in which GMS works. Within the image, our core values, which are central to everything we do, are captured along with the business model we apply to create shareholder value.

Deliver Operational Excellence

We continually strive for excellence in all aspects of our operations. Our skilled employees provide our clients with safe and high quality services from a fleet of sophisticated SESVs. In addition, we are continually looking for ways to improve our offering through significant market knowledge and experience, technical expertise, client collaboration and by forming strategic business partnerships.

GMS offers a range of benefits to its clients, resulting in greater operational efficiency and significant time and cost savings for them, along with high utilisation and premium day rates for GMS. All of our SESVs have rapid jacking capability and have a four-leg design with better stability and jacking speed relative to three-leg SESVs. In addition, all of our SESVs are self-propelled and the Large Class and Mid-Size Class vessel designs include DP2, a dynamic positioning system that enhances the ability of SESVs to safely manoeuvre close to our clients' offshore installations. These features also allow the vessels to move faster in-field than conventional non-propelled vessels. This competitive advantage for multi-move well location work particularly lends itself to well services projects, whereby our clients can save considerable expense using one of our vessels instead of a more expensive drilling rig. We are focused on ensuring the efficient management of our fleet, with our in-house maintenance programme ensuring timely repairs and routine maintenance have minimal effect on operations.

Focus on Long-Term and Recurring Contracts

The Group's revenue is principally generated by the charter day rates we charge for each vessel. We target long-term contracts and our priority is to deliver high vessel utilisation, which provides the benefit of more predictable cash flows.

GMS is active in the opex phase of the oil and gas cycle, predominantly supporting long-term oil production, traditionally in maintenance, refurbishment, repair and well services, and more recently expanding into well decommissioning. This means GMS is less prone to the cyclical nature of the oil industry than many oil service companies exposed to the capex-led exploration and development phases. The contract length for a Small Class vessel is usually three to five years, while for the Large Class vessels it typically ranges from one to four years. Contracts normally include both a firm and extension period; the extension period is at the client's discretion and historically 90% of these periods have been exercised.

Nearly all of the Group's revenue is sourced from the opex-led activities of our clients, who generally will have an ongoing requirement for a SESV once all available option periods have been exercised. As the incumbent operator, GMS is well-placed to win recurring work when the renewal contract is tendered and we have been very successful in securing renewal contracts. This is demonstrated by two of our Small Class vessels, which between them have amassed more than 40 years of back-to-back contracts with the same clients, carrying out the same service.

Design, Build, Maintain and Modify Sophisticated Offshore Support Vessels

GMS has in excess of 35 years' experience in the design and construction of SESVs solely for our own use. Our quayside construction facility in Abu Dhabi provides us with the in-house resource to speedily adapt or repair our vessels without relying on third parties; any client-requested modifications can be made to the vessels at minimum cost and time to our clients.

The construction of an SESV takes around 18 months with the four main processes being procurement of vessel components, hull construction that is outsourced to competitive yards, assembly at our yard in Abu Dhabi and commissioning. Since GMS is both builder and operator, we can closely manage our construction programme and are therefore well-placed to gear our fleet expansion programme according to our view of market demand.

Our ability to build SESVs for ourselves is essential to our low-cost integrated build model that allows management to better control the quality, componentry and timelines of delivery whilst also enabling construction of the vessels at around 30% cheaper than at a traditional shipyard. We can also respond rapidly to clients' requests for bespoke specifications that can be efficiently incorporated at the build stage. In 2015, we successfully introduced a new class of vessel to the fleet, the Mid-Size SESV, in response to our clients' evolving requirements and to widen our offering in line with our plans for continued growth. Our experience and flexibility enables us to bid on a wide variety of tenders.

Maintain the Highest Levels of Health, Safety and Environmental (HSE) Performance

We place a high priority on managing the risks inherent to our operations and comply with national and international HSE standards.

We employ an integrated management system covering the quality, health, safety and environmental principles and objectives of our business, which is implemented throughout all offshore and onshore operations. This aims to provide innovative and sustainable solutions to monitor our HSE performance and continuously improve the necessary safeguards to protect our employees and minimise the impact on the environment. This system is fully ISO 9001, ISO 14001 and OHSAS 18001 compliant, is externally audited and accredited, and is continually reviewed to capture best practice changes issued by the International Association of Oil and Gas Producers. We have also developed successfully UK and Dutch sector North Sea Safety Cases for the operation of our Large SESVs in that region. Information on our environmental reporting can be found on page 35.

Health and safety are considered by our clients when assessing bids for tenders and we regard our performance in this area as an advantage. We have consistently maintained low levels of lost time injuries (LTIs, meaning an injury that requires one or more days off work). Further details on our HSE performance can be found on page 27.

Continuously Develop our People

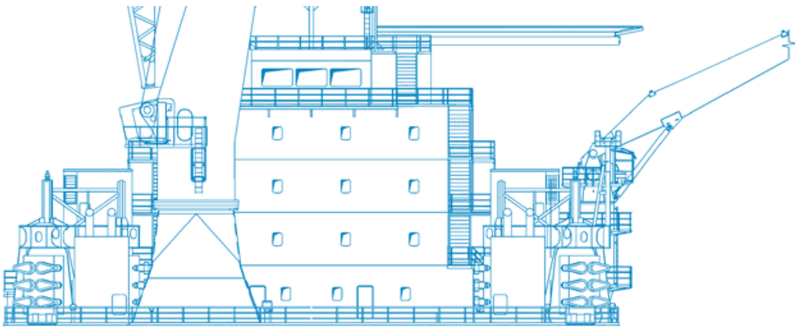
GMS operates in an industry where staff mobility rates are relatively high and as such, we seek to attract and retain high-calibre staff and ensure they are empowered to carry out their duties safely and effectively. We value the diversity of our employees and provide an environment where everyone can perform to their full potential and be rewarded for delivering excellence.

The niche nature of our sector means that skilled and capable offshore crew members are traditionally in limited supply (however, the current low oil price environment has resulted in a wider talent pool currently available for certain roles) and we therefore pay attention to growing talent from within our organisation. We have a Competence Management System (CMS) in place based on recognised industry best practice. Its purpose is the integrated control of those activities within the Company that will assure competency of personnel, particularly in safety critical activities. Annual assessments are carried out for offshore personnel to ensure appropriate certification and competence to undertake operational roles.

Competency gaps are closed via training supported by the GMS Academy. Much of the GMS Academy training is knowledge-based and delivered via computer-based training which employees are able to access at any time, irrespective of their location. However, all Academy training is supplemented with the coaching and mentoring of crew by their officers and complimented by the Group's Offshore Performance Coaches who are responsible for embedding the knowledge delivered via the GMS Academy through effective real-time coaching. We also have a wide range of development initiatives, such as an externally accredited management development programme, our simulator programme for our Masters, and Fleet Management programmes. Further detail can be found in our Performance section on pages 26 and 27.

The Group's core business consists of well support and maintenance services and the provision of accommodation in the offshore oil and gas sector. In the offshore wind energy sector we provide support services for installation, commissioning and maintenance. Our vessels operate exclusively in shallow waters, in depths of up to 80 metres. We continue to see the more stable demand going forward for our vessels in brownfield oil and gas opex-related work and further growth potential in well intervention activities, enhanced oil recovery work and decommissioning and plug and abandonment activities.

The four key principles of our strategy are set out below.

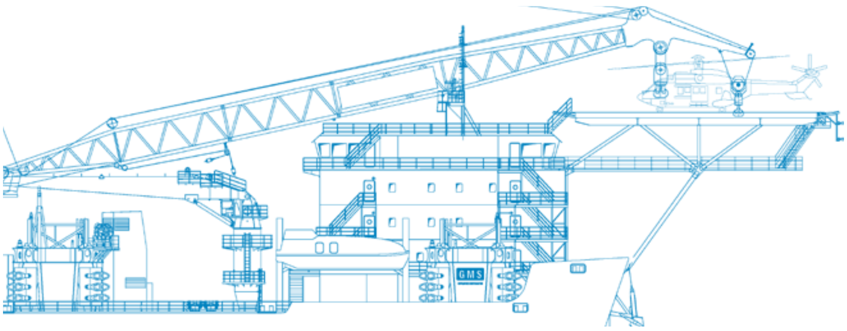


1. Provide Vessel Flexibility and Measured Fleet Expansion

GMS' ability to design, build, maintain and modify its own technologically advanced fleet of modern SESVs has proved particularly helpful in the challenging oil price environment. The Group is able to deliver economies and efficiencies to its clients and is ideally placed to maintain competitive charter rates while also benefitting from the reward of high vessel utilisation.

The Group's assets provide a stable platform from which a diverse range of services are carried out by our clients throughout the total lifecycle of offshore oil, gas and renewable energy activities. Our capability to modify our assets at our own in-house construction facility to suit the requirements of our clients' operations, in short timescales, means we can often offer more cost-effective and time-efficient offshore solutions than our competitors. Our ability to ensure the flexibility of our existing vessels, and the fact that we can also enhance our offering at the design stage of our new build vessels, has proved advantageous when winning and executing work in different sectors of our market and we will continue to communicate these important benefits to our clients.

Flexibility is the key to maintaining our high vessel utilisation and in order to preserve our competitive advantage and to increase our own operational efficiency, we relocated our construction and maintenance facility to a larger yard in Abu Dhabi at the end of 2015/early 2016. When market conditions are favourable, accelerated growth of our market share is best achieved through measured fleet expansion. We increased our fleet of SESVs from nine to 13 vessels during the period 2014 to 2015 and, following another addition in early 2016, we now have 14 SESVs; a further vessel is due to be delivered towards the end of 2016. Future fleet expansion will be considered on a vessel-by-vessel basis according to our view on market demand and investment return. More information on vessel flexibility is available on page 17.



2. Maximise our Operational Expertise

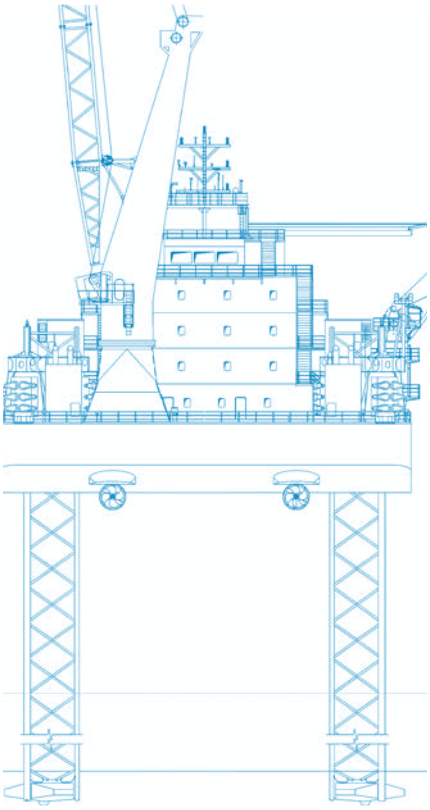
GMS has a successful track record that spans more than three decades and having a team of highly experienced and skilled employees is a major advantage in an increasingly competitive industry. Our operational and technical expertise enables us to provide safe and effective solutions to our clients' needs whilst upholding our reputation as a quality provider of an advanced and adaptable fleet.

Our technical knowledge and experience in the construction of the SESVs we operate enable us to adapt our vessels efficiently in order to meet client-specific requirements, which in turn results in greater operational efficiency. The provision of highly sophisticated SESVs with comprehensive maintenance programmes, excellent client services and our in-depth knowledge of the markets in which we operate will continue to be our primary drivers when it comes to upholding exceptionally high operational standards.

The Group also has a strong reputation born out of our commitment to safety, quality, innovation and delivery. While we believe we offer the best offshore solution, we are also continually looking to develop in terms of design and aim to exceed regulatory requirements and best practice. Our partnership with Abu Dhabi Ports Company to successfully develop a SESV simulator to better assess and train our senior offshore personnel demonstrates our continued pursuit of operational excellence. More information on the simulator can be found on page 27.

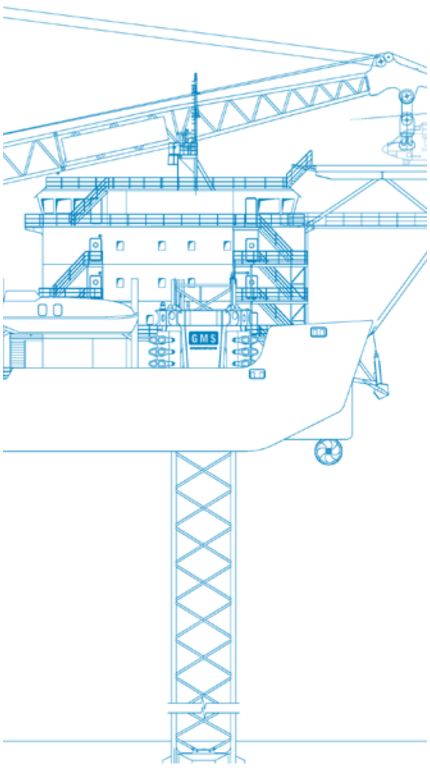
3. Seek Growth Opportunities in Existing and New Markets

The Group continues to be very well-positioned in the low production cost MENA region and is maintaining its presence in North West Europe. The expansion of our fleet provides the potential to increase our offering in our existing markets and to enter new regions where we believe the demand for our vessels exists in the longer term.



The primary demand for our SESVs in the MENA and North West Europe regions is in the brownfield market within the oil and gas sector. The brownfield market covers a broad range of repair and maintenance support services, including well and subsea maintenance services, for existing oil and gas fields. GMS will continue to capitalise on the inherent maintenance and modification support requirement of ageing offshore structures, with our vessels providing the stable platform from which clients can carry out diverse operations. The Group secured its first well decommissioning project during 2015, establishing GMS as an early entrant into this potentially significant market; our intention is to seek further contract opportunities in this sector. In addition, and as part of our continued growth plans, we will be introducing new well intervention capabilities during 2016 which will result in the Group being able to offer its clients a more efficient and cost-effective solution in a sphere of activity that is currently dominated by more expensive non-propelled drilling rigs.

The offshore renewable energy market is less mature than the oil and gas market and there is currently less demand for maintenance services as the infrastructure is, on the whole, relatively new. However, as a critical mass of installed capacity is reached, it is expected that the demand for maintenance work on these assets will increase. GMS has previous experience in this sector and this, combined with the flexibility of our assets, places us in a good position to maximise opportunities in this maturing market as it develops.



4. Ensure Responsible Financial Management

We seek to manage the finances of the business in a prudent manner, looking for sensible opportunities to invest to grow the business, but also recognising the value to shareholders of increased returns.

We take a disciplined approach to making new investments and to how these are financed and have been significantly growing our business through fleet expansion. We target (and are currently exceeding) a minimum return on capital of over 20% prior to commencing construction of a new SESV. We seek to maximise returns through a prudent approach to borrowing by not exceeding a target net debt to EBITDA ratio of three times at the peak periods of our new build programmes.

Our integrated build model substantially reduces the whole-life cost of vessel construction, modification and fleet maintenance compared to outsourcing to third parties. It also provides us with far more flexibility to manage the timetable for these projects than would be possible by relying on an external shipyard.

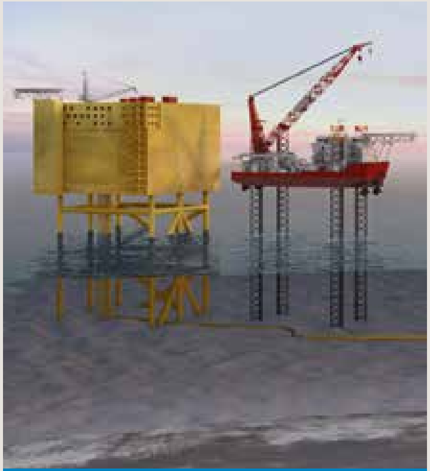
GMS targets blue chip companies as clients and our strong secured backlog with long-term contracts provides good revenue visibility on future earnings. We believe that the high degree of contracted future revenues and strong cash flow from operations combine to support the prudent capital structure within the Group.

The Group's dividend policy will look to maximise shareholder value and reflect GMS' strong earnings potential and cash flow characteristics, while allowing the retention of sufficient capital to fund ongoing operating requirements and to invest in the Group's long-term growth.

GMS' VESSEL FLEXIBILITY IS THE KEY TO HIGH UTILISATION

GMS provides a stable platform to support a variety of clients' needs. This flexibility and our technological capabilities are reflected in our high vessel utilisation.

TOPSIDE MAINTENANCE



COMMISSIONING AND ACCOMMODATION

WELL INTERVENTION

The Group's SESVs are chartered to a high-quality worldwide client base and are used as customised work platforms for offshore oil, gas and renewable energy sectors.

The vessels are operated by skilled employees and support our clients in a broad range of offshore oil and gas platform refurbishment and maintenance activities, well intervention work, decommissioning and offshore wind turbine maintenance work (which are opex-led activities) and offshore oil and gas platform installation and offshore wind turbine installation (which are capex-led activities).

Our fleet of young and technically advanced SESVs has a niche and non-commoditised nature that allows competition against a diverse range of marine assets, including drilling rigs, accommodation service barges (non-propelled) and floating construction vessels. The SESVs are four-legged vessels that move independently and have a large deck space, crane capacity and accommodation facilities that can be readily adapted to the requirements of the Group's clients. We are currently reviewing the option to enhance the heavy lift capabilities of our vessels to further expand our well intervention offering to our clients.

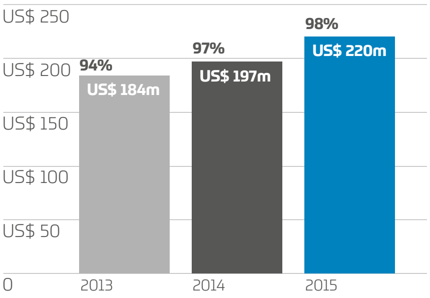
The four-legged design represents a significant competitive advantage over the more traditional non-propelled, three-legged barges available in the market in terms of both speed in jacking and safety. The SESVs are all self-propelled. The Large Class and Mid-Size Class vessel designs include DP2, a dynamic positioning system that enhances the ability of the SESVs to safely manoeuvre close to clients' offshore installations. These features all enable an increase in the speed of movement around a client's field of assets and remove the need for costly support vessels. Some of the specific benefits of our fleet are:

- Well intervention activities which require frequent changes in location are ideally suited to our self-propelled units.
- The ability to relocate quickly within small weather windows allows our clients to work more efficiently. This in turn provides them with an immediate benefit through increased production as a result of the intervention performed.
- Accommodation can be installed, for 150 to 300 persons, along with multiple access routes to the client facility. This allows clients to simultaneously open up multiple work fronts and achieve high levels of productivity.
- The high-capacity cranes are able to support construction and commissioning activities offshore where specialist crane barges would have previously been required, in addition to the accommodation barge.

The Group uses a number of Key Performance Indicators (KPIs) to measure its performance and review the impact of its business strategy. The financial and operational KPIs adopted are kept under review to ensure that we focus on achieving our strategic objectives whilst addressing the principal risks facing the Group.

KPI | **Description** | **Performance in 2015**

Revenue and Utilisation



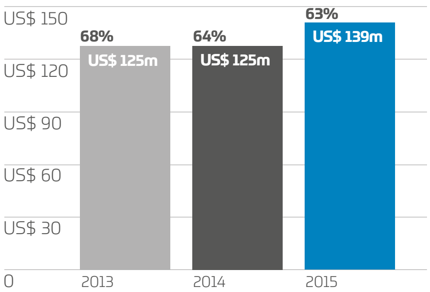
% – SESV utilisation Bars – Revenue

Description: Revenue reflects the value of operating activities and is derived primarily from the day rates and utilisation levels achieved.

SESV utilisation is the percentage of days SESVs are chartered on a day rate out of total available days.

Performance in 2015: The 12% growth in revenue primarily reflects the increase in fleet size combined with maintained high utilisation rates of SESVs.

Adjusted EBITDA and EBITDA margin



% – Adjusted EBITDA Margin Bars – Adjusted EBITDA

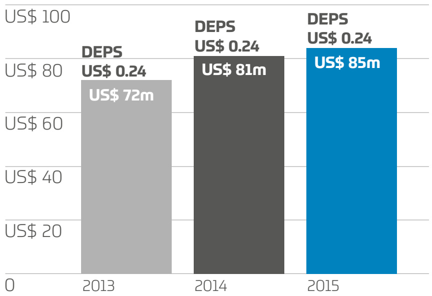
Description: Adjusted EBITDA is a key profit measure and means earnings before interest, tax, depreciation and amortisation, excluding non-operational items.

Adjusted EBITDA margin demonstrates our ability to convert revenue into profit.

Performance in 2015: Adjusted EBITDA rose by 11% from 2014, reflecting the increase in revenue from the fleet.

The Group's adjusted EBITDA margin remained strong overall in 2015 with a continued focus on cost management.

Adjusted Net Income and DEPS



DEPS – Adjusted DEPS Bars – Adjusted Net Income

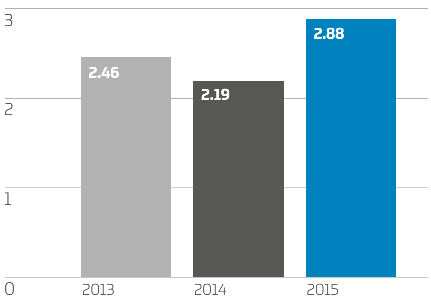
Description: Adjusted net income measures the net profitability of the business excluding non-operational items.

Adjusted DEPS means fully diluted earnings per share, which measures the level of net profit excluding exceptional items per ordinary share outstanding.

Performance in 2015: Adjusted net income rose by 4% in 2015 reflecting an improved performance during the year.

The levels of DEPS have remained relatively consistent year-on-year.

Net Debt to Adjusted EBITDA



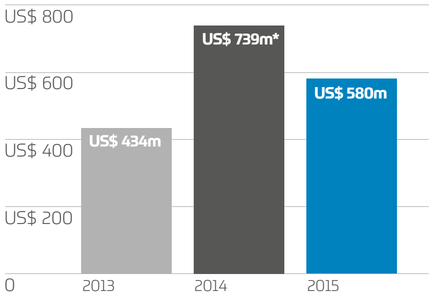
Description: Net debt to adjusted EBITDA is the ratio of net debt (including finance lease obligations) at year end to earnings before interest, tax, depreciation and amortisation, excluding non-operational items.

This KPI demonstrates the Group's level of borrowing against operating cash flows.

Performance in 2015: The net debt to adjusted EBITDA ratio has risen as expected in 2015 reflecting the increased further drawdown of funds to help finance the ongoing investment in the new build programme.

KPI	Description	Performance in 2015

Backlog



Backlog shows the total order book of contracts (comprising firm and option periods) at year end.

The Group uses this KPI as an indication of future revenue and utilisation levels.

The Group maintained a satisfactory level of backlog during the year given the low oil price environment.

* The backlog figure in 2014 includes backlog for the Large Class vessel contract award announced on 28 January 2015.

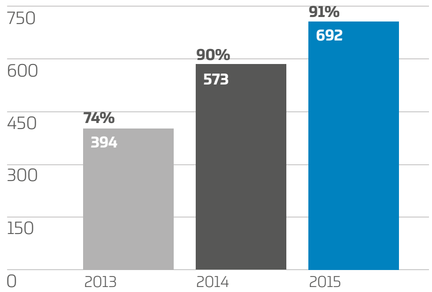
New Build Programme Delivery

New build programme delivery KPIs measure how successful the Group has been in managing vessel construction projects in terms of cost control and delivery schedule.

Delivery of all three new vessels, the first of their kind, on schedule and within budget in 2015 demonstrates continued effective project delivery and cost control.

Year	New Vessels Delivered	On Schedule	Within Budget
2015	Pepper	✓	✓
	Shamal	✓	✓
	Scirocco	✓	✓
2014	Enterprise	✓	✓
2013	None	–	–

Employees



% – Offshore staff retention Bars – Average FTE employees

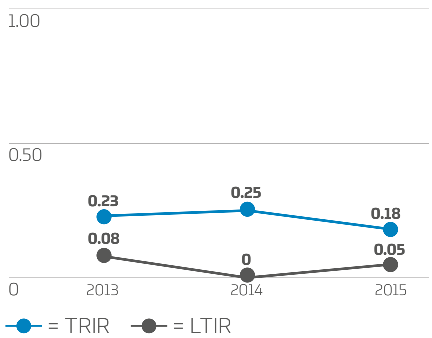
Offshore staff retention shows percentage of senior officers (masters and chief engineers) who continued to be employees in the period.

Average FTE employees means the average number of full time equivalent employees throughout the year which provides an indication of the Group's service capacity and scale of operations.

The small increase in offshore staff retention is as a result of continued focus by the Group on retention policies for key personnel.

Average FTE employees increased by 21% due mainly to the increase in construction staff headcount necessary for increased activities as part of the new build programme.

TRIR & LTIR



TRIR is the total recordable Injury rate per 200,000 man hours, which provides a measure of the frequency of recordable injuries.

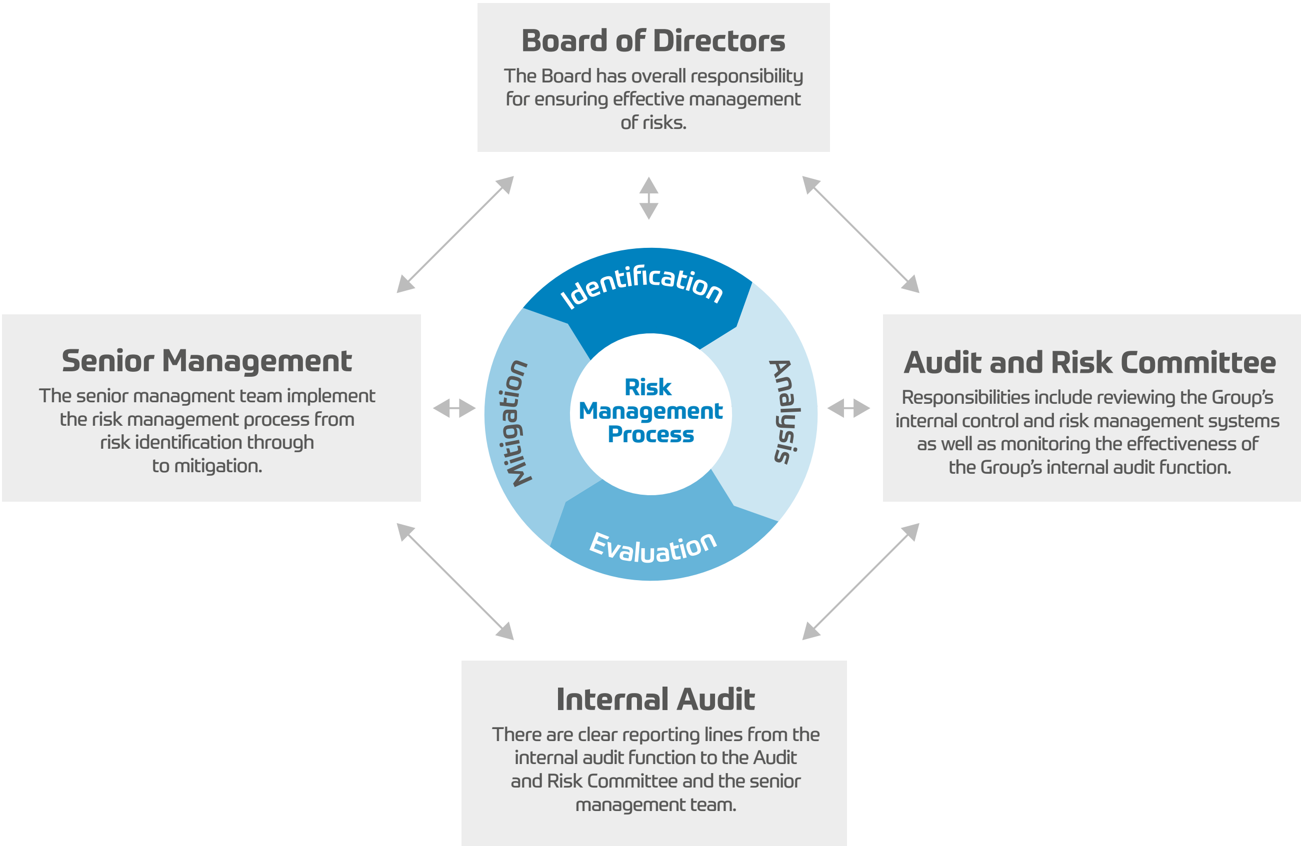
LTIR is the lost time injury rate per 200,000 man hours which is a measure of the frequency of injuries requiring employee absence from work in the year for a period of one or more days.

In 2015 the reporting criteria for offshore incidents was amended to include incidents occurring during hours of rest in addition to hours of work, for personnel operating offshore. Accordingly offshore man hours are now calculated based on a 24 hour working period. The KPIs shown for 2013 and 2014 have been restated.

The decrease in TRIR illustrates the Group's commitment to delivering high standards of health and safety.

The increase in LTIR is a result of two injuries occurring which required employee absence from work in 2015. The Group continues to focus on achieving our target of zero lost time injuries.

The effective identification and management of business risks and opportunities across the Group are a key priority of the business and integral to the delivery of the Group's strategic objectives. The Group has a robust risk management system in place to support the identification, analysis, evaluation, mitigation and ongoing monitoring of risks as shown in the risk management framework below.



Business risks across the Group are addressed in a systematic and consistent way through the risk management framework, which has clear lines of reporting and communication to deal with risk management and internal control issues. The Group's process for identifying and managing risks is embedded in its organisational structure, operations and management systems.

The Board has overall responsibility for ensuring that risks are effectively managed. However, the Audit and Risk Committee has been delegated responsibility for reviewing the effectiveness of the Group's system of internal control and procedures for the identification, assessment, management, mitigation and reporting of risk.

The internal control process starts with identifying risks, compliance matters and other issues through regular reviews carried out by process owners and facilitated by individual departmental risk assessments where the process owners regularly assess the implications and consequences and determine the likelihood of occurrences. The risks associated with the delivery of the strategy, business plan, annual work programme as well as the associated mitigation measures, are maintained in a series of departmental risk registers which are consolidated and reviewed by the senior management team to formulate the Group risk management process. The outcomes of risk identification and control assessments are formally reported to the senior management team and escalated to the Audit and Risk Committee and Board, as appropriate. The Board regularly reviews all key risks facing the Group as part of the Group risk management process which ensures that the Board satisfies the UK Code requirement to perform a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Group's internal audit function has been largely outsourced to a specialised team provided by a reputable third party. All internal audit activity conducted by the internal audit team is done under the direction and leadership of the Finance Director, who reports to the Chief Financial Officer, but the team also has an independent reporting line to the Chairman of the Audit and Risk Committee. In view of Internal Audit's recommendations, management agrees and implements corrective action plans, which are tracked to completion by internal audit, with the results reported regularly to the Audit and Risk Committee and the Board.

Principal Risks and Uncertainties

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.

Key: ▲ Risk has increased since 2014 ⇔ No change in risk since 2014 ▼ Risk has reduced since 2014

Risk	Risk Profile	Assessment of change in Risk	Mitigation, Monitoring and Assurance
Strategic	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. 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. 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.	▲	**Opex v Capex** The Group provides cost-effective services mainly in the Opex phase of oil companies' budgets, supporting long-term oil production which tends to be much less cyclical than Capex phase work. **Focus on low cost of production areas such as MENA** A larger share of the Group's client base and revenues are generated in the MENA region, where the cost of oil production is significantly lower than in other parts of the world. Our NOC clients in these regions tend to be less sensitive to varying oil prices than other types of oil companies. **Backlog visibility** We focus on long-term and recurring client contracts such that operating margins can generally be forecast with reasonable accuracy, providing visibility of future earnings. Secured backlog at the end of 2015 was US$ 579.6 million. **Market and operational familiarity** We believe that the Group continues to have a competitive edge over most other market participants through our operational expertise and the quality of our offshore solutions. **Construction and modification flexibility for clients** Our vessels are built to be as flexible as possible allowing us to compete for a wide share of the market helping us to maintain high utilisation and charter day rates.
Commercial	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. 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.	▲	**Strong client relationships** The Group has a clear record of established long term relationships in the MENA region, which helps provide an excellent understanding of our clients' requirements and standards. **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. **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, no other opportunities would be missed. **Growth and expansion** The Group has plans to further expand the fleet, subject to market demand. Furthermore the Group has expansion of its geographical footprint as one of its strategic aims as it seeks to diversify into other markets. Also we are further expanding the range of well activities that our vessels can perform.

Risk	Risk Profile	Assessment of change in Risk	Mitigation, Monitoring and Assurance
Health, Safety, Security, Environment and Quality	The Group may suffer commercial and reputational damage as a result of an environmental or safety incident involving our employees, visitors or contractors. 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.		**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 both prior to acceptance and during contract delivery. **Training and compliance** Our employees undergo continuous training and sensitisation on operational best practice. **Scheduled maintenance** The Group follows regular maintenance schedules on its vessels and the condition of the vessels is consistently monitored.
Financial	Macro and micro economic events, such as a low oil price, may impact our ability to raise finance, achieve forecast, effectively manage our working capital and service our financial obligations. The Group utilises external funding in financing major projects, and inability to obtain the required funding may hamper the successful undertaking of capital-intensive projects. Failure of the Group to service the debts and comply with debt covenants could result in negative repercussions for the Group.		**Key performance indicators (KPIs)** Transparent KPIs are used for reporting to track progress. The KPIs are reviewed regularly to ensure Management has all the necessary information to make timely financial decisions. **Availability of funding** The Group completed a refinancing process in 2015, which has provided assurance on adequate funding for working capital and future capex projects. **Policies and procedures** We adhere to Group-wide financial and accounting policies which underpin our approach to risk management. **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 significant headroom over debt covenants thus minimising the risk of breach.
Compliance and regulation	Non-compliance with anti-bribery and corruption regulations could damage stakeholder relations and lead to reputational and financial loss. Failure to appropriately identify and comply with laws and regulations and other regulatory statutes in new and existing markets could lead to regulatory investigations.		**Code of conduct** The Group has a Code of Conduct which employees are required to comply with when conducting business on behalf of the Group; this includes anti-bribery and corruption policies. **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.
Operational	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. Changes in the political regimes, civil and political unrest or sanctions in the jurisdictions in which we operate could adversely affect our operations.		**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. **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. **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.

Risk	Risk Profile	Assessment of change in Risk	Mitigation, Monitoring and Assurance
Investments	Delays in completion, or errors in assessing the impact of new strategic expansion projects could result in decreased margins and market share.	↔	**Board oversight** The Board has oversight of approving and monitoring strategic projects. **Project management** Extensive project management controls and processes are adhered to throughout project life cycles.
People	The Group's success depends on our ability to attract and retain sufficiently qualified and experienced personnel, particularly at senior management levels. Failure to attract, develop and retain sufficient competent crew to support our clients' needs could result in operational issues on-board vessels.	▼	**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 talent pool available for certain roles within the Group. **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. **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.

Longer-term viability

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, the Directors have assessed the prospects of the Group over a three year period to December 2018. The Board believes that a viability assessment for a period of three years is appropriate taking into consideration the current low oil price environment and that this timeframe also aligns with the Group's strategic planning horizon. The Board reviews annually and on a rolling basis the strategic plan for the business which the Group progressively implements. The Group's business model has proven to be resilient over the long term in previous down turns in the macroeconomic environment.

The Group's business model was stress tested against a range of reasonably possible unfavourable scenarios both individually and in unison to further validate the robustness of the Group's business model and financial position (including debt facilities and loan repayment maturities). The assessment took into consideration both the potential impact that the Group's principal risks detailed above on pages 21 to 23 occurring would have on the Group as well as evaluating the effect of a sustained period of low oil price on the business. The Group has a robust risk management framework in place to monitor and mitigate its exposure to these principal risks. The Board also considered the current operational and financial position of the Group in assessing its viability when stress testing the model. Sensitivity analysis has been used which included the potential impact on our business of a sustained period of low oil prices, primarily through reducing revenues and cash inflows by incorporating prolonged reductions in charter day rates and utilisation levels, against the background of the mitigating actions available to the business, such as the rephasing or reduction of future capital expenditure projects.

This assessment has considered a range of potential impacts of these risks on the business model, future performance, solvency and liquidity over the review period. Based on the results of this analysis the Board has concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.

Information contained within the Introduction on pages 1 to 5 and the Performance section on pages 26 to 35 of this document forms part of the Strategic Report by reference.

Duncan Anderson
Chief Executive Officer
21 March 2016

PERFORMANCE

Operations

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

Our fleet of self-propelled SESVs is not only the largest fleet in the world, it is also one of the youngest in the industry, with an average age of just seven years. This is based on 11 years for the Small Class SESV fleet and four years for the Large Class (the Mid-Size Class having only just been introduced in 2015/2016). Older less sophisticated vessels are not typically able to offer the cost-effective deployment and substantial operational efficiencies that we provide to our clients.

We also have two AHTS vessels and an accommodation barge, which have been mostly occupied in platform supply activities and offshore construction projects in the Middle East. The financial performance of these three non-core vessels is more directly affected by the low oil price due to the nature of their operations than our SESV fleet.

SESVs' Charter Rates, Utilisation and Operating Costs

The fleet performed very well during the year, with continued high utilisation levels for the SESVs of 98% in 2015. Charter rates, however, sustained some downward pressure towards the end of the year primarily as a reflection of the fall in oil price. The movement in the charter rates, shown in the adjacent table, for the Large Class vessels has been influenced by foreign currency exchange rate fluctuations.

As already indicated in our Interim Results, we had a significant number of special projects in the first half of the year, the majority of which were bespoke modifications or mobilisations requested by our clients for new charters and which reduced the operational availability of the vessels involved. Approximately 7.0% of the total number of days in 2015 were used on these special projects and while this impacted earnings, this was offset with the award of some long-term contracts that provide good revenue visibility. We have significantly fewer projects planned in 2016 and would expect this to be reflected in our available days* next year.

The table below provides a summary of our key performance metrics.

Crewing

The fleet is manned with 488 crew members (as at 31 December 2015). This figure comprises 70 senior officers, 117 officers and 301 ratings, all of whom are marine-qualified. We also have 125 subcontracted catering staff across the fleet. The average number of crew on board our SESVs at any time is between 15 and 21 persons depending on contractual work scope requirements, of which fewer than five are senior officers.

With a relatively small pool of SESV-qualified senior officers worldwide, it is important we continue to focus our efforts on ensuring we have sufficient appropriately-skilled crew to command our vessels now and in the future. The simulator we developed in 2014, which provides training in the manoeuvring and jacking of our vessels, has been especially helpful in this regard, having been extensively used in 2015 as part of our command course. Our Masters in Training (MiT) Programme, an integral part of the course, enables us to fast-track our senior officers to command positions; the simulator is also used to enhance the development of our existing Masters. Further information on our MiT Programme and simulator may be seen in the case study on the next page.

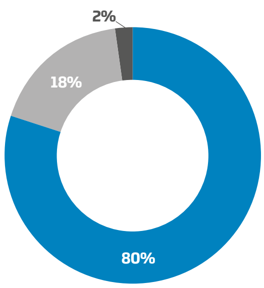
	Small Class	
	2015	**2014**
Average daily charter rate excluding hotel services (US$'000s)	**40**	38
Utilisation	**96%**	99%
Average daily vessel operating costs (US$'000s)	**10**	11

	Mid-Size Class	
	2015	**2014**
Average daily charter rate excluding hotel services (US$'000s)	**54**	–
Utilisation	**100%**	–
Average daily vessel operating costs (US$'000s)	**17**	–

	Large Class	
	2015	**2014**
Average daily charter rate excluding hotel services (US$'000s)	**82**	100
Utilisation	**100%**	88%
Average daily vessel operating costs (US$'000s)	**21**	21

2015 revenue by type of work

GMS' business is heavily weighted towards clients' opex-based activities as shown below.



- Oil and Gas opex-led Activities
- Oil and Gas capex-led Activities
- Renewable Energy

* Please refer to the Glossary.

The retention of our senior officers is also crucial to the successful continuity of our operations. Our retention rate for offshore crew senior officers has been 91% during the period, up 1% compared to last year. This success reflects a number of initiatives we have implemented to encourage our personnel to continue working with us, including the incorporation of our senior crew into our Long Term Incentive Scheme.

2015 saw the consolidation and implementation of a variety of activities to enhance the training and operational expertise of our personnel. These include the development of our SESV command course for Masters and Masters in Training as discussed earlier in this review, enhanced computer-based training to include our Life Saving Rules (more information on these can be found on page 32), and preparation for the in-house delivery of courses in jacking.

The year has been characterised by a significant number of operational projects. These included the commissioning and mobilisation of our new build vessels Pepper, GMS Shamal and GMS Scirocco onto their first contracts, and the deployment of a Large Class vessel onto a new contract. The special projects delivered, which often involved us modifying some of our vessels to meet specific contract requirements, included increasing the accommodation capability from 150 to 370 personnel on a Large Class vessel, complete engine, generator and switchboard replacements on a Small Class vessel, and the refurbishment and re-mobilisation of some vessels in each of our three classes in order to improve utilisation.

As we have increased our fleet and operations across our global business, the number of man hours worked in 2015 rose to 7.7 million (2014: 4.8 million). Unfortunately, two lost time injuries (LTIs) were sustained during the period, our first since 2013. In 2015 the Group modified the reporting criteria used for recording offshore incidents. Previously offshore working hours were calculated based on a 12-hour working day, therefore not including any incidents that occurred during hours of rest. As our personnel are living on our vessels permanently, whilst offshore, we have decided to include off duty incidents in our reporting criteria. This means that offshore man hours are now calculated based on a 24-hour working period. The total recordable injury rate (TRIR)* for 2015 was 0.18 (2014: 0.25). This change highlights our ongoing commitment to provide all personnel with a quality and safe working environment at all times whilst under our duty of care; we will maintain our focus on HSE, with zero incidents continuing to be the target.

Case study

SUCCESSFUL SIMULATOR TRAINING

Last year we reported on our design and development of the world's first onshore SESV simulator, with a bespoke training programme that incorporates simulations for the manoeuvring and jacking of self-elevating, self-propelled vessels in a variety of operational scenarios as they move from one platform to the next. The simulator was fully operational in 2015, with training conducted in it forming the practical aspect of our Masters in Training (MiT) Programme and part of our Competence Assurance requirement.

We are pleased to report that the simulator has proved very successful, with 14 Masters in Training using it during 2015, nine of whom have subsequently been promoted to Master (and accepted by our clients, who recognise and accept the simulator training as part of Masters' formal accreditation). Some 16 existing Masters have also received training in the simulator during the year as part of their continual development.

The simulator training has reduced the time it takes for our Masters to be accepted by our clients. Historically, in order to achieve client approval a MiT required four to eight vessel moves, which required a time frame of six to ten months; with the comprehensive training a MiT receives in the simulator, this has been reduced to two to three moves over the course of just one to two months. The MiT programme also provides significant cost savings in operations and is self-funded.

In-House Build, Maintenance and Modification

Our well-established in-house build model involves the design, build, maintenance and modification of our vessels and this holistic approach continues to benefit our business as we maintain our competitive advantage. Notably, we are able to build our vessels up to 30% cheaper than our peers who rely on external shipyards, and we achieve considerable cost-savings by carrying out repairs, modifications and mobilisations at our own shipyard in the Middle East.

In Q4 2015 we were pleased to lease from Abu Dhabi Ports a new yard facility, which is situated at Zayed Port in Abu Dhabi. The strategic location of the new yard is operationally more efficient than our existing yard in Mussafah, Abu Dhabi, with access to the sea now requiring just one day's passage instead of up to six days required from Mussafah due to tidal conditions in the channel. The facility is also larger and is supporting the maintenance of our increased fleet and our new build construction. In addition, we will now be able to carry out more of our own fabrication work in-house, for example future vessel enhancement projects. Our original yard next to our head office in Abu Dhabi will continue to be used for supplementary support purposes.

2015 was an exceptionally busy year, with three new SESVs delivered on time and within budget in the first nine months. GMS Sharqi was then delivered in Q1 2016. GMS Evolution will complete the current new build programme, with delivery scheduled for Q4 2016.

We continually seek to improve our vessel design and the services we offer to our clients. It is also an essential part of our future growth strategy to expand our range of services so that we can enter new markets. For example, a number of new safety features have been built into our Mid-Size Class SESVs (please see the case study page on 29). In addition, GMS Shamal will be fitted with a small cantilever that will allow it to support well servicing work that we have not previously been able to offer.

* Please refer to the Glossary.

Markets

Europe

2015 has seen the successful startup of a long-term contract in the Dutch sector of the North Sea for one of our Large Class SESVs. The second Large Class SESV operating in the region has transitioned from a maintenance to decommissioning support role, remaining with the same client. We are actively bidding for new work in the region, in both the renewables and the oil and gas sectors. The introduction of the Mid-Size Class vessels in 2015 has provided us with greater flexibility on specification and pricing when bidding for shallow water contracts. In the second half of 2015 there has been little new work starting up for either short or long-term contracts in either renewables or oil and gas. Whilst GMS vessels in the region have remained fully utilised, a number of competitor vessels remained idle. As a result, we are likely to see strong competition for new opportunities in this region while oil prices remain low.

Middle East

We continue to be the leading SESV operator in the Middle East, where a high level of demand has characterised the market in 2015. Low production costs and aggressive production targets have meant that both opex and capex-related activities have continued throughout the period. However, the sustained low oil price will mean that operators in the region will continue to focus on cost reductions with inevitable pressure on day rates in 2016. Although four new quasi competitor vessels entered the regional market in 2015 two of these vessels are not self-propelled and the remaining two vessels' jacking systems are unsuited to the frequent jacking requirements of well services) we believe these vessels are really only suited to construction support projects rather than well servicing where we predominantly operate. As a result, we expect opex-related activities that provide much of the demand for our fleet to remain firm relative to the capex/construction market in 2016.

Rest of World

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

Case study

EXPANDING WELL INTERVENTION SERVICES – CANTILEVER

We have continued to build up our expertise in well intervention services during 2015. In line with our strategy of continuing to enhance the capability and therefore employability of our assets, we have developed cantilever systems for Mid-Size Class and Large Class SESVs. The cantilever systems allow GMS to deliver existing well intervention services more efficiently and quickly and to provide a greater range of services from our SESV units. For example, a pre-commissioned well intervention package can be positioned and supported over the well centre by the cantilever and work can commence immediately. This avoids transferring heavy equipment loads on to the wellhead structure, overcoming any structural integrity limitations on the client's assets. The delivery of our first large cantilever heavy well intervention system at the end of 2016, which will be installed on GMS Evolution, will enable GMS to compete for workover activity previously carried out from jackup drilling units. Unlike drilling rigs, the GMS SESV fleet is entirely self-propelled and does not require tugs or similar vessels for moves between locations in the field; this makes them significantly more cost-effective and time-efficient than conventional offshore support vessels without self-propulsion, such as drilling rigs. We strongly believe that this will be an attractive proposition for our clients both in the current market and when oil prices increase.

Case study

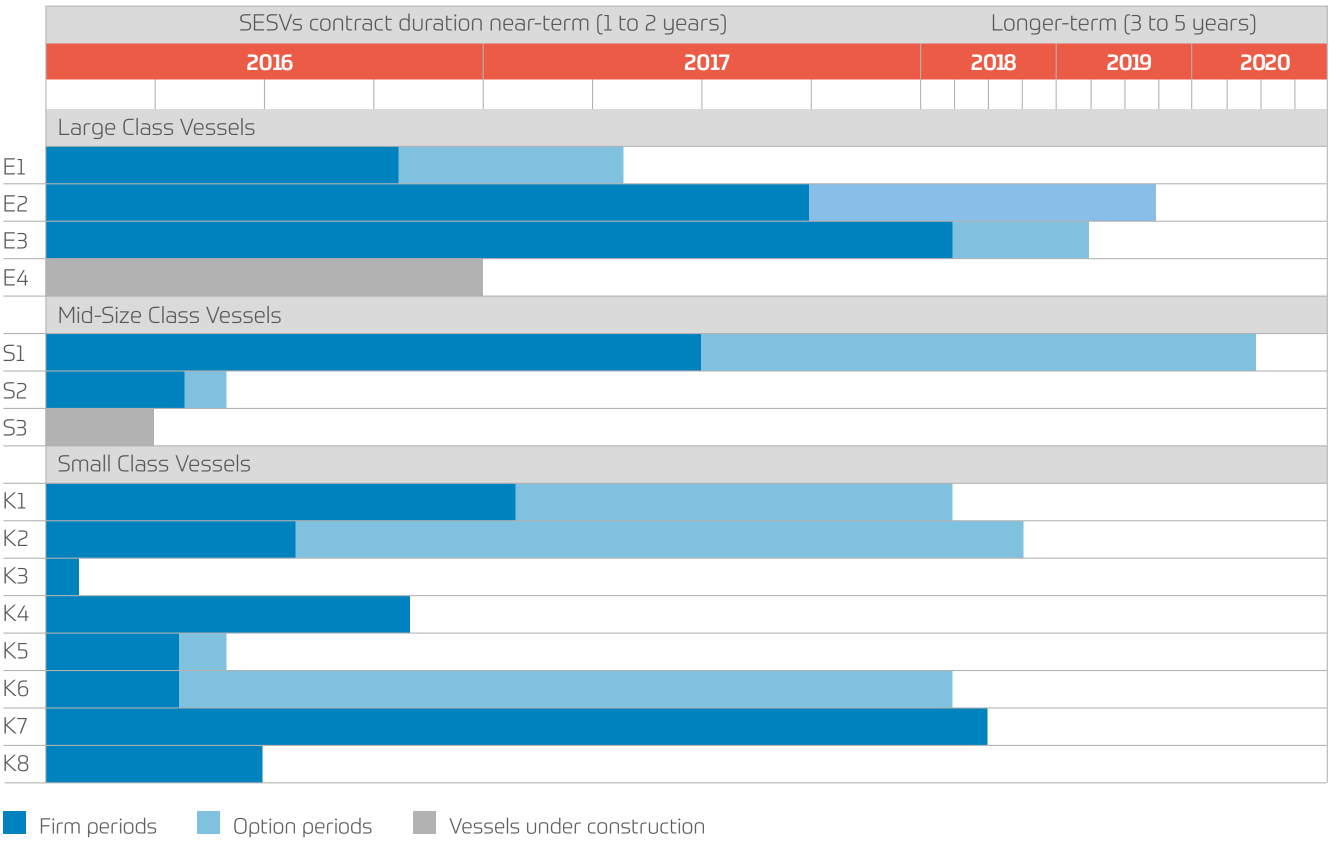
BUILDING IN SAFETY – GMS SCIROCCO

As both the builder and operator of our fleet, we are in the ideal position to incorporate operational experience at the design stage of our vessels so as to develop enhanced strategies for managing the risks associated with major accident hazards. To facilitate this process, our operations, technical and HSE departments work closely together from the early stages of vessel construction all the way through to delivery.

A number of design improvements, inspired by the North Sea Safety Case criteria our vessels in Europe already comply with, have been included in our latest generation of SESVs, the Mid-Size Class vessels, which typically operate in the MENA region. These include the installation of automated helideck firefighting systems so that personnel are not required to be in the immediate vicinity, and the strategic relocation of the cranes to improve the lifting of loads.

We launched our Mid-Size Class SESV GMS Scirocco in September 2015. More than 500,000 man hours were spent on the successful delivery of the vessel and there were no Lost Time Injuries. This is all the more remarkable considering the hundreds of lifting operations, ranging from routine to complex heavy lifts, and temperatures of up to 50 degrees centigrade. It was only possible through the excellent collaboration and teamwork of the entire project team and through the effective engagement of the numerous subcontracted personnel working on site.

SESVs order book of contracts as at 1 March 2016[1]



1. The backlog chart has been adjusted to reflect a known reduction in contract period agreed after this date for one of our Small Class vessels.

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

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

Introduction

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

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

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

GMS continues to have a sound financial position with a healthy balance sheet and resilient operating cash flows. Total capital expenditure for 2015 of US$ 205.4 million (2014: US$ 140.7 million) was primarily spent on construction of new vessels (US$ 127.6 million) together with the acquisition of a new Small Class vessel (US$ 53.0 million) that was accounted for as a finance lease. The Group refinanced its bank borrowings during the year and at 31 December 2015 there were undrawn committed bank facilities of US$ 225.0 million (2014: US$ 130.0 million). The net debt level (being borrowings and finance lease obligations less cash) increased to US$ 398.9 million at the year end (2014: US$ 273.6 million) mainly as a result of the continued investment of funding as part of the new build programme. The Group's net leverage ratio was 2.9 times (2014: 2.2 times) EBITDA.

The following sections discuss the Group's adjusted results as the Directors consider that they provide a useful indicator of performance. The adjusting items (non-operational costs) are discussed below in this review and a reconciliation between the adjusted and statutory results is contained in note 6.

Revenue and segmental profit

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

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

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

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

Cost of sales and general and administrative expenses

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

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

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

EBITDA

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

Finance costs

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

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

Taxation

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

* Please refer to the Glossary.

Adjusted net profit and earnings per share

The Group recorded an increase in adjusted net profit of 4% in 2015 to US$ 84.9 million (2014: US$ 81.3 million), an increase of 11% on a constant currency* basis. The fully diluted adjusted earnings per share (DEPS) for the year was broadly flat at 24.05 cents (2014: 23.71 cents), on a constant currency* basis growth was 7%. Adjusted DEPS is calculated based on adjusted profit after tax and a reconciliation between the adjusted and statutory profit, is provided in note 6.

Dividends

The Group paid an interim dividend of 0.41 pence per ordinary share on 28 September 2015 to shareholders on the register at 4 September 2015.

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

Capital expenditure

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

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

Cash flow and liquidity

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

The net debt position as at 31 December 2015 was US$ 398.9 million, compared to US$ 273.6 million as at 31 December 2014. The year end outstanding debt was US$ 459.7 million (2014: US$ 333.1 million) comprising bank borrowings of US$ 365.1 million (2014: US$ 249.2 million) and finance lease obligations of US$ 94.6 million (2014: US$ 84.0 million). Undrawn committed bank facilities were US$ 225.0 million at year end (2014: US$ 130.0 million).

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

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

Balance sheet

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

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

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

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

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

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

Adjusting items

The Group presents adjusted results, in addition to the statutory results, as the Directors consider that they provide a useful indication of underlying performance. The items that are excluded from the adjusted results are non-operational items. In 2015 these comprised the expensing of unamortised loan arrangement fees of US$ 9.9 million that were written off at the time of the Group refinancing. A reconciliation between the adjusted and statutory results is provided in note 6.

Outlook

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

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

John Brown
Chief Financial Officer
21 March 2016

* Please refer to the Glossary.

We incorporate our core values of Responsibility, Excellence and Relationships into all aspects of our business. We are committed to ensuring the health and safety of our employees, subcontractors, clients and partners and to upholding high ethical standards.

Ethical Practice

Our Code of Conduct sets out the basic rules of the Group and its purpose is to ensure we work safely, ethically, efficiently and within the laws of the countries in which we operate. All our staff receive Code of Conduct training as part of their induction. Our reputation and our success is dependent on our staff taking responsibility for putting the Code of Conduct into practice and maintaining a high ethical standard in our work and in our dealings with our clients, host and foreign governments, joint venture partners and associates, contractors, employees, consultants, agents, and everyone with whom we have business dealings throughout the world. Our Code includes our standards and practices related to anti-bribery and corruption policies and anti-money laundering and competition laws, provides details on how to raise concerns and has information on our whistleblowing policy.

Compliance

GMS operates responsibly within a framework of formal legal and regulatory disclosure requirements. Our corporate governance structure is designed to ensure we are well-positioned to conduct our business appropriately as we seek to deliver the best value for our shareholders. We are committed to the clear and comprehensive communication of our financial and non-financial performance to our stakeholders via regulatory reporting and through our website. During the period, we have strengthened our integrated management systems (IMS) to enable our continual improvement as we deliver services and products that comply with ISO and related certifications across the Group.

Case study

SAFETY FOR OUR ON-SITE AND OFFSHORE SUBCONTRACTED PERSONNEL

Subcontractors form the majority of our new build programme workforce. During heavy construction phases there can be in excess of 500 subcontracted personnel working on-site and it is mandatory for all of these to complete the GMS HSSEQ Induction. Offshore personnel undertake an online induction designed to familiarise them with the Group's policies, which also includes our 12 Life Saving Rules (LSRs).

The LSRs, which supplement and support the existing company management systems, programmes and policies, were developed as a result of our risk-based approach to hazard identification and ensure all personnel, regardless of their company affiliation, are aware of these risks and GMS' expectations.

We include all our on-site subcontracted personnel in our HSE performance monitoring so that our standards are consistent across the entire workforce. Our Welfare Committee also helps to protect the interests of our on-site subcontracted personnel whose issues can be brought to the attention of our management and addressed appropriately.

Client Relationships

We value the relationships we have with our clients, which are built on trust and a proven track record of delivering successful operations. Many of these relationships are with long-term clients, in the case of ADNOC subsidiaries spanning more than 40 years. We continually seek to improve our operational procedures across our entire fleet and during the period were pleased to receive an award from a client for our exceptional HSE performance on one of our vessels that has achieved in excess of 15 years' zero lost time injuries. Through close collaboration with our clients, we are able to offer considerable flexibility whereby we can tailor our vessels to suit their evolving needs.

Engagement with our Employees and Subcontractors

We are committed to providing our employees and on-site subcontractors with a safe working environment. We ensure our subcontracted personnel working at our premises or in our vessels offshore are treated with the same respect afforded to our own staff and that they comply with the Group's standards and working practices.

We encourage an honest and open dialogue with our workforce and host a variety of formal and informal communications initiatives. In addition, our offshore performance coaches' act as a sounding board for issues close to the crews' hearts, with feedback passed to the GMS senior management team for appropriate action.

Our Welfare Committee provides the opportunity for our yard staff to discuss any issues they may have and helps us to monitor their health and wellbeing. In 2015, we also initiated a healthy lifestyle campaign and hosted visiting doctors who advised staff on fitness and nutrition and provided on-site vaccination programmes. We are committed to ensuring the personal and professional development of our staff, so they can reach their full potential within GMS. More information on how we develop our people can be found in our Business Model on page 13.

Community Involvement

GMS understands how important it is to contribute to the local communities where we work and has a number of ongoing initiatives. We encourage a healthy living lifestyle, both within the Group and the wider community, through our support of various sports such as GMS' own cricket and football teams, local cycling, football and rugby, and through our regular support of charity events. During the period we were also pleased to work closely with the Emirates Red Crescent as a preferred charity of choice for GMS. Further information can be found in the case study on the next page.

Supporting Cycling in the UAE

GMS has been supporting cycling in the UAE for seven years through sponsorship and the provision of a safety vehicle to a cycling club in Abu Dhabi. The Group has significantly raised awareness of the health benefits of cycling and in 2015 sponsored the launch of Abu Dhabi's first formalised cycling league; co-sponsors in the inaugural series of six races included the Abu Dhabi Sports Council. A total of 80 cyclists from 25 different countries took part in the race event, with half of the participants being Emiratis. The initiative very much supports the government's work to raise awareness of diabetes and obesity in the region, encouraging a healthier lifestyle for everyone.

Our Values

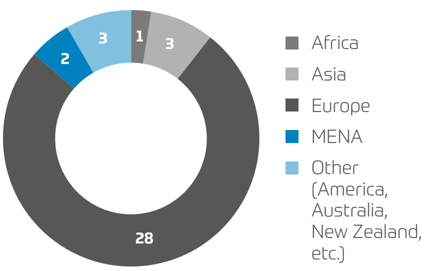
Our core values of Responsibility, Excellence and Relationships define who we are, what we believe in and strive for and how we act and behave. Further information on our core values can be found on our website.

We employ personnel from more than 50 countries and are very proud of our diversity, which ensures we look at ourselves, and the way we work, from many different viewpoints. Our people come from the countries shown below.

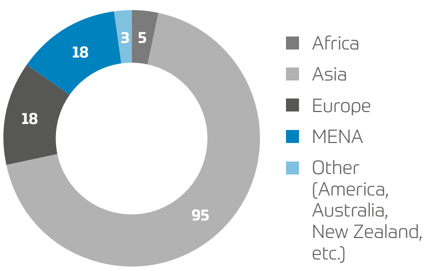
Australia, Azerbaijan, Bangladesh, Belgium, Bulgaria, Cameroon, Canada, Chile, China, Croatia, Denmark, Egypt, Estonia, France, Germany, Ghana, India, Indonesia, Ireland, Jordan, Kenya, Latvia, Lebanon, Lithuania, Malaysia, Mexico, Nepal, Netherlands, New Zealand, Oman, Pakistan, Palestine, Panama, Philippines, Poland, Romania, Russia, Saudi Arabia, Serbia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Syria, Tanzania, Tunisia, Turkey, UAE, Ukraine, United Kingdom, United States of America, Venezuela, Zimbabwe

The charts below provide details on the diversity of our personnel.

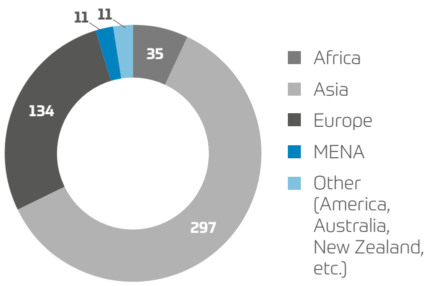
Land-based management*
Total of 37** (34 male, 3 female)



Land-based staff*
Total of 139 (92 male, 47 female)



Offshore employees*
Total of 488 (all male)



* For cultural and legal reasons the extent to which we can increase the number of female personnel is often limited. For example, we cannot employ women offshore in the Middle East.
** Of the 37 land-based management, 8 are members of the senior management team (7 male, 1 female).

Environmental Responsibility

We have maintained our strong focus on reducing the environmental impact of our operations. To support this we introduced a number of key initiatives developed through our environmental monitoring programme targeting waste reduction and resource consumption. We also had another successful year whereby no pollution incidents occured.

Greenhouse Gas Emissions Statement

This section has been prepared in accordance with our regulatory obligation to report greenhouse gas emissions pursuant to Section 7 of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

We have reported on all of the emission sources required. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources in entities that are not included in our consolidated financial statements.

The intensity ratio of tonnes CO_2e per US$ 1000 of Group revenue earned during the reporting period has been chosen because, as a service company, the amount of revenue earned best reflects our operational output and therefore the contribution to our GHG emissions.

In calculating our GHG emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), the Climate Registry 2014, the IEA CO_2 Emissions from Fuel combustion 2015 and emission factors from the UK Government Conversion Factors for Company Reporting 2015.

The table below shows our GHG emissions for the period.

The consumption of fuel during the operation of our vessels is the largest contributor to our GHG emissions. Although our vessels are leased to our clients on a long-term basis, who both pay for fuel and determine where each vessel sails, we have chosen to account for their GHG emissions within our footprint, in accordance with the 'operational control' approach to developing our GHG footprint. The increase in emissions from fuel from the previous year is due to an increase in vessel usage and the addition of more vessels to our fleet.

Global GHG emissions data for period 1 January 2015 to 31 December 2015

	Tonnes of CO_2e	
	2015	2014
Emissions from:		
Combustion of fuel and operation of facilities	**62,727**	39,515
Electricity, heat, steam and cooling purchased for own use	**1,447**	1,038
Total (in tonnes CO_2e)	**64,174**	40,553
	US$'000	US$'000
Total Revenue in the reporting period	**219,713**	196,554
Company's chosen intensity measurement:		
Emissions reported above normalised to the ratio of tonnes of CO_2e per US$ 1,000 of Group revenue	**0.3**	0.2

Case study

SUPPORTING THE EMIRATES RED CRESCENT

GMS celebrates Ramadan each year, hosting an Iftar meal for all staff and their families. In 2015, GMS extended this to the local community in the industrial area surrounding its head office and yard in Abu Dhabi. In collaboration with Emirates Red Crescent, GMS set up a large tent and provided around 1,000 Iftar meals during Ramadan.

The Emirates Red Crescent is a volunteer humanitarian organisation that supports official authorities in times of peace and war. It was internationally attested as a member in the international Federation of the Red Cross and Red Crescent Societies in 1986.

In December, GMS hosted an event at it its offices in Abu Dhabi for 20 underprivileged children aged six to 13. The day provided the children with an insight into a work environment and included a special tour of a GMS vessel under construction.

GOVERNANCE


Melchor Quintar
GMS

Dear Shareholders,

I am pleased to introduce our 2015 Corporate Governance Report, our second as a premium listed company on the London Stock Exchange. This Corporate Governance Report explains key features of the Company's governance structure to provide a greater understanding of how the main principles of the UK Corporate Governance Code ("the Code"), have been applied and to highlight areas of focus during the year.

The Board continues to be committed to ensuring that the Group operates with high standards of corporate governance. We believe that it is important that the governance structure supports the delivery of the Company's strategy and helps ensure the continuing trust and support of our shareholders, employees, clients and other stakeholders.

The Company's business is international in scope and carries various technical and commercial risks. Therefore, key attention is given to the composition of the Board to ensure that it has a balance of wide experience of the industry and regulatory environment in which the Company operates, as well as appropriate financial, operational and risk management skills. In Board positions, whether executive or non-executive, objectivity and integrity, as well as skills, experience, ability and diversity, assist the Board in its key functions, and are prerequisites for appointment. These prerequisites further apply to senior management appointments below Board level, as well as the Company's succession planning.

Throughout 2015, the Board considers that the Company has complied in all respects with all the relevant recommendations of the Code. For readers wishing to review a full copy of the Code, it can be located on the Financial Reporting Council website at www.frc.org.uk.

The Board comprises of an independent Chairman, an executive Director, three independent non-executive Directors and two non-executive Directors who are considered by the Board to not be independent because of their relationship with Gulf Capital, a substantial shareholder in the Company. The Company has three Committees: the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee, all of which are compliant with the Code. The reports from the Chairman of each of these committees can be found later in this Annual Report.

Looking back on 2015, the Company has strengthened its corporate governance polices and supported the growth strategy of the company by way of maintaining a robust governance structure. The focus for 2016 is therefore to maintain and consolidate on this established structure whilst continuing to support the Company with a highly experienced Board that provides an independent perspective.

On behalf of the Board

Simon Heale
Chairman
21 March 2016

Governance Calendar for 2015

The overall calendar of meetings of the Board and its Committees for 2015 is shown below.

	Further Information	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board (Main Meetings)	Page 43	●		●		●	●		●		●		●
Audit and Risk Committee	Page 45	●		●		●	●		●		●		●
Remuneration Committee	Page 49	●	●										●
Nomination Committee	Page 61												●
Annual General Meeting	Page 114					●							

For details of the responsibilities of the Board Committees, their terms of reference can be found on the Company's website.

Meeting Attendance by Directors in 2015

The attendance of the Directors at the meetings of the Board and its Committees is shown below.

● Attended

○ Attended all or part of meeting as an invitee

	Board	Audit & Risk	Remuneration	Nomination
Simon Heale	●●●●●●●	○○○○○○○	○○○	●
Duncan Anderson	●●●●●●●		○	
Simon Batey	●●●●●●●	●●●●●●●	●●●	●
H. Richard Dallas	●●●●●●●		○○○	
Dr Karim El Solh	●●●●●●●			●
Mike Straughen	●●●●●●●	●●●●●●●	●●●	●
W. Richard Anderson	●●●●●●●	●●●●●●●	●●●	●

Christopher Foll, a Chartered Accountant and Chief Financial Officer of Gulf Capital, has been appointed as an alternate Director for H. Richard Dallas and Dr Karim El Solh; further details can be found in the Directors' Report on page 63.

	Simon Heale Independent Non-executive Chairman	**Duncan Anderson** Chief Executive Officer	**Simon Batey** Senior Independent Non-executive Director
			
Appointment Date	February 2014	January 2014 (with the Group since October 2007)	February 2014
Experience	A non-executive director at Coats plc from 2010 to 2014. Served on the boards of PZ Cussons from 2007 to 2013 and Morgan Advanced Materials from 2005 to 2014. Non-executive director and chairman at Panmure Gordon & Co plc from 2007 to 2011. Has extensive experience in senior executive roles, including as chief executive at the London Metal Exchange from 2001 to 2006, chief operating officer and chief financial officer at Jardine Fleming Ltd from 1997 to 2001 and deputy managing director at Cathay Pacific Airways from 1994 to 1997. A Chartered Accountant with a degree in Philosophy, Politics and Economics from Oxford University.	Brings a wealth of experience, spanning more than 34 years, to the executive team gained from prior role as chief operating officer at the UAE-based Lamnalco Group, which included the management of a fleet of 90 vessels, as well as increasing the client base in West Africa and the Middle East. Also operated the largest offshore service vessel fleet in the region as chief operating officer at Gulf Offshore North Sea. Responsible for leading the management of the GMS Group and the implementation of its strategy. A UK Chartered Engineer, with a post-graduate BSc (Hons) degree in Marine Machinery Monitoring Control.	An independent non-executive director and chairman of the Audit Committee at Telecity Group from 2007 to 2016. A non-executive director at Arriva plc from 2003 to 2010, THUS Group plc in 2006 and BlackRock New Energy Investment Trust plc from 2010 to 2014. A member of the Postal Services Commission, responsible for the regulation of the UK postal services sector, from 2010 to 2011. As a Chartered Accountant, spent 12 years in professional practice with Armitage & Norton (now part of KPMG), latterly as a partner. Has more than 20 years' experience in a number of senior finance roles in industry. Group finance director of United Utilities plc between 2000 and 2006. Chief financial officer at Thames Water Utilities Ltd from 2006 to 2007. Between 1987 and 2000, worked at AMEC Foster Wheeler plc, initially as deputy group finance director and then, from 1992, as group finance director. A Chartered Accountant with an MA in Geography from Oxford University.
External Appointments	Non-executive chairman at Kaz Minerals plc, previously known as Kazakhmys plc, since 2013 and a non-executive director since 2007. Non-executive chairman of Marex Spectron since 2016 and a non-executive director since 2007. A trustee of Macmillan Cancer Support.	Member of ABS Worldwide Technical Committee.	Capital programme consultancy work.
Committees	Chairman of the Nomination Committee.		Chairman of the Audit and Risk Committee. Member of the Nomination and Remuneration Committees.

W. Richard Anderson
Independent
Non-executive Director

February 2014

Has 37 years' experience in the oil and gas industry and related finance and management. Previously, chief financial officer at Eurasia Drilling Company from 2008 to 2015 and a member of the Board from 2011 to 2015. President and chief executive officer at Prime Natural Resources Inc from 1999 to 2007. Partner from 1989 to 1995 and then managing partner from 1995 to 1998 at Hein & Associates LLP. Served on the boards of Calibre Energy Inc from 2005 to 2007, Transocean Ltd from 2007 to 2011 and Boots & Coots Inc from 1999 to 2010.

A Certified Public Accountant, with a BSc in Business from University of Colorado, magna cum laude, and a Masters in Taxation from the University of Denver.

Chairman of the board at Vanguard Natural Resources LLC since 2008. Non-executive director at Soma Oil & Gas Holdings since 2013.

Chairman of the Remuneration Committee. Member of the Audit and Risk, and Nomination Committees.

Mike Straughen
Independent
Non-executive Director

February 2014

Board member of the John Wood Group PLC and chief executive officer of the Engineering Division from 2007 to 2014. With AMEC for 25 years, latterly as group managing director responsible for UK activities across all sectors including global oil & gas. A member of PILOT, the UK Government Oil & Gas Advisory Board, from 2000 to 2007 and chairman of the Energy Industry Council from 2002 to 2007. Recently a member of the UK Government's Offshore Wind Cost Reduction Task Force. A member of the Scottish Government's Energy Advisory Board from January 2013 to September 2014.

A Chartered Engineer with a BSc (Hons) degree in Mechanical Engineering from Newcastle University.

A non-executive director of three privately owned oilfield services businesses. A member of the Energy Institute since 2001.

Member of the Audit and Risk, Nomination and Remuneration Committees.

H. Richard Dallas
Non-executive Director

February 2014

Previously served as managing director of Oryx Capital International, an investment group composed of families from GCC that specialised in small to mid-cap investments in the United States, from 1998 to 2007. A partner of Gibson, Dunn & Crutcher from 1985 to 1998 and established and managed offices in London and Saudi Arabia.

Holds an A.B. degree in Economics, with honours, from Stanford University and a J.D. degree from the University of Southern California.

Managing director at Gulf Capital since 2007.

Dr Karim El Solh
Non-executive Director

February 2014

Co-founder of Gulf Capital, one of the largest alternative asset management firms in the Middle East, since its formation in 2006. Under his leadership, Gulf Capital has been associated with some of the region's most prominent transactions, with the firm managing in excess of US$ 53 billion in assets.

Chairman of Maritime Industrial Services from 2007 to 2011 and Chairman of Metito from 2006 to 2014. Chief executive officer of the Abu Dhabi-based Investment Bank, The National Investor, from 2001 to 2005.

Holds a B.S. degree in Civil Engineering from Cornell University, an MBA from Georgetown University and a Doctorate in Economics from the Institute D'Etudes Politiques de Paris (Science Po).

Chief executive officer of Gulf Capital since 2006. Co-managing partner of Gulf Related since 2010. Chairman of Reach Group since 2014.

Member of the Nomination Committee.

Corporate Governance Report

Compliance with UK Corporate Governance Code ("the Code")
The Company has complied with all the relevant provisions set out in the Code during the year.

Governance Overview

Membership of the Board
The composition of the Board complies with the provision of the UK Code which provides that independent non-executive Directors should comprise at least half of the Board, excluding the Chairman.

The composition, qualifications, experience and balance of skills on the Board are regularly reviewed by the Board to ensure that there is the right mix on the Board and its Committees and that they are working effectively. The current members of the Board have a wide range of skills and experience and their biographies can be found on pages 40 to 41.

Non-executive Director Independence

The Board considers and reviews the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgment, commitment and performance on the Board and relevant Committees and their ability to provide objective challenge to Management. Following the annual review for 2015, the Board concluded that each of the independent non-executive Directors reviewed continue to demonstrate those behaviours and continued to be considered by the Board as independent.

Division of Responsibilities

In compliance with the UK Corporate Governance Code, a clear written division of responsibilities between the roles of Chairman and Chief Executive Officer has been agreed by the Board. The Chairman is responsible for the leadership and effectiveness of the Board. He chairs the Board meetings, ensures the agendas are appropriate and is responsible for ensuring that all Directors actively contribute to the determination of the Group's strategy. The Chief Executive Officer is responsible for the day-to-day management of the Group and implementing the Group's strategy, developing proposals for Board approval and ensuring that a regular dialogue with shareholders is maintained. The separation of authority enhances independent oversight of Executive Management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

Division of Board Responsibilities

Chairman

- Provided strategic insight from his wide-ranging business experience and contacts built up over many years.
- Met major shareholders on governance matters and was an alternate point of contact instead of the Chief Executive Officer for shareholders on other matters as well.
- Provided a sounding board for the Chief Executive Officer on key business decisions, challenging proposals where appropriate.
- Agreed with executive Director's subjects for particular consideration by the Board during the year at Board meetings, ensuring that adequate time is available to discuss all agenda items.
- Promoted effective relations between the non-executive Directors and the Executive Management.

Chief Executive Officer

- Brought matters of particular significance or risk to the Chairman, for discussion and consideration if appropriate.
- Represented the Group to its shareholders, customers, suppliers and the general industry.
- Led the business and the rest of the management team.
- Led the development of the Group's strategy with input from the rest of the Board and our advisers.
- Worked with the Chairman in agreeing subjects for particular consideration by the Board during the year.

Effective Division of Responsibilities and Board Operation

Senior Independent Director

- Made himself available to shareholders if they had concerns that could not be addressed through normal channels.
- Acted as an internal sounding board for the Chairman.
- Served as an intermediary for the other Directors with the Chairman when necessary.
- Ensured balanced understanding of major shareholders' issues and concerns.

Company Secretary

- Secretary to the Board and each of its Committees, reporting directly to their Chairman.
- Assisted the Chairman to ensure that Board papers are clear, accurate, timely, succinct and of sufficient quality to enable the Board to discharge its duties effectively.
- Provided advice to the Board and each of its Committees through the Chairman concerning Board and governance matters.

Board Calendar for 2015

At specific meetings

January	March	May	June	August	October	December
Macro-economic conditions Competitive landscape Group Dividend Policy and Gearing Approval of latest new build vessel	Nomination Committee Report: • Board Evaluation Process Review and approval of 2014 annual results	Review of key risks facing the Group Macro-economic conditions Competitive landscape	Competitive landscape Group Dividend Policy and Gearing Succession planning	Review and approval of 2015 Half Year Results	Review of key risks facing the Group Macro-economic conditions Group capital structure Group three year strategic plan Competitive landscape Approval of Group refinancing plans	Approval of Group Strategic Plan (2016 to 2019) Review and approval of 2016 budget Approval of 2016 Group KPIs Annual discussion in absence of Chairman

At each main meeting

Review and discussion of:

- investor relations and feedback
- new build programme
- market update
- contractual update
- operational matters
- strategic opportunities

Review of reports on:

- finance and accounting matters
- health, safety and environment
- personnel and support services
- risk management
- trading and forecast update

Review of reports from Board Committees as relevant

How the Board Operates

The Board is responsible for providing entrepreneurial leadership of the Company, exercising its business judgment on behalf of the Company within a framework of prudent and effective controls. It also agrees the strategic direction and governance structure that will help achieve the long-term success of the Company and deliver shareholder value. The Board takes the lead in areas such as strategy, financial policy, annual budgeting, significant potential acquisitions, risk management and the overall system of internal control. The Board's full responsibilities are set out in the matters reserved for the Board. The ultimate responsibility for the Company rests with the Board and its legal powers and responsibilities are stated in the Articles of Association, which are available for inspection at the Company's registered office in the UK.

The Board delegates authority to its Committees to carry out certain tasks on its behalf, so that it can operate efficiently and give the right level of attention and consideration to relevant matters. The composition and role of each Committee is summarised on pages 45 to 61 and their full terms of reference are available on the Company's website.

The Chairman, along with the Chief Executive Officer and the Company Secretary, has established Board processes designed to maximise its performance. Key aspects of these are shown below:

- the Chairman, Chief Executive Officer and Company Secretary meet towards the beginning of each year to agree an overall calendar of subjects to be discussed by the Board during the year.
- Board meetings are timetabled to ensure adequate time for open discussion of each agenda item allowing for questions, scrutiny, constructive challenge and full debates on key matters for decisions to be taken by consensus (although any dissenting views would be minuted accordingly).
- the development of Group strategy is led by the Chief Executive Officer, with input, challenge, examination and ongoing testing from the non-executive Directors and subsequently reviewed throughout the year.
- good working relationships exist between non-executive Directors and non-Board members of the senior management team.
- members of the senior management team draw on the collective experience of the Board, including its non-executive Directors.
- comprehensive reporting packs, which are designed to be clear, accurate and analytical, are normally distributed in advance of Board meetings allowing sufficient time for their review, consideration and clarification or amplification of reports in advance of the meeting.
- once goals have been set and actions agreed, the Board receives regular reports on their implementation.
- comprehensive management accounts with commentary and analysis are distributed to the Board on a monthly basis.
- the Board reviews the Group's risk register at each of its main meetings and challenges this where appropriate.
- the Board visits the Group's major business locations both to review its operations and new build vessels and to meet with local management.
- all Directors have open access to the Group's key advisers, including Management and the Company Secretary, and are also entitled to seek independent professional advice at the Group's expense where appropriate.

Appointment and Tenure

All non-executive Directors serve on the basis of letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the expected time commitment of non-executive Directors, who, on appointment, undertake that they will have sufficient time to meet what is expected of them.

The non-executive Directors are appointed for a term of three years, subject to earlier termination, including provision for early termination by either the Company or the non-executive Director on three months' notice. In accordance with the Company's Articles of Association, all Directors must retire by rotation and seek re-election by shareholders every three years; however, it is intended that the Directors will each retire and submit themselves for re-election by shareholders annually.

Director Induction and Training

The training needs of the Directors are periodically discussed at Board meetings and briefings are arranged on issues relating to corporate governance and other areas of importance. Arrangements are in place for any newly appointed Directors to undertake an induction programme designed to develop their knowledge and understanding of the Company. The induction programme includes briefing sessions during regular Board meetings, visits to the Company's fabrication yard, meetings with members of the wider management team and discussions on relevant business issues. Upon appointment Directors are advised of their legal and other duties and their obligations as Directors of a listed company and under the Companies Act 2006 and they receive training from the Company's lawyers.

Director Election

Following recommendations from the Nomination Committee, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. In accordance with the provisions B.7.1 of the UK Corporate Governance Code, all Directors will be subject to annual re-election. Accordingly, all Directors elected in 2015 will seek re-election at the Company's 2016 Annual General Meeting ("AGM") as set out in the Notice of the Annual General Meeting (see page 114 for resolutions relating to re-election of Directors).

Directors' Conflicts of Interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the other Directors to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each actual or potential conflict of interest on its individual merit and takes into consideration all the circumstances.

All potential conflicts approved by the Board are recorded in an Interests Register, which is reviewed by the Board at each main Board meeting to ensure that the procedure is operating at maximum effectiveness.

Board Evaluation and Effectiveness

Critical to the success of our Board and Committees in achieving their aims is the effectiveness with which they operate. Accordingly, we take our evaluation of this seriously. An internal evaluation was conducted by the Chairman in 2015 by way of a questionnaire which was completed by the Directors. The questionnaire was structured to provide Directors with an opportunity to express their views on a range of matters including:

- strategy and implementation;
- succession planning and talent development;
- Board dynamics and operation;
- Chairman effectiveness;
- performance of the Board and each of its Committees; and
- Director self-assessment and training needs.

Following the internal evaluation process conducted in 2016, the Board and the Board Committees are satisfied that they are operating effectively and that each Director has performed well and demonstrated commitment in respect of their individual roles on the Board. In accordance with the provisions B.6.2 of UK Corporate Governance Code, the Board intends to undertake an externally facilitated evaluation at least every three years with the next one scheduled in 2017.

Dialogue with shareholders

Shareholder Engagement

Responsibility for shareholder relations rest with the Chairman, Chief Executive Officer and Chief Financial Officer. They ensure that there is effective communication with shareholders on matters such as governance and strategy, and are responsible for ensuring that the Board understands the views of major shareholders.

As part of our investor relations programme a combination of presentations, Group calls and one-to-one meetings are arranged to discuss the Company's interim and final results with stock market participants. In the intervening periods meetings are held with existing and prospective shareholders to update them on our latest performance or to introduce them to the Company. Periodically we arrange visits to the business to give analysts, brokers and major shareholders a better understanding of how we manage our business and to ensure we understand the views of our shareholders. These visits and meetings are principally undertaken by the Chief Executive Officer and the Chief Financial Officer.

The Board receives regular updates on the views of its shareholders from its brokers at its Board meetings. In addition, the Senior Independent Director is available to meet if they wish to raise issues separately from the arrangements as described above.

The presentations to analysts are published on the Company's website.

Annual General Meeting

The Company's 2016 AGM will take place at 11.30am (UK time) on Wednesday 11 May 2016 at Linklaters LLP, One Silk Street, London, EC2Y 8HQ. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM can be found on page 114 and on the Company's website. The Notice of AGM sets out the business of the Meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

The AGM is the Company's principal forum for communication with private shareholders. In addition to the formal business, there will be a presentation by the Chief Executive Officer on the performance of the Group and its future development. The Chairman of the Board and the Chairman of each Board Committee, together with members of senior management, will be available to answer shareholders' questions at the AGM.

Committee members

- Chairman and Senior Independent non-executive Director: Simon Batey
- Independent non-executive Directors: W. Richard Anderson Mike Straughen

Dear Shareholders,

I am pleased to present the Audit and Risk Committee report for 2015. The integrity of the Group's financial results and the effectiveness of its risk management and internal control systems are important both to Directors and to shareholders. They are also critical to the way the Group's business is operated as they are required to measure and to sustain achievement of its strategic objectives. As the Audit and Risk Committee, we assist the Board in its oversight and monitoring of financial reporting, risk management and internal controls. We test and challenge these areas in conjunction with management and the internal and external auditors as appropriate.

The composition of the Committee remains in compliance with the UK Code which provides that all members of the Committee should be independent non-executive Directors. The members of the Committee who served during the year have been shown above.

The Audit and Risk Committee's responsibilities include:

- monitoring the integrity of the financial statements of the Group and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgments contained in them;
- reviewing accounting policies, accounting treatments and disclosures in financial reports;
- reviewing the Group's internal financial controls and internal control and risk management systems;
- monitoring and assessing the effectiveness of the Group's internal audit function;
- reviewing the terms of engagement, independence, objectivity and effectiveness of the external auditors;
- advising the Board on the policy with regards to audit tendering, taking into account relevant regulatory requirements and making recommendations to the Board as to the appointment or reappointment of the external auditor;
- assessing the external audit process and the appropriateness of the external auditors to supply non-audit services, in accordance with Group policy;
- reviewing the Group's whistleblowing procedures and ensuring that arrangements are in place for the proportionate and independent investigation of possible improprieties in respect of financial and other matters, for appropriate follow-up action; and
- reporting to the Board, identifying any matters in respect of which it considers that action or other improvement is needed and making recommendations as to the steps to be taken.

The Audit and Risk Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. We met seven times during the financial year and attendance at those meetings is set out on page 39. The Committee receives reports from external advisers and from the senior management team, as required, to enable it to discharge its duties. The Chief Financial Officer and senior members of the finance team attend each of these meetings at our request. The internal auditor attends and presents at the majority of meetings. In addition, the external auditor attended 3 of these meetings and had the opportunity to meet privately with the Committee, in the absence of senior management.

The external auditor receives copies of all relevant Committee papers (including papers that were considered at the meeting when they were not in attendance) and minutes of all Committee meetings.

The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board. The Committee gives due consideration to laws and regulations, the provisions of the UK Code and the requirements of the Listing Rules, and makes its recommendations on these reports to the Board. In 2015, this included an assessment of whether the Annual Report taken as a whole was fair, balanced and understandable.

Audit and Risk Committee Calendar for 2015

At specific meetings

January	March	May	June	August	October	December
Review of progress in preparation of Annual Report Plans for assessing the efficiency of auditors	Reviews of: • 2014 annual results • Report from external auditor • Performance and independence of external auditor Recommendations to the Board on: • The annual results • Reappointment of the auditors	Reviews of: • Internal audit plans • 2014 Annual Report process and closure	2015 Half Year Report process update Approval of 2015 Group Audit Fees	Review of 2015 Half Year results Report from external auditor on 2015 Half Year Results Recommendations to the Board on: • The 2015 Half Year results	Review of Group External Audit Plan Presentation on overall findings from client audits conducted on the Group	Update on 2015 Annual Report process

At each main meeting

Reviews of financial reporting, including:

- Any proposed changes to accounting policies
- Developments in reporting and accounting requirements affecting the Group
- Key assumptions, estimates and judgements proposed by management

Review and discussion of:

- Risk management systems and internal controls, including a discussion of the risk management process
- Minutes of previous meetings
- Reports on implementation of actions from previous meetings

Consideration of internal audit:

- Internal audit reports and recommendations

Significant Issues

The Audit and Risk Committee pays specific attention to matters it considers important based on their potential impact on the Group's results, or based on the level of complexity, judgement or estimation involved in their application. The Committee considered the following matters as significant issues in 2015:

Significant issue	How addressed
Impairment of property, plant and equipment IAS 36 requires that a review for impairment be carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recent volatility of oil prices in the global energy market may impact the value in use of the vessels. Impairment assessments are judgmental and careful consideration of the assumptions used in the determination of the value in use of the assets is required.	The Committee considered the assumptions used in the computation of the value in use of the vessels. Consideration was given to both the feasibility of the long-term business plan and the appropriateness of the weighted average cost of capital which formed an initial basis for determining the discount rate.
Capitalisation of costs The Group has invested substantial capital in its vessel fleet, which is the key component of its business offering and its major asset. As a part of its new build programme, the Group completed the build of three vessels during the year. The Group also undertook various capital projects aimed at enhancing the Group's asset offering. Careful consideration had to be given as to which costs met the criteria for capitalisation. Incremental costs as a result of the project were considered for capitalisation.	The Committee reviewed the basis of Management's assumptions over the eligibility of the costs for capitalisation. The Committee reviewed the costs that were capitalised to be satisfied that they met the recognition criteria as required under IFRS.

UK Corporate Governance Code
The Group's reporting for 2015 is in compliance with the latest updates of the UK Code, effective for premium listed companies with accounting periods beginning on or after 1 October 2014.

Modern Slavery Act 2015
The Group has initiated a working panel made up predominantly of members of senior management. The working panel has been formed to ensure the Group adheres to and is compliant with the requirements set out in the Modern Slavery Act 2015. The Group will be reporting in accordance with the Modern Slavery Act 2015 in the 2016 Annual Report.

Internal Controls and Risk Management

The Group's systems of internal control and in particular our risk management process have been designed to support our strategic and business objectives as well as our internal control over financial reporting. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that have been in place for the period under review and up to the date of the Annual Report. The process is regularly reviewed by the Board and is in accordance with the Turnbull Review guidance on internal controls and requirements of the UK Code.

Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the constantly changing environment. The internal control process starts with identifying risks, compliance matters and other issues through routine reviews carried out by process owners and facilitated by regular Group wide risk assessments. For risks that are recorded in the Group risk register, the Group then assesses the implications and consequences and determines the likelihood of occurrence. Further details of the Group's risk management process can be found on pages 20 to 23.

Internal Audit

At the majority of meetings the Committee receives a report on internal controls. These reports provide an update on progress against the internal audit plan, including the status of actions and management responses, key improvement themes and recommended areas of business focus. The internal audit function is largely outsourced to KPMG.

In addition to the internal audit plan, the Group is regularly audited by certain clients, with key findings reported to the Audit and Risk Committee who assess these findings and ensure that appropriate action is taken by Management as deemed necessary.

External Audit

Appointment and Independence of External Auditors
The Committee has overall responsibility for ensuring that the external auditors' independence and objectivity is not compromised.

The Committee considers formally the reappointment of the external auditor each year, as well as assessing their independence on an ongoing basis. In accordance with UK regulations and to help ensure independence, our auditors adhere to a rotation policy based on Auditing Practices Board standards that require the Group audit partner to rotate every five years. This is the third year, taking into consideration work performed as reporting accountant for the 2014 IPO, that the current lead audit partner has been involved in the audit of the Group.

Deloitte LLP was appointed as external auditor of the Company in 2014. The Committee is aware of the recent changes to the requirements for external auditor selection and rotation. Whilst we do not consider it necessary to have a policy for mandatory rotation of external audit firms, we plan to give consideration to placing future audits out to tender over the coming years.

The Committee believes that it may be appropriate for the Company to engage its external auditor to provide non-audit services in limited circumstances. Given the knowledge of a company's market, systems and operations which an external auditing firm gains through the audit process, together with effective working relationships developed with senior management, the Committee believes that on occasion appointing the Company's external auditor to provide non-audit services can represent an effective and cost-efficient process which is in the best interests of shareholders. However, to ensure the continued objectivity and independence of the external auditor are not compromised, the Committee has established a non-audit services policy.

The Committee requires specific approval for the provision of any non-audit services above the value of US$ 50,000 and, in the unlikely event that the non-audit services have resulted in a cumulative total of 70% or more of the overall Group audit fee in any financial year, then any further non-audit services carried out by the external auditor would be regarded as exceptional and will require the Committee's prior approval. The Committee receives quarterly reports of any non-audit services undertaken. The Committee must be satisfied that the external auditor's objectivity and independence would not be compromised in any way as a result of being instructed to carry out those services.

The total non-audit services provided by the Group's external auditor Deloitte LLP for the year ended 31 December 2015 were US$ 105,000 (2014: US$ 921,000) which comprised 29% (2014: 79%) of total audit and non-audit fees. The prior year non-audit fees included work undertaken as reporting accountant as part of the Group's IPO. The Committee is satisfied that the quantum and nature of the non-audit services provided by Deloitte LLP during the current year are such that the objectivity and independence of the external auditor have not been compromised.

As part of the Committee's assessment of the objectivity and independence of the external auditor, the Committee held 2 private meetings with the external auditor without management being present. In addition, I met privately with the external audit Engagement Partner on several occasions.

The effectiveness of the external auditor was evaluated by feedback from the senior management team and the Committee by way of a questionnaire. We examined a range of performance criteria including, but not limited to, robustness of the audit process, independence and objectivity, quality of delivery, quality of people and service, and value-added advice. We also considered the 2014 Audit Quality Inspections Report on Deloitte LLP audits carried out by the Financial Reporting Council. As a result of this work, the Committee has recommended to the Board that the reappointment of Deloitte LLP as the Company's external auditor be proposed to shareholders at the 2016 AGM.

Ethical Conduct

Our Code of Conduct encourages all employees to report any potential improprieties in financial reporting or other matters. The Group operates a confidential whistleblowing hotline and all reports received are communicated to this Committee. Where appropriate, our internal audit team or other third party specialist may be asked to investigate issues and report to us on the outcome. Code of Conduct training is included as part of the Company induction process for all new employees who join the Group.

During the year we uncovered evidence of collusion between two employees suspected of behaving unethically. Reports of this unethical behaviour were received through the Group's whistleblowing hotline and a robust external investigation was then conducted with both employees subsequently being terminated. The financial impact of this behaviour is not material. Management take any reports received through the whistleblowing hotline seriously and the External Auditors were notified at the time this unethical behaviour was uncovered. Management have taken steps to help prevent such activities occurring in the future.

The Company operates an Anti-Bribery and Corruption Policy and is satisfied that appropriate policies and training is in place to deal with any instances of whistleblowing and to ensure that appropriate follow up action is taken on a timely basis.

On behalf of the Audit and Risk Committee

Simon Batey
Audit and Risk Committee Chairman
21 March 2016

REPORT OF THE REMUNERATION COMMITTEE

Committee members

- Chairman: W. Richard Anderson
- Independent non-executive Director: Mike Straughen
- Senior Independent non-executive Director: Simon Batey

Dear Shareholders,

On behalf of the Remuneration Committee I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2015. Our remuneration arrangements have been designed in accordance with the principles set out in the UK Corporate Governance Code and current market and best practices for UK listed companies. They also take into account market practice and labour laws in the local UAE market.

The composition of the Remuneration Committee is in compliance with the UK Code which provides that all members of the Committee should be independent non-executive Directors.

The Remuneration Committee's responsibilities include:

- setting the strategy, structure and levels of remuneration of our executive directors and senior management;
- ensuring compliance with internal policies whilst also adhering to legislative regulations; and
- aligning the financial interests of the executive directors and other management and employees with the achievement of the Group's objectives.

Our aim is to ensure that remuneration arrangements appropriately and responsibly incentivise executive directors and senior management to achieve the Group's strategic objectives, in turn creating value for the Company's shareholders. To this end, the overall remuneration structure for executives comprise:

- base salary, benefits and allowances – set at a level appropriate to the sector and geographic markets in which we operate;
- an annual bonus – based on measures of annual financial and strategic performance; and
- a share-based Long Term Incentive Plan – normally based on growth in a financial measure such as EPS and total shareholder return.

Further details of this structure are set out on the following pages.

The work of the Committee in 2015 was conducted against a backdrop of a difficult oil price environment in which the Company fulfilled its key operational and strategic objectives. In setting targets for the 2016 annual bonus, the Committee has been mindful of the continued challenging market conditions seen in the industry.

For the 2015 annual bonus, profit after tax performance was below the threshold required for a payment under this part of the annual bonus. However EBITDA margin, Total Recordable Injury Rate and progress against strategic, financial and operational objectives were within the target range and as such the bonus payable to the CEO was 57.5% of salary – for more details, see page 56. The weighting of performance conditions under the LTIP scheme has been adjusted such that relative total shareholder return is now weighted 50% rather than the previous 25%. The intention is that this weighting will continue for the foreseeable future.

The Remuneration Committee believes that the current approved policy, which received over 99% support from investors, is aligned with both our shareholders and the Company's strategy; therefore, there are no proposed changes in our Directors' Remuneration Policy for 2016. However, we will continue to review our policy and targets for future variable pay awards so that we remain confident that remuneration policy reflects the Company's strategic objectives. Although the policy is not subject to a shareholder vote in 2016 as it was approved by a shareholder vote at the 2015 AGM, it has been included in full on pages 50 to 55, for ease of reference alongside the Annual Remuneration Report.

The Annual Remuneration Report will be subject to an advisory shareholder vote at the 2016 AGM; at the 2015 AGM the 2014 Remuneration Report was supported by over 99% of investors. The Committee is dedicated to ensuring that our shareholders understand and support our policy and therefore we welcome questions and feedback regarding our remuneration structures.

On behalf of the Remuneration Committee

W. Richard Anderson
Remuneration Committee Chairman
21 March 2016

INTRODUCTION
STRATEGIC REPORT
PERFORMANCE
GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

Directors' Remuneration Policy Report

This part of the report, which is not subject to audit, sets out the remuneration policy for the Company and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The policy has been developed taking into account the principles of the UK Corporate Governance Code and the views of our major shareholders. The Directors' Remuneration Policy was approved at the Company's Annual General Meeting held in 2015. No changes have been made to the Directors' Remuneration Policy in 2016, other than an update to the remuneration scenario charts to reflect the latest fixed remuneration arrangements. The Directors' Remuneration Policy has been included below for ease of reference.

Policy overview

The Committee assists the Board in its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration.

The Company's policy is to provide remuneration to executives to reflect their contribution to the business, the performance of the Group, the complexity and geography of the Group's operations and the need to attract, retain, and incentivise executives. The Committee seeks to provide remuneration packages that are simple, transparent and aligned with UK best and local UAE market practice, whilst providing an appropriate balance between fixed and variable pay that supports the delivery of the Group's strategy.

Summary of the Directors' Remuneration Policy

The following table sets out the Directors' Remuneration Policy.

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Base salary	• To attract, retain and motivate individuals of the necessary calibre to execute the Group's strategy	• Normally reviewed annually by the Committee or, if appropriate, in the event of a change in an individual's position or responsibilities • The level of base salary reflects the experience and capabilities of the individual as well as the scope and scale of the role • Any increases to base pay will take into account individual performance as well as the pay and conditions in the workforce	• There is no prescribed maximum annual increase • When determining the level of any change in compensation, the Committee takes into account: – Remuneration levels in comparable organisations in the UAE and the GCC – Remuneration levels in the international market – Increases for the workforce generally – Changes to an individual's role, including any additional responsibilities	N/A
Annual bonus plan	• To encourage and reward delivery of the Group's annual financial and operational objectives	• Performance measures and targets are reviewed annually by the Committee and are linked to the Group's key strategic and financial objectives • The bonus will normally be paid wholly in cash; however the Committee has the discretion to defer a proportion of the bonus in GMS shares or cash • Clawback (or malus in the event of any deferral) provisions apply in the event of a material misstatement of the Group's financial results or an error in the calculation of performance targets. Clawback and/or malus can be applied for three years from the end of the financial year to which a payment relates	• Normal maximum opportunity of 100% of salary (exceptional limit 150% of salary)	• The majority of the annual bonus will be based on Group financial performance • The Committee has discretion to vary bonus payments downwards or upwards if it considers the outcome would not otherwise be a fair and complete reflection of the performance achieved by the Group and/or the Executive Director. Performance below threshold results in zero payment. Payments increase from 0% to 100% of the maximum opportunity for levels of performance between threshold and maximum performance targets

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Long Term Incentive Plan (LTIP)	• To incentivise and reward the achievement of key financial performance objectives and the creation of long-term shareholder value • To encourage share ownership and provide further alignment with shareholders	• Annual awards of nil-cost options or conditional shares with the level of vesting subject to the achievement of stretching performance conditions measured over a three-year period • Performance targets are reviewed annually by the Committee and are set at such a level to motivate management and incentivise out-performance • Dividends that accrue during the vesting period may be paid in cash or shares at the time of vesting, to the extent that shares vest • Clawback provisions apply in the event of a material misstatement of the Company's financial results or an error in the calculation of performance targets. Clawback can be applied for three years from the end of the financial year in which an award vests	• Normal maximum opportunity of 200% of base salary (exceptional limit of 300% of base salary)	• Performance is assessed against metrics which will normally include a financial measure, such as EPS, and/or a measure linked to the Company's total shareholder return against an appropriate group of peers. Measures are captured independently • 30% of an award will vest for achieving threshold performance, increasing pro-rata to full vesting for achievement of maximum performance targets
End of service gratuity	• To provide an end of service gratuity, as required under the UAE Labour Law	• End of service gratuity contributions are accrued by the Company	• The maximum payout to an employee is limited by UAE Labour Law to two years' base salary	N/A
Benefits	• To provide competitive and cost-effective benefits to attract and retain high-calibre individuals	• Private medical insurance for the executive and close family, death in service insurance, disability insurance, accommodation and payment of children's school fees	• Actual value of benefits provided	N/A
Allowances	• Allowances set to cover essential living costs where this is in line with local market practice	• Any increases to allowances will take into account local market conditions as well as the allowances provided to the workforce • Allowances relating to air travel and transport	N/A	N/A
Share ownership guidelines	• To encourage alignment with shareholders	• Executive Directors are required to build and maintain a shareholding equivalent to at least 100% of base salary through the retention of vested share awards or through open market purchases • A new appointment will be expected to reach this guideline in three to five years post-appointment • Executive Directors are required to retain 50% of the shares (net of tax) vesting under the incentive schemes until the guideline has been achieved	N/A	N/A

Notes to table

Annual bonus performance measures

The annual bonus reflects key financial performance indicators linked to the Group's strategic goals. Financial targets are set at the start of the financial year with reference to internal budgets and taking account of market expectations. The balance is based on how well the individual performed against a range of stretching objectives relating to key strategic and operational objectives.

LTIP performance measures

The LTIP performance measures (which are currently EPS growth and TSR relative to companies in the FTSE 250 Index excluding financial services companies) reward long-term financial growth and significant long-term returns to shareholders. Targets are set on sliding scales that take account of internal strategic planning and external market expectations for the Group. Only modest rewards are available for achieving threshold performance with maximum rewards requiring substantial out-performance of challenging strategic plans approved at the start of each year.

Discretion

The Committee operates annual bonus and long term incentive arrangements for the Executive Director(s) in accordance with their respective rules, the Listing Rules and the HMRC rules where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include the following:

- Who participates;
- The timing of the grant of award and/or payment;
- The size of an award (up to plan limits) and/or a payment;
- The annual review of performance measures, targets and weightings for the annual bonus plan and LTIP from year to year;
- Discretion relating to the measurement of performance in the event of a change of control or restructuring;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends); and
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose.

Awards granted prior to approval of policy

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the vesting or exercise of past share awards granted pre- or post-IPO but before the AGM at which this policy is approved by shareholders).

How remuneration of Executive Directors differs from employees generally, and how their views are taken into account in setting remuneration policy

When considering the structure and levels of Executive Director remuneration, the Committee reviews base salary and annual bonus arrangements for the management team, to ensure that there is a coherent approach across the Group. The annual bonus plan operates on a similar basis across the senior management team. The key difference in the Executive Director Policy is that remuneration is more heavily weighted towards variable pay than that of other employees. This ensures that there is a clear link between the value created for shareholders and the remuneration received by the executive director(s).

The Committee does not formally consult with employees in respect of the design of the Executive Director Remuneration Policy, however the Human Resources Director is available to discuss issues relating to the wider employee population.

Consideration of shareholder views

The Company is committed to maintaining good communications with investors. The Committee considers the AGM to be an opportunity to meet and communicate with investors, giving shareholders the opportunity to raise any issues or concerns they may have. In addition, the Committee will seek to engage directly with major shareholders and their representative bodies should any changes be planned to the Directors' Remuneration Policy or if the Committee wishes to make material changes to how Policy will be implemented.

Following the Company's AGM in 2016, details of votes cast for and against the resolution to approve the Annual Report on Remuneration will be included in the next Annual Report on Remuneration published following the AGM.

The Company is required to prepare, and seek shareholder approval for an updated Directors' Remuneration Policy at least once every three years.

Directors' recruitment and promotions

The policy on the recruitment or promotion of an Executive Director takes into account the need to attract, retain and motivate the best person for each position, while at the same time ensuring a close alignment between the interests of shareholders and management, as follows:

Base salary	The base salary for a new appointment will be set taking into account the skills and experience of the individual, internal relativities and the market rate for the role as identified by any relevant benchmarking of companies of a comparable size and complexity. If it is considered appropriate to set the salary for a new Executive Director at a level which is below market (for example, to allow them to gain experience in the role) their salary may be increased to achieve the desired market positioning by way of a series of phased above inflation increases. Any increases will be subject to the individual's continued development in the role.
End of service gratuity, benefits and allowances	End of service gratuity, benefits and allowances will be set in line with the policy above, reflective of typical market practice and the Labour Law for the UAE. The Committee may also approve the payment of one-off relocation-related expenses and legal fees incurred by the individual. In the event of an Executive Director being recruited to work outside the UAE, additional benefits, pension provision and/or allowances may be provided in line with local market practice.
Annual bonus and LTIP	The Company's incentive plans will be operated, as set out in the policy table above, albeit with any payment pro-rata for the period of employment and with the flexibility to use different performance measures and targets, depending on the timing and nature of the appointment.
Remuneration foregone	The Committee may offer cash and/or share-based elements to compensate an individual for remuneration and benefits that would be forfeited on leaving a former employer, when it considers these to be in the best interests of the Group (and therefore shareholders). Such payments would take account of remuneration relinquished and would mirror (as far as possible) the delivery mechanism, time horizons and performance requirement attached to that remuneration. Where possible this will be facilitated through existing share plans as set out in the policy table above, but if not the Committee may use the provisions of 9.4.2 of the Listing Rules.
Internal appointments	In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms stipulated on grant or adjusted as considered desirable to reflect the new role.

Directors' service agreements and payments for loss of office

The Committee seeks to ensure that contractual terms of the Executive Director's service agreement reflect best practice.

Notice period	The CEO's service agreement is terminable by either the Company or the Director on twelve months' notice. In circumstances of termination on notice the Committee will determine an equitable compensation package, having regard to the particular circumstances of the case. The Committee has discretion to require notice to be worked, to make payment in lieu of notice or to place the Director on gardening leave. The Company may terminate the appointment summarily with immediate effect if the Director is guilty of gross misconduct in accordance with relevant provisions of the UAE labour law.
Payment in lieu of notice	In case of payment in lieu, base salary, allowances, benefits and end of service gratuity will be paid for the period of notice served or paid in lieu. If the Committee believes it would be in shareholders' interests, payments would be made either as one lump sum or in equal monthly instalments and in the case of payment in lieu will be subject to be offset against earnings elsewhere.
Annual bonus	An annual bonus may be payable in respect of the period of the bonus plan year worked by the Director; there is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked.
LTIP	Outstanding share awards under the LTIP are subject to the rules which contain discretionary provisions setting out the treatment of awards where a participant leaves for designated reasons (i.e. participants who leave early on account of injury, disability or ill health, death, a sale of their employer or business in which they were employed, statutory redundancy, retirement or any other reason at the discretion of the Committee). In these circumstances a participant's awards will not be forfeited on cessation of employment and instead will continue to vest on the normal vesting date or earlier at the discretion of the Committee, subject to the performance conditions attached to the relevant awards. The awards will, other than in exceptional circumstances, be scaled back pro-rata for the period of the incentive term worked by the Director.
Other payments	In addition to the above payments, the Committee may make any other payments determined by a court of law in respect of the termination of a Director's contract.
Change of control	In the event of a change of control all unvested awards under the LTIP would vest, to the extent that any performance conditions attached to the relevant awards have been achieved.

The date of the CEO's Executive Service Agreement is 12 March 2014. The service contract is available for inspection during normal business hours at the Company's registered office, and available for inspection at the AGM.

External appointments

The Committee recognises that Executive Directors may be invited to become non-executive Directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Group. It is policy that Board approval is required before any external appointment may be accepted by an Executive Director. An Executive Director is permitted to retain any fees paid for such services. The current Executive Director does not hold any such external appointments.

Non-executive Directors' Remuneration Policy and terms of engagement

The following table sets out the components of the non-executive Directors' remuneration package.

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Non-executive Directors' fee	• Set to attract, retain and motivate talented individuals through the provision of market competitive fees	• Reviewed periodically by the Board or, if appropriate, in the event of a change in an individual's position or responsibilities • Fee levels set by reference to market rates, taking into account the individual's experience, responsibility and time commitments	• There is no prescribed maximum annual increase • The Board takes into account external market practice, pay increases within the Group, wider economic factors and any changes in responsibilities when determining fee increases	N/A
Non-executive Directors' benefits	• Travel to the Company's registered office	• Travel to the Company's registered office may in some jurisdictions be recognised as a taxable benefit	• Costs of travel, grossed-up where taxable	N/A

Non-executive Directors are appointed by letter of appointment for an initial period of three years, which are terminable by three months' notice on either side. However, it is the Company's intention to comply with provision B.7.1 of the UK Corporate Governance Code and accordingly all Directors will stand for annual re-election by shareholders at future AGMs until the Board determines otherwise. The dates of the letters of appointment of the Chairman and non-executive Directors are:

Simon Heale	Chairman	27 February 2014
H. Richard Dallas	Non-executive Director	27 February 2014
Dr Karim El Solh	Non-executive Director	27 February 2014
Simon Batey	Independent non-executive Director	27 February 2014
Mike Straughen	Independent non-executive Director	27 February 2014
W. Richard Anderson	Independent non-executive Director	27 February 2014

The letters of appointment are available for inspection during normal business hours at the Company's registered office. For the appointment of a new Chairman or non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Annual Report on Remuneration

This part of the report has been prepared in accordance with Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2016 AGM. Sections of this report that are subject to audit, on pages 57 to 59 have been indicated.

Responsibilities of the Committee

The Remuneration Committee will assist the Board in fulfilling its responsibilities regarding all matters related to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration. In reviewing executive remuneration, the Committee may set the over-arching principles, parameters and governance framework of the Group's Remuneration Policy and determine the individual remuneration and benefits package of the Executive Director(s) and the Company Secretary. In addition, the Committee monitors the structure and level of remuneration for the senior management team and is aware of pay and conditions in the workforce generally. The Committee also ensures full compliance with the UK Corporate Governance Code in relation to remuneration.

Members and activities of the Committee

The members of the Committee during 2015 were W. Richard Anderson (Chairman), Simon Batey and Mike Straughen. All members were Independent non-executive Directors. The Chief Executive Officer, Chief Financial Officer and Human Resources Director are normally invited to attend for at least part of each meeting to allow the Committee to benefit from their contextual advice. The Group Chairman also normally attends meetings by invitation. The Company Secretary acts as Secretary to the Committee. These individuals are not present when their own remuneration is discussed.

The number of formal meetings held and the attendance by each member is shown in the table below. The Committee also held informal discussions as required.

	Number of meetings attended out of a potential maximum
W. Richard Anderson	3 out of 3
Simon Batey	3 out of 3
Mike Straughen	3 out of 3

External advice received

During the year, the Committee received independent advice on remuneration matters from Mercer Limited ("Mercer"). Mercer is a member of the Remuneration Consultants Group and adheres to the Voluntary Code of Conduct in relation to executive remuneration consulting in the UK. The fees paid to Mercer for advice in 2015 were US$ 41,680. Mercer also provided support to the Company in respect of the remuneration of the wider employee population. Mercer is a division of Marsh & McLennan Companies, Inc. ("MMC"). Another division of MMC provides broker services with regard to the Group medical insurance. However, notwithstanding this relationship, the Committee is satisfied that Mercer's advice to the Committee is objective and independent, as they are two distinct autonomous business divisions within MMC.

Shareholder voting at AGM

The 2015 Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2016 AGM. At the AGM held in 2015, votes cast by proxy and at the meeting in respect of the Directors' remuneration were as follows:

Resolution	Votes for	% of votes for	Votes against	% of votes against	Votes withheld	Total votes cast
To approve the Directors' Remuneration Policy	262,212,314	99.24	2,021,422	0.76	213,680	264,447,416
To approve the Directors' Remuneration Report for the year ended 31 December 2014	262,258,736	99.25	1,975,000	0.75	213,680	264,447,416

Statement of implementation of the Remuneration Policy for 2016

The Remuneration Policy adopted at the AGM held in 2015 will continue to be implemented during 2016 as follows:

Base salary

The CEO's base salary was reviewed on listing and also at the end of 2015 to determine the appropriate salary for the coming year. The CEO's base salary was augmented to reward strong performance and to ensure the remuneration package remains competitive in line with current market levels. As a point of comparison, increases to salary levels for the workforce generally ranged from 0% to 15% during 2015, averaging 3%. Accordingly, base salary for 2016 will be as follows:

	Base salary from 1 January 2016 US$'000	Base salary from 1 January 2015 US$'000	% increase
Duncan Anderson[1]	462	440	5%

1. Duncan Anderson's remuneration is paid in UAE Dirhams and reported in US$ using an exchange rate of US$ 1/AED 3.67.

Allowances and benefits for 2016

The cash allowances for 2016 comprise payments to cover costs of air travel and transport and for 2016 will be as follows:

	Allowances from 1 January 2016 US$'000	Allowances from 1 January 2015 US$'000	% increase
Duncan Anderson[1]	39	37	5%

1. Duncan Anderson's remuneration is paid in UAE Dirhams and reported in US$ using an exchange rate of US$ 1/AED 3.67.

Other benefits to be provided directly include accommodation, private medical insurance for the executive and close family, death in service insurance, disability insurance and payment of children's school fees.

Annual bonus for 2016

For 2016 the annual bonus opportunity will be 100% of base salary. The annual bonus will be assessed against financial and personal objectives to provide a rounded assessment of the Group and individual's performance, weighted as follows:

Measure	Weighting
Profit after tax	25%
EBITDA margin	25%
Total Reportable Incident Rate (TRIR)	10%
Strategic, financial and operational objectives	40%
Total	**100%**

The Committee considers the targets to be commercially sensitive, but will provide details of performance against the financial targets retrospectively in next year's Annual Report on Remuneration.

The bonus will be paid wholly in cash. Clawback provisions apply in the event of a material misstatement of the Group's financial results or an error in the calculation of performance targets. Clawback can be applied for three years from the end of the financial year to which a payment relates.

Long term incentive plan to be granted in 2016

The Committee intends to grant an LTIP award to the CEO in 2016 over shares with a value of 150% of base salary. The award will vest three years after grant, subject to performance measured over three financial years commencing with the year of grant. Vesting of 50% of the award will be based on the compound annual growth rate (CAGR) of EPS and the other 50% will be determined by TSR relative to the FTSE 250 Index excluding financial services companies. It was decided to increase the percentage vesting based on relative TSR due to the inherent difficulties in setting EPS targets in the current volatile market conditions. The intention is that this weighting will continue for the foreseeable future.

EPS and relative TSR are considered to be the most appropriate measures of long-term performance, as they incentivise and reward for improvement in the long-term financial performance of the Group, together with the creation of value for shareholders. The Committee reviewed the range of EPS growth for the LTIP to be awarded in 2016. In the context of the impact of the world oil prices, it set a range that is lower than that set for the last cycle, but which remains considerably stretching and well above the ranges seen in the majority of listed companies.

Clawback provisions apply in the event of a material misstatement of the Group's financial results or an error in the calculation of performance targets. Clawback can be applied for three years from the end of the financial year in which an award vests.

Performance condition	Threshold target (30% vesting)	Stretch target (100% vesting)
EPS CAGR	15% per annum	21.5% per annum
Relative TSR	Median of index	Upper quartile of index

End of service gratuity
As required under the UAE Labour Law, the Company accrues for the end of service gratuity entitlement in respect of the CEO, whereby the gratuity is 21 days' base salary (excluding fixed cash allowances) for each year of the first five years of employment and 30 days' wages for each additional year of employment thereafter, up to a limit of two years' total wages.

Fees for the Chairman and non-executive Directors
The Chairman and non-executive Directors' remuneration is determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual non-executive Directors do not take part in discussions regarding their own fees. The Chairman and non-executive Directors receive no other benefits and do not participate in short-term or long-term reward schemes. A summary of the current fees and those for 2016 are set out below; no increase in fee levels is proposed in 2016. Please note that fees are determined in Pound Sterling.

	Annual Fee 2016 £'000	Annual Fee 2015 £'000	% increase
Chairman	175	175	0%
Non-executive Director base fee	50	50	0%
Additional fees:			
Senior Independent Director	5	5	0%
Audit and Risk Committee Chair	5	5	0%
Remuneration Committee Chair	5	5	0%

Directors' remuneration earned in 2015 (audited)
The table below summarises Directors' remuneration received in 2015.

		Fixed element of pay			Pay for performance			
		Base salary US$'000	Allowances and benefits[1] US$'000	End of service gratuity[2] US$'000	Annual Bonus[5] US$'000	Long Term Incentives[6] US$'000*	Other[3] US$'000	Total Remuneration US$'000
Executive Director								
Duncan Anderson[4,7]	**2015**	**440**	**167**	**51**	**253**	**–**	**–**	**911**
	2014	415	182	53	353	–	–	1,003

	Fees 2015 US$'000	Fees 2014 US$'000	**Total Remuneration 2015 US$'000**	Total Remuneration 2014 US$'000
Chairman[8]				
Simon Heale[9,11]	**268**	292	**268**	292
Non-executive Directors[8]				
H. Richard Dallas[10]	**77**	76	**77**	76
Dr Karim El Solh[10]	**77**	76	**77**	76
Simon Batey[10,12]	**92**	92	**92**	92
Mike Straughen[10,12]	**77**	76	**77**	76
W. Richard Anderson[10,12]	**84**	84	**84**	84
Non-executive Director total	**675**	696	**675**	696

1. Allowances include fixed cash allowances for air travel and transport. Other benefits include accommodation (US$ 82,947), private medical insurance for the executive and immediate family, death in service insurance, disability insurance and payment of children's school fees.
2. End of service gratuity is the provision accrued for in the year in accordance with UAE Labour Law.
3. In 2014, Duncan Anderson received a cash and equity award of US$ 11.8 million as settlement of a previous share appreciation rights scheme. This was funded by the shareholders in place prior to the IPO at no cost to the Company.
4. Duncan Anderson's remuneration is paid in UAE Dirhams and reported in US$ using an exchange rate of US$ 1/AED 3.67.
5. Annual bonus for the financial year.
6. Share plans vesting represent the value of LTIP awards where the performance period ends in the year.
7. Duncan Anderson was appointed as a Director of the Company on 24 January 2014.
8. The Chairman and non-executive Directors' remuneration is paid in Pound Sterling and reported in US$ using an exchange rate of US$ 1.53/£ 1 during 2015.
9. Simon Heale was appointed as Chairman on 27 February 2014.
10. H. Richard Dallas, Dr Karim El Solh, Simon Batey, Mike Straughen and W. Richard Anderson were appointed as non-executive Directors on 27 February 2014.
11. Simon Heale received a pro-rata annual fee of £ 175,000 (per annum) from 1 January 2014 to the date of his appointment (27 February 2014) in consideration of advisory work performed prior to his formal appointment as Chairman.
12. The Independent non-executive Directors received a pro-rata equivalent of their basic annual fee of £ 50,000 per annum for the period from 1 February 2014 to the date of their appointment (27 February 2014) in consideration of advisory work performed prior to their formal appointments as Independent non-executive Directors.

Christopher Foll was appointed as an Alternate Director on 27 February 2014; he receives no remuneration for this appointment.

Annual bonus for 2015 (audited)

For 2015 the annual bonus opportunity was set at 100% of base salary. The annual bonus was assessed against the following financial and personal objectives:

Measure	Weighting	Performance range (from zero to maximum pay-out)	Result	% of salary paid in cash
Profit after tax	25%	US$ 95m – US$ 105m	US$ 75.0m	0%
EBITDA margin	25%	61% – 65%	63%	10%
Total Recordable Injury Rate (TRIR)	10%	3.1 – 0	0.18	10%
Strategic, financial and operational objectives	40%	*	*	37.5%
Total	**100%**			**57.5%**

* Objectives set related to key operational, financial and strategic objectives, with targets for each aligned with delivery of the Company's annual corporate objectives and long-term financial plan. The details of these objectives are commercially sensitive, however in 2015 they included the delivery of certain new build SESVs on schedule and on budget, the winning of contracts for certain vessels and the implementation of an appropriate re-financing strategy for the Group. The large majority of these measures were fully achieved, which the Committee considers to be reflective of strong progress overall, and therefore this resulted in a payment of 37.5% out of a possible 40%.

The bonus will be paid wholly in cash. Clawback provisions apply in the event of a material misstatement of the Company's financial results or an error in the calculation of performance targets. Clawback can be applied for three years from the end of the financial year to which a payment relates.

Share appreciation rights settlement (audited)

During the year 2014, the CEO's vested share appreciation rights, from a previous share appreciation rights scheme, were settled as shown in the table below. No share appreciation rights were granted or vested in 2015. This has not been included within the table above as it pre-dates the appointment of Duncan Anderson as the CEO of the Company.

Settlement of vested SARs	
Cash payout	US$ 5,857,657
Number of shares issued	2,614,622 shares (Market Value as on the grant date US$ 5,894,665)[1]

1. Calculated as 2,614,622 shares at the IPO price of £ 1.35, converted at an exchange rate of £ 1:US$ 1.67.

Long term incentive awards granted during the year and Directors' interests in share plan awards (audited)

The Committee granted an LTIP award to the CEO in May 2014 over shares with a value of 120% of base salary. Awards will vest, subject to the achievement of specific performance conditions and continued employment, in May 2017. In 2015 the Committee granted an LTIP award to the CEO in March 2015 over shares with a value of 150% of base salary. Awards will vest, subject to the achievement of specific performance conditions and continued employment, in March 2018. A summary of the LTIP awards granted is provided in the tables below. The LTIP awards do not include consideration for accrued dividends during the performance period.

	Date of grant	Number of shares	Face value	Face value as a percentage of salary	End of performance period	Performance conditions
Duncan Anderson[1]	8 May 2014	184,327	US$ 497,863	120%	31 December 2016	See table below
Duncan Anderson[2]	25 March 2015	346,572	US$ 660,982	150%	31 December 2017	See table below

1. Award face value (and value as a percentage of salary) is calculated using the closing share price on 8 May 2014, being 161.75p per share and assumes all performance conditions are met in full. The number of shares has been calculated using an exchange rate of £ 1: US$ 1.67. The minimum award available is nil.
2. Award face value (and value as a percentage of salary) is calculated using the closing share price on 24 March 2015, being 128p per share and assumes all performance conditions are met in full. The number of shares has been calculated using an exchange rate of £ 1: US$ 1.49. The minimum award available is nil.

The table below shows the performance conditions of the LTIP awards.

Performance condition	Weighting	Threshold target (30% vesting)	Stretch target (100% vesting)
Duncan Anderson (8 May 2014)			
EPS CAGR	75%	15% per annum	21.5% per annum
Relative TSR	25%	Median of index[1]	Upper quartile of index[1]
Duncan Anderson (25 March 2015)			
EPS CAGR	50%	20% per annum	26.5% per annum
Relative TSR	50%	Median of index[1]	Upper quartile of index[1]

1. FTSE 250 excluding financial services companies.

Clawback provisions apply in the event of a material misstatement of the Group's financial results or an error in the calculation of performance targets. Clawback can be applied for three years from the end of the financial year in which an award vests.

Awards outstanding under the Company's LTIP comprise:

Grant date	No. of shares 01/01/15	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	No. of shares 31/12/15	End of performance period	Vesting date
8 May 2014	184,327	–	–	–	–	184,327	31/12/16	08/05/17
25 March 2015	–	346,572	–	–	–	346,572	31/12/17	25/03/18
Total awards outstanding						**530,899**		

Directors' interests in ordinary shares (audited)
Through participation in performance-linked share-based plans, there is strong encouragement for executive Directors to build and maintain a significant shareholding in the business.

As set out in the Directors' Remuneration Policy, the Committee requires any executive Director to build and maintain a shareholding in the Company equivalent to 100% of base salary. Until this threshold is achieved they are required to retain no less than 50% of the net of tax value of any share award that vests. A new appointment will be expected to reach this guideline in three to five years post-appointment. The Chairman and non-executive Directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline.

The beneficial interests of the Directors and connected persons in the share capital of the Company at 31 December 2015 was as follows:

	Beneficially owned at 31 December 2015	Beneficially owned at 31 December 2014	Shareholding requirement met?	Outstanding LTIP awards
Duncan Anderson	**2,614,622**	2,614,622	Yes	530,899
Simon Heale	**74,074**	74,074	N/A	–
H. Richard Dallas	**18,518**	18,518	N/A	–
Dr Karim El Solh	**296,296**	296,296	N/A	–
Simon Batey	**37,037**	37,037	N/A	–
Mike Straughen	**37,327**	37,037	N/A	–
W. Richard Anderson	**153,453**	153,453	N/A	–

1. There were no changes to the interests of the Directors in the ordinary shares of the Company in the period from 1 January 2016 to 10 March 2016.
2. Full details of the Directors' shareholdings and share allocations are given in the Company's Register of Directors' Interests, which is open to inspection at the Company's registered office during business hours.
3. There are no other share, share option schemes or outstanding share awards other than LTIP awards.
4. 2,614,622 restricted shares were awarded to Duncan Anderson at IPO in settlement of outstanding share appreciation rights. These shares are fully vested and are subject to a lock-in until the second anniversary of the IPO.

Directors' pension entitlement (audited)
The Company does not operate a pension scheme and accordingly no element of remuneration is pensionable.

Payments to former directors (audited)
No payments were made to past executive Directors during the year ended 31 December 2015.

Payments for loss of office (audited)
No payments were made in respect of loss of office during the year ended 31 December 2015.

Percentage change in remuneration levels
The table below shows the variance in base salary, allowances and benefits, and annual bonus for the CEO in the 2015 financial year, compared to that for the average employees:

	% change
Chief Executive Officer	
Base salary	6%
Allowances and benefits	-8%
Bonus	-28%
All employees	
Base salary	3%
Allowances and benefits	5%
Bonus	3%

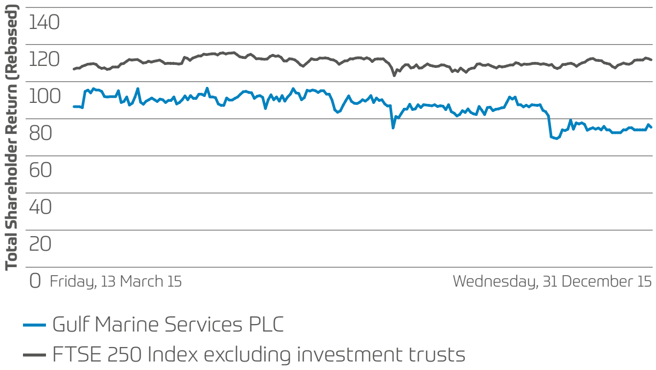
Relative importance of the spend on pay

The table below shows overall expenditure on pay in the whole Group in 2014 and 2015 financial years, compared to returns to shareholders through dividends:

	2015 US$'000	2014 US$'000	% change
Overall expenditure on pay	**40,668**	32,879	24%
Dividends proposed	**8,489**	8,131	4%

Total Shareholder Return

This graph below shows the value, by 31 December 2015, of £ 100 invested in Gulf Marine Services PLC on 14 March 2014 (being the date that shares were first admitted to conditional trading) compared with the value of £ 100 invested in the FTSE 250 Index excluding financial services companies over the same period.



Source: Datastream (Thomson Reuters).

The total remuneration figures for the CEO during the 2015 financial year are shown in the table below. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual bonus award based on that year's performance and the LTIP award based on the three-year performance period ending in the relevant year. The annual bonus payout and LTIP award vesting level as a percentage of the maximum opportunity are also shown for this year.

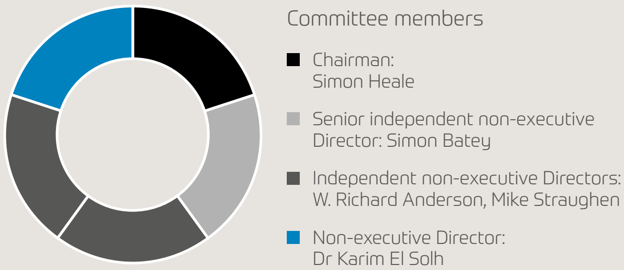
	Year ending 31 December			
	2015	2014	2013	2012
Chief Executive Officer	**Duncan Anderson**	Duncan Anderson	Duncan Anderson	Duncan Anderson
Total Remuneration (US$'000)	**911**	1,003	826	437
Annual bonus %	**28%**	35%	29%	46%
LTIP vesting %	**–**	–	–	–

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report, including the Annual Report on Remuneration, was approved by the Board on 21 March 2016 for presentation to shareholders at the AGM.

On behalf of the Remuneration Committee

W. Richard Anderson
Remuneration Committee Chairman
21 March 2016



Dear Shareholders,

I am pleased to present the Nomination Committee report for 2015. Our role is to assist the Board in the key areas of composition and succession planning for the Board and the senior management of the Group. Having an appropriate range of high calibre Directors on our Board is key to determining and maximising success in the Group's strategic objectives. Establishing appropriate succession planning for the existing Board and senior management is essential to ensuring that this success can be sustained over the long term.

The composition of the Nomination Committee remains in compliance with the UK Code which provides that independent non-executive Directors should comprise the majority of the Committee. The Committee members during the year were as follows:

The Nomination Committee's responsibilities include:

- regularly reviewing the composition and structure of the Board and its Committees;
- considering succession planning for Directors and other senior executives and in doing this considering diversity, experience, knowledge and skillsets; and
- identifying and recommending suitable candidates to be appointed to the Board.

Board and Committee Evaluation

The current Board of Directors was appointed in 2014 following a rigorous selection process which was externally facilitated prior to the Group's admission to trading on the London Stock Exchange. Critical to the success of our Board and Committees in achieving their aims is the effectiveness with which they operate and accordingly, we take our evaluation very seriously. A Board evaluation process was conducted in 2015 by way of a questionnaire which was completed by each of the Directors. The Committee has assessed the results of the Board evaluation process. In light of the findings, we have concluded that the performance of each of the Directors standing for re-election continues to be effective and that these Directors demonstrate commitment to their roles, including commitment of time for Board and Committee meetings and any other duties. The Committee has also identified the future training requirements of the Board, as part the Board's ongoing development programme.

My performance as Chairman is evaluated by the other non-executive Directors. The evaluation, led by the Senior Independent non-executive Director, is carried out at least annually and takes into account the views of the senior management team.

Re-election of Directors

In accordance with the recommendation for FTSE 350 companies set out in the Code, all of the Company's Directors will stand for re-election at the 2016 Annual General Meeting ("AGM"). The biographical details of the current Directors can be found on pages 40 to 41.

The terms and conditions of appointment of non-executive Directors, which includes their expected time commitment, are available for inspection at the Company's registered office.

Diversity

The Nomination Committee very much takes into account the benefits of diversity on the Board, including gender. Currently all members of the Board are male. The Board does however remain diverse in terms of the range of nationality and international experience of its members. The Directors' diverse range of experience and expertise covers not only a wealth of experience of operating in the energy industry but also extensive technical, operational, financial, governance, legal and commercial expertise.

The Company aspires to diversify its Board further as part of its succession planning policy. In seeking to achieve this aspiration the Company will not appoint an individual to the Board unless they are considered the best candidate for the role, whether male or female.

The Corporate Social Responsibilty section on pages 32 to 35 provides further information on the Group's approach to diversity.

Succession Planning

The Committee is aware of its responsibilities in relation to Board and senior management succession plans to ensure that unforeseen changes are managed effectively and efficiently, without disruption to the Group's strategy or day-to-day operations. The Committee has developed a comprehensive succession planning process for senior management across the Group. It includes encouragement and facilitation of the development of each individual, including internal career progression opportunities as they arise.

The Board and Nomination Committee are satisfied that the individuals' currently fulfilling key senior management positions in the organisation have the requisite depth and breadth of skills, knowledge and experience.

On behalf of the Nomination Committee

Simon Heale
Nomination Committee Chairman
21 March 2016

The Directors of Gulf Marine Services PLC present their Annual Report and audited financial statements of the Company and the Group for the year ended 31 December 2015.

This Directors' Report, prepared in accordance with the requirements of the Companies Act 2006, the UK Listing Authority's Listing Rules, and Disclosure and Transparency Rules, contains certain statutory, regulatory and other information.

Strategic Report

Details of the Group's strategy and business model during the year and the information that fulfils the requirements of the Strategic Report required by sections 414A to D of the UK Companies Act 2006 can be found in the Strategic Report section on pages 8 to 23 of this document, which forms part of this report by reference.

Corporate Governance

The Company's Corporate Governance Statement is set out on pages 40 to 61 and forms part of this report by reference.

Directors

A list of the Directors who served during the period and their biographies can be found in the Corporate Governance Report on pages 40 to 41.

Powers of Directors

Our Directors' powers are determined by UK legislation and our Articles of Association (the 'Articles'), which are available on our website at www.gmsuae.com. The Articles may be amended by a special resolution of the members. The Directors may exercise all of the Company's powers provided that the Articles or applicable legislation do not stipulate that any such powers must be exercised by the members (shareholders).

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in our Articles. They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors. All our Directors must be approved by the Board before they stand for re-appointment by shareholders.

Directors wishing to continue to serve will seek re-election annually in accordance with provision B.7.1 of the UK Corporate Governance Code. Members may remove a Director by passing an ordinary resolution of which special notice has been given, in accordance with the Companies Act 2006.

Amendments to the Articles of Association

The Company may alter its Articles of Association by special resolution passed at a General Meeting of shareholders.

Indemnification of Directors

The Company has provided indemnification for Directors in accordance with the Company's Articles and the Companies Act 2006. As far as is permitted by legislation, all Officers of the Company are indemnified out of the Company's own funds against any liabilities and associated costs which they could incur in the course of their duties for the Company, other than any liability to the Company or an associated company.

Compensation for loss of office

The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover.

Share capital and control

Details of the Company's issued share capital as at 31 December 2015 can be found in note 14 to the consolidated financial statements, on page 90. The Company's share capital comprises ordinary shares, which are listed on the London Stock Exchange.

Ordinary shares

Holders of ordinary shares are entitled to receive dividends (when declared by the Board or approved by members), receive copies of the Company's Annual Report, attend and speak at general meetings of the Company, appoint proxies and exercise voting rights.

There are no restrictions on the transfer, or limitations on the holding, of ordinary shares and no requirements to obtain approval prior to any transfers. No ordinary shares carry any special rights with regard to control of the company and there are no restrictions on voting rights. Major shareholders have the same voting rights per share as all other shareholders.

There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers or on voting rights.

Shares acquired through our share schemes and plans rank equally with the other shares in issue and have no special rights.

Authority to purchase the Company's own shares

The Company did not acquire any of its own shares in the financial year to 31 December 2015 or in the period between the year end and the date of this report.

The Company is due to have its 2016 AGM on 11 May 2016 and the Directors will be seeking approval from shareholders, to authorise the Company to purchase up to 10% of its existing ordinary share capital. This authority would expire at the Company's 2017 AGM; however, it is intended that this authority be renewed each year. For more information on this resolution refer to the Notice of AGM and explanatory notes on pages 114 to 119.

Substantial shareholders

The Directors are aware of the following substantial interests in the shares of the Company:

Significant direct/indirect interest	As at 31 December 2015 Number of shares	As at 31 December 2015 % Voting Rights	As at 10 March 2016 Number of shares	As at 10 March 2016 % Voting Rights
Green Investment Commercial Investments	174,945,676	50.05	174,945,676	50.05
Aberforth Partners	24,438,775	6.99	25,388,775	7.26
Horizon Energy	21,136,703	6.05	21,136,703	6.05
Al Ain Capital	21,136,703	6.05	21,136,703	6.05
Schroder Investment Management	17,139,778	4.90	16,275,619	4.66
Ajeej Capital	10,715,430	3.07	10,715,430	3.07
Duet Group	10,568,727	3.02	10,213,745	2.92

Significant agreements

As at 31 December 2015 the Company was party to the following significant agreements that take effect, alter or terminate, or have the potential to do so, on a change of control of the Company:

Relationship Agreement

The Relationship Agreement dated 14 March 2014 amongst Green Investment Commercial Investments LLC (GICI), Ocean Investments Trading LLC (Ocean), Horizon Energy LLC (Horizon), Al Ain Capital LLC (Al Ain) and the Company provides that it shall terminate on there ceasing to be a "Principal Shareholder" holding at least 10% of the issued share capital of the Company or shares carrying at least 10% of the aggregate voting rights in the Company from time to time. In this context a "Principal Shareholder" is any of (a) GICI and Ocean together, (b) Horizon and (c) Al Ain.

The relevant Principal Shareholder shall be entitled to appoint one Director to the Board, and for so long as a Principal Shareholder Group holds 15% or more of the issued ordinary share capital of the Company, the relevant Principal Shareholder shall be entitled to appoint two Directors to the Board. The current appointees are H. Richard Dallas and Dr Karim El Solh. The Company has further agreed that, subject to the Gulf Capital Shareholders (comprising Green Investment Commercial Investments LLC, and Ocean Investments Trading LLC, both beneficially owned by GC Equity Partners Fund II, L.P.), having the requisite aggregate shareholding to appoint a Director as described above: (i) Christopher Foll shall be given notice of, be invited to, and have the right to attend meetings of the Board as an observer, but shall not be entitled to vote and (ii) H. Richard Dallas shall be given notice of, be invited to, and have the right to attend meetings of the Remuneration Committee as an observer, but shall not be entitled to vote.

The Relationship Agreement has not been amended since adoption and is in compliance with the Listing Rules.

Initial Supplemental Purchase Undertaking

The Group refinanced its debt with a syndicate of banks coordinated by Abu Dhabi Commercial Bank PJSC (ADCB) during the year, further details of the refinancing are provided in note 20 to the consolidated financial statements on pages 91 to 92. The initial supplemental purchase undertaking made on 29 November 2015 by Gulf Marine Middle East FZE (GMME), a member of the Group, to and for the benefit of ADCB provides that, in the event of a person or persons acting in concert acquiring control of the Company, ADCB shall be entitled to serve a notice on GMME exercising its option to sell to GMME assets currently leased by GMME from ADCB under related finance lease arrangements. If ADCB serves such a notice following a change of control of the Company, GMME is obliged to purchase the leased assets in their then current condition on an "as is where is" basis at a price determined by a detailed formula set out in the undertaking.

Share Incentive Schemes

All of the Company's share-based employee incentive plans detailed in the Report of the Remuneration Committee on pages 49 to 60 contain provisions relating to a change of control of the Company. Vesting of outstanding awards and options on a change of control would normally be at the discretion of the Remuneration Committee, who would take into account the satisfaction of any applicable performance conditions at that time and the expired duration of the relevant performance period.

Executive Service Contracts

The service contracts for the Company's executive Directors and senior management include provisions applicable to a change of control in the Company. Further details of these service contracts are described in the Directors' Remuneration Report.

Operational Contracts

The Group is party to a limited number of operational arrangements that have the potential to be terminated or altered on a change of control of the Company, but these are not considered to be individually significant to the business of the Group as a whole.

Risk regarding the use of financial instruments

The Group's financial risk management objectives and policies including the use of financial instruments are set out in note 35 to the consolidated financial statements on pages 98 to 99.

Post balance sheet events

The following events occurred after the balance sheet date:
On 16 March 2016 the Group completed the transaction to purchase the leased vessel Pepper for US$ 51.0 million. The transaction was financed by available cash and a drawdown from the Group's working capital facility of US$ 25.0 million.

Likely future developments

Information in respect of likely future developments in the business of the Company can be found in the Strategic Report on pages 8 to 23 and forms part of this report by reference.

Research and development

The Group does not undertake any research and development activities.

Political donations

The Group made no political donations during the year (2014: nil).

The existence of branches outside the UK

The Group has branches in the Netherlands and Qatar.

Employees and policies

The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin or disability or on any other basis. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion opportunities to disabled employees wherever appropriate.

During the year, the policy of providing employees with information about the Group and keeping them up to date on financial, economic and other factors which affect the Group has been continued through internal media methods. Employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Health and safety

Information on health and safety is provided on pages 13, 19, 32 and 35 and forms part of this report by reference.

Greenhouse gas emissions

Information on the Group's greenhouse gas emissions is set out in the Corporate Social Responsibilty section on pages 32 to 35 and forms part of this report by reference.

Dividends

The policy recommended for the 2015 year is to pay a dividend based on 10% of the Company's consolidated post-tax adjusted profit from its ongoing business. The Board may decide to revise this policy if deemed appropriate.

The Board recommends a final dividend of 1.20 pence (1.74 cents) per share in respect of the 2015 financial year. Shareholders will be asked to approve the dividend at the AGM on 11 May 2016, for payment on 16 May 2016 to ordinary shareholders whose names are on the register on 15 April 2016.

Going concern

The Group is expected to continue to generate positive operating cash flows on its own account for the foreseeable future and has in place a committed capex loan facility of US$ 175.0 million, of which US$ 175.0 million remained undrawn as at 21 March 2016. The Group also has access to a committed working capital facility of US$ 50.0 million, of which only US$ 25.0 million has been drawn to date.

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

More information on the going concern status of the Group can be found in the going concern section of note 3 to the consolidated financial statements on page 79. Details of the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk can be found in note 35 to the consolidated financial statements on pages 98 to 99. The principal risks and uncertainties facing the Group are set out on pages 21 to 23.

Information on the Group's longer-term viability is provided within the risk management section on pages 20 to 23.

Statement on disclosure to the external auditor

So far as each Director is aware, there is no relevant information, which would be needed by the Company's external auditor in connection with preparing its audit report (which appears on pages 68 to 71) of which the external auditor is not aware; and each Director, in accordance with section 418(2) of the Companies Act 2006, has taken all reasonable steps that he ought to have taken as a Director to make himself aware of any such information and to ensure that the external auditor is aware of such information.

Auditors

Deloitte LLP, the Group's auditors, have indicated their willingness to continue in office and in accordance with Section 489 of the Act, a resolution to re-appoint them will be put to the 2016 AGM.

By order of the Board

John Brown
Company Secretary
21 March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company 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.

In preparing the Group financial statements, International Accounting Standard requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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.

Responsibility statement

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;
- so far as each Director is aware, there is no relevant information, (including known or suspected non-compliance with laws or regulations), which would be needed by the company's external auditor in connection with preparing its audit report (which appears on pages 68 to 71), of which the external auditor is not aware; and each Director, in accordance with section 418(2) of the Companies Act 2006, has taken all reasonable steps that he ought to have taken as a Director to make himself aware of any such information and to ensure that the external auditor is aware of such information;
- all transactions have been recorded and are reflected in the financial statements;
- 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.

This responsibility statement was approved by the Board of Directors on 21 March 2016 and is signed on its behalf by:

Duncan Anderson
Chief Executive Officer
21 March 2016

John Brown
Chief Financial Officer
21 March 2016

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GULF MARINE SERVICES PLC

Opinion on financial statements of Gulf Marine Services plc	In our opinion: – the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended; – the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; – the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and – the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The financial statements comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity, the related Group notes 1 to 39 and the related Parent Company notes 1 to 12. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".
Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group	As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 3 to the Group financial statements and the directors' statement on the longer-term viability of the Group contained within the risk management section of the strategic report on page 23. We have nothing material to add or draw attention to in relation to: – the directors' confirmation on page 23 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; – the disclosures on pages 21 to 23 that describe those risks and explain how they are being managed or mitigated; – the directors' statement in note 3 to the Group financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; – the director's explanation on page 23 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
Independence	We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant key observations in respect of these assessed risks of material misstatement.

Impairment of the Group's vessels

Risk description	The Group's vessels are its sole revenue generating assets, with a carrying value of $706.2 million at 31 December 2015 (2014: $516.7 million) which represents 76% of the Group's total assets at that date. Their recoverable amount is based on an assessment of the higher of fair value less cost to sell and value in use. Estimates of fair value less costs to sell take into consideration vessel valuations from an independent ship broker, whilst value in use is calculated as the net present value of estimated future cash flows, in each case on a vessel by vessel basis. In the current year, there is a risk that recoverable amounts could be adversely impacted by the significant and prolonged fall in prevailing oil & gas prices, due to the resultant impact on the Group's customer base in the oil & gas industry. This risk was considered likely to be higher for the Group's vessels operating in the North Sea, where the pressure on oil field service providers to reduce their costs has been particularly intense. Management has assessed recoverable amount based on the estimated value in use of each vessel, which in all cases was higher than fair value less costs to sell, and concluded that no impairments have arisen. The key assumptions utilised in these calculations include, on a vessel by vessel basis: – forecast utilisation; – forecast day rates; – inflation; and – discount rate. As referenced in note 4 of the financial statements impairment of the Group's vessels is considered by management as a critical accounting judgement and key source of estimate uncertainty. Further detail of the Group's vessels is provided in note 9 to the financial statements.
How the scope of our audit responded to the risk	We challenged the assumptions made by management on a vessel by vessel basis by reference to publicly available information, our knowledge of the Group and industry and the Group's most recent budget. This included: – understanding the process by which management has derived its value in use estimates; – comparing forecast utilisation and day rates to those achieved in prior periods; – comparing forecast day rates to signed contracts for contracted periods, and challenging the basis adopted for day rates elsewhere in the calculations; – using our internal valuation specialists to perform an independent recalculation of the discount rate; – performing sensitivity tests, using more conservative assumptions for future day rates to take into consideration the current market conditions described above; – evaluating the design and implementation of management's controls to address the risk of impairment of the Group's vessels; and – testing the clerical accuracy of the calculations.
Key observations	We have concluded that management's estimates of value in use were reasonable and are therefore satisfied that no impairments have arisen. We observed, however, that the level of headroom in the value in use estimates has fallen significantly in the last 12 months.

Capitalisation of vessel costs

Risk description	The Group has a significant new-build programme underway comprising the construction during the year of the Shamal, Scirocco, Sharqi and Evolution. Costs of $139.2 million (2014: $136.6 million) have been capitalised in the year in respect of assets under the course of construction. There is a risk that costs are not appropriately capitalised in accordance with the relevant accounting standards, including the requirement to only capitalise overheads and finance charges which are directly attributable to the construction activities. The construction of the Shamal and Scirocco was completed during 2015 and there is also a risk that the date at which management considered these vessels to be ready for use, and hence capitalisation of the majority of costs ceases and depreciation commences, was inappropriate. Further detail of the costs capitalised on the Group's vessels is provided in note 9 to the financial statements.
How the scope of our audit responded to the risk	We have tested expenditure incurred during the year on the new-build programme on a sample basis to assess whether the related costs qualify for capitalisation under the relevant standards. This has included: – tracing direct third party costs to supporting documentation on a sample basis; – testing the appropriate allocation of costs such as overheads and finance charges between amounts capitalised and amounts expensed, through understanding the basis and rationale for the split and verifying this through review of supporting evidence; – evaluating the design and implementation of management controls to address the risk of inappropriate capitalisation of costs; and – obtaining supporting evidence for the date at which the Shamal and the Scirocco were considered by management to be ready for use and determining whether depreciation commenced and capitalisation of finance costs ceased from this date.
Key observations	Our testing showed that the costs of the 2015 new build programme have been appropriately capitalised in accordance with IFRS and did not identify any instances of inappropriate allocation of overheads and finance charges. We also agreed with the date on which both the Shamal and Scirocco were considered ready for use.

Revenue recognition

Risk description	Each of the Group's vessels earns revenues on the basis of a specific contract with the relevant counterparty. Each contract will typically specify a day rate, which can vary significantly by vessel and by counterparty, as well as a standby rate for when the vessel is available for use but not operational. Certain contracts also include amounts payable to the Group in respect of mobilising the vessel at the inception of the contract and/or demobilising the vessel at the end of the contract term. As disclosed in the accounting policies in note 3 lump-sum fees received for equipment moves (and related costs) and fees received for contract-specific equipment modifications or upgrades are initially deferred and amortised on a straight-line basis over the term of the contract. The costs of related equipment modifications or upgrades to vessels that are permanent in nature are capitalised and depreciated in accordance with the Group's fixed asset capitalisation policy. Demobilisation revenue at the end of the contract is recognised as the services relating to the demobilisation are rendered. Accordingly, in order for revenue to be recorded appropriately, for each vessel the company needs to: – accurately record the number of days both on hire and on standby; – apply the correct contractual rates to the number of days in each of these categories; and – ensure mobilisation and demobilisation revenue has been appropriately recorded in accordance with the terms of the contract and the accounting policies above. Due to the significant variability in contract terms by vessel and by counterparty, we have identified the complete and accurate recording of revenue as a key audit risk. Further details of revenue arising in the year is provided in note 24 to the financial statements.
How the scope of our audit responded to the risk	We have obtained a detailed schedule analysing the revenue earned by month and by vessel, which specifies both the number of days on hire/on standby and the relevant contractual rate, and agreed this to the general ledger. We have: – agreed the days on hire/standby to a report from the Group's operations department, on a sample basis to invoice (which state the number of days to which it relates) and to subsequent payment or to debtor confirmation replies. Where balances remain unpaid we have understood the rational for non payment through discussions with operational management, review of board minutes and correspondence with customers; – performed an analysis on the number of days on hire/standby, obtaining supporting explanation for any gaps and reconciling this to our knowledge of each vessel's operational performance during the year; – agreed the day rate to the underlying contract; – recalculated the revenue figure and agreed this to both invoice and either subsequent cash received or the year end debtors schedule; and – for mobilisation and demobilisation revenue, determined whether revenue has been recorded in accordance with the terms of the contract and the Group's accounting policy in this area. We have also evaluated the design and implementation of management controls to address the risk of inappropriate revenue recognition.
Key observations	Our testing showed that revenue has been recorded in accordance with the terms of the underlying contracts and the Group's accounting policies in this area.

The risks included in our audit report for 2015 are consistent with those as reported in our audit report for the year ended 31 December 2014.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 46.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be $3.8 million (2014: $4.0 million), which is 5% (2014: 5%) of pre-tax profit, and below 1% (2014: 1%) of equity. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $76,000 (2014: $80,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we identified the Group's business to be a single component, and therefore all operations of the Group were subject to a full scope audit. During the course of the audit, senior members of the UK audit team, including the Senior Statutory Auditor, supervised the members of the audit team who are based in the United Arab Emirates, and visited the United Arab Emirates operations during the interim and completion stages of the audit.
Opinion on other matters prescribed by the Companies Act 2006	In our opinion: – the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and – 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

Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: – we have not received all the information and explanations we require for our audit; or – adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or – the Parent Company financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.
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). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. 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.
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's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Paterson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
21 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	24	**219,713**	196,554
Cost of sales		**(87,491)**	(70,094)
Gross profit		**132,222**	126,460
General and administrative expenses	7	**(20,875)**	(25,417)
Finance income	26	**640**	843
Finance expense	25	**(34,134)**	(21,354)
Other (loss)/income		**(740)**	245
Foreign exchange loss, net		**(32)**	(408)
Profit for the year before taxation		**77,081**	80,369
Taxation charge for the year	21	**(2,058)**	(4,744)
Profit for the year	27	**75,023**	75,625
Other comprehensive income – items that may be reclassified to profit and loss:			
Exchange differences on translating foreign operations		**(817)**	(430)
Total comprehensive income for the year		**74,206**	75,195
Profit attributable to:			
Owners of the Company		**74,776**	75,065
Non-controlling interests		**247**	560
		75,023	75,625
Total comprehensive income attributable to:			
Owners of the Company		**73,959**	74,635
Non-controlling interests		**247**	560
		74,206	75,195
Earnings per share			
Basic (cents per share)	8	**21.39**	22.14
Diluted (cents per share)	8	**21.25**	22.04

All results are derived from continuing operations in each year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**796,261**	614,524
Intangibles	10	**375**	750
Dry docking expenditure	11	**6,510**	4,177
Fixed asset prepayments		**261**	750
Total non-current assets		**803,407**	620,201
Current assets			
Trade and other receivables	12	**59,876**	49,948
Cash and cash equivalents	13	**60,834**	59,532
Total current assets		**120,710**	109,480
Total assets		**924,117**	729,681
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**57,929**	57,929
Share premium	14	**93,075**	93,247
Restricted reserve	18	**272**	272
Group restructuring reserve	15	**(49,710)**	(49,437)
Share option reserve	16	**1,409**	563
Capital contribution	17	**9,177**	9,177
Translation reserve		**(637)**	180
Retained earnings		**311,760**	246,631
Attributable to the Owners of the Company		**423,275**	358,562
Non-controlling interests		**628**	610
Total equity		**423,903**	359,172
Non-current liabilities			
Bank borrowings	20	**347,253**	225,741
Obligations under finance leases	32	**39,577**	42,473
Provision for employees' end of service benefits	22	**3,391**	2,468
Deferred tax liability		**13**	5
Total non-current liabilities		**390,234**	270,687
Current liabilities			
Trade and other payables	23	**33,883**	30,120
Current tax liability		**3,208**	4,809
Bank borrowings	20	**17,863**	23,415
Obligations under finance leases	32	**55,026**	41,478
Total current liabilities		**109,980**	99,822
Total liabilities		**500,214**	370,509
Total equity and liabilities		**924,117**	729,681

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2016. They were signed on its behalf by:

Duncan Anderson
Chief Executive Officer

John Brown
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital US$'000	Share premium US$'000	Statutory reserve US$'000	Restricted reserve US$'000	Group restructuring reserve US$'000	Share option reserve US$'000	Capital contribution US$'000	Translation reserve US$'000	Retained earnings US$'000	Attributable to the owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014	273	–	136	136	–	–	78,527	610	103,228	182,910	1,328	184,238
Total comprehensive income	–	–	–	–	–	–	–	(430)	75,065	74,635	560	75,195
Share appreciation rights charge (note 36)	–	–	–	–	–	–	1,400	–	–	1,400	–	1,400
Share options rights charge (note 37)	–	–	–	–	–	563	–	–	–	563	–	563
Transfer of capital contribution to retained earnings	–	–	–	–	–	–	(70,750)	–	70,750	–	–	–
Transfer to restricted reserve	–	–	(136)	136	–	–	–	–	–	–	–	–
Group restructuring reserve	(273)	–	–	–	273	–	–	–	–	–	–	–
Issue of share capital	497,100	–	–	–	(497,100)	–	–	–	–	–	–	–
Capital reduction	(447,390)	–	–	–	447,390	–	–	–	–	–	–	–
Issue of share capital – IPO	8,219	102,702	–	–	–	–	–	–	–	110,921	–	110,921
Share issue cost	–	(9,455)	–	–	–	–	–	–	–	(9,455)	–	(9,455)
Dividends paid during the year (note 38)	–	–	–	–	–	–	–	–	(2,412)	(2,412)	(1,278)	(3,690)
Balance at 1 January 2015	57,929	93,247	–	272	(49,437)	563	9,177	180	246,631	358,562	610	359,172
Total comprehensive income	–	–	–	–	–	–	–	(817)	74,776	73,959	247	74,206
Share options rights charge (note 37)	–	–	–	–	–	846	–	–	–	846	–	846
Group restructuring reserve	–	–	–	–	(273)	–	–	–	–	(273)	–	(273)
Acquisition of interest in joint venture	–	–	–	–	–	–	–	–	(1,816)	(1,816)	(229)	(2,045)
Share issue cost	–	(172)	–	–	–	–	–	–	–	(172)	–	(172)
Dividends paid during the year (note 38)	–	–	–	–	–	–	–	–	(7,831)	(7,831)	–	(7,831)
Balance at 31 December 2015	**57,929**	**93,075**	**–**	**272**	**(49,710)**	**1,409**	**9,177**	**(637)**	**311,760**	**423,275**	**628**	**423,903**

Please refer to note 19 for description of each reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	2015 US$'000	2014 US$'000
Net cash generated from operating activities (note 29)	**124,960**	120,353
Investing activities		
Payments for property, plant and equipment	**(184,403)**	(136,563)
Proceeds from disposal of property, plant and equipment	**768**	25
Movement in capital advances	**489**	(750)
Dry docking expenditure incurred	**(7,320)**	(4,656)
Movement in pledged deposits	**299**	1,679
Movement in guarantee deposits	**(247)**	(164)
Interest received	**640**	843
Net cash used in investing activities	**(189,774)**	(139,586)
Financing activities		
Bank borrowings received	**485,000**	–
Proceeds from share issue – IPO	**–**	110,921
Share issue cost paid	**(172)**	(9,455)
Repayment of bank borrowings	**(370,500)**	(13,000)
Repayment of loans from related parties	**–**	(19,504)
Repayment of short term loans to shareholders	**–**	(782)
Interest paid	**(25,832)**	(22,814)
Payment on obligations under finance lease	**(4,628)**	(4,832)
Dividends paid	**(7,831)**	(3,455)
Decrease in loans to related parties	**–**	445
Payment of issue cost on borrowings	**(9,921)**	(5,656)
Net cash provided by financing activities	**66,116**	31,868
Net increase in cash and cash equivalents	**1,302**	12,635
Cash and cash equivalents at the beginning of the year	**59,532**	46,897
Cash and cash equivalents at the end of the year (note 13)	**60,834**	59,532
Non-cash transactions		
Transfer of capital contribution to retained earnings (note 14)	**–**	70,750
Group restructuring reserve recognised (note 15)	**–**	(49,437)
Finance lease transaction (note 9)	**53,000**	–

1. General information

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

The principal activities of GMS and its subsidiaries (together referred to as the "Group") are investing in, establishing and managing commercial, and industrial projects as well as chartering and operating a fleet of specially designed and built vessels. All information in the notes relates to the Group, not the Company unless otherwise stated.

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

2. Adoption of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies and methods of computation adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Summary of requirements
IFRIC 21 *Levies*	IFRIC 21 provided guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain.
Annual Improvements to IFRSs: 2010-2012 covering amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, and IAS 24	IFRS 2 – Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. IFRS 3 – Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date. IFRS 8 – Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly. IFRS 13 – Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). IAS 16 and IAS 38 – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. IAS 24 – Clarify how payments to entities providing management services are to be disclosed.
Annual Improvements to IFRSs: 2011-2013 covering amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40	IFRS 1 – Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only). IFRS 3 – Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. IFRS 13 – Clarify the scope of the portfolio exception in paragraph 52. IAS 40 – Clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.
Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*	The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.
Amendments to IAS 32 *Financial Instruments: Presentation*	The amendments provide guidance on the offsetting of financial assets and financial liabilities.
Amendments to IAS 36 *Impairment of Assets* relating to recoverable amount disclosures for non-financial assets	The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting*	The amendments allow the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.
Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* – Guidance on Investment Entities	On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The objective of this project is to develop an exemption from the requirement to consolidate subsidiaries for eligible investment entities (such as mutual funds, unit trusts, and similar entities), instead requiring the use of the fair value to measure those investments.

New and revised IFRSs in issue but not yet effective
At the date of authorisation of these consolidated financial statements, the following new and revised IFRSs were in issue but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
IFRS 16 *Leases*	1 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to IAS 1 *Disclosure Initiative*	1 January 2016
Annual Improvements to IFRSs: 2012-2014 Cycle *Annual Improvements to IFRSs: 2012-2014 Cycle*	1 January 2016
Amendments to IAS 27 *Equity Method in Separate Financial Statements*	1 January 2016
IFRS 9 *Financial Instruments* (as revised in 2010)	Not earlier than 1 January 2018
Amendments to IFRS 9 *Financial Instruments* to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets	1 January 2018
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendment to IFRS 7 *Financial Instruments: Disclosures* relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied)	When IFRS 9 is first applied
Amendments to IAS 39 *Financial Instruments*	When IFRS 9 is first applied

Management anticipates that the adoption of these IFRSs in future periods will have no material impact on the consolidated financial statements of the Group in the period of initial application, with the exception of IFRS 15 and IFRS 16 for which the Management is currently in the process of assessing the impact of adoption.

3. Significant accounting policies

The Group's significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to each of the years presented.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and therefore the financial information presented complies with Article 4 of the EU IAS Regulation. IFRS includes the standards and interpretations approved by the International Accounting Standards Board ("IASB") including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and share based payments that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation
The financial statements incorporate the financial statements of GMS and entities controlled by GMS (its subsidiaries). Management have assessed the control which GMS has over its subsidiaries in accordance with IFRS 10 *Consolidated Financial Statements* which provides that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. Significant accounting policies continued

Basis of consolidation continued

Details of GMS's subsidiaries at 31 December 2015 and 2014 are as follows:

Name	Place of Registration	Proportion of Ownership Interest 2015	2014	Type of Activity
Gulf Marine Services W.L.L.	Abu Dhabi	**100%**	100%	Marine Contractors
Offshore Holding Invt SA	Panama	**100%**	100%	Holding Company
Offshore Logistics Invt SA	Panama	**100%**	100%	Owner of Barge "Naashi"
Offshore Accommodation Invt. SA	Panama	**100%**	100%	Owner of "Khawla 181"
Offshore Jack-up Invt SA	Panama	**100%**	100%	Owner of Barge "Kamikaze"
Offshore Craft Invt SA	Panama	**100%**	100%	Owner of Barge "GMS Endeavour"
Offshore Structure Invt SA	Panama	**100%**	100%	Owner of Barge "Kikuyu"
Offshore Maritime Invt SA	Panama	**100%**	100%	Owner of "Helios"
Offshore Tugboat Invt SA	Panama	**100%**	100%	Owner of "Atlas"
Offshore Boat Invt SA	Panama	**100%**	100%	Owner of Barge "Kawawa"
Offshore Kudeta Invt SA	Panama	**100%**	100%	Owner of Barge "Kudeta"
GMS Endurance Invt SA	Panama	**100%**	100%	Owner of Barge "Endurance"
Mena Marine Limited	Cayman Islands	**100%**	100%	General investment and trading
Gulf Marine Services (UK) Limited	United Kingdom	**100%**	100%	Operator of offshore barges
Gulf Marine Services Saudi Arabia Limited	Saudi Arabia	**75%**	60%	Operator of offshore barges
Gulf Marine Services (Asia) Pte. Ltd.	Singapore	**100%**	100%	Operator of offshore barges
GMS Enterprise Investment SA	Panama	**100%**	100%	Owner of Barge "Enterprise"
GMS Sharqi Investment SA	Panama	**100%**	100%	Owner of Barge "Sharqi"
GMS Scirocco Investment SA	Panama	**100%**	100%	Owner of Barge "Scirocco"
GMS Shamal Investment SA	Panama	**100%**	100%	Owner of Barge "Shamal"
GMS Jersey Holdco. 1	Jersey	**100%**	–	General Investment
GMS Jersey Holdco. 2	Jersey	**100%**	–	General Investment
GMS FZE	United Arab Emirates	**100%**	–	Operator of Offshore Barges
GMS Global	United Arab Emirates	**100%**	–	General Investment
GMS Keloa Invt SA	Panama	**100%**	–	Owner of Barge "Keloa"

Group restructuring

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

- the consolidated assets and liabilities of the previous parent, GMS Global Commercial Investments LLC, were recognised and measured at the pre-restructuring carrying amounts, without restatement to fair value;
- the results for the period from 1 January 2014 to the date of restructuring are those of GMS Global Commercial Investments LLC; and
- the difference between historical carrying amounts of net assets transferred and consideration paid has been recognised as a group restructuring reserve (note 15).

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group. Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Fair value is determined as the amount for which an asset could be exchanged, or a liability transferred, between knowledgeable, willing parties in an arm's length transaction.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Going concern

The financial statements have been prepared on the going concern basis. The use of this basis of accounting takes into consideration the Group's current and forecast financial position, including the capital commitments described in note 31. Further information on the use of the going concern basis has been disclosed in the Directors' report.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes if applicable (such as VAT) and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Charter revenue

Revenue from services is recognised as the services are rendered, including where they are based on contractual daily rates for the chartering of vessels in respect of multi-year service contracts. Income from vessels hired on time and voyage charters and from the hire of equipment or personnel is accounted for on a time apportionment basis in line with agreed contract terms.

Contract mobilisation/demobilisation revenue

Charter contracts generally provide for payment on a daily rate basis, and revenues are recognised as the work progresses with the passage of time. In addition, lump-sum payments are occasionally received at the outset or at the end of a contract for equipment moves or modifications. Lump-sum fees received for equipment moves (and related costs) and fees received for contract-specific equipment modifications or upgrades as part of mobilisations are initially deferred and amortised on a straight-line basis over the term of the contract. Lump-sum fees received for equipment moves (and related costs) as part of demobilisations are recognised as the services relating to the demobilisation are rendered.

The costs of contractual equipment modifications or upgrades to vessels that are permanent in nature are capitalised and depreciated in accordance with the Group's fixed asset capitalisation policy. The costs of moving equipment while not under contract are expensed as incurred.

Revenue is recognised for certain reimbursable costs. Each reimbursable item and amount is stipulated in the Group's contract with the customer, and such items and amounts are variable from contract to contract. Reimbursable costs are recognised on the gross basis, as both revenues and expenses, because the Group is the primary obligor in the arrangement, has discretion in supplier selection, is involved in determining product or service specifications and assumes full credit risk related to the reimbursable costs.

Revenue from messing and accommodation services

Revenue from these services is recognised as the services are rendered, including where they are based on contractual daily rates for providing accommodation and messing services which may include catering and cleaning services.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Maintenance income

Maintenance income relates to maintenance work which is carried out on vessels during times that the vessel is on hire. This is done periodically throughout the year and is charged to customers in accordance with agreed contractual daily rates. Maintenance revenue is recognised when the work takes place.

Sundry income

Sundry income relates to handling charges which are applied to costs which are paid by the Group and then recharged to the customer. The revenue is recognised when the costs are recharged to customers with the handling charge applied.

Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. Significant accounting policies continued

Leasing continued
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments calculated using the Group's incremental borrowing rate. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see page 81).

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses (if any). The cost of property, plant and equipment is their purchase cost together with any incidental expenses of acquisition. Subsequent expenditure incurred on vessels is capitalised where the expenditure gives rise to future economic benefits in excess of the originally assessed standard of performance of the existing assets.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their useful lives, using the straight-line method. The residual values of vessels and related equipment are determined taking into consideration the expected scrap value of the vessel, which is calculated based on the weight and the market rate of steel at the time of asset purchase. If the price per unit of steel at the balance sheet date varies significantly from that on date of purchase, the residual value is reassessed to reflect changes in market value. The estimated useful lives used for this purpose are:

Vessels	25–35 years
Land, buildings and improvements	5–20 years
Vessel spares, fittings and other equipment	3–10 years
Office equipment and fittings	3–5 years
Motor vehicles	3 years

Taking into consideration independent professional advice, management considers the principal estimated useful lives of vessels for the purpose of calculating depreciation to be 25 to 35 years from the date of construction. However the useful economic life of one vessel, Naashi, was extended by 10 years to 45 years as a result of a major upgrade done on the vessel in 2010.

The estimated useful life depends on the type and nature of the vessel.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised within administrative expenses in the income statement.

The depreciation charge for the period is allocated between cost of sales and administrative expenses, depending on the usage of the respective assets.

Standby equipment
The cost of purchased second hand engines and related refurbishment expenses which are classified as standby equipment are capitalised and depreciated from the date that the engine has been made ready for use and installed on the vessel.

Second hand refurbished engines are depreciated over the shorter of the useful economic life of the refurbished second hand standby equipment or the life of the vessel on which such equipment is installed.

Repair expenses relating to used engines belonging to the Group are charged to administrative expenses when incurred.

Drydocking
The costs incurred for periodical drydocking or major overhauls of the vessels are identified as a separate inherent component of the vessels and are depreciated on a straight-line basis over the period to the next anticipated dry-dock being approximately 30 months.

For acquired or newly built vessels, a notional dry dock cost is allocated from the vessel's cost based on experience of similar vessels, and (if material) depreciated on a straight-line basis to the next anticipated drydocking . If a drydocking occurs prior to its anticipated date, any remaining capitalised drydocking expenditure is expensed.

Capital work-in-progress
Properties and vessels in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives The estimated useful lives used for this purpose are:

Customer relationships	10 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The amortisation expense on intangibles is included as a part of general and administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' end of service benefits
In accordance with the applicable Labour Laws of UAE, the Group is required to pay end of service benefits to all qualifying employees upon cessation of employment. The only obligation of the Group with respect to end of service benefits is to make the specified lump sum payments to employees which become payable when they leave the Group for reasons other than gross misconduct. The amount payable is calculated as a multiple of a pre-defined fraction of basic salary based on the number of full years of service.

To meet the requirement of UAE labour laws, a provision is made for the full amount of end of service benefits payable to qualifying employees up to the end of the reporting period. The provision relating to end of service benefits is disclosed as a non-current liability. The provision has not been subject to a full actuarial valuation or discounted as the impact would not be material.

3. Significant accounting policies continued

Employees' end of service benefits continued
The actual payment is made in the year of cessation of employment of a qualifying employee. The payment for end of service benefit is made as a lump sum along with the full and final settlement of the employee.

The total expense recognised in profit or loss of loss of US$ 1.2 million (2014: US$ 0.7 million) represents end of service benefit provision made to employees in accordance with UAE Labour Laws.

Foreign currencies
The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of these financial statements US Dollars (US$) is the functional currency of the Group and the presentation currency of the Group.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's subsidiaries are expressed in US Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Long term incentive plans
The fair value of an equity instrument is determined at the grant date based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are not available for share awards, the fair value of the equity instruments is estimated using a valuation technique to derive an estimate of what the price of those equity instruments would have been at the relevant measurement date in an arm's length transaction between knowledgeable, willing parties.

Equity-settled share based payments to employees are measured at the fair value of the instruments, using a binomial model together with Monte Carlo simulations as at the grant date, and is expensed over the vesting period. The value of the expense is dependent upon certain key assumptions including the expected future volatility of the Group's share price at the date of grant. The fair value measurement reflects all market based vesting conditions. Service and non-market performance conditions are taken into account in determining the number of rights that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Financial assets
The Group has the following financial assets: cash and cash equivalents, trade and other receivables (excluding prepayments and advances to suppliers) and amounts due from related parties. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances held with banks with original maturities of three months or less.

Trade and other receivables and due from related parties
Trade and other receivables (excluding prepayments and advances to suppliers) and due from related parties that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables or when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The provision is determined by reference to previous experience of recoverability for receivables in each market in which the Group operates.

Impairment of financial assets
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Significant accounting policies continued

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss 'FVTPL' or 'other financial liabilities'.

Derivatives that are not designated and effective as hedging instruments are classified as financial liabilities and are held at FVTPL. Derivatives held at FVTPL are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period with the resulting gain or loss recognised in profit or loss immediately.

Trade and other payables, bank borrowings, loan from related parties, due to related parties and other liabilities are classified as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables or when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into foreign exchange forward contracts to management its exposure to foreign exchange risk.

Derivatives that are not designated and effective as hedging instruments are classified as financial liabilities or financial assets and are held at FVTPL. Derivatives held at FVTPL are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period with the resulting gain or loss recognised in profit or loss immediately. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair values of the derivatives are carried out by independent valuers by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. They represent Level 2 financial instruments under the IFRS hierarchy. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Derivative financial instruments that do not qualify for hedge accounting are classified as held for trading derivatives.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation, which management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Key sources of estimation uncertainty

Useful lives and residual values of vessels

Management reviews the residual values and estimated useful lives of its vessels at the end of each annual reporting period in accordance with IAS 16 Property, Plant and Equipment. The residual values of vessels and related equipment are determined taking into consideration the expected scrap value of the vessels, which is calculated based on the weight and the market rate of steel at the time the asset is purchased. If the price per unit of steel at the balance sheet date varies significantly from that at the date of purchase, the residual value is reassessed to reflect changes in market value.

The estimated useful lives of vessels are between 25-35 years based on management's best estimate, with the useful life of any given vessel dependent on factors such as the operating environment it is expected to work in (including water depth and prevailing weather conditions) and the condition of the vessel both at acquisition and at each balance sheet date.

Impairment of property, plant and equipment
Management evaluate the carrying amounts of the Group's vessels and vessels under construction to determine whether there is any indication that those vessels have suffered an impairment loss. If any such indication exists, the recoverable amount of vessels is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. As part of the process of assessing fair values less costs to sell of the vessel, management obtain vessel valuations from leading, independent and internationally recognised ship brokers on an annual basis or when there is an indication that the value of the vessel may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 11.5% that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The projection of cash flows related to vessels is complex and requires the use of various estimates including future day rates, vessel utilisation and discount rates.

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. The Group reviews the ageing of trade receivables regularly and the need for allowances against doubtful debts is considered for trade receivables that are past due based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Any difference between the amounts actually collected in future periods and the amounts expected to be impaired will be recognised in the consolidated statement of comprehensive income. Further details in this area are provided in note 12.

Critical accounting judgements

Capitalisation of vessel costs
Management exercises judgement in assessing the extent to which costs incurred in relation to its vessel fleet, including overheads, dry dock expenditure and finance charges, meet the criteria for capitalisation under IFRS. Judgement is also required in respect of the new build programme, in determining the date at which vessels under construction are ready for use at which point capitalisation of the majority of costs ceases and depreciation commences. Further details of expenditure incurred during the year is provided in note 9.

Leases
Management exercises judgements in assessing whether a lease is a finance lease or an operating lease. The judgement as to which category applies to a specific lease depends on management's assessment of whether in substance the risks and rewards of ownership of the assets have been transferred to the lessee. In the instances where management estimates that the risks and rewards have been transferred, the lease is considered as a finance lease, otherwise it is accounted for as an operating lease. Further details in this area are provided in notes 32 and 33.

5. Segment reporting
Management have identified that the Directors and senior management team are the chief operating decision makers in accordance with the requirements of IFRS 8 'Operating Segments'. Segment performance is assessed based upon adjusted gross profit, which represents gross profit before depreciation and amortisation and loss on write off of assets. The reportable segments have been identified by management based on the size and type of asset in operation.

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

All of these operating segments earn revenue related to the hiring of vessels and related services including charter hire income, messing and accommodation services, personnel hire and hire of equipment. The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

	Revenue		Adjusted Gross Profit	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Small Class vessels	**114,468**	104,424	**82,667**	75,623
Mid-Size Class vessels	**14,459**	–	**10,120**	–
Large Class vessels	**86,390**	79,351	**64,646**	60,493
Other vessels	**4,396**	12,779	**880**	7,574
Total	**219,713**	196,554	**158,313**	143,690
Less:				
Depreciation charged to cost of sales			**(22,467)**	(15,973)
Amortisation charged to cost of sales			**(3,624)**	(1,257)
Gross profit			**132,222**	126,460
General and Administrative expenses			**(20,875)**	(25,417)
Finance income			**640**	843
Finance expense			**(34,134)**	(21,354)
Other (loss)/income			**(740)**	245
Foreign exchange			**(32)**	(408)
Profit before taxation			**77,081**	80,369

5. Segment reporting continued

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

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

Segment assets and liabilities, including depreciation, amortisation and additions to non-current assets, are not reported to the chief operating decision makers on a segmental basis and are therefore not disclosed.

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

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

	2015 US$'000	2014 US$'000
United Arab Emirates	**129,320**	87,417
Rest of Middle East and North Africa	**29,238**	38,491
Total – Middle East and North Africa	**158,558**	125,908
United Kingdom	**61,155**	70,646
Worldwide Total	**219,713**	196,554

6. Presentation of adjusted results

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

	Year ended 31 December 2015			Year ended 31 December 2014		
	Adjusted results US$'000	**Adjusting items US$'000**	**Statutory total US$'000**	Adjusted results US$'000	Adjusting items US$'000	Statutory total US$'000
Revenue	**219,713**	**–**	**219,713**	196,554	–	196,554
Cost of sales						
– Operating expenses	**(61,400)**	**–**	**(61,400)**	(52,864)	–	(52,864)
– Depreciation and amortisation	**(26,091)**	**–**	**(26,091)**	(17,230)	–	(17,230)
Gross profit	**132,222**	**–**	**132,222**	126,460	–	126,460
General and administrative						
– Depreciation	**(1,094)**	**–**	**(1,094)**	(887)	–	(887)
– IPO related costs*	**–**	**–**	**–**	–	(5,686)	(5,686)
– Other administrative costs	**(19,781)**	**–**	**(19,781)**	(18,844)	–	(18,844)
Operating profit	**111,347**	**–**	**111,347**	106,729	(5,686)	101,043
Finance income	**640**	**–**	**640**	843	–	843
Finance expense	**(24,268)**	**–**	**(24,268)**	(21,354)	–	(21,354)
Expensing of refinancing costs**	**–**	**(9,866)**	**(9,866)**	–	–	–
Other income	**305**	**–**	**305**	245	–	245
Loss on sale of asset	**(1,045)**	**–**	**(1,045)**	–	–	–
Foreign exchange loss, net	**(32)**	**–**	**(32)**	(408)	–	(408)
Profit before taxation	**86,947**	**(9,866)**	**77,081**	86,055	(5,686)	80,369
Tax	**(2,058)**	**–**	**(2,058)**	(4,744)	–	(4,744)
Net profit	**84,889**	**(9,866)**	**75,023**	81,311	(5,686)	75,625
Profit attributable to						
Owners of the Company	**84,642**	**(9,866)**	**74,776**	80,751	(5,686)	75,065
Non-controlling interest	**247**	**–**	**247**	560	–	560
Earnings per share	**24.22**	**(2.83)**	**21.39**	23.81	(1.67)	22.14
Supplementary non-statutory information						
Operating profit	**111,347**	**–**	**111,347**	106,729	(5,686)	101,043
Add: Depreciation and amortisation charges	**27,185**	**–**	**27,185**	18,117	–	18,117
EBITDA	**138,532**	**–**	**138,532**	124,846	(5,686)	119,160

* IPO related costs, by their nature, are not considered part of the Group's underlying business. Further details are given in note 7.
** The write-off of unamortised loan arrangement fees being non-operational in nature has been added back to net profit to arrive at Adjusted Net Profit for the year.

7. General and administrative expenses

Transaction costs incurred during 2014 in relation to the completion of the Company's Premium Listing on the London Stock Exchange totalled US$ 15.2 million. US$ 5.7 million has been charged to general and administrative expenses in the statement of comprehensive income, and US$ 9.5 million, attributable to the issue of new equity, has been deducted from the share premium account. The IPO costs of US$ 5.7 million includes US$ 1.4 million relating to the remaining 15% of the pre-IPO SARs scheme, further details of which are provided in note 36.

8. Earnings per share

	31 December 2015	31 December 2014
Earnings for the purpose of basic and diluted earnings per share being profit for the period attributable to owners of the parent (US$'000)	**74,776**	75,065
Earnings for the purpose of adjusted basic and diluted earnings per share (US$'000) (see note 6)	**84,642**	80,751
Weighted average number of shares ('000s)	**349,528**	339,079
Weighted average diluted number of shares in issue ('000s)	**351,946**	340,523
Basic earnings per share (cents)	**21.39**	22.14
Diluted earnings per share (cents)	**21.25**	22.04
Adjusted earnings per share (cents)	**24.22**	23.81
Adjusted diluted earnings per share (cents)	**24.05**	23.71

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

Adjusted earnings per share is calculated on the same basis but uses the earnings for the purpose of basic earnings per share (shown above) adjusted by adding back written off unamortised loan arrangement fees which have been charged to the income statement in the period (US$ 9.9 million). The adjusted earnings per share is presented as the Directors consider it provides an additional indication of the underlying performance of the Group.

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

Adjusted diluted earnings per share is calculated on the same basis but uses adjusted profit (note 6) attributable to equity shareholders of the Company.

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

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

The impact of the share appreciation rights, disclosed in note 36, on dilutive earnings per share is not included in the calculation above as the number of shares that could be exercised is dependent on certain future events.

9. Property, plant and equipment

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

9. Property, plant and equipment continued

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

The carrying amount of vessels held under finance leases is US$ 100.2 million (2014: US$ 91.4 million). During the year the Group purchased the formerly leased vessel Keloa for US$ 37.5 million and also entered into a new finance lease for the vessel Pepper with the related addition of US$ 53.0 million (note 32).

Depreciation amounting to US$ 22.47 million (2014: US$ 15.97 million) has been allocated to cost of sales. The balance of the depreciation for the year is charged to administrative expenses.

Included in additions to the vessels under construction is US$ 5.8 million (2014: US$ 3.4 million) in respect of capitalised borrowing costs. The capitalisation rate used to determine this figure was 5.56% (2014: 5.65%) based on specific borrowing rates.

Certain vessels, with a total net book value of US$ 465.2 million (2014: US$ 337.5 million), have been mortgaged as security for the loans extended by the Group's bankers (note 20).

10. Intangible assets

	Customer relationships US$'000	Total US$'000
Cost	7,337	7,337
Accumulated amortisation		
Balance at 1 January 2014	6,212	6,212
Amortisation expense	375	375
Balance at 1 January 2015	6,587	6,587
Amortisation expense	375	375
Balance at 31 December 2015	**6,962**	**6,962**
Carrying value		
at 31 December 2015	**375**	**375**
at 31 December 2014	750	750

The intangible assets were acquired as part of the acquisition of Gulf Marine Services WLL and Offshore Holding Investment Group (OHI) in 2007. Amortisation of intangibles amounting to US$ 0.4 million (2014: US$ 0.4 million) has been allocated to general and administrative expenses.

11. Dry docking expenditure

The movement in dry docking expenditure is summarised as follows:

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

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

12. Trade and other receivables

	2015 US$'000	2014 US$'000
Trade receivables	**54,700**	36,754
Accrued income	**503**	5,099
Prepayments and deposits*	**3,918**	6,923
Advances to suppliers	**540**	644
Other receivables	**145**	185
Due from related parties (see note 28)	**70**	343
	59,876	49,948

* Prepayments and deposits include guarantee deposits and pledged deposits of US$ 0.77 million (2014: US$ 0.82 million). Guarantee deposits are paid by the Group for employee work visas under UAE labour laws. These deposits become refundable to the Group upon the cancellation of an employee's work visa. Work visas are not granted indefinitely in the UAE and as such these deposits which are currently held by the government in the UAE are refundable to the Group. These work visa deposits amounted to US$ 0.73 million (2014: US$ 0.48 million). Pledged deposits represent an amount set aside as a guarantee for a loan repayment amounting to US$ 0.04 million (2014: US$ 0.34 million). The Group has no right to access or utilise the proceeds set-aside as pledged deposits, other than for repayment of the underlying loan.

Trade receivables, amounting to US$ 34.0 million (2014: US$ 26.2 million), have been assigned as security against the loans extended by the Group's bankers (note 20).

Trade receivables and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Trade and other receivables are all current and the Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value due to the very short time between inception and maturity (based on level 2 fair value measurements as defined by the fair value hierarchy according to IFRS 13).

The normal credit period granted to customers is 30-45 days (2014: 60 days). Before accepting any new customer the Group assesses the potential credit quality of the customer. The Group has policies in place to ensure that credit sales are rendered to customers with an appropriate credit history.

The Group reviews the ageing of trade receivables regularly and the need for allowances against doubtful debts is considered for trade receivables over 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The movement in the allowance for doubtful receivables during the year was as follows:

	2015 US$'000	2014 US$'000
At 1 January	**1,383**	105
Provision during the year	**614**	1,278
Recovery	**(925)**	–
Write-off	**(1,072)**	–
At 31 December	**–**	1,383

Included in the Group's trade receivable balance are debtors with a carrying amount of US$ 9.98 million (2014: US$ 7.59 million) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 72 days (2014: 71 days).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date.

Several customers account for a significant portion of the total trade receivables balance (see revenue by segment information in note 5); however, credit risk is considered to be limited due to historical performance and ongoing assessments of customer credit and liquidity positions.

Ageing of past due but not impaired

	2015 US$'000	2014 US$'000
Past due for 30 to 60 days	**1,856**	4,132
Past due for 60 to 90 days	**2,543**	1,456
Past due for 90 to 120 days	**3,722**	179
Past due for more than 120 days	**1,858**	1,828
	9,979	7,595

The amounts past due for more than 120 days at the end of 2015 primarily relate to retention amounts withheld by the Saudi Arabian customers amounting to US$ 1.86 million in accordance with Saudi Arabian withholding tax regulations.

13. Cash and cash equivalents

	2015 US$'000	2014 US$'000
Interest bearing		
Held in UAE banks	**35,922**	36,702
Non-interest bearing		
Held in UAE banks	**5,323**	5,325
Held in banks outside UAE	**20,357**	18,325
Total cash at bank and in hand	**61,602**	60,352
Presented as:		
Restricted cash included in trade and other receivables (note 12)	**768**	820
Cash and cash equivalents	**60,834**	59,532
Total	**61,602**	60,352

The carrying value of these cash assets is approximately equal to their fair value due to the liquid nature of the asset. These represent level 1 fair value measurements as defined by the fair value hierarchy according to IFRS 13.

14. Share capital

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

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

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

The share capital of Gulf Marine Services PLC as at 31 December 2015 was as follows:

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

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

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

15. Group restructuring reserve

The group restructuring reserve arises on consolidation under the pooling of interests (merger accounting) method used for the group restructuring. Under this method, the Group is treated as a continuation of GMS Global Commercial Investments LLC (the predecessor parent company) and its subsidiaries. At the date the Company became the new parent company of the Group via a share-for-share exchange, the difference between the share capital of GMS Global Commercial Investments LLC and the Company, amounting to US$ 49.71 million, was recorded in the books of Gulf Marine Services PLC as a group restructuring reserve. This reserve is non-distributable.

16. Share option reserve

Share option reserve of US$ 1.4 million (2014: US$ 0.56 million) relates to awards granted to employees under the long-term incentive plan (note 37). The charge is included in general and administrative expenses in the statement of comprehensive income.

17. Capital contribution

As part of the Group restructuring which took place in 2014 (note 3) the pre-IPO Shareholders resolved to transfer a capital contribution balance of US$ 70.75 million to retained earnings.

The movement in capital contribution reserve is as follows:

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

	2014 US$'000
Balance as on 1 January 2014	
Capital contribution from a Shareholder[(i)]	70,750
Share appreciation rights[(ii)]	7,777
	78,527
Movement during the period	
Transfer to Retained Earnings	(70,750)
Provision for Share appreciation rights[(ii)]	1,400
At 31 December 2014	9,177

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

(ii) During 2013 US$ 7.8 million was transferred from share appreciation rights payable to capital contribution as, effective 1 January 2013, the shareholders have assumed the obligation to settle the share appreciation rights. This balance is not available for distribution. An additional charge in respect of this scheme of US$ 1.4 million was made in 2014. See note 36 for further details.

18. Restricted reserve

Restricted reserve represents the statutory reserve of certain subsidiaries. As required by the UAE Commercial Companies Law, 10% of profit for the year is transferred to the statutory reserve until the reserve equals 50% of the share capital. This reserve is not available for distribution. No amounts were transferred to this reserve during any of the years shown.

19. Reserves

The Group's Statement of Changes in Equity is disclosed as a part of primary statements on pages 72 to 75. Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued (note 14).
- Share premium account includes the amounts paid over nominal value in respect of share issued, net of related costs (note 14).
- Restricted reserves include certain reserves maintained by subsidiaries in compliance with the relevant Companies Law applicable (note 18).
- Capital Contributions represent certain contributions made by shareholder for nil consideration (note 17).
- Group restructuring reserve arose on consolidation under the pooling of interests (merger accounting) method used for group restructuring (note 15).
- The Company's Share option reserve represents the cumulative share-based payment charged to reserves (note 16).
- Foreign currency translation reserves represents differences on foreign currency net investments arising from the re-translation of the net investments in overseas subsidiaries.
- Retained profits include the accumulated realised and certain unrealised gains and losses made by the Company and the Group.

20. Bank borrowings

Secured borrowings at amortised cost

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

20. Bank borrowings continued

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

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

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

- The bank facility is repayable in 2021 (previous facility: 2019);
- The term loan facility to fund capital expenditure was increased from US$ 110 million to US$ 175 million. The entire loan facility remained undrawn during the year and is available for draw down until November 2017;
- The working capital facility was increased to US$ 50 million (previous facility: US$ 40 million);
- The facility remains secured by mortgages over certain Group vessels, with a net book value at year end of US$ 465.2 million (2014: US$ 337.5 million).

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

21. Taxation

Tax is calculated at the rates prevailing in the respective jurisdictions in which the Group operates. The overall effective rate is the aggregate of taxes paid in jurisdictions where income is subject to tax (being principally Qatar, the United Kingdom, Netherlands, and Saudi Arabia), divided by the Group's profit.

	2015 US$'000	2014 US$'000
Profit from continuing operations before tax	**77,081**	80,369
Tax at the UK corporation tax rate of 20.25% (2014: 21.5%)	**15,609**	17,279
Effect of lower tax rates in overseas jurisdictions	**(13,551)**	(12,535)
Total tax charge	**2,058**	4,744
Split between:		
Adjustment in respect of prior years	**–**	386
Current tax	**2,050**	4,358
Deferred tax	**8**	–
Tax charge per financial statements	**2,058**	4,744
Effective tax rate on continuing operations	**3%**	6%

During the year tax on profits and withholding taxes of the Group from operations were 10% in Qatar (2014: 10%) and 20.25% in the United Kingdom (2014: 21.5%). The Group incurred 5% withholding taxes on revenue (2014: 5%) and 2.5% Zakat tax on profit from operations in Saudi Arabia. The withholding tax included in the current tax charge amounted to US$ 1.0 million (2014: US$ 1.3 million).

The Group expects the overall effective tax rate in the future to vary according to local tax law changes in jurisdictions which incur taxes, as well as any changes to the share of the Group profits which arise in tax paying jurisdictions.

At the balance sheet date, the group has unused tax losses of US$ 6.74 million (2014: US$ 5.07 million) available for offset against future profits. No deferred tax asset has been recognised in respect of this as it is not considered probable that there will be future taxable profits available. Tax losses may be carried forward indefinitely.

22. Provision for employees' end of service benefits

In accordance with UAE Labour Law the Group is required to provide for end of service benefits for certain employees. The movement in the provision for employees' end of service benefits during the year was as follows:

	2015 US$'000	2014 US$'000
At the beginning of the year	**2,468**	1,910
Provided during the year	**1,181**	701
Paid during the year	**(258)**	(143)
At the end of the year	**3,391**	2,468

23. Trade and other payables

	2015 US$'000	2014 US$'000
Trade payables	**6,912**	13,109
Accrued expenses	**22,527**	14,984
Deferred revenue	**2,965**	–
VAT and other taxes payable	**1,311**	1,636
Other payables	**168**	391
	33,883	30,120

The average credit period on purchases is 90 days (2014: 90). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. No interest is payable on the outstanding balances.

Trade and other payables are all current and the Directors consider that the carrying amount of trade and other payables is approximately equal to their fair value due to the short time between inception and maturity. These represent level 2 fair value measurements as defined by the fair value hierarchy according to IFRS 13.

24. Revenue

The following is an analysis of the Group's revenue for the year.

	2015 US$'000	2014 US$'000
Charter hire	**199,999**	182,566
Mobilisation and demobilisation	**3,566**	1,274
Messing and accommodation	**14,335**	12,247
Maintenance	**1,608**	332
Sundry and equipment hire income	**205**	135
	219,713	196,554

Further descriptions on the above types of revenue have been provided in note 3.

25. Finance expenses

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

* Triggered by the loan refinancing in December 2015 (see note 20).

26. Finance income

	2015 US$'000	2014 US$'000
Bank and other income	**640**	843
	640	843

27. Profit for the year

The profit for the year is stated after charging/(crediting):

	2015 US$'000	2014 US$'000
Total staff costs (see below)	**42,861**	34,313
Depreciation of property, plant and equipment	**23,186**	16,485
Amortisation of dry docking expenditure	**3,624**	1,257
Amortisation of intangibles	**375**	375
Provision for/(reversal of) doubtful debts	**(311)**	1,278
Fair value loss on derivative financial instrument	**27**	61
Foreign exchange loss, net	**32**	408
Loss on disposal of property, plant and equipment	**1,045**	38
Operating leases rentals	**389**	374
Auditor's remuneration	**368**	1,166

The average number of full time equivalent employees (including executive directors) by geographic area was:

	2015 Number	2014 Number
Middle East and Northern Africa	**611**	499
Rest of the world	**81**	74
	692	573

Their aggregate remuneration comprised:

	2015 US$'000	2014 US$'000
Wages and salaries	**40,668**	32,879
Employment taxes	**166**	170
End of service benefit (note 22)	**1,181**	701
Share based payments (note 37)	**846**	563
	42,861	34,313

The analysis of the auditor's remuneration is as follows:

	2015 US$'000	2014 US$'000
Group audit fees	**224**	245
Subsidiary audit fees	**39**	–
Total audit fees	**263**	245
Other assurance services including interim review fees	**105**	153
Corporate finance services	**–**	640
Other services	**–**	128
Total non-audit fees	**105**	921
Total fees	**368**	1,166

Corporate finance services represent services provided as reporting accountants during the Company's listing on the London Stock Exchange and form part of the listing costs described in note 7.

For further information on the Group's policy in respect of Auditor's remuneration see page 47 of the Report of the Audit and Risk Committee.

28. Related party transactions

Related parties comprise the Group's major shareholders, Directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of related party transactions are approved by the Group's Board.

Balances and transactions between and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions
The following balances were outstanding at the end of the reporting period:

	2015 US$'000	2014 US$'000
Amounts owed by related parties (see note 12):		
Partner in relation to Saudi Operations	–	273
Shareholders	**70**	70
	70	343
Term loans due to Abu Dhabi Commercial Bank (included in borrowings note 20)	**80,000**	80,000
Bank balances deposited with Abu Dhabi Commercial Bank	**1,533**	26,479

Key management personnel:

In 2014, as part of the IPO, the Directors of the Company acquired 616,415 shares in the Company at the IPO strike price of 135 pence (US$ 2.24) per share for a total amount of US$ 1.38 million. During the year, one of the Directors purchased 290 shares at the price of 99 pence (US$ 1.64) per share for a total amount of US$ 0.48 thousand. As at 31 December 2015, there were 616,705 total number of shares held by Directors.

Certain members of key management personnel received share awards during 2014 with an associated fair value of US$ 19.48 million, under the terms of the Group's share appreciation rights ("SARs") scheme set up prior to the IPO. On 1 January 2013, the obligation under the scheme, of which 85% had vested at 31 December 2013, were assumed by the pre-IPO shareholders of the Company and were settled by them during the current period as cash of US$ 9.74 million and via the award of 4,348,475 shares at the IPO strike price of 135p per share. There is an additional 15% SARs award which will become due at the earlier of a substantial exit of the pre-IPO shareholders and an agreed lock up period, and is dependent on achieving an expected market rate of return. In 2014 a full provision of US$ 1.4 million was made in respect of the remaining 15% of unvested SAR.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2015 US$'000	2014 US$'000
Interest expense on loans from related parties	**398**	382

Related parties
The Group's principal subsidiaries are outlined in note 3. The related parties comprising of the Group's major shareholders are outlined below.

Major shareholders	Ownership interest
Green Investment Commercial Investments LLC	50.05%
Horizon Energy LLC	6.05%
Al Ain Capital LLC (formerly Al Bateen Investment Company LLC)	6.05%

Partner in relation to Saudi Operations	Relationship
Abdulla Fouad Energy Services Company	Minority shareholder in GMS Saudi Arabia Ltd.

Other related parties	Relationship
Gulf Capital PJSC (Gulf Capital)	100% shareholding in Green Investment Commercial Investments LLC. Advises funds that hold shares in the Group.
GC Equity Partners Fund II, L.P. ("GC Equity Partners II")	An institutional fund sponsored and managed by Gulf Capital. The ultimate controlling party of Gulf Capital.
Abu Dhabi Commercial Bank	8.16% Shareholding in Gulf Capital.

28. Related party transactions continued

Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	2015 US$'000	2014 US$'000
Short-term benefits	**2,962**	3,073
End of service benefits	**129**	128
Share based payments (LTIPs)[1]	**370**	323
Dividends paid	**4**	4
	3,465	3,528

1. In addition to the LTIP charge, there was a non-recurring charge in 2014 in relation to the SARS scheme, of which US$ 1.4 million related to key management personnel.

Compensation of key management personnel represents the charge to the income statement in respect of the remuneration of the executive and non executive Directors and certain members of the senior management team.

29. Net cash flow from operating activities

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

30. Contingent liabilities

At 31 December 2015, the bankers of Gulf Marine Services FZE, one of the subsidiaries of the Group, had issued bid bonds, performance bonds and labour guarantees amounting to US$ 0.77 million (2014: US$ 0.82 million) all of which were counter-indemnified by other subsidiaries of the Group.

31. Commitments

Capital commitments

	2015 US$'000	2014 US$'000
Contractual capital commitments	**32,802**	52,793

Capital commitments comprise mainly of capital expenditure, which has been contractually agreed with suppliers for future periods for new build vessels or the refurbishment of existing vessels.

32. Obligations under finance leases

During the year, the Group entered into a new finance lease for the vessel Pepper 4501 (2014: Keloa 4306 and Kinoa 4307) which was initially recorded at fair value at the inception of the lease for US$ 53 million (2014: US$ 50 million each of Keloa 4306 and Kinoa 4307). The lease term is five years. During the year the Group purchased outright the Keloa 4306 and terminated the related lease for no material gain or loss.

The Group's future minimum lease payments under financing leases are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
Within one year	**63,257**	49,228	**55,026**	41,478
In the second to fifth year	**42,578**	50,326	**39,577**	42,473
	105,835	99,554	**94,603**	83,951
Less: future finance charges	**(11,232)**	(15,603)	**–**	–
	94,603	83,951	**94,603**	83,951

The Group has the option to purchase the vessels at expiry of the lease period. The fair value of the Group's lease obligations is approximately equal to their carrying amount. The fair values of the financial lease obligations were determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, using appropriate market interest rates. These represent level 3 value measurements as defined by the fair value hierarchy according to IFRS 13.

33. Obligations under operating leases

Operating lease rental payments represent rentals payable by the Group for certain properties.

	2015 US$'000	2014 US$'000
Lease payments under operating leases recognised as expense during the year	**389**	374
	389	374

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 US$'000	2014 US$'000
Within one year	**2,526**	374
In the second to fifth year	**4,201**	374
	6,727	748

Operating leases are negotiated for an average term of three and five years for our UAE and UK offices, respectively and accordingly, rental costs are fixed for an average term of three and five years.

34. Non-controlling interests

The movement in non-controlling interests is summarised as follows:

	2015 US$'000	2014 US$'000
At 1 January	**610**	1,328
Share of profit for the year	**247**	560
Dividends paid to non-controlling interests	**–**	(1,278)
Acquisition of interest in joint venture	**(229)**	–
At 31 December	**628**	610

35. Financial instruments

Categories of financial instruments

	2015 US$'000	2014 US$'000
Financial assets		
Loans and receivables:		
– Cash and cash equivalents at amortised cost	**60,834**	59,532
– Trade receivables and other debtors at amortised cost	**56,186**	43,201
Total financial assets	**117,020**	102,733
Financial liabilities		
Amortised cost:		
– Trade and other payables	**29,607**	28,484
– Bank borrowings (non-current)	**347,253**	225,741
– Obligations under a finance lease (non-current)	**39,577**	42,473
– Bank borrowings (current)	**17,863**	23,415
– Obligations under a finance lease (current)	**55,026**	41,478
Total financial liabilities	**489,326**	361,591

Capital risk management

The Group manages its capital to ensure its ability to continue as a going concern while maximising the return on equity. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group's overall strategy in this regard remains unchanged throughout the years ended 31 December 2015 and 2014.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments – credit risk, liquidity risk, cash flow, interest rate risk and foreign currency risk. The management actively monitors and manages these financial risks relating to the Group.

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties which have been determined based on credit checks and other financial analysis, such that significant revenue is generated by dealing with high profile well known customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Cash balances held with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. During the year, vessels were chartered to four Middle East and five international oil companies. At 31 December 2015, these nine companies accounted for 96% (2014: 87%) of the outstanding trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international agencies.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties failing to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Foreign currency risk management

The majority of the Group's transactions are denominated in UAE Dirhams, Euros and US Dollars. As the UAE Dirham and the Saudi Riyal is pegged to the US Dollar, balances in UAE Dirham and Saudi Riyals are not considered to represent significant currency risk. Transactions in other foreign currencies entered into by the Group are short-term in nature and therefore management considers that the currency risk associated with these transactions is limited and consequently this risk is typically not hedged, other than in relation to significant foreign currency capital expenditure programmes.

The carrying amounts of the Group's significant foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities 31 December		Assets 31 December	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
UAE Dirhams	**2,378**	2,925	**48,899**	24,801
Saudi Riyals	**24**	28	**2,409**	5,864
Pound Sterling	**292**	1,060	**11,006**	9,021
Euro	**331**	4,015	**2,244**	4,182
Singapore Dollar	**–**	20	**5**	–
Norwegian Krone	**20**	26	**–**	–
Others	**19**	39	**–**	–
	3,064	8,113	**64,563**	43,868

At 31 December 2015, if the exchange rate of the currencies other than the UAE Dirham and Saudi Riyal had increased/decreased by 10% against the US Dollar, with all other variables held constant. The Group's profit for the period would have been lower/higher by US$ 1.3 million (2014: lower/higher by US$ 0.8 million) mainly as a result of foreign exchange loss or gain on translation of Euro and Pound Sterling denominated balances.

Interest rate risk management
The Group is exposed to cash flow interest rate risk on its bank borrowings which are subject to floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease/increase by US$ 1.8 million (2014: decrease/increase US$: 1.2 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of the Group's financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the assets and liabilities at the end of the reporting period based on contractual repayment arrangements was as follows:

	Interest rate	1 to 3 months US$	4 to 12 months US$	2 to 5 years US$	After 5 years US$
31 December 2015					
Non-interest bearing financial assets		**80,330**	**768**	**–**	**–**
Interest bearing financial assets	**4%**	**35,922**	**–**	**–**	**–**
		116,252	**768**	**–**	**–**
Non-interest bearing financial liabilities		**29,607**	**–**	**–**	**–**
Interest bearing financial liabilities	**3-14.7%**	**5,409**	**67,480**	**221,777**	**165,053**
		35,016	**67,480**	**221,777**	**165,053**
31 December 2014					
Non-interest bearing financial assets		65,211	820	–	–
Interest bearing financial assets	4%	36,702	–	–	–
		101,913	820	–	–
Non-interest bearing financial liabilities		28,484	–	–	–
Interest bearing financial liabilities	4.1-12%	39,515	25,378	268,214	–
		67,999	25,378	268,214	–

Management believe that the difference between fair value and carrying value is negligible.

36. Share appreciation rights

Share appreciation rights were granted to key management employees prior to the IPO which vested in instalments over a fixed service period upon the achievement of performance conditions by the Group, and which were payable upon an exit event, being defined as an employee being a good-leaver, an initial public offering or a sale of the business to a third party. Half of the share appreciation rights had a fixed service period and did not require the employee to be employed when an exit event occurred; the balance required the employee to be employed at the time that the exit event occurred.

The pre-IPO shareholders entered into an agreement, effective from 1 January 2013, whereby the shareholders agreed to assume the share appreciation rights obligation due to key management employees under the scheme. This represented a modification of the scheme, effective from the date of agreement, such that from this date it represented an equity settled compensation arrangement for the Group and a capital contribution of US$ 7.8 million from the shareholders. There will be no remaining charge to the Group in future periods in relation to the 85% of the scheme which has vested.

During the year 2014, a full provision for SARs payable of US$ 1.4 million was made in respect of the remaining 15% of unvested share appreciation rights which will vest if certain conditions on exit are met.

No further share appreciation rights were granted in 2014 or 2015.

37. Long term incentive plans

During the prior year, the Group put in place Long Term Incentive Plans (LTIPs), performance shares and share options which were granted to senior management, managers and senior offshore officers. The details of the senior management LTIP are contained in the Directors' Remuneration Report on pages 50 to 60. The release of these shares is conditional upon continued employment, certain market vesting conditions and in the case of senior management LTIP awards; performance against three-year target EPS compound annual growth rates. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined, using the Binomial Probability Model together with Monte Carlo simulations, at the grant date of equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest. The fair value of each award is determined by taking into account the market performance condition, the term of the award, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the award.

Non-market vesting conditions, which for the Group mainly relate to the continual employment of the employee during the vesting period, and in the case of the senior management LTIP awards the achievement of EPS growth targets, are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Any market vesting conditions are factored into the fair value of the options granted.

To the extent that share options are granted to employees of the Group's subsidiaries without charge, the share option charge is capitalised as part of the cost of investment in subsidiaries.

The number of share awards made by the Group during the year is given in the table below together with their weighted average fair value ('WAFV') and weighted average grant price ('WAGP'). The exercise price of the share awards is nil (2014: nil). No share awards vested or lapsed in the year.

				2015			2014		
Scheme	WAFV US$	WAGP US$	Expiry date	Number of options vested	Number of options unvested	Total outstanding	Number of options vested	Number of options unvested	Total outstanding
2015 LTIPs – Senior Management	1.71	2.00	March 2018	**–**	**1,626,299**	**1,626,299**	–	825,252	825,252
2015 LTIPs – Managers and Senior Officers	1.50	2.00	March 2018	**–**	**1,025,725**	**1,025,725**	–	796,637	796,637

Outlined below is a summary of the assumptions which have been used to determine the fair value of the share awards:

	LTIP	LTIP	LTIP
Grant date	25 March 2015	30 June 2014	8 May 2014
Share price	£1.31	£1.5500	£1.6175
Exercise price	£0.00	£0.00	£0.00
Expected volatility	34%	46.7%	46.7%
Risk-free rate	1.008%	1.9945%	1.8836%
Expected dividend yield	1.5%	1.0%	1.0%
Vesting period	3 years	3 years	3 years
Award life	3 years	3 years	3 years
Market performance condition	37.9%	41.5%	41.1%

The expected Gulf Marine Services PLC share price volatility was determined taking into account the average of the volatility of two comparable companies at each of the grant dates.

The risk free return was determined from similarly dated zero coupon UK government bonds at the time the share awards were granted, using historical information taken from the Bank of England's records.

The charge arising from share-based payments is disclosed in note 16.

38. Dividends

	2015 US$'000	2014 US$'000
Dividends declared and paid during the year		
Interim Dividend for 2014: 0.41 pence per share	**–**	2,412
Final Dividend for 2014: 1.06 pence per share	**5,624**	–
Interim Dividend for 2015: 0.41 pence per share	**2,207**	–
	7,831	2,412

A final dividend in respect of the year ended 31 December 2015 of 1.2 pence per ordinary share is to be proposed at the AGM. These financial statements do not reflect this final dividend.

39. Events after the reporting period

The following event occurred after the reporting period:

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

COMPANY BALANCE SHEET
as at 31 December 2015

	Notes	As at 31 December 2015 US$'000	As at 31 December 2014 US$'000
Fixed assets			
Investments	5	**573,546**	517,546
Current assets			
Debtors	6	**736**	57,750
Cash at bank and in hand		**8,996**	16,619
		9,732	74,369
Creditors: Amounts falling due within one year	7	**(1,139)**	(276)
Net current assets		**8,593**	74,093
Total assets less current liabilities		**582,139**	591,639
Net assets		**582,139**	591,639
Capital and reserves			
Called-up share capital	8	**57,929**	57,929
Share premium account	8	**93,075**	93,247
Share option reserve	8	**1,409**	563
Profit and loss account	8	**429,726**	439,900
Shareholders' funds		**582,139**	591,639

The financial statements of Gulf Marine Services PLC (registered number 08860816) were approved by the Board of Directors and authorised for issue on 21 March 2016.

Signed on behalf of the Board of Directors

Duncan Anderson
Chief Executive Officer

John Brown
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
for year ended 31 December 2015

	Called-up share capital US$'000	Share premium account US$'000	Share option reserve US$'000	Profit and loss account US$'000	Total US$'000
Balance at beginning of year	**–**	**–**	**–**	**–**	**–**
Issue of new shares upon incorporation	497,100	–	–	–	497,100
Capital reduction	(447,390)	–	–	447,390	–
Issue of new shares – IPO	8,219	102,702	–	–	110,921
Share issue costs	–	(9,455)	–	–	(9,455)
Share options rights charge	–	–	563	–	563
Loss for the period	–	–	–	(5,078)	(5,078)
Interim Dividend declared	–	–	–	(2,412)	(2,412)
Balance at 31 December 2014	**57,929**	**93,247**	**563**	**439,900**	**591,639**
Share issue costs	–	(172)	–	–	(172)
Share options rights charge	–	–	846	–	846
Loss for the period	–	–	–	(2,343)	(2,343)
Dividends declared	–	–	–	(7,831)	(7,831)
At 31 December 2015	**57,929**	**93,075**	**1,409**	**429,726**	**582,139**

COMPANY CASH FLOW STATEMENT
for year ended 31 December 2015

	Notes	Year ended 31 December 2015 US$'000	Period ended 31 December 2014 US$'000
Net cash flow from operating activities	10	**(1,388)**	(5,078)
Cash flows from investing activities			
Acquisition of subsidiary		**–**	(19,883)
Net cash outflow from investing activities		**–**	(19,883)
Cash flows from financing activities			
Proceeds from issue of new ordinary shares		**–**	110,921
Transaction costs from issue of ordinary shares		**(172)**	(9,455)
Adjustment for changes in working capital:			
Increase in intercompany receivables		**986**	(57,710)
Increase in intercompany payables		**782**	167
Increase in other receivables		**–**	(40)
Increase in other payables		**–**	109
Dividends paid		**(7,831)**	(2,412)
Net cash (outflow)/inflow from financing activities		**(6,235)**	41,580
Net (decrease) / increase in cash and cash equivalents		**(7,623)**	16,619
Cash and cash equivalents at beginning of the year		**16,619**	–
Effect of foreign exchange rate changes on cash		**–**	–
Cash and cash equivalents at end of the year		**8,996**	16,619

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for year ended 31 December 2015

1. Corporate information

Gulf Marine Services PLC is a private limited company incorporated in the United Kingdom under the Companies Act. On 7 February 2014, the Company re-registered as a public limited company. The address of the registered office of the Company is 1st Floor, 40 Dukes Place, London EC3A 7NH. The registered number of the Company is 08860816.

The Company is the parent company of the Gulf Marine Service Group comprising of Gulf Marine Services PLC and its underlying subsidiaries. The consolidated group accounts are publicly available.

These separate financial statements were approved and authorised for issue by the Board of Directors of Gulf Marine Services PLC ("the Company") on 21 March 2016.

2. Accounting policies

Currency
The functional and presentational currency of the Company is United States Dollars.

Going concern
The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report and Strategic Report.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its underlying subsidiaries.

After making enquiries and on the basis of their assessment of the Group's financial position, the Company's Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the financial statements.

Basis of accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The comparative period results have been restated as a result of adopting FRS 102, however there has been no quantitative effect of such restatement.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 (the 'Act') to not present the Company Income Statement nor the Company Statement of Comprehensive Income. The result for the Company for the year was a loss of US$ 2.3 million (2014: loss of US$ 5.1 million).

We propose to adopt the disclosure exemptions for qualifying entities under FRS 102 in the company's annual accounts for the year ending 31 December 2016 and until further notice and to take advantage of all the applicable disclosure reductions available under that standard. If you object to the use of any of these disclosure exemptions, please notify us in writing by 30 April 2016. If we do not receive notification from you by this date, we shall assume that you have no objection.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Investments
Fixed asset investments in subsidiaries and associates are recognised at deemed cost, which is the previous GAAP carrying value at the transition date, less impairment.

Financial instruments
Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities
Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss ("FVTPL") or "other financial liabilities".

Trade and other payables, loans from related parties and other liabilities are classified as "other financial liabilities". Other financial liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables or when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Accounting policies (continued)

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash at bank and in hand for the purpose of the statement of cash flows.

Taxation

Current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws 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. Deferred tax is measured on a non-discounted basis. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Share based payments

The fair value of an equity instrument is determined at the grant date based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are not available for share awards, the fair value of the equity instruments is estimated using a valuation technique to derive an estimate of what the price of those equity instruments would have been at the relevant measurement date in an arm's length transaction between knowledgeable, willing parties.

Equity-settled share based payments to employees are measured at the fair value of the instruments, using a binomial model together with Monte Carlo simulations as at the grant date, and is expensed over the vesting period. The value of the expense is dependent upon certain key assumptions including the expected future volatility of the Group's share price at the date of grant. The fair value measurement reflects all market based vesting conditions. Service and non-market performance conditions are taken into account in determining the number of rights that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimations which management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Key sources of estimation uncertainty

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due and based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected to be impaired will be recognised in the consolidated statement of comprehensive income.

Critical accounting judgements

Recoverability of investments

Investments in subsidiary undertakings are included in the balance sheet of the Company at deemed cost less any provision for impairment. The Company performs impairment reviews in respect of fixed asset investments whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's net realisable value and its value in use, is less than its carrying amount.

4. Dividends on equity shares

	2015 US$'000	2014 US$'000
Dividends declared and paid during the year		
Interim Dividend for 2014	–	2,412
Final Dividend for 2014	5,624	–
Interim Dividend for 2015	2,207	–
	7,831	2,412

A final dividend in respect of the year ended 31 December 2015 of 1.20 pence (1.74 cents) per ordinary share is to be proposed at the AGM. These financial statements do not reflect this final dividend.

5. Fixed asset investments

	2015 US$'000	2014 US$'000
Opening balance	517,546	–
Acquisition of subsidiaries	–	516,983
Other non-cash investment	56,000	–
Share options issued to employees of subsidiary entities	–	563
	573,546	517,546

As part of a Group restructuring in 2015, GMS Jersey Holdco 2 Limited issued two shares to the Company in exchange for the assignment of an outstanding intercompany receivable balance due from Gulf Marine Services WLL of US$ 56.0 million. No cash was exchanged during the course of this transaction.

5. Fixed asset investments continued

The Company has investments in the following subsidiaries.

Name	Place of Registration	Proportion of Ownership Interest 2015	2014	Type of Activity
Gulf Marine Services W.L.L.	Abu Dhabi	**100%**	100%	Marine Contractors
Offshore Holding Invt SA	Panama	**100%**	100%	Holding Company
Offshore Logistics Invt SA	Panama	**100%**	100%	Owner of Barge "Naashi"
Offshore Accommodation Invt. SA	Panama	**100%**	100%	Owner of "Khawla 181"
Offshore Jack-up Invt SA	Panama	**100%**	100%	Owner of Barge "Kamikaze"
Offshore Craft Invt SA	Panama	**100%**	100%	Owner of Barge "GMS Endeavour"
Offshore Structure Invt SA	Panama	**100%**	100%	Owner of Barge "Kikuyu"
Offshore Maritime Invt SA	Panama	**100%**	100%	Owner of "Helios"
Offshore Tugboat Invt SA	Panama	**100%**	100%	Owner of "Atlas"
Offshore Boat Invt SA	Panama	**100%**	100%	Owner of Barge "Kawawa"
Offshore Kudeta Invt SA	Panama	**100%**	100%	Owner of Barge "Kudeta"
GMS Endurance Invt SA	Panama	**100%**	100%	Owner of Barge "Endurance"
Mena Marine Limited	Cayman Islands	**100%**	100%	General investment and trading
Gulf Marine Services (UK) Limited	United Kingdom	**100%**	100%	Operator of offshore barges
Gulf Marine Services Saudi Arabia Limited	Saudi Arabia	**75%**	60%	Operator of offshore barges
Gulf Marine Services (Asia) Pte. Ltd.	Singapore	**100%**	100%	Operator of offshore barges
GMS Enterprise Investment SA	Panama	**100%**	100%	Owner of Barge "Enterprise"
GMS Sharqi Investment SA	Panama	**100%**	100%	Owner of Barge "Sharqi"
GMS Scirocco Investment SA	Panama	**100%**	100%	Owner of Barge "Scirocco"
GMS Shamal Investment SA	Panama	**100%**	100%	Owner of Barge "Shamal"
GMS Jersey Holdco. 1+	Jersey	**100%**	–	General Investment
GMS Jersey Holdco. 2	Jersey	**100%**	–	General Investment
GMS FZE	United Arab Emirates	**100%**	–	Operator of Offshore Barges
GMS Global	United Arab Emirates	**100%**	–	General Investment
GMS Keloa Invt SA	Panama	**100%**	–	Owner of Barge "Keloa"

+ Held directly by Gulf Marine Services PLC.

6. Debtors amounts falling due within one year

	2015 US$'000	2014 US$'000
Amounts owed by Group undertakings	**724**	57,710
Other receivables	**12**	40
	736	57,750

Debtors amounts falling due within one year are all current and the Directors consider that the carrying amount of debtors is approximately equal to their fair value due to the very short time between inception and maturity. During the period the company incurred a tax loss of US$ 1.67 million upon which no deferred tax asset is recognised.

7. Creditors amounts falling due within one year

	2015 US$'000	2014 US$'000
Amounts owed to Group undertakings	**949**	167
Other creditors	**190**	109
	1,139	276

Creditors are all current and the Directors consider that the carrying amount of creditors is approximately equal to their fair value due to the short time between inception and maturity.

8. Called-up share capital and reserves

The share capital as at 31 December 2015 was as follows:

	2015 US$'000	2014 US$'000
Allotted, called-up and fully paid 349,527,804 shares of 10 pence each	**57,929**	57,929

The Company has one class of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of related costs.

The Company's share option reserve for the period of US$ 1.41 million (2014: US$ 0.56 million) relates to awards granted to employees of a subsidiary undertaking under a long-term incentive plan, details of which are provided in note 11. The charge to the Income Statement in 2015 for the awards was US$ 0.85 million (2014: nil).

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

	Number of shares	Ordinary shares US$'000	Share premium US$'000	Total US$'000
Balance as at 1 January 2014	–	–	–	–
Issue of new shares upon incorporation	300,000,000	497,100	–	497,100
Capital reduction	–	(447,390)	–	(447,390)
Issue of new shares – IPO	49,527,804	8,219	102,702	110,921
Share issue costs	–	–	(9,455)	(9,455)
Balance as at 31 December 2014	349,527,804	57,929	93,247	151,176
Share issue costs	–	–	(172)	(172)
Balance as at 31 December 2015	**349,527,804**	**57,929**	**93,075**	**151,004**

9. Related party transactions

The Company has taken advantage of the exemption from disclosing related party transactions with other wholly owned group companies as afforded by paragraph 33.1A of FRS 102. The Company and all companies with whom related party transactions took place in the period are wholly owned group companies, the consolidated accounts of which are publicly available.

Remuneration of key management personnel during the year comprised short-term benefits of US$ 920,190 (2014: US$ 743,646).

10. Cash flow statement

	2015 US$'000	2014 US$'000
Operating loss	**(2,343)**	(5,092)
Adjustment for:		
Investment income	**–**	14
Share based payment expense	**846**	–
Operating cash outflow before movement of working capital	**(1,497)**	**(5,078)**
Decrease in other receivables	**28**	–
Increase in other payables	**81**	–
Net cash outflow from operating activities	**(1,388)**	**(5,078)**

11. Long term incentive plans

During the prior year, the Group put in place Long Term Incentive Plans (LTIPs), performance shares and share options which were granted to senior management, managers and senior offshore officers. The details of the senior management LTIP are contained in the Directors' Remuneration Report on pages 50 to 60. The release of these shares is conditional upon continued employment, certain market vesting conditions and in the case of senior management LTIP awards; performance against three-year target EPS compound annual growth rates. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined, using the Binomial Probability Model together with Monte Carlo simulations, at the grant date of equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest. The fair value of each award is determined by taking into account the market performance condition, the term of the award, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the award.

Non-market vesting conditions, which for the Group mainly relate to the continual employment of the employee during the vesting period, and in the case of the senior management LTIP awards the achievement of EPS growth targets, are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Any market vesting conditions are factored into the fair value of the options granted.

To the extent that share options are granted to employees of the Group's subsidiaries without charge, the share option charge is capitalised as part of the cost of investment in subsidiaries.

The number of share awards made by the Group during the year is given in the table below together with their weighted average fair value ('WAFV') and weighted average grant price ('WAGP'). The exercise price of the share awards is nil (2014: nil). No share awards vested or lapsed in the year.

				2015			2014		
Scheme	WAFV US$	WAGP US$	Expiry date	**Number of options vested**	**Number of options unvested**	**Total Out-standing**	Number of options vested	Number of options unvested	Total Out-standing
2015 LTIPs – Senior Management	1.71	2.00	March 2018	**–**	**1,626,299**	**1,626,299**	–	825,252	825,252
2015 LTIPs – Managers and Senior Officers	1.50	2.00	March 2018	**–**	**1,025,725**	**1,025,725**	–	796,637	796,637

Outlined below is a summary of the assumptions which have been used to determine the fair value of the share awards:

	LTIP	LTIP	LTIP
Grant date	25 March 2015	30 June 2014	8 May 2014
Share price	£1.31	£1.5500	£1.6175
Exercise price	£0.00	£0.00	£0.00
Expected volatility	34%	46.7%	46.7%
Risk-free rate	1.008%	1.9945%	1.8836%
Expected dividend yield	1.5%	1.0%	1.0%
Vesting period	3 years	3 years	3 years
Award life	3 years	3 years	3 years
Market performance condition	37.9%	41.5%	41.1%

The expected Gulf Marine Services PLC share price volatility was determined taking into account the average of the volatility of two comparable companies at each of the grant dates.

The risk free return was determined from similarly dated zero coupon UK government bonds at the time the share awards were granted, using historical information taken from the Bank of England's records. The charge arising from share-based payments is disclosed in note 8.

12. Financial instruments

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Company consists of cash and short-term deposits and equity attributable to equity holders of the parent, comprising issued capital, reserves and loss for the period as disclosed in note 8.

The Company is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Categories of financial instruments

	2015 US$'000	2014 US$'000
Financial assets		
Cash at bank and in hand	**8,996**	16,619
Loans and receivables	**736**	57,710
Financial liabilities		
Amortised cost	**1,139**	276

All financial liabilities are repayable upon demand.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2015 US$'000	2014 US$'000
Interest income and expense		
Total interest income for financial assets at amortised cost	**–**	14

Financial risk management objectives and policies

The Company is exposed to the following risks related to financial instruments–credit risk, cash flow and liquidity risk, foreign currency risk and interest rate risk. The management actively monitors and manages these financial risks relating to the Company.

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's trade and other receivables. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties failing to perform their obligations generally approximates their carrying value. Trade and other receivables are not secured by any collateral.

The Company's principal financial assets are bank balances, and intercompany and other receivables. The Company's main credit risk is primarily attributable to its key intercompany receivables. The Company has no other significant concentration of credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence for a reduction in the recoverability of the cash flows.

Cash flow and liquidity risk

The Company is not exposed to any significant cash flow or liquidity risk. The Company currently has sufficient cash to fund its activities. However, in the event that additional liquidity is required for ongoing operations and future developments, the Company has access to additional funding from other Group entities which it controls.

Foreign currency risk management

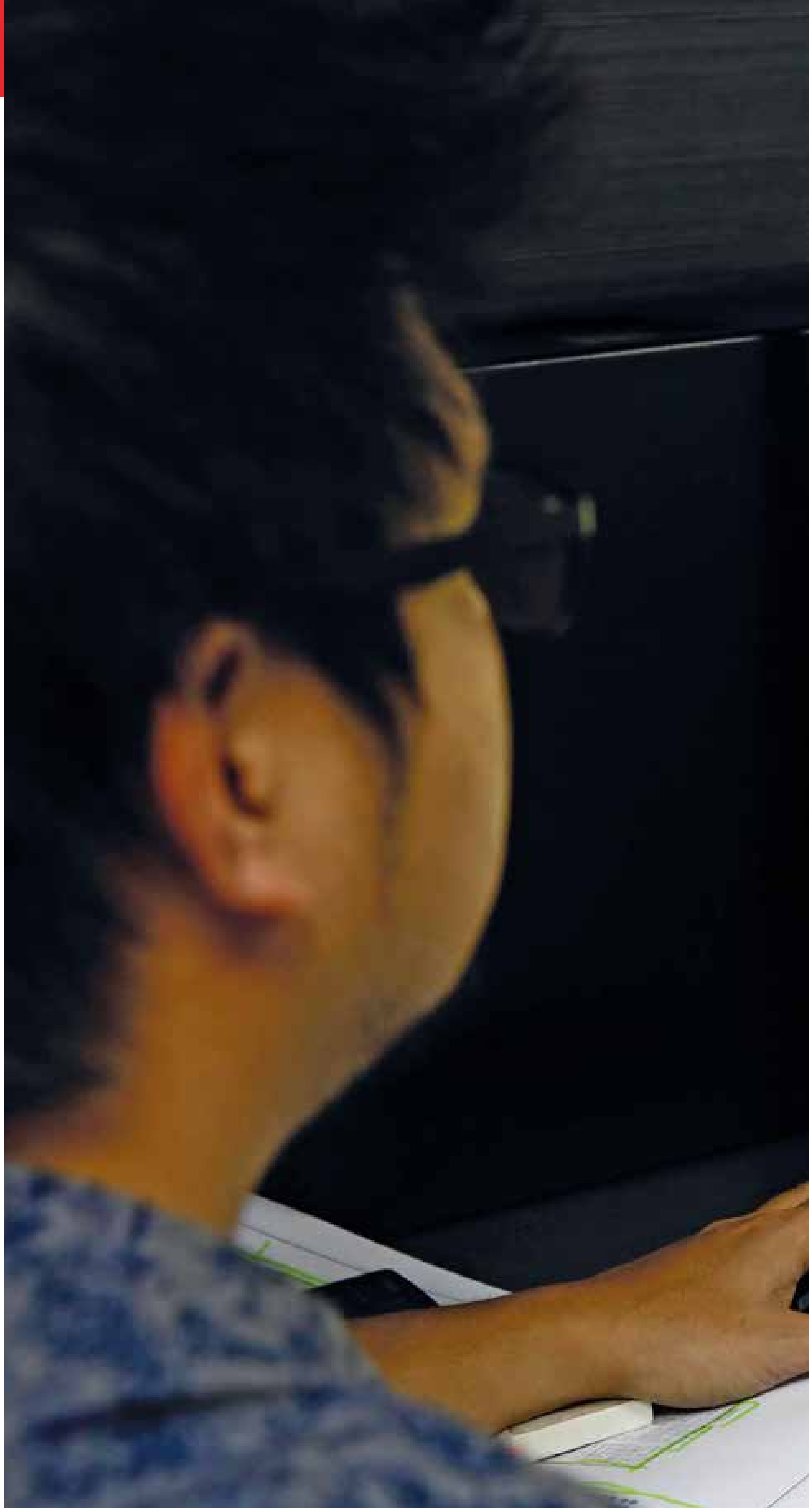
The majority of the Company's transactions are in either UAE Dirhams or US Dollars. Transactions in other foreign currencies entered into by the Company are short term in nature and therefore management considers that the currency risk associated with these transactions is limited and consequently this risk is not hedged.

Interest rate risk management

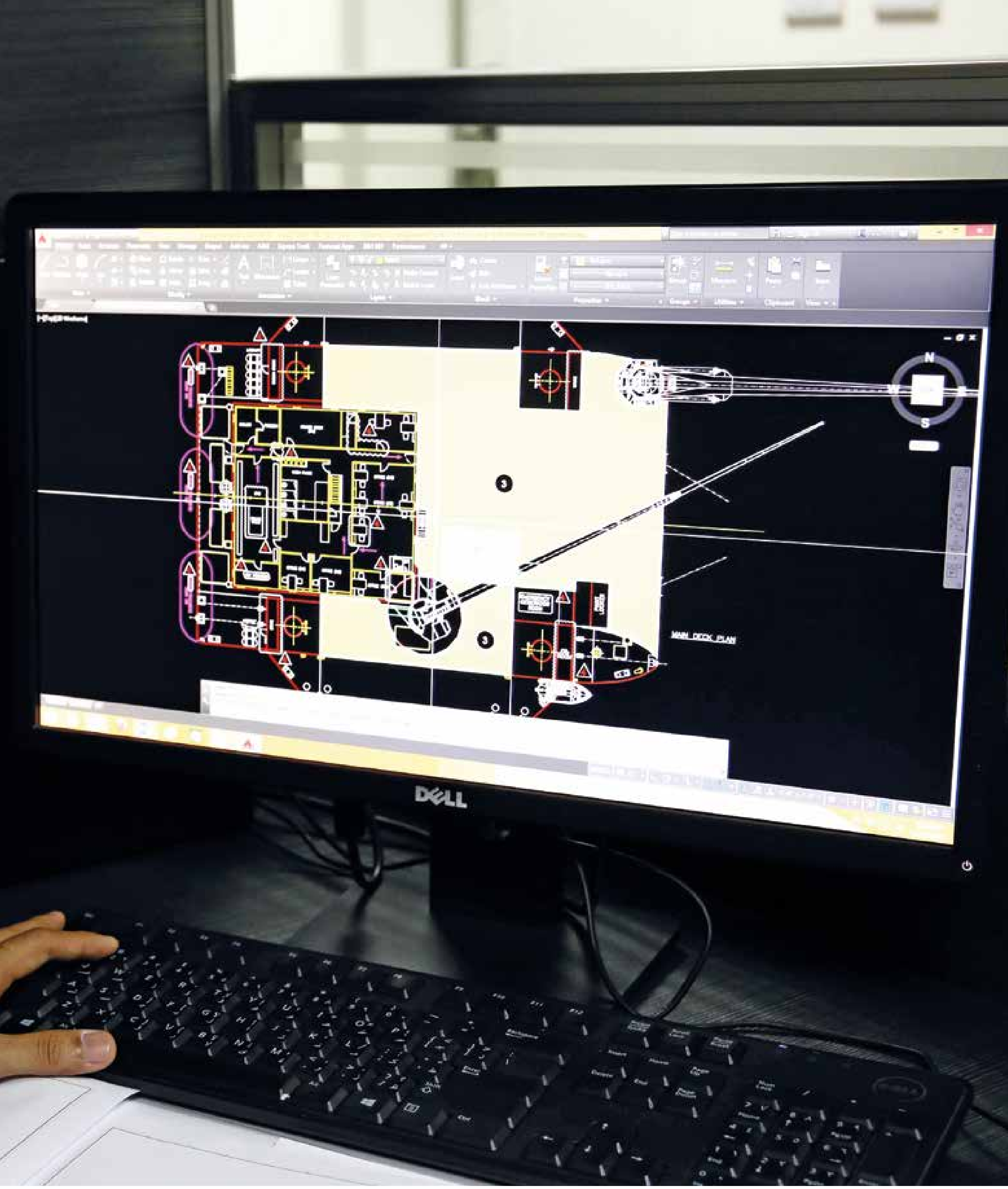
The Company's financial assets and financial liabilities are interest-free; accordingly the Company is not subject to any interest rate risk.

Fair value of financial assets and liabilities

The Company's management considers that the fair value of financial assets and financial liabilities approximates their carrying amounts.



ADDITIONAL INFORMATION


MAIN DECK PLAN

Important information: This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other independent professional adviser immediately. If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

NOTICE OF AGM

Notice is hereby given that the second annual general meeting (the "AGM") of Gulf Marine Services PLC (the "Company") will be held on Wednesday 11 May 2016 at 11.30am (UK time) at Linklaters LLP, One Silk Street, London EC2Y 8HQ, United Kingdom to transact the business set out in the resolutions below.

Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions; this means that for each of those resolutions to be passed, more than half of the votes cast must be in favour. Resolutions 14 to 16 (inclusive) will be proposed as special resolutions; this means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour.

Voting on all resolutions will be by way of a poll. The Company believes this will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who have appointed a proxy for the meeting. Shareholders have one vote for each ordinary share held when voting on a poll.

Ordinary Resolutions

Report and Accounts

1. To receive the Company's annual accounts for the financial year ended 31 December 2015 together with the Directors' reports and the auditor's report on those accounts (the "2015 Annual Report and Accounts").

Final Dividend

2. To declare a final dividend of 1.20 pence per ordinary share for the year ended 31 December 2015, to be paid to ordinary shareholders on the register of members at 6.00pm BST on 15 April 2016.

Directors' Remuneration Report

3. To approve the Directors' Remuneration Report set out on pages 50 to 60 of the 2015 Annual Report and Accounts.

Re-Election of Directors

4. To re-elect Simon Heale as a director.
5. To re-elect Duncan Anderson as a director.
6. To re-elect Simon Batey as a director.
7. To re-elect Richard Dallas as a director.
8. To re-elect Richard Anderson as a director.
9. To re-elect Dr Karim El Solh as a director.
10. To re-elect Mike Straughen as a director.

Re-appointment of Auditor

11. To re-appoint Deloitte LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

Auditor's Remuneration

12. To authorise the Audit and Risk Committee to determine the remuneration of the auditor on behalf of the board of directors.

Authority to allot ordinary shares

13. To authorise the directors generally and unconditionally, in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares of the Company:

    a. up to a maximum aggregate nominal amount of £11,650,927; and
    b. comprising equity securities (as defined in section 560(1) of the Act) of the Company up to a further nominal amount of £11,650,927 in connection with an offer by way of a rights issue.

    These authorities shall apply in substitution for all previous authorities pursuant to section 551 of the Act and expire on the date of the next AGM or on 30 June 2017, whichever is the earlier, but in each case the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the authority conferred by this resolution had not expired.

    For the purposes of this resolution, "rights issue" means an offer to:

    - ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - people who are holders of other equity securities if this is required by the rights of those securities or as the directors otherwise consider necessary,

    to subscribe further securities, subject in both cases to such exclusions or other arrangements as the directors may consider necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Special Resolutions

Authority to disapply pre-emption rights

14. Subject to the passing of resolution 13, to empower the directors generally in accordance with section 570 of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash:

   a. pursuant to the authority given by paragraph (a) of resolution 13 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act in each case:

      i. in connection with a pre-emptive offer; and

      ii. otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £1,747,639; and

   b. pursuant to the authority given by paragraph (b) of resolution 13 in connection with a rights issue, as if section 561(1) of the Act did not apply to any such allotment.

   This power shall expire on the date of the next AGM of the Company or on 30 June 2017, whichever is the earlier, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the authority conferred by this resolution had not expired.

   For the purposes of this resolution:

      i. "rights issue" has the same meaning as in resolution 13;

      ii. "pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the directors to (a) holders (other than the Company) on the register on a record date fixed by the directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

      iii. references to an allotment of equity securities shall include a sale of treasury shares; and

      iv. the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for, or convert any securities into, shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Purchase of own shares

15. To authorise the Company generally and unconditionally for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10 pence each in the capital of the Company, provided that:

   a. the maximum number of ordinary shares which may be purchased is 34,952,780;

   b. the minimum price, exclusive of any expenses, which may be paid for each ordinary share is 10 pence; and

   c. the maximum price, exclusive of any expenses, which may be paid for each ordinary share is an amount equal to the higher of:

      i. 105% of the average closing price of an ordinary share, as derived from the London Stock Exchange Daily Official List for the five business days prior to the day on which the purchase is made; and

      ii. an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as stipulated by Article 5(1) of the Commission Regulation (EC) No. 2273/2003 (relating to buy-back programmes and stabilisation of financial instruments).

   This authority shall expire on the date of the next AGM of the Company or on 30 June 2017, whichever is the earlier, save that the Company may, before such expiry, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

Notice of general meetings, other than AGMs

16. That a general meeting, other than an AGM, may be called on not less than 14 clear days' notice.

By order of the Board

John Brown
Company Secretary
21 March 2016

Gulf Marine Services PLC
1st Floor, 40 Dukes Place, London EC3A 7NH

EXPLANATION OF RESOLUTIONS

Resolution 1 – To receive the Report and Accounts
The directors are required to present the Company's audited accounts, Directors' reports and auditor's report to the meeting. These are contained in the 2015 Annual Report and Accounts.

Resolution 2 – To declare a final dividend
The board of directors of the Company (the "Board") proposes a final dividend of 1.20 pence per share for the year ended 31 December 2015. If approved, the recommended final dividend will be paid on 16 May 2016 to all ordinary shareholders on the register of members at 6.00pm on 15 April 2016. The shares will be marked ex-dividend on 14 April 2016.

Resolution 3 – To approve the Directors' Remuneration Report
This resolution deals with the remuneration paid to the directors during the year under review. Shareholders are invited to vote on the Directors' Remuneration Report, which appears on pages 50 to 60 in the 2015 Annual Report and Accounts (excluding the Directors' Remuneration Policy). Resolution 3 is an advisory vote.

The Company does not intend at this AGM to move a resolution to approve the Directors' Remuneration Policy, which appears on pages 50 to 60 of the 2015 Annual Report and Accounts. The Directors' Remuneration Policy was approved by shareholders at the previous AGM of the Company held on 6 May 2015. The Company will comply with its legal obligation to prepare and submit for shareholder vote a Directors' Remuneration Policy no less frequently than every three years.

Resolutions 4 to 10 – Re-election of Directors
In accordance with the UK Corporate Governance Code and consistent with relevant institutional voting guidance, all directors of the Company wishing to continue their appointments will seek re-election by shareholders at the AGM.

No independent non-executive director seeking re-election at the AGM has any existing or previous relationship with the Company, nor with any controlling shareholder of the Company or any associate of a controlling shareholder of the Company within the meaning of Listing Rule 13.8.17R(1). In considering the independence of the non-executive directors, the Board has taken into account the UK Corporate Governance Code. The Board continues to consider Simon Batey, Richard Anderson and Mike Straughen to be independent non-executive directors in accordance with provision B.1.1 of the UK Corporate Governance Code.

In accordance with the Listing Rules, Richard Dallas and Dr Karim El Solh are classed as representatives of a "controlling shareholder" of Gulf Marine Services PLC and not considered to be independent non-executive directors. The Company entered into a Relationship Agreement with its "controlling shareholders" effective 14 March 2014 in accordance with Listing Rule 9.2.2AR(2)(a), which serves to ensure that the controlling shareholders and their representatives (including Richard Dallas and Dr Karim El Solh) comply with the independence provisions outlined in Listing Rule 6.1.4DR.

The Listing Rules also require that independent non-executive directors be elected by a majority of votes cast by independent shareholders in addition to a majority of votes cast by all shareholders in the Company. Therefore, the resolutions for the election of the independent non-executive directors (resolutions 6, 8 and 10) will be taken on a poll and the votes cast by independent shareholders and all shareholders will be calculated separately. Such resolutions will be passed only if a majority of votes cast by independent shareholders are in favour, in addition to a majority of votes cast by all shareholders being in favour.

Full biographies of all the directors are set out in the 2015 Annual Report and Accounts and are also available for viewing on the Company's website (http://www.gmsuae.com). Following a formal Board evaluation process and recommendation from the Nomination Committee, the Board is satisfied that each of the directors continues to be effective and demonstrates a commitment to the role and that each of the directors continues to be able to dedicate sufficient time to their duties. The Board believes that its composition continues to include an appropriate balance of skills and provides effective leadership for the Company.

Christopher Foll, an alternate director for Richard Dallas and Dr Karim El Solh, will continue that appointment beyond the AGM without seeking re-election by shareholders. If neither of the resolutions to re-elect Richard Dallas and Dr Karin El Solh are passed by shareholders at the AGM, the alternate directorship will immediately cease.

Resolution 11 – To re-appoint Deloitte LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company
At each meeting at which the Company's accounts are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of its Audit and Risk Committee, recommends the re-appointment of Deloitte LLP as auditor.

Resolution 12 – To authorise the directors to determine the remuneration of Deloitte LLP
This resolution gives authority to the Audit and Risk Committee to determine the auditor's remuneration.

Resolution 13 – To authorise the directors to allot ordinary shares
The authority in paragraph (a) of this resolution, if passed, would provide the directors with a general authority to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to a nominal amount of £11,650,927, which is equal to approximately 33% of the issued share capital of the Company as at 21 March 2016, being the last practicable date before the publication of this Notice.

Paragraph (b) under resolution 13 will grant the directors additional authority to allot 116,509,268 new shares and grant rights to subscribe for, or convert other securities into, shares in connection with a rights issue up to a further nominal amount of, which is equal to approximately 33% of the issued share capital of the Company as at 21 March 2016.

When taken together, the authorities proposed in paragraphs (a) and (b) of this resolution extend (before any reduction) to approximately two thirds of the current issued share capital of the Company as at 21 March 2016, being the last practicable date before the publication of this Notice.

The resolution would give the Board the maximum flexibility permitted by investor guidelines to respond to market developments. There are no current plans to allot shares except in connection with the Company's employee share schemes but the Board will keep the matter under review.

This authority will expire at the earlier of 30 June 2017 and the conclusion of the Company's next AGM. It is the intention of the directors to seek the annual renewal of each aforementioned authority.

Resolution 14 – To authorise the directors to disapply pre-emption rights
This resolution would, if passed, allow the directors to allot shares or sell treasury shares for cash (other than in connection with an employee share scheme), without having to offer such shares to existing shareholders in proportion to their own holdings (known as pre-emption rights).

The purpose of paragraph (a) of resolution 14 is to authorise the directors to allot new shares pursuant to the authority given by paragraph (a) of resolution 14, or sell treasury shares, for cash (I) in connection with a pre-emptive offer or rights issue or (II) otherwise up to a nominal value of £1,747,639, equivalent to approximately 5% of the total issued ordinary share capital of the Company as at 21 March 2016, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings.

The purpose of paragraph (b) of resolution 14 is to authorise the directors to allot new shares pursuant to the authority given by paragraph (b) of resolution 14, or sell treasury shares, for cash in connection with a rights issue without the shares first being offered to existing shareholders in proportion to their existing holdings. This is consistent with current corporate governance guidelines applicable to UK listed companies.

It is the directors' intention not to allot shares on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued share capital of the Company over a three year rolling period, without prior consultation with shareholders.

This authority will expire at the earlier of 30 June 2017 or the conclusion of the Company's next AGM. It is the intention of the directors to seek to renew this authority every year.

Resolution 15 – To authorise the Company to make market purchases of its own shares
This resolution would, if passed, authorise the Company to make market purchases of up to 34,952,780 of its own ordinary shares, representing just under 10% of the Company's issued share capital as at 21 March 2016. The resolution specifies the minimum and maximum prices at which the ordinary shares may be bought under this authority.

This authority will expire at the conclusion of the Company's next AGM. It is the intention of the directors to seek to renew this authority every year.

The directors have no present intention of exercising this authority granted by this resolution, but the authority provides the flexibility to allow them to do so in future. The directors would not exercise the authority unless they believed that the expected effect would promote the success of the Company for the benefit of its shareholders as a whole. Any shares purchased would be effected by a purchase in the market and may either be cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share schemes. The Company currently has no shares held in treasury.

As at 21 March 2016, the total number of options to subscribe for shares in the Company was 3,654,975 (approximately 1.0% of the Company's issued share capital and approximately 1.2% of the Company's issued share capital if the full authority proposed by resolution 15 was used and the shares purchased were cancelled).

Resolution 16 – Notice of general meetings, other than AGMs
Under the Act, the notice period required for all general meetings of the Company is 21 days. An AGM is required by law to be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings.

This resolution would, if passed, allow the Company flexibility to call general meetings, other than AGMs, on not less than 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. A resolution in identical terms was passed at the previous AGM of the Company, held on 6 May 2015.

The Board confirms that, in its opinion, all of the resolutions are in the best interests of the shareholders of the Company as a whole and unanimously recommends that shareholders vote in favour of them.

IMPORTANT NOTES

The following notes explain your general rights as a shareholder and your right to attend and vote at this AGM or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the register of members of the Company at 6.00pm on 9 May 2016 (or, in the event of any adjournment, 6.00pm on the date which is 48 hours, excluding non-working days, before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. There are no other procedures or requirements for entitled shareholders to comply with in order to attend and vote at the AGM. In alignment with best practice for UK listed companies, it is the current intention that each of the resolutions to be put to the AGM will be voted on by way of a poll and not by show of hands. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of ordinary shares held and all votes tendered are taken into account.

2. The doors will open at 10.30am and you may wish to arrive by 11.00am to enable you to register and take your seat in good time. Light refreshments will be provided at the meeting. If you have any special needs or require wheelchair access to the offices of Linklaters LLP please contact Molly Stewart by e-mail on gms@bellpottinger.com or telephone +44 203 772 2500 in advance of the meeting. Mobile phones may not be used in the meeting hall, and cameras and recording equipment are not allowed in the meeting hall.

3. Members are entitled to appoint a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrar Equiniti (the "Registrar"), on 0371 384 2030 (or from outside the UK: +44 121 415 7047). Lines are open Monday – Friday, 8.30am – 5.30pm (excluding UK public holidays).

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3, 4 and 9 do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

7. Members meeting the threshold requirements set out in the Act have the right to (a) require the Company to give notice of any resolution which can properly be, and is to be, moved at the AGM pursuant to section 338 of the Act; and/or (b) include a matter in the business to be dealt with at the AGM, pursuant to section 338A of the Act.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

9. To be valid, any form of proxy or other instrument appointing a proxy must be received by the Registrar by post or (during normal business hours only) by hand at the address shown on the form of proxy or, in the case of shares held through CREST, via the CREST system (see note 12 below). For proxy appointments to be valid, they must be received by no later than 11.30am on 9 May 2016. If you return more than one proxy appointment, the proxy appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

10. The return of a completed form of proxy or any CREST Proxy Instruction (as described in note 12 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuers' agent (ID RA19) by 11:30am on 9 May 2016. For this purpose, the time of receipt will be taken to the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuers agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that no more than one corporate representative exercises powers relation to the same shares.

15. As at 21 March 2016 (being the last practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 349,527,804 ordinary shares, carrying one vote each. No shares are held in treasury. Therefore, the total voting rights in the Company as at 21 March 2016 are 349,527,804.

16. Under section 527 of the Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.

17. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

18. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from 21 March 2016 until the time of the AGM and may also be inspected at the AGM venue (Linklaters LLP, One Silk Street, London, EC2Y 8HQ), from 10.30 am on the day of the meeting until the conclusion of the AGM:

    a. copies of the directors' letters of appointment or service contracts;
    b. a copy of the articles of association of the Company; and
    c. a copy of the directors' deeds of indemnity.

19. You may not use any electronic address provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by section 311A of the Act, can be found on the Company's website at http://www.gmsuae.com.

GLOSSARY

ABS	American Bureau of Shipping.
ADNOC	Abu Dhabi National Oil Company.
Adjusted (net profit/ diluted earnings)	After adding back non-operational refinancing costs in 2015 and non-operational IPO costs in 2014.
AED	United Arab Emirates Dirham. The currency in United Arab Emirates.
AHTS vessel	Anchor Handling Tug Support vessel.
Available days	Calculated from a base of 365 days from which any unpaid days spent on mobilisation and demobilisation, planned refurbishment or upgrade work and, in the case of a newly constructed SESV, delivery time are subtracted. Maintenance days included in our contracts are counted as available days.
Average Daily Operating Costs	Average daily costs incurred to operate a vessel. Calculated as cost of sales less non-cash items, depreciation, amortisation and impairments divided by 365.
Brownfield project	A project involving the upgrade or modification of existing operations.
Capex-led Activities	Defined in the oil and gas sector to include greenfield projects, engineering, procurement and construction activities, installation and decommissioning and, with respect to EOR activities, water injection and gas injection. Typically funded out of our clients' capital expenditure budgets.
Company (or Group) website	www.gmsuae.com
Constant currency basis	Results that have been calculated by retranslating the comparative period results using current period exchange rates.
Day rate	Income received by the Company in respect of each day a vessel is chartered to a client.
DP2	Dynamic positioning system with full redundancy meaning that should one component fail there is a backup component that takes over.
Dynamic positioning	A computerised positioning system which maintains the vessel position by using its own propellers and thrusters.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation, which represents operating profit after adding back depreciation, amortisation (and in 2014 non-operational IPO costs).
EOR	Enhanced Oil Recovery. Consists of the injection of foreign components (e.g. chemicals) to recover a larger proportion of the remaining oil at the final stages of the field life.
GCC	Gulf Cooperation Council, the political and economic alliance of six Middle Eastern countries comprising Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman.
Hotel Services	Income received by the Company for the provision of accommodation and meals provided to client personnel charged on a per person per day basis.
HSE	Health, Safety and Environment.
HSSEQ	Health, Safety, Security, Environment and Quality.
IFRS	International Financial Reporting Standards.
IOC	International Oil Company.
Lump sum	Income received by the company at the beginning of a new charter party agreement relating to the costs and time taken to prepare the vessel.
MENA	Middle East and North Africa.
NOC	National Oil Company.
Opex-led Activities	Operating expenditure-led activities. Defined in the oil and gas sector to include fabric maintenance, well intervention, brownfield upgrade and modification projects and retrofit or upgrade activities with respect to EOR activities. Typically funded out of our clients' operating budgets.
SESV	Self-Elevated Support Vessel designed to cater to a range of offshore assets and equipment such as drilling products and to support inspection, maintenance, repair, diving and construction activities.
Topside Operations and Maintenance	Consists of the maintenance, modification and operation of platforms during the production phase of the offshore field lifecycle.
TRIR	Total Recordable Injury Rate is calculated on the injury rate per 200,000 man hours and includes all our onshore and offshore personnel and subcontracted personnel. Offshore personnel are monitored over a 24-hour period.
UKCS	United Kingdom Continental Shelf.
Utilisation	The percentage of available days in a relevant period during which an SESV is under contract and in respect of which a customer is paying a day rate for the charter of the SESV.
Utilisation rate	Actual number of days a vessel is on hire divided by the number of available days in a year.
Well intervention	Consists of services (coiled tubine, pumping, workover, subsea landing string and other services) to maintain production levels in the primary and secondary phases of oil production.

CORPORATE INFORMATION

Joint Corporate Broker

Bank of America Merrill Lynch
2 King Edward Street
London EC1A 1HQ

Joint Corporate Broker

Barclays
5 The North Colonnade
Canary Wharf
London E14 4BB

Legal Advisers

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Auditors

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Public Relations Advisers

Bell Pottinger
Holborn Gate
330 High Holborn
London WC1V 7QD

Registrar

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Registered Office

Gulf Marine Services PLC
1st Floor
40 Dukes Place
London EC3A 7NH

Head Office

Gulf Marine Services
P.O. Box 46046
Abu Dhabi, UAE
T: +971 (2) 5028888
F: +971 (2) 5553421
E: IR@gmsuae.com

Board of Directors

Simon Heale
Independent Non-Executive Chairman

Duncan Anderson
Chief Executive Officer

Simon Batey
Senior Independent Non-Executive Director

Richard Anderson
Independent Non-Executive Director

Mike Straughen
Independent Non-Executive Director

Richard Dallas
Non-Executive Director

Dr Karim El Solh
Non-Executive Director

MIX
Paper from responsible sources
FSC® C023105
FSC www.fsc.org

This publication was printed with vegetable oil-based inks by an FSC-recognised printer that holds an ISO 14001 certification.

Designed and produced by Emperor
www.emperordesign.co.uk +971 (0)56 150 8292

OFFSHORE CONTRACTOR

Gulf Marine Services
P.O. Box 46046
Abu Dhabi, UAE
T: +971 (2) 5028888
F: +971 (2) 5553421
E: IR@gmsuae.com