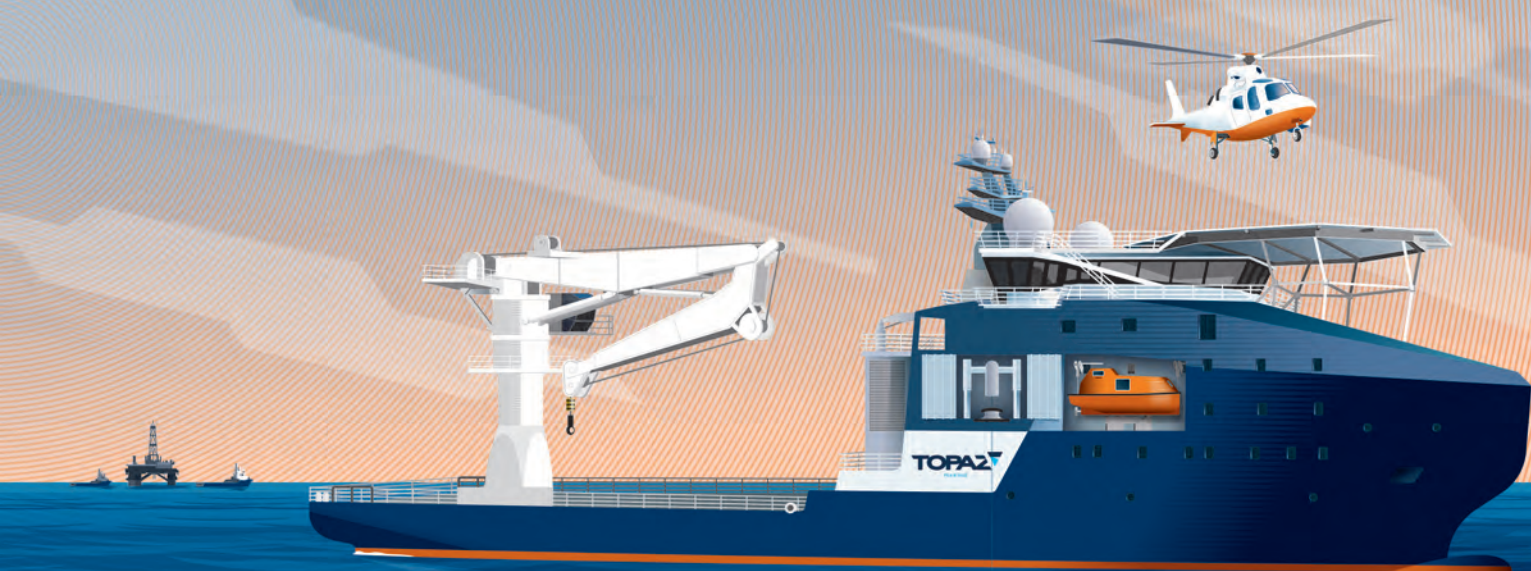




ANNUAL REPORT
AND ACCOUNTS 2015



RESILIENT. AGILE. COMPETITIVE.

MESSAGE FROM THE CHAIRMAN

In trying times we have delivered an above-market result, which is proof of the resilience of our strategy.

OVERVIEW

On behalf of the Board of Directors, I present the audited accounts for Topaz Energy and Marine Limited, for the financial period ending 31 December 2015.

Our business provides essential services to the oil and gas industry and we are therefore exposed to the unprecedented crisis conditions in this marketplace. Never has there been a time in our Group's history where the end-of-year numbers do so little justice to our position of financial stability and our strategic progress.

OUR RESULTS IN CONTEXT

Understanding the recent economic context is imperative because we remain a secure business with an operational performance that is well ahead of our industry peers in the global marketplace. The past two years have seen the oil and gas industry in turmoil, with asset distress and business foreclosures becoming a real threat to other OSV operators in our markets. Against this background, our Group performed well operationally, delivering an EBITDA of US\$204 million in 2014 and US\$175 million this year.

Given this robust EBITDA and operational performance, it is naturally disappointing to report a net loss after exceptional items and minorities. However, the net loss arises purely from one-off and exceptional write-downs that has no effect on cash flows.

LONG-TERM CONTRACT VISIBILITY

We have the liquidity to meet our obligations and, across the Group, we are growing our secured revenue. Topaz has increased its contract backlog from US\$750 million to US\$1.4 billion, including significant new contracts and extensions with major oil clients.

PRUDENT ASSET VALUATION

The decrease in oil prices to the lowest in over a decade and the resultant impact on the valuation of assets and businesses in the oil and gas industry has been substantial.

Topaz's long-term contract visibility is able to support the value in use for the major portion of its fleet. However, where vessels are on short-term contracts or were underutilised, we have taken prudent decisions on impairment in line with IFRS requirements to recognise the fall in market value of those assets.

INVESTMENT OPPORTUNITIES

We have the fiscal strength to invest in growth even in the current difficult market. We are well placed, as one of the very few OSV operators today, to take advantage of the opportunities this crisis brings.

One of our core competitive strengths is the quality of the Topaz fleet, which has one of the lowest average ages in the industry. This must be our investment focus for growth. Across the global OSV market, hundreds of vessels are being laid up and taken out of action and we will not allow the right opportunities to pass us by.

This year, we committed to investing US\$115 million in acquiring two subsea vessels from Vard Norway, which are scheduled for delivery in 2017. These capable and efficient light subsea construction vessels represent the renewal of our Subsea fleet and will be highly competitive as they enter the market.

OUTLOOK

Today, we are a stable company in very turbulent markets which in 2016 will continue to be challenging. We are able to take on these challenges confidently given our balance sheet strength, robust backlog of work, continuing investment in relevant assets and stable, long-term contracts with clients. We have taken the right steps this year to manage our operational costs; we have the liquidity to meet our obligations and we are preserving the health and spending power of our finances.

Overall, we are pleased to have delivered an above-market result in such trying times and I believe this is proof of the resilience of our strategy.



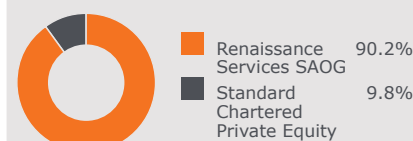
Samir J. Fancy
Chairman



Samir J. Fancy, Chairman

"We have the liquidity to meet our obligations and we are preserving the health and spending power of our finances."

SHAREHOLDERS TOPAZ ENERGY AND MARINE



EBITDA (US\$M)

175

2014 / 204

QUICK LINKS

Business Review 22 ▶
Sustainability 16 ▶
Corporate Governance 36 ▶

RESILIENT. AGILE. COMPETITIVE.



As a leading offshore support vessel (OSV) company we play an essential role in energy extraction. The oil and gas industry is currently experiencing its worst crisis, which is having a negative knock-on effect in other sectors, including our own. We have demonstrated our resilience during the crisis, remaining agile and taking decisive action to stay competitive in the new market conditions.

Whilst we believe that a rebalancing of supply and demand is inevitable, given the long-term demand forecasts for extracted energy, we can predict neither the oil price, nor the length of time it will take before the crisis is over.

What we can do is take decisive action in areas within our control – reset internal and external expectations and adapt our strategy to the new reality of the lowest oil price in over ten years and a hiatus in industry investment. This means tightening our belts, cutting costs, improving operational efficiencies, “working smarter” commercially and using our competitive strengths to our advantage.

None of this is new, but given the extreme market conditions we have needed to do these things faster and with increased rigour. As tough as it may seem, we believe we have taken the right decisions in order to still be competitive today. We will be even stronger when market conditions improve.

More information about market conditions and our actions 10-11 ►

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TOPAZ AT A GLANCE

GLOBAL OPERATIONS ESSENTIAL TO THE ENERGY INDUSTRY

As a leading offshore support vessel (OSV) company we are an essential part of the energy supply chain. We provide a variety of services to offshore oil and gas producers and contractors, enabling them to supply energy to their own customers. We are recognised in the industry for our strong operational track record, uncompromising focus on safety and provision of quality offshore services, made possible by our valued employees and their customer commitment.

Business Model 4 ►

Focused on core markets

Headquartered in Dubai with ten operational centres, we are primarily focused on the Caspian, Middle East and West Africa, with Subsea operations in the North Sea and Gulf of Mexico.

Resilient. Agile. Competitive.

In 2015 we demonstrated our resilience and agility in tough market conditions, by accelerating a range of strategic decisions to put us in a strong and competitive position for the future. We merged the operations of our MENA and Subsea divisions, redeployed our fleet to improve fleet utilisation and laid up two vessels on a temporary basis.

We also placed orders for three new vessels and won or renewed key contracts, securing 62% of our target revenue for 2016.

PERFORMANCE AT A GLANCE

REVENUE (US\$M)

363

2014 / 405

EBITDA (US\$M)

175

2014 / 204

EBITDA MARGIN

48%

2014 / 50%

NUMBER OF EMPLOYEES

2,036

2014 / 1,917

TOTAL FLEET SIZE

96

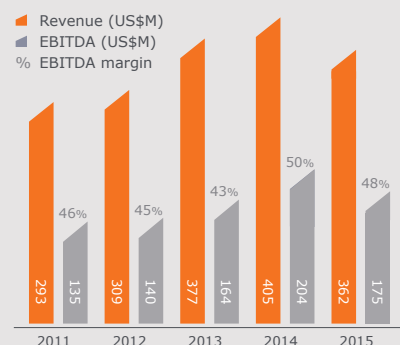
2014 / 95

CONTRACT VISIBILITY

62%

of revenue secured for 2016

REMAINING PROFITABLE THROUGH THE OIL PRICE CRISIS



QUICK LINKS

Financial Review 26 ►

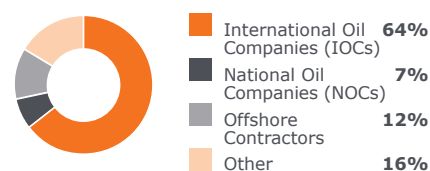
OUR CUSTOMERS

We engage in long-term contracts with leading oil companies and contractors.



▲ Dada-Gorgud rig move operations

REVENUE BY KEY CUSTOMER TYPE



Based on our top ten customers, who account for 84% of revenue.

OUR KEY CUSTOMERS

- > **IOCs:**
BP, Total, Maersk and Agip
- > **NOCs:**
Aramco and Dubai Petroleum
- > **Offshore Contractors and others:**
ABB, NPCC, BOA Marine Services and Ilk Insaat

HOW WE ARE ORGANISED

TOPAZ MARINE CASPIAN

Headquarters Baku, Azerbaijan	
59 vessels 61% of fleet	
844 offshore employees 99 onshore employees	
REVENUE (US\$M) 228 63% share of revenue ² 2014 / 223	
EBITDA (US\$M) 140 2014 / 134	
MARKET INFORMATION Market leader with > 48% share	
More information 32 ▶	

TOPAZ MARINE AFRICA

Headquarters Dubai, UAE	
8 vessels 8% of fleet	
237 offshore employees 27 onshore employees ¹	
REVENUE (US\$M) 29 8% share of revenue ² 2014 / 38	
EBITDA (US\$M) (3) 2014 / 8	
MARKET INFORMATION 16th largest operator with > 1% share	
More information 33 ▶	

TOPAZ MARINE MENA TOPAZ MARINE SUBSEA¹

Headquarters Doha, Qatar	
29 vessels 30% of fleet	
707 offshore employees 55 onshore employees	
REVENUE (US\$M) 74 20% share of revenue ² 2014 / 101	REVENUE (US\$M) 31 9% share of revenue ² 2014 / 43
EBITDA (US\$M) 30 2014 / 73	EBITDA (US\$M) 18 2014 / 26
MARKET INFORMATION Fourth largest operator with > 4% share	MARKET INFORMATION n/a
More information 34 ▶	More information 35 ▶

WORKING SMARTER

We mobilised vessels into the Caspian to satisfy growing demand.

OPERATIONAL EFFICIENCY

We merged the operations of the Subsea division with the MENA division in 2015 to reduce staffing levels and overheads.

EFFICIENT FLEET MANAGEMENT

We have temporarily laid up two vessels and are investing in two Subsea vessels due for delivery in 2017, taking advantage of lower market pricing.

¹ Results of all three Subsea vessels for the full year 2015 are shown under Topaz Marine Subsea along with proportionate overhead share.

² Corporate/adjustments to be considered in order to arrive at the consolidated Group revenue and EBITDA figures.

WHERE OUR FLEET OPERATES

YEAR-ON-YEAR
FLEET CHANGES

- 4 vessels transferred from Africa to MENA/Caspian
- 2 vessels laid up
- 2 vessels added to the fleet
- 3 vessels placed on order
- 4 vessels under construction

More information 30 ▶

BUSINESS MODEL

We provide essential services to the key players in the oil and gas industry.

ENERGY INDUSTRY PHASES

EXPLORATION

Seismic surveys and exploratory drilling on the ocean bed to ascertain oil and gas reserves and establish accurate locations for drilling.

DEVELOPMENT

Drilling development wells, building oil and gas production facilities, including: offshore production platforms, floating production, storage and offloading vessels (FPSOs).

PRODUCTION

Extraction, storage and offloading of oil and gas.

CORE TOPAZ VESSELS USED ACROSS THE ENERGY EXTRACTION CYCLE

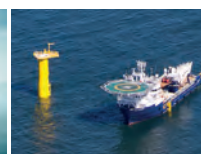
ANCHOR HANDLING
TUG SUPPLY
VESSELS
(AHTSVs)



PLATFORM SUPPLY
VESSELS
(PSVs)



MULTI-PURPOSE
SUPPORT VESSELS
(MPSVs)



EMERGENCY
RESPONSE AND
RECOVERY VESSELS
(ERRVs)



28
vessels
in service



17
vessels
in service



9
vessels
in service



4
vessels
in service

FLEET DEVELOPMENT 2015

- > *Topaz Mamlaka* added to the fleet
- > One 150-tonne bollard pull AHTSV ordered

- > Two light construction Subsea vessels ordered

- > *Topaz Responder* added to the fleet

WIDER VALUE CREATION

We create value for a wide set of stakeholders:

- > Shareholders
- > Governments
- > Customers
- > Employees
- > Reinvestment in the business
- > Suppliers
- > Communities

SALARIES (US\$M)

102.5

2014 / 105.2

COMMUNITY INVESTMENT
(US\$)

27,861

2014 / 69,000

CAPITAL EXPENDITURE
(US\$M)

57.5

2014 / 268.8

TAXES PAID (US\$M)

21.0

2014 / 17.2

INTEREST PAID (US\$M)

55.2

2014 / 62.4

We create value by carrying out these services in a more cost-effective and efficient way than can be done by our customers themselves.

TOPAZ SERVICES PROVIDED

TOPAZ CONTRACT EXPOSURE								
TOPAZ TYPICAL CONTRACT LENGTH	TOPAZ CONTRACT EXPOSURE	TRANSPORT OF PEOPLE AND SUPPLIES	TOWING, ANCHOR HANDLING AND MOORING	SAFETY AND EMERGENCY RESPONSE SERVICES	SUPPORTING SEISMIC SURVEY ACTIVITIES	SUBSEA SERVICES INCLUDING DIVING AND ROV OPERATIONS	CABLE LAYING	INSPECTION, MAINTENANCE AND REPAIR
								
< 1 year	10% of revenue	✓	✓		✓	✓		
< 1 year	90% of revenue	✓	✓	✓		✓	✓	
1-5 years		✓	✓	✓		✓	✓	✓

OUR KEY STRENGTHS HELP US TO BUILD CUSTOMER RELATIONSHIPS AND LONG-TERM VALUE



ABSOLUTE FOCUS ON SAFETY

Safety remains our top priority, with our strong track record recognised as a core strength. We were therefore disappointed to report an increase in our Lost Time Injury frequency (LTIF) in 2015 and we aim to return to an LTI-free position, underpinned by our ongoing work on strengthening our safety culture.

QHSSE 18 ►

QUALITY CREW AND PERSONNEL

The quality of our crew and personnel helps us to win and retain customers. As part of our cost-saving activity in 2015 we took the difficult decision to cut crew salaries in line with severe market conditions. However, we continued to improve crew welfare and career opportunities, by rolling out existing programmes and introducing new initiatives.

Developing our People 20 ►

OPERATING AN OPTIMAL FLEET

We manage our fleet to ensure it matches our customer requirements and market demand. Our aim is not to operate the largest OSV fleet but to run a high-quality one. The Topaz fleet is 8.6 years younger than the industry average and this helps us to achieve enhanced operational, safety and environmental performance.

Our Fleet 30 ►

More information about our competitive strengths 6 ►



OUR COMPETITIVE STRENGTHS

ABLE TO MEET LONG-TERM DEMAND

Our leading market position, well-invested fleet and customer service ethos have helped us to achieve a robust performance during the oil price crisis. By staying agile, focusing on financial and operational efficiencies and winning new business, we can face the future with confidence.



COMPETITIVE STRENGTHS UNDERPINNING OUR BUSINESS MODEL

1

SUPPORTIVE LONG-TERM
INDUSTRY OUTLOOK

More information 10 ►

We continued to demonstrate the resilience of our business model throughout deteriorating market conditions in 2015. We expect significant market pressure to continue into 2016. However, the long-term outlook for the industry remains positive, with a rebalancing of supply and demand for oil and gas anticipated to trigger expenditure in offshore exploration and production and, consequently, to renew appetite for OSV services.

2

DIVERSIFIED, MODERN
AND HIGH-SPEC FLEET

More information 31 ►

Our high-quality, modern fleet is a key factor in our ability to win OSV contracts with our target customers, who place increasing emphasis on safety, operational uptime and fuel efficiency. Our relatively young fleet, approximately 8.6 years younger than the global OSV fleet average, is a recognised competitive differentiator. We continue to expand our fleet conservatively and currently operate 100 vessels (including those under construction) with an average age of c 7.6 years and a net book value of US\$1.2 billion as at 31 December 2015.

3

NICHE POSITIONING IN
CASPIAN HOME MARKET

More information 32 ►

Topaz is the market leader in the core OSV market in the Caspian with its Azerbaijan position as the prime market. The Caspian's unique geography creates high physical barriers to entry, which favour established players and drives long-term contracts. During the global energy market crisis, we continued to perform strongly in this region, maintaining strong core fleet vessel utilisation and signing a major long-term contract. This robustness reflects our leading market position and client relationships, built over many decades. We aim to further consolidate and grow our Caspian presence on this basis.

4

ESTABLISHED RELATIONSHIPS
WITH LEADING INDUSTRY
PLAYERS

More information 2 ►

Our client base is made up of a healthy mix of International Oil Companies (IOCs) and prominent National Oil Companies (NOCs) with strong credit ratings, who contribute a steady and important proportion of our revenue. Our established relations with major clients stretch over multiple years and, in some cases, over several geographies.

5

LONG-TERM CONTRACTS
PROVIDE STABILITY AND
EARNINGS VISIBILITY

More information 22 ►

We target medium- to long-term contracts in our core markets. This model facilitates stable cash generation and visibility of earnings. Our contract backlog equates to over three years' worth of revenues, testament to our strong track record of renewing contracts in our core markets, even during the oil price crisis.

6

SOUND HSE AND OPERATIONAL
TRACK RECORD

More information 18 ►

We know that our high QHSSE standards are a competitive advantage and underpin our strong client relationships, our ability to renew contracts, win new business and implement our strategy. In 2015, we recorded a zero fatal injury rate and a 0.91 Lost Time Injury frequency rate, and we progressed our work in further entrenching our safety culture.

7

ROBUST FINANCIAL
PERFORMANCE

More information 26 ►

Topaz has remained profitable through global economic cycles and, more recently, the oil price crisis. Throughout 2015 we focused proactively on managing costs in order to mitigate EBITDA declines. We will continue to implement our rigorous cost and cash management programme, optimising our working capital and deferring non-essential capital expenditure.

8

EXPERIENCED MANAGEMENT

More information 42 ►

We have a highly professional and collegial management team, who exercise consistent levels of prudence and discipline with respect to return on capital and whose experience and commitment have come to the fore in the recent turbulent trading conditions. Our management team has an average of 27 years of relevant experience.

9

SUPPORTIVE SHAREHOLDERS

More information IFC ►

Our shareholders (Renaissance Services and Standard Chartered Private Equity) continue to support our long-term objectives and have provided both equity and debt injections to enable the future growth of the business. In 2015, Renaissance waived dividend payments and extended a loan repayment date to support our business during the oil price crisis.

VISION AND STRATEGY



René Kofod-Olsen, Chief Executive Officer

"Our vision is to become the 'global local quality champion' and a top five OSV player with profitability in the top quartile. In order to achieve this we remain focused on four strategic priorities."

QUICK LINKS

Our KPIs and Performance 12 ►
Our Marketplace 10 ►
Operational Review 30 ►

IMPROVE EXECUTION

- > Maintain the highest level of operating and technical standards, with continuous improvement in areas such as dry-docking, crewing and technical management
- > Achieve localisation in target markets, by employing local crew, co-investing with local entities and engaging and supporting local communities
- > Maintain an absolute focus on QHSSE, recognising that our strong track record and safe service are our licence to operate
- > Resource, organise and automate our commercial sphere appropriately to support our customer service ethos
- > Invest in our IT function to make it a business enabler in a world increasingly driven by connectivity, mobility and big data

1

EXPAND, RENEW AND REALIGN THE OSV FLEET

- > Expand our fleet through new tonnage and selective acquisitions, focusing stringently on rates of return for all operations and future investments
- > Maintain a modern fleet of vessels with an average age well below the global industry average
- > Optimise our fleet through strategic divestments of ageing and non-core vessels
- > Realign our fleet to focus on mid- to high-end OSVs, predominantly AHTSVs, PSVs, MPSVs and ERRVs, which are more versatile and can fulfil a wider range of client needs

2

DIVERSIFY OUR STRATEGIC PORTFOLIO

- > Protect our earnings by diversifying our portfolio geographically, entering new asset segments and offering new services
- > Stay true to our core business, by subjecting any new asset segments and services to stringent tests to ensure alignment with our core capabilities
- > Pursue positions of scale in our markets to reduce downside volatility and achieve improved economies of scale
- > Renew our Subsea fleet with potential for added-value services
- > Use M&A selectively to expand fleet, achieve scale positions quickly and acquire operating capabilities

3

MAINTAIN A PRUDENT FINANCIAL POLICY WITH STRONG FUNDING CAPABILITY

- > Maintain a strong balance sheet with sufficient liquidity, by focusing on higher fleet utilisation, improving our cost management and focusing on returns from existing assets and future investments
- > Optimise our capital structure by diversifying our funding through a balance of bilateral debt with our relationship banks, accessing capital markets and equity injections from our shareholders
- > Use our cash flows to deleverage our balance sheet, reduce our net debt to EBITDA ratio and fund our disciplined capital expenditure

4

PROGRESS 2015

- > High and stable core fleet utilisation at 86.3%
- > US\$14 million cost reduction
- > Third annual safety culture survey carried out
- > New Commercial structure implemented to push decision-making closer to our customers and markets
- > Centralised Technical and Procurement centre of excellence established
- > Solid progress made in rolling out fleet-wide planned maintenance software suite

PRIORITIES 2016

- > Relentlessly drive operating and overhead costs out of the business
- > Consolidate oversight of marine standards and assurances at a corporate level
- > Drive down technical downtime across the fleet
- > Complete fleet-wide implementation of planned maintenance software
- > Implement Customer Relationship Management software
- > Invest in enhanced crew development through simulator training

MEASURES USED

- > Return on net assets (RONA) **KPI**
- > EBITDA **KPI**
- > EBITDA margin **KPI**
- > Lost Time Injury frequency (LTIf) **KPI**
- > Core fleet utilisation **KPI**
- > Cost of sales

- > Delivered on strategic intent to renew and strengthen the Subsea fleet by ordering two modern light construction vessels from Vard Norway for delivery late 2017
- > Took delivery of one ERRV, now performing relief operations in the Mediterranean
- > Divested one non-core asset
- > Cold-stacked two underutilised assets to protect profitability and cash
- > Maintained average age of our core fleet at approximately seven years

- > Acquire assets with contract backing from distressed situations at below-market value
- > Focus on fleet renewal for medium to large AHSTVs and light Subsea vessels
- > Divest a further two to three non-core or ageing vessels

- > Return on net assets (RONA) **KPI**
- > Core fleet growth
- > Average age of core fleet

- > Three vessels mobilised from MENA to the Caspian to satisfy growing demand
- > Foundation laid for important strategic partnership in Angola

- > Expand our reach in the MENA markets of Saudi Arabia, Abu Dhabi and Egypt
- > Evaluate opportunities in new markets such as Mexico
- > Explore opportunities for small-scale "buy and build M&A" to enter new markets, add services or consolidate positions
- > Win medium- and long-term work in Africa and Subsea

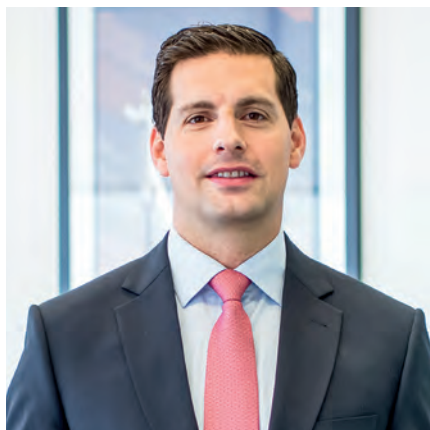
- > Revenue **KPI**
- > Growth from new markets
- > Growth from new clients
- > Diversity of global portfolio

- > Decreased cost base by US\$14 million, by reducing crew costs, driving out inefficiencies, reorganising divisions, and negotiating more favourable terms with suppliers
- > Refinanced entire tranche of US\$350 million of senior secured debt at a lower interest cost, extending the debt maturity until 2022
- > Reduced current capital expenditures and commitment to future capex, except where we believe we can create significant future value

- > Continue our cost reductions through further improvement of operational efficiencies and expenditure, and overhead cost curtailment
- > Maximise fleet utilisation by locking in long-term contracts at lower rates, building backlog and predictable cash flows
- > Undertake regular reviews and stress tests of current liquidity assumptions and forecasts

- > Return on equity (ROE) **KPI**
- > Weighted average cost of capital
- > Interest cost
- > Covenant headroom

OUR MARKETPLACE



Robert Desai, Strategy and Business Development Director

"Faced with the worst market conditions we have encountered we have reshaped our business to make it competitive in tough market conditions."

PRICE PER BARREL (US\$)
HIGH AND LOW IN 2015

\$56.42/\$37.38

PRICE CHANGE IN BRENT OIL CRUDE
DURING 2015

-34%

BRENT CRUDE OIL PRICE 2015 (US\$)



Source: Thomson Reuters

QUICK LINKS

Business Review 22 ►
Operational Review 30 ►
Principal Risks 14 ►

THE KEY QUESTIONS WE HAVE BEEN ASKED DURING THE CRISIS

WHAT'S HAPPENING IN OUR MARKETPLACE?

- > Further deterioration in the oil price, down 46% year on year and down 34% from January to December 2015³, with the lowest oil price for ten years recorded in early 2016
- > The oil price crisis is affecting confidence across the industry, with major International and National Oil Companies suspending new projects and significantly cutting costs

HOW IS THIS AFFECTING THE OSV MARKET?

- > Suspension of new projects and aggressive cost-cutting have dramatically reduced activity levels and consequently demand for OSVs
- > The confluence of vessel oversupply and reduced demand is resulting in extremely difficult and unprecedented OSV market conditions

HOW IS THIS IMPACTING TOPAZ?

- > Topaz's business is less exposed to the suspension of investment in oil exploration, with only around 10% of business directly affected. However, we are under immense pressure generally to reduce our rates in order to stay competitive
- > Given the oversupply of vessels in the market, too many operators are chasing less business – so pressure to reduce prices without cutting back on standards has been intensified

DO YOU FORESEE ANY UPTURN?

Yes. We believe in the long-term industry fundamentals. Global demand for oil continues to grow and with existing oil fields depleting every day, exacerbated by the current underinvestment due to the crisis, the energy market will be undersupplied in the future which in turn will trigger reinvestment.

However, when that will occur we cannot say and it will also take time for any upturn to filter through to firm OSV contracts. When this happens we will be in an excellent position to serve renewed demand for offshore oil production, using our specialised, safe and efficient fleet and experienced personnel.

³ Source: Thomson Reuters.

ADAPTING TO THE NEW REALITY

We have taken quick and decisive action to ensure we can operate under these extremely difficult market conditions. All actions, however tough, are in line with our strategy even though the market has forced us to push harder and faster than we had planned. Our actions ensure our survival and make us stronger, leaner and more competitive for the future.

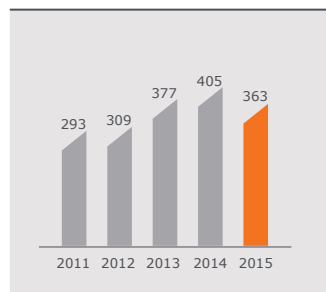
ACTIONS TAKEN

FINANCIAL Reducing our financial burden More information 26 ►	> We have improved our balance sheet by refinancing US\$350 million of senior secured debt at a lower interest cost, extending the debt maturity until 2022	> We undertake regular reviews and stress tests of current liquidity assumptions and forecasts	> We have reduced current capital expenditures and commitment to future capex except where we believe we can create significant future value
OPERATIONAL Cutting costs and improving operational efficiencies More information 22 ►	> We have reduced crew salaries and overhead costs in line with the "new" market realities, i.e. redundancies, curtailing pay rises, and strict controls on new hiring	> We have eliminated any slack and inefficiency in our operations, partly by introducing operational fleet management and maintenance software	> We have negotiated better rates from service providers and product suppliers
COMMERCIAL Building backlog and earnings visibility More information 22 ►	> We have maximised fleet utilisation by locking in long-term contracts at lower rates, building backlog and predictable cash flows	> We have taken advantage of acquiring assets at significantly lower vessel prices	> We have introduced a rigorous process to determine how best to manage our fleet, including lay-ups and divestments. To date we have laid up two vessels and have divested one non-core asset
ORGANISATIONAL Using our competitive strengths to our advantage More information 32-35 ►	> We have mobilised vessels into the Caspian where demand is higher	> We merged the Subsea division with the MENA division operationally in order to reduce staffing levels and overhead costs	

OUR KPIs AND PERFORMANCE

FINANCIAL KPIs

REVENUE (US\$M)



VARIANCE 2015
OVER 2014

-10.4%

WHY WE HAVE CHOSEN
THIS MEASURE

- > To monitor the level of operating activity and growth of the business

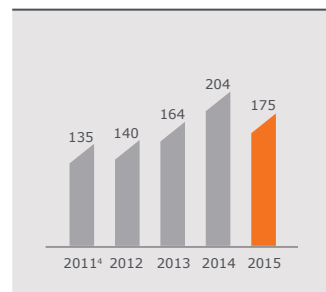
HOW WE HAVE
PERFORMED

- > Pressure on utilisation and rates in all markets, but predominantly in Africa and MENA, contributed to a 10.6% revenue decline in the year

Link to
strategic
priority

3

EBITDA (US\$M)



VARIANCE 2015
OVER 2014

-14.2%

WHY WE HAVE CHOSEN
THIS MEASURE

- > To monitor the operating profitability of the business

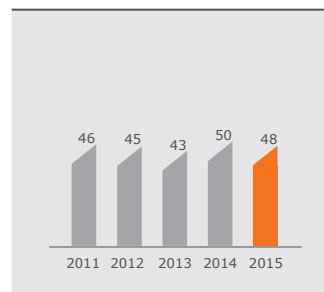
HOW WE HAVE
PERFORMED

- > Following the revenue reduction, EBITDA fell by only 14.2%, a strong result reflecting significant cost savings

Link to
strategic
priority

1

EBITDA MARGIN (%)



VARIANCE 2015
OVER 2014

-2.0ppt

WHY WE HAVE CHOSEN
THIS MEASURE

- > To measure how efficiently we convert revenue into EBITDA

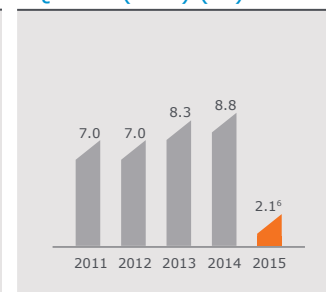
HOW WE HAVE
PERFORMED

- > By defending our fleet utilisation, our EBITDA margin remained comparatively steady

Link to
strategic
priority

1

ADJUSTED RETURN ON EQUITY⁵ (ROE) (%)



VARIANCE 2015
OVER 2014

-6.7ppt

WHY WE HAVE CHOSEN
THIS MEASURE

- > To measure how efficiently we generate net profits from our equity capital

HOW WE HAVE
PERFORMED

- > Our ROE reflects the extremely challenging trading conditions the business faced in 2015

Link to
strategic
priority

4

⁴ Adjusted 2011 EBITDA of US\$135 million is calculated as unadjusted 2011 EBITDA of US\$121 million plus one-off costs: IPO costs of US\$8.1 million, unamortised arrangement fee of US\$1.8 million, provision against a tax claim of US\$1.9 million, and impairment of receivables of US\$1.8 million.

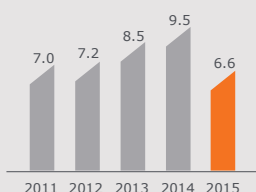
⁵ Net profit/total equity.

⁶ Excluding impairment charge for 2015.

⁷ NOPAT/adjusted fixed assets + net working capital excluding impairment losses.

⁸ The number of injuries resulting in lost time incidents from work per one million Hours Worked.

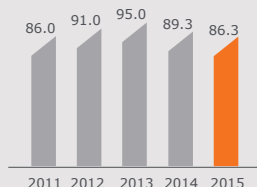
OPERATING KPIs

ADJUSTED RETURN ON
NET ASSETS⁷ (RONA) (%)VARIANCE 2015
OVER 2014**-2.9ppt**WHY WE HAVE CHOSEN
THIS MEASURE

- > To measure how efficiently we generate operating profits from our asset base

HOW WE HAVE
PERFORMED

- > Our assets have been gainfully employed to a large extent, although at reduced rates. This has contributed to a 2.9ppt reduction in our RONA performance

Link to
strategic
priorities**1&2**CORE FLEET
UTILISATION (%)VARIANCE 2015
OVER 2014**-3.0ppt**WHY WE HAVE CHOSEN
THIS MEASURE

- > To measure the average operational uptime of our core fleet

HOW WE HAVE
PERFORMED

- > We defended a traditionally high utilisation rate of our core fleet through very high uptime in the Caspian and MENA

Link to
strategic
priority**1**LOST TIME INJURY
FREQUENCY (LTIf)⁸VARIANCE 2015
OVER 2014**+0.70**WHY WE HAVE CHOSEN
THIS MEASURE

- > To measure our safety performance

HOW WE HAVE
PERFORMED

- > One unfortunate incident in the Caspian caused our LTIf to spike in 2015. However the business delivered a robust safety performance, further entrenching the safety culture

Link to
strategic
priority**1**

PRINCIPAL RISKS

RISK IS AN INHERENT COMPONENT OF TOPAZ'S BUSINESS ACTIVITIES

The ability to effectively identify, assess, measure, respond to, monitor and report on risk in our business activities is critical to the achievement of Topaz's vision and strategic objectives.

HOW WE MANAGE OUR RISKS

To help mitigate and manage our risks, Topaz utilises an Enterprise-wide Risk Management (ERM) process designed to provide the Board and management with the capabilities needed to identify, assess and manage the full spectrum of risks inherent in our industry. Through this process, which includes input from our business unit leaders, departmental managers and operational staff, alongside counsel from our Group Risk and Compliance department, we have formally identified five principal risk areas specific to Topaz. We list these together with our key controls and mitigation strategies in the table on the opposite page.

CHANGES IN RISK PROFILE

During the year under review, three of our risk areas increased and two remained stable.

- > Industry risk
- > Financing/Liquidity risk
- > Political/Market risk



What has caused these changes?

In summary, the oil price crisis has had a significantly negative impact on the oil and gas industry, in turn affecting demand for OSV services. The sharp curtailment in oil and gas investment has dented confidence and reduced the OSV industry's ability to raise finance for future growth. Many oil- and gas-producing regions have been subjected to economic turmoil as a direct result of the oil price crisis and some have also encountered political unrest.

How are we mitigating these increased risks?

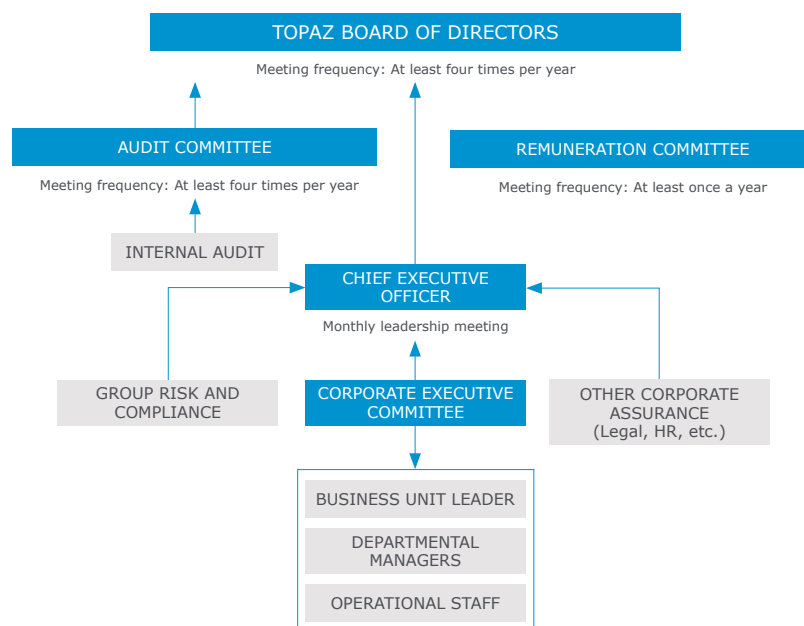
Our robust business model, focus on long-term contracts and long-standing relationships with credit-worthy customers across a number of geographical markets help to mitigate many of the risks associated with economic downturns. In addition, as detailed on pages 10 and 11, we have taken immediate action to accelerate our operational and financial efficiency as a direct response to the oil price and industry crisis.

QUICK LINKS

- Our Marketplace 10 ►
- Business Review 22 ►
- Corporate Governance 36 ►

OUR RISK MANAGEMENT APPROACH

Our overall governance framework supports our independent risk management and our systematic processes and reporting.



NEW COUNTRY ENTRY RISK

Before entering into a new country, our functional teams manage the associated counterparty, country, political, legal and operational risks through a robust country entry process.

New country entry risk is managed by functional and operations teams who gather intelligence through local content service providers about local regulations and dynamics. Functional heads, including QHSSE, finance and legal, research local knowledge and consolidate information on how to manage market, financial, liquidity and legal risks. Efficient legal and operating structures are discussed with professional lawyers and advisors to mitigate any legal set-up and tax exposure risks.

At the same time, the Corporate Management team analyses and identifies potential JV partners, if not already done, who could be Topaz's local partner to provide in-country knowledge and expertise.

Once the necessary planning has been completed, the Regional Director responsible for that country spearheads the execution along with the functional heads and local JV partner to set up the company in the new country as per the agreed processes.

	NATURE OF RISK	POTENTIAL IMPACT	KEY CONTROLS AND MITIGATION STRATEGIES
1 INDUSTRY RISK  YEAR-ON-YEAR CHANGE	Topaz primarily provides services to clients in the upstream oil and gas industry. Topaz's revenue depends on the level of expenditure by that industry on exploration, development and production, which may be volatile due to many factors, including oil prices, and is beyond the Group's control.	Any decline in expenditures by the oil and gas industry may result in decreased demand for Topaz's services, which may lead to a material adverse effect on the Group's business, operational results, financial condition and prospects. During 2015, the oil price fell precipitously resulting in a curtailment in offshore activity, which has impacted the offshore industry significantly.	> Reliance on industry expenditure effectively diversified among a large number of clients, sectors and geographies > Operations tied in to stable development and production phases rather than the more volatile exploration phase > Robust base of NOC clients that, to a large extent, continue to invest through market down-cycles > Many long-term contracts straddle business cycles and smooth the impact of short-term volatility
2 FINANCING/ LIQUIDITY RISK  YEAR-ON-YEAR CHANGE	The Group requires significant funding to finance capital expenditure to support the continued growth of its business and hence has an asset-hungry model with a high cost of ownership. The Group's ability to secure additional debt depends on financial and economic factors such as liquidity in the market, currency and interest rate risk, and other factors, many of which are beyond Topaz's control.	An inability to obtain sufficient financing on reasonable terms, or at all, may prevent the Group from effectively pursuing its growth strategy, which may have a material adverse effect on the Group's business, operational results, financial condition and prospects. During 2015, financing options available to offshore owners waned, making it more challenging to raise capital for fleet expansion.	> Relationships with several local and international banks to raise different project financing, such as conventional shipping loans, Islamic loans and export credit financing, alongside access to the public bond markets > Diversified lender base helps mitigate future financing risk > Long-term charter of vessels, longer tenor of term debt and cash flows, mostly in US Dollars, mitigate risk > Currency risk mitigated by hedging 100% of estimated foreign currency exposure in respect of forecast capital commitments and by using forward currency contracts
3 HEALTH, SAFETY & ENVIRONMENTAL RISK  YEAR-ON-YEAR CHANGE	The Group's operations are exposed to a number of risks, such as adverse weather conditions, piracy, mechanical failures, collisions, sabotage and hazardous substance spills.	Any health, safety or environmental accident in which the Group is involved could result in significant reputational damage and have a material adverse effect on the Group's operational results, financial condition and prospects.	> Integrated management system used to ensure compliance with industry and regulatory requirements > Continuous training of frontline staff and reinforcement of safety culture > Company appropriately insured against financial losses associated with HSE incidents
4 POLITICAL/ MARKET RISK  YEAR-ON-YEAR CHANGE	Topaz has historically generated most of its revenue from operations in the Caspian, West Africa, Russia and MENA regions, where economic, political and social conditions can be volatile and may deteriorate in the future.	Any of the risks described could have a material adverse effect on Topaz's business, operational results, financial condition and prospects. In 2015, Topaz's operating regions experienced considerable political and economic turmoil.	> Changing landscape of political risk monitored, particularly for countries with high political risk environments > Operations in numerous markets reduce Topaz's exposure to any one market or region > Policy of localisation in key markets further entrenches Topaz's local presence and acceptance > Main customers are IOCs and NOCs
5 OPERATING RISK  YEAR-ON-YEAR CHANGE	Topaz's high quality of services to its variety of clients depends on its crew efficiency, local regulations and dynamics, and the support of its vendors for supplies.	Non-availability of efficient and skilled crew or timely support of vendors and suppliers could have a material adverse effect on the Group's operations.	> Focus on active crew competency through recruitment, training and Competency Assurance Programme > Strong knowledge of local regulations > Standardised framework agreements with vendors to plan and stock major supplies to ensure business continuity

SUSTAINABILITY



PROVIDER OF CHOICE

As the leading operator in the Caspian market we are the first choice for many International Oil Companies. At the start of 2015, Topaz Marine Caspian secured charters for three vessels on BP's Shah Deniz-2 Project in Baku.

3 CHARTERS SECURED FOR
BP'S PROJECT IN BAKU



WE FOCUS ON THREE KEY AREAS TO ENSURE WE ACHIEVE OUR VISION IN A SUSTAINABLE WAY

ABSOLUTE FOCUS ON QUALITY, HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Our commitment to develop our safety culture through performance and innovation underpins our reputation, our client relationships and our ability to implement our strategy effectively.

1

DEVELOPING OUR PEOPLE

We recognise our people as a core strategic strength. We need to ensure they are not only well-trained, motivated and performance-orientated but also committed, able and enthusiastic about tackling the challenges and realising the opportunities we face.

2

SUPPORTING OUR COMMUNITIES

We aim to influence the communities where we operate positively by increasing our levels of local recruitment and suppliers, providing local people with valuable maritime skills and employment opportunities, and supporting relevant charities.

3



Ealbra Moradkhan, HR Director

"The quality of our people is central to our ability to run Topaz in a sustainable way. Their ethos and high standards help us to deliver quality service and uphold the Topaz brand for all our stakeholders."

QUICK LINKS

Focus on QHSSE 18 ▶
Developing our People 20 ▶
Supporting our Communities 21 ▶

THE BUSINESS CASE

We think and act for the long term, knowing that our reputation for working in a responsible, safe and sustainable way helps us attract the best people, win and serve clients and grow our business in target markets.

This ethos is imperative, particularly in tough market conditions, as we can only achieve our strategic plans if we have strong business principles and values in place.

SUSTAINABILITY CONTINUED

ABSOLUTE FOCUS ON QUALITY, HEALTH, SAFETY, SECURITY AND ENVIRONMENT (QHSSE)

1

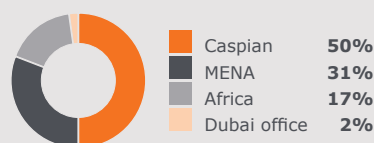
"Quality, Health, Safety, Security and Environmental (QHSSE) standards are fundamental to Topaz's operational activities, its delivery of quality and business excellence and its ability to implement its strategy."

Geoff Taylor, Chief Operating Officer

2015 SAFETY CULTURE SURVEY RESPONSES BY RANK/ROLE



2015 SAFETY CULTURE SURVEY RESPONSES BY REGION



QUICK LINKS

Business Model 4 ▶
Our KPIs and Performance 12 ▶
Vision and Strategy 8 ▶

OUR QHSSE ETHOS

Topaz places great importance on the pursuit of QHSSE excellence throughout the organisation. Our continual focus on safety performance naturally improves our levels of operational excellence that underpin the Company's reputation, client relationships and ability to implement strategy effectively. Topaz's continual drive to develop its safety culture, through both performance and innovation, provides a unique competitive advantage.

MEETING THE RIGHT STANDARDS

Topaz stringently complies with and applies a number of international conventions and standards, as well as periodic survey and inspection requirements. International conventions with provisions relating to QHSSE include:

- > the International Safety Management Code for the Safe Operation of Ships and Pollution Prevention ("the ISM Code")
- > the International Convention for the Safety of Life at Sea (SOLAS), which specifies minimum standards for the construction, equipping and operation of vessels
- > the International Convention for the Prevention of Pollution from Ships/ Vessels ("MARPOL 73/78"), which in the Caspian region strictly limits, and in some cases entirely prohibits, the discharge of waste (including garbage, grey water, sewage and oil)
- > The ILO Maritime Labour Convention (MLC) 2006, which establishes minimum working and living standards for all seafarers on ships flying the flags of ratifying countries. It is also an essential step forward in ensuring a level playing field for ship owners who, until MLC's adoption, had paid the price of being undercut by owners who operated substandard ships
- > Multiple ISO standards such as 9001 (Quality), 14001 (Environmental) and OHSAS 18001 (Occupational Health and Safety)

- > Offshore Vessel Management Self-Assessment (OVMSA) and Offshore Vessel Inspection Database (OVID) – key assessment tools demanded by our oil major clients.

Topaz has historically undergone annual external audits of its compliance with the standards referred to above. Topaz's QHSSE teams also carry out relevant internal audits on a regular basis.

QHSSE PERFORMANCE LINKED TO STRATEGIC FOCUS

A key factor behind Topaz's strong QHSSE performance is its strategic focus on deploying a younger fleet, with an average vessel age significantly lower than the industry average. By operating more modern and better-functioning vessels and equipment we are less likely to experience technical issues than with substantially older equipment. This commitment to high quality is at the heart of Topaz's strategic ambitions and has a positive impact on our QHSSE drive and resulting performance.

QHSSE STEWARDSHIP

Topaz remains an active member of the International Marine Contractors Association (IMCA), an international trade association promoting safety within the offshore, marine and underwater engineering industries. In addition, in 2014 our Head of QHSSE was elected by industry peers onto the committee of the IMCA Middle East and India Section, now allowing Topaz to participate directly in the core meetings of the Safety, Environment and Legislation (SEL) Committee.

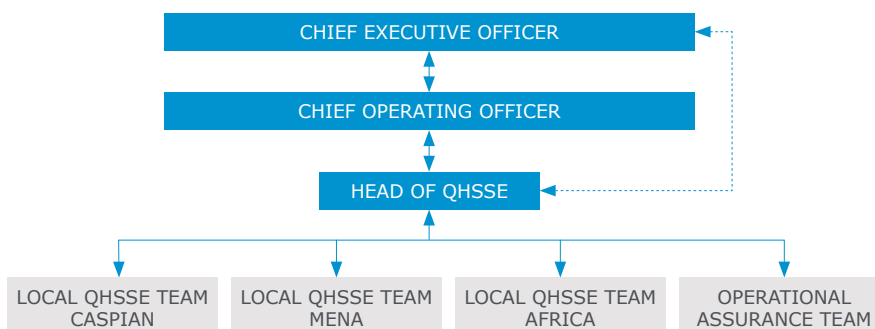
KEY QHSSE ACTIVITIES IN 2015

Improved certification oversight

2015 saw the successful elevation of ISO and OHSAS certification from the operating units to the Corporate level, in all three key standards – 9001, 14001 and 18001. This now provides even greater oversight and ownership of the key processes that continually monitor, improve and shape the necessary

HOW WE MANAGE QHSSE

Topaz Energy and Marine's Head of QHSSE reports to the Chief Operating Officer and is supported by a local QHSSE team in each of the business' operating regions.



systems to deliver the quality of service expected by Topaz and demanded by our clients.

Self-Verification Programme

We implemented our inaugural Self-Verification Programme (SVP). Drafted in conjunction with some of our biggest clients, the SVP provides Topaz employees and client representatives with clear and documented goals and targets that we will strive to achieve in all functions. With a broad focus on delivering absolute operational excellence and internal oversight, the SVP will be another key tool in delivering world-class services in all operations.

Safety Culture Survey

In 2015 we completed our third annual Safety Culture Survey. Through this exercise the Company continues to listen to and act upon valuable employee feedback and the analysis provided by our dedicated team of occupational psychologists. The value of the survey remains readily apparent, with 77% of employees completing it in 2015, increasing from 70% in 2014. The number of free-text comments continues to increase, and the most valuable of these have been answered within the

report, and acted on where they can be translated into value-adding initiatives within the Company.

With three years' worth of data, Topaz continues to compare responses year on year, gaining further insight into what rung we occupy on the Safety Culture Ladder and how our safety culture continues to develop.

QHSSE PRIORITIES IN 2016

The top priority for 2016 is to return to an LTI-free position. Topaz aims to provide an injury-free workplace for all employees as a key fundamental to promoting safe and continuous operations, and our LTI frequency reflects our progress towards this goal. It therefore remains an imperative to focus on the causes of all incidents and apply the Lessons Learnt in order to enhance the safety of our operations and workplaces.

We will continue to build upon the successes and learnings from our annual Safety Culture Survey. We remain committed to continual improvement of our safety culture, delivering improved solutions that engage and empower all employees, as we work towards becoming truly incident- and injury-free.



▲ Toolbox Talk on board *Topaz Responder*

The crew of ERRV *Topaz Responder* conduct a Toolbox Talk, which is essential for effective hazard recognition and the implementation of relevant safety measures on board.

TOPAZ ENERGY AND MARINE QHSSE PERFORMANCE

Topaz measures its QHSSE performance against set targets in several key indicators as set out below:

KPI	Our 2015 performance	IMCA ⁹ Benchmark	Variance 2015/2014	Change in performance
FATAL ACCIDENT RATE (FAR) The number of fatal incidents per 100 million Hours Worked	Zero	0.75	+/- 0.0	➔
LOST TIME INJURY FREQUENCY (LTIF) The number of injuries resulting in lost time incidents from work per one million Hours Worked	0.91	0.54	+0.70	⬇
TOTAL RECORDABLE INJURY RATE (TRIR) The number of recordable injuries per one million Hours Worked	2.19	2.18	+0.29	⬇
ENVIRONMENTAL INCIDENT FREQUENCY (ENVF) The number of incidents resulting in environmental impact per one million Hours Worked	0.73	0.76	+0.31	⬇
SAFETY OBSERVATION FREQUENCY RATE (SOFR) The number of Safety Observations submitted per 200,000 Hours Worked – a rate that should rise year on year	1,198	360	+73	⬆
MANAGEMENT VISIT RATIO (MVR) Number of Managerial Visits per 200,000 hours Worked	36.14	6.44	+14.19	⬆
TOTAL HOURS WORKED¹⁰	5,466,280	IMCA Band D	+736,368	

Three of our measures have been retitled to align directly with industry (IMCA) definitions. We are also reporting MVR this year, a measure that we have just recorded internally until now.

⁹ International Marine Contractors Association.

¹⁰ Positive/negative change not applicable.

SUSTAINABILITY CONTINUED

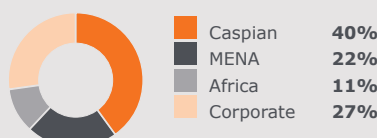
DEVELOPING OUR PEOPLE

2

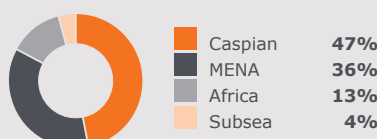
“Even in the most challenging of markets, we have continued to enhance crew welfare and offer training and development opportunities.”

Ealbra Moradkhan, HR Director

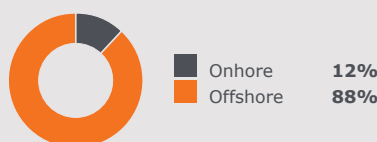
ONSHORE STAFF BY OPERATING REGION



OFFSHORE STAFF BY OPERATING REGION



ALL EMPLOYEES



QUICK LINKS

Topaz at a Glance 2 ▶
Our Fleet 30 ▶
Business Model 4 ▶

A RECOGNISED STRATEGIC STRENGTH

As do our customers, we recognise that the quality of our crew and personnel is a core strategic strength. We need to ensure that we have a well-trained, motivated and performance-orientated workforce who are committed, able and enthusiastic about tackling the challenges and realising the opportunities we face. Operating conditions in 2015 were certainly very difficult and forced us to make cost savings across the board. We understand that salary cuts impact our crew heavily but the overriding priority must be staying in business so that we can continue to provide work for our employees. This included the difficult decision to cut crew salaries. We also merged business units to reduce overhead costs.

In such challenging times, however, it remains as important as ever to enhance crew welfare and offer training and development opportunities. Below we outline the initiatives that we introduced in 2015 and provide a progress update on existing programmes.

PERFORMANCE MANAGEMENT

360 Degree Feedback

360 Degree Feedback is a process from which employees receive confidential, anonymous feedback from the people who work around them, including line managers, subordinates, team members and/or peer groups. As and when applicable, individuals are prompted to complete a series of 55 questions related to the Topaz competences. In 2015, we added HSE-specific elements to our in-house developed tool. The HSE-specific questions have been included to provide data to support our annual Self-Verification Programme and Safety Culture Survey, and will be analysed separately to identify strengths and improvement opportunities within the organisation's safety culture. The system will collect all data from the questionnaires anonymously and generate a report, which provides individuals with information on how their behaviour is perceived by the people who work around them.

Performance Management Dashboard

Launched as a pilot scheme in 2013 and rolled out to all employees in 2014, our Performance Management Dashboard is now fully operational. It provides a simplified platform for managers to review our employees' past performance, set future goals, improve our employees' understanding of what is expected of them and reinforce our commitment to career development and performance-related remuneration.

TRAINING AND DEVELOPMENT

Pride and Loyalty initiatives

Our training matrix has been developed to ensure that our crews have the opportunity to attain, refresh or enhance

the knowledge and skills required to meet the Company's competence standards as a minimum. The Company has identified two key ways of delivering training most effectively:

- > **Computer-based Training (CBT)** is carried out on board our vessels and provides theoretical learning on key industry requirements and processes, or is used to prepare and/or assess crews before embarking upon practical training or drills on board. The CBT is provided by new-generation Videotel units, which are linked to a cloud-based system so that training courses can be scheduled and tracked from onshore offices
- > **Simulator Training** uses sophisticated maritime simulators to replicate the hazardous environment and complex scenarios experienced on board offshore vessels, such as anchor handling, winch operations, ship handling and rig moves. It is an excellent way of developing practical skills in the handling of such potentially hazardous scenarios in a controlled and safe environment. We use reputable service providers to deliver the training.

Operational Assurance

In 2015, to further strengthen our focus on safety and operational performance, we introduced Operational Assurance Officers. These teams, made up of fleet Masters and Chief Engineers, visit our vessels to monitor the safe and effective implementation of Company policies on board. They also coach crews on how to improve standards, safety culture or delivery of operations, where necessary.

The introduction of our Operational Assurance Officers allowed us to kick start our Competence Assurance Programme, which we piloted in 2014. Since June 2015, the Operational Assurance Officers have been assessing our Masters and Chief Engineers against the Company's competence standards. They assess the "core" knowledge and skills required for these roles, such as safety awareness, leadership and communication skills, vessel management/maintenance, as well as more technical skills. They also assess vessel-specific competences, such as handling the vessel during DP or anchor handling operations. If the Operational Assurance Officers identify any gaps in knowledge or skills they provide coaching and mentoring, or recommend appropriate training or development. When visiting our vessels the Operational Assurance Officers also conduct competence assessments on our Senior Officers, ensuring that any gaps in competence are identified and addressed through appropriate training or coaching.

Around 15% of our Masters and Chief Engineers have been assessed through the Competence Assurance Programme to date.

FUTURE DEVELOPEMENTS

- > **Improving our understanding of employee behaviour**
Analysis of employee behaviour, particularly in relation to safety culture, from our 360 Degree Feedback process
- > **Rolling out our Competence Assurance Programme**
We aim to complete competence assessments for 40% of our Masters and Chief Engineers by the end of 2016
- > **Boosting our talent pool**
We are undertaking a formal talent mapping exercise in order to enhance our succession planning, to ensure we have a strong talent pool to achieve our strategic growth plans.



▲ Rig move simulator training

Topaz crew performing a rig move on the Kongsberg Offshore Simulator. The simulated training exercises are carried out on an AHTS vessel (GRT 3,000, BHP 17,000) in the Azerbaijan sector of the Caspian Sea, at the actual depth and on the sea bed, so they closely replicate our real operations.



▲ The Flying Angel

Still the only support vessel of its kind, the purpose-built *Flying Angel* provides thousands of seafarers with basic amenities, such as the ability to communicate with family and friends through the provision of satellite phones and internet access. Through its support of the *Flying Angel* via the "Mission to Seafarers" charity, Topaz aims to improve the quality of life for as many sailors as possible.

SUPPORTING OUR COMMUNITIES

3

"We pride ourselves on being a responsible corporate citizen, positively influencing the communities where we operate."

LOCALISATION IN AZERBAIJAN 2015 ONSHORE EMPLOYEES



LOCALISATION IN AZERBAIJAN 2015 OFFSHORE EMPLOYEES



TOTAL LOCALISATION RATE IN AZERBAIJAN 2015



ENHANCING MARITIME TRAINING IN SAUDI ARABIA

We have established a range of training programmes, in cooperation with King Abdul Aziz University (KAAU) in Saudi Arabia. The value of our training has been formally recognised by our customers in the region.

In 2015, we invited seven KAAU cadets to complete their mandatory sea training aboard Topaz vessels, as part of their curriculum. Five cadets plan to join Topaz once they have graduated. We also are sending new Saudi recruits to KAAU and the International Maritime College in Oman for Basic Safety Training, and "Rating" courses.

INCREASING LOCAL RECRUITMENT (LOCALISATION)

In certain areas of operation we are required to fulfil targets regarding the percentage of local nationals that we employ. We work with our clients to demonstrate our progress against this requirement and in 2015 we received good appraisals from one of our clients, having achieved a localisation rate of over 95% for our Company staff and crew in Azerbaijan.

At a more strategic level we consider the localisation of employees and suppliers as a positive move as it boosts our local presence and brand in our areas of operation, enhances our local knowledge, reduces red tape and facilitates our ability to achieve our long-term strategic growth aspirations. In 2015, we made great strides in Angola to establish local partnerships and JVs, which we believe will help us to secure contracts in the future.

Through our HR department we also provided training and implemented initiatives to support our commitment to localisation. This included local crew training, such as anchor handling simulation and ship handling, in order to nationalise command staff on our vessels.

SUPPORTING MARITIME CHARITIES

We continued to support the "Mission to Seafarers" through charitable donations, which totalled US\$27,861 in 2015 (2014: US\$69,000) despite the tough economic conditions. This organisation works to improve the quality of seafarers' lives and Topaz has sponsored one of its main initiatives, the purpose-built *Flying Angel* seafarer support vessel, since 2009. This cause remains very relevant to our employees and their families and friends.

BUSINESS REVIEW

An illustration of an offshore supply vessel deck. In the foreground, two workers in orange safety gear and white hard hats are operating a large orange winch. One worker is pulling a cable. In the background, another worker stands near a large orange crane. The vessel has multiple decks with railings, lifebuoys, and various pieces of equipment. The name 'MUSTER POINT' is visible on the side of the vessel. The sky is a deep blue with stylized white clouds.

INVESTMENT IN OPERATIONAL SAFETY

As part of our Competence Assurance Programme, our new Operational Assurance Officers have been assessing, coaching and mentoring our Masters and Chief Engineers across a variety of operational and technical standards, including safety awareness, leadership and communication skills and vessel management/maintenance.

c15% OF OUR MASTERS
AND CHIEF ENGINEERS
ASSESSED TO DATE



René Kofod-Olsen, Chief Executive Officer

"By staying agile and focusing on financial, operational and commercial efficiencies we achieved an acceptable set of results under exceptionally difficult circumstances. More of the same will be required during 2016."

REVENUE (US\$M)

363 -10%

2014 / 405

EBITDA (US\$M)

175 -14%

2014 / 204

NET PROFIT (US\$M)

20¹¹ -66%

2014 / 52

QUICK LINKS

Business model 4 ►
Vision and Strategy 8 ►
Sustainability 16 ►

Our Chief Executive Officer, René Kofod-Olsen, reflects on Topaz's progress during 2015 and speaks about the Company's response to the current oil price crisis.

Q: CAN YOU GIVE US YOUR PERSPECTIVE ON THE 2015 RESULTS?

A: In 2015 the global OSV market was characterised by a sharp fall in vessel utilisation and rates, with many of our peers struggling amid high leverage and dwindling revenues. In light of these conditions, Topaz delivered a robust operational and financial performance. Compared to our record year of 2014, our revenues and EBITDA declined by 10% and 14%, respectively. Our operating margin remained stable at 48% and our core fleet utilisation declined to 86.4%, a reduction of just 2.9 percentage points. Although this result is not what we had projected, it reflects the resilience of our business model in the most challenging market conditions in recent memory.

Notable milestones during the year included the signing of a 14-vessel contract with BP in Azerbaijan, the refinancing of our senior secured bank debt with significantly improved terms, and the placing of an order to build two new Subsea vessels for delivery in 2017. We added two vessels to our fleet in 2015 and both of them have found profitable homes.

Operationally we made great strides towards a more efficient and leaner service delivery, with the roll-out of an operational assurance enhancement plan and an integrated vessel management software suite. Our safety record has not improved in the way we would have liked but we remain committed to our target of operating an injury- and incident-free business, and are making investments to back that commitment.

Q: WHAT IS YOUR VIEW OF THE CRISIS AND HOW HAS TOPAZ RESPONDED?

A: The core fundamentals of the oil and gas industry remain positive. Hydrocarbons are necessary to meet the world's growing energy demand, and the steady depletion of existing fields continues. In view of the current underinvestment by oil majors, we are at a risk of acute undersupply in a few years' time and oil price spikes.

In our industry a time lag exists between oil price movements and demand for OSVs. So even if the oil price should move to US\$70-80 per barrel by the end of the year, which now seems unlikely, I do not expect the OSV market to materially improve in the same timeframe. Any near-term uplift in demand will continue to be held back by the oversupply of tonnage that exists. But in the medium term, we expect the OSV market to stabilise and eventually return to a more equally-balanced supply and demand scenario.

Now of course, in order to take part in the inevitable recovery, you have first of all to survive the downturn. At Topaz, we have responded to the crisis in four distinct ways:

- > Firstly, we reduced our operating expenditure and overhead costs in line with the "new" market realities. This has unfortunately included reducing crew salaries, and making staff redundancies. But I am happy to say that we have been able to keep almost all of our marine crews intact. Our cost-cutting programme also involved negotiating better rates from service providers and product suppliers and driving out slack and inefficiency in our operations, supported by introducing operational fleet management and maintenance software
- > Secondly, we are maximising fleet utilisation by locking in long-term contracts, albeit at lower rates, thereby building backlog and predictable cash flows. A notable example is the 14-vessel contract with BP Azerbaijan that stretches over five years with two option years. Topaz has always employed a medium- to long-term contracting model and this has served us well coming into and during this crisis
- > Thirdly, we have improved the strength of our balance sheet by reducing our near-term capex commitments and by refinancing US\$350 million of senior secured debt at lower interest rates and extending the debt maturity until 2022
- > Lastly, we have invested where we believe we can create significant value in the future. We have, for example, placed orders for two new-build Subsea vessels with Vard Norway and an AHTSV for Aramco against a firm three-year contract. In both instances we have secured a significant discount to prices paid by our competitors for similar ships. We will continue to look for similar investment opportunities as our strong balance sheet and access to contracts means we will be able to benefit greatly from this trend.

Q: ARE THERE ANY OTHER OPPORTUNITIES ARISING FROM THE CURRENT OIL PRICE CRISIS?

A: The crisis has led to financial distress and, alongside opportunities to acquire assets at prices unheard of during 2014 as I have just mentioned, we are also witnessing balance sheet restructuring, bankruptcies and market exits among our peer group. Given the ongoing pressure across the industry to reduce costs and the current fragmented OSV market, it is expected that a certain degree of market consolidation will take place. For well-capitalised businesses, such as ours, this may create further opportunities for corporate and fleet acquisitions. Should we pursue any corporate M&A activity we would continue to apply our three

¹¹ Net profit before exceptional items.

BUSINESS REVIEW CONTINUED



▲ Investing in subsea innovation

The order of the two new-build modern light construction vessels from Vard Norway in 2015 reiterates the confidence Topaz has in the strength of the subsea sector and supports its strategic intent to renew and strengthen its Subsea fleet. The DP2 class vessels will have a 120-tonne active heave compensated offshore crane with the capability to reach working depths of 3,000 meters. Subsea equipment can be lowered down onto the seabed through a moonpool or over the shipside. In addition, both vessels will be prepared for two Remotely Operated Underwater Vehicles (ROVs), which are deployed via Launch and Recovery Systems (LARS) in the ship's side. The vessels will be built according to the latest Special Purpose Ship (SPS) regulations, with diesel electric engines and the ability to accommodate up to 82 persons in high standard cabins.



▲ 14-vessel OSV contract with BP Azerbaijan

Topaz secured a multi-vessel, multi-year contract with BP Azerbaijan during the year. Under the terms of the deal, Topaz will supply 14 OSVs over a five-year period, plus two one-year options, primarily to support BP's ACG and Shah Deniz II fields offshore Azerbaijan. The agreement covers 14 vessels until 2023, including large anchor-handlers, PSVs and emergency response and recovery vessels.

Notable vessels involved in the deal include two of the most powerful vessels operating in the Caspian basin – *Caspian Challenger* and *Caspian Endeavour* (17,200 BHP and 190 tonnes bollard pull), and the *Caspian Voyager*, the largest PSV in the Caspian by size.

key filters:

- > Avoiding excessive risk
- > Preserving our Company culture
- > Defending our disciplined approach to capital deployment.

Q: ARE YOU SUITABLY CAPITALISED TO SUSTAIN A PROTRACTED PERIOD OF MARKET WEAKNESS?

A: Yes. As one of very few global OSV operators, we were able to take strong financial decisions in 2014 and 2015. These actions are underpinning our financial resilience today.

We refinanced our debt book during Q1 2015, extending the debt maturity until 2022 and thereby reducing our cash outlay on debt repayments by US\$30 million annually. We have restricted capital expenditure to a minimum and we have made no commitments to new assets over and above the three new-build vessels that will join our fleet in 2017. We have a committed revolving credit facility of US\$100 million, which can be drawn down to meet any short-term liquidity gap, and we undertake regular reviews and stress tests of current liquidity assumptions and forecasts.

Q: IS THE COMPANY OPERATING IN THE RIGHT MARKETS?

A: We currently operate in four key markets. Whilst each has different characteristics, we believe that we have a strategically-balanced geographic portfolio that provides both enough stability to ensure we survive the crisis, as well as the potential to support our future growth aspirations.

- > Caspian, our home market, where we are a clear market leader, is showing both resilience and opportunity
- > The market prospect and our business performance in the Middle East is generally stable, but we anticipate some short-term pricing pressure owing to several new and inexperienced entrants. In the long term, we expect any turbulence in the MENA market to dissipate
- > The West African market, specifically the main markets of Nigeria and Angola, are struggling at a country level, owing to reforms alongside financial pressure from the low oil price. However, we remain of the firm belief that our presence in this region, even during a period of low margins, is warranted and sustainable
- > Our participation in the subsea market is predicated on many, promising opportunities. Demand for inspection, maintenance and repair (IMR) services will continue as a result of the surge in the number of subsea installations in the Atlantic basin in recent decades. With more and more installations now positioned nearer the wellhead, we foresee increased requirements for our services in both construction and maintenance projects, and we expect to grow our Subsea activities in the Atlantic basin and the Caspian.

In summary, we believe that our focus on these four key markets will enable us to achieve our long-term strategic growth aspirations. We aim to achieve these, without jeopardising our risk profile, either organically or through selective M&A activity.

Q: YOUR SAFETY RECORD DID NOT IMPROVE IN 2015, WHAT ARE YOU DOING ABOUT THAT?

A: Safety remains our top priority and our strong track record is recognised as a core competitive strength. We were therefore disappointed to report an increase in our Lost Time Injury frequency (LTIF) in 2015. As I mentioned above, any overall cost-cutting activities cannot compromise our safety and during the crisis we have continued to invest in several areas to strengthen our safety performance. We continue to develop our safety culture and share best practice through weekly safety talks and periodic safety newsflashes. We have increased safety management training on board our vessels, introduced Operational Assurance Officers, augmented the number of safety visits and audits made by management and are rolling out a Self-Verification Programme, supported by a new IT platform to monitor and report our findings. Our investment in these safety initiatives is at the heart of our commitment to return to an injury-free working environment.

Q: PEOPLE PLAY AN INTEGRAL PART IN YOUR SUCCESS. HOW IS THE CURRENT SITUATION IMPACTING YOUR EMPLOYEES AND THEIR MORALE?

A: For many years we have been very successful in attracting high-quality talent from the industry. We have managed to continue and even amplify this during the crisis, building on our core strength of having the right calibre of people in the business.

However, along with other companies in our marketplace, we have unfortunately had to undertake a redundancy programme in order to stay competitive. This is never pleasant to conduct but we believe it was necessary for the long-term health of the business and we strive always to get this balance right. Cost-cutting programmes have been implemented both on- and offshore and, in general, these have been received by our employees with respect and understanding, particularly in the knowledge that we will never compromise on safety or welfare standards.

During the year we implemented several programmes to bridge onshore and offshore operations, which have yielded positive results. Other milestone projects include the new Self-Verification Programme for our vessels which, drafted in conjunction with some of our biggest clients, focuses on operational excellence and internal oversight. We also

overhauled our entire personal protective equipment catalogue and involved a large number of our seafarer colleagues in the design process.

Q: WHAT ARE YOUR EXPECTATIONS FOR 2016?

A: I fully expect 2016 to be as challenging as 2015, if not more so. The dearth of project investments from oil majors persists, and their inactivity during 2015 is borne out in a smaller project backlog coming into 2016. Whilst we expect the Caspian market to remain relatively stable, our MENA markets will be heavily challenged by the influx of Asian tonnage, resulting in fierce price competition. In 2015, our business in Africa was negatively impacted by the postponement and termination of projects and this trend has continued into 2016. However, we remain hopeful of a gradual recovery during the second half of 2016.

Despite such a difficult backdrop, we expect to remain profitable – a favourable outcome of the actions we took to reset costs during 2015. Our ability to stay agile during these trying times will stand us in good stead and, we believe, may put us in a strong position relative to our peer group.

However, we must ensure that we continue to have the right strategies in place to generate adequate returns in a low oil price environment. Whilst we believe that our strategy is robust enough, we fully expect to take further actions to save costs, “work smarter” commercially, provide our clients with innovative solutions and operate even more efficiently.

Commercially, we will continue to focus on building our contract backlog to generate cash flows and build visibility of earnings. We will work with our clients to find mutually beneficial solutions and continue to trade off rates for term contracts. However, as we demonstrated in 2015, we would rather stack vessels and take capacity out of the market, than accept rates that do not make economic sense. Even more importantly, as we respond to rate pressures, we will ensure that any cost-cutting activity does not compromise our absolute focus on safety. We must get this balance right.

In summary, our ability to stay agile, reset our cost and financial base and stay focused on achieving a robust commercial and operational performance allowed us to report an acceptable set of results under exceptionally difficult circumstances. More of the same will be required during 2016.



René Kofod-Olsen
Chief Executive Officer



▲ Topaz Responder and her crew shine in search and rescue duties

Topaz Responder, a newly-built Emergency Response and Recovery Vessel, was added to our fleet in May 2015. Designed to provide safety support for offshore oil and gas producers, she is currently contracted by not-for-profit organisation Migrant Offshore Aid Station (MOAS) as the lead search and rescue vessel in its Aegean Sea Mission to rescue refugee migrants who are risking their lives on the perilous sea crossing from Turkey to Greece's islands in order to reach Europe. *Topaz Responder* and her crew are ready to respond to urgent calls from coast guard patrols and have already saved many lives in hostile and treacherous conditions. *Topaz Responder* can accommodate up to 300 passengers and address urgent medical needs in her on-board hospital as she brings passengers back safely to shore.

FINANCIAL REVIEW



Jay Daga, Chief Financial Officer

"Our financial results reflect the severe market pressures we encountered, particularly in the Africa and MENA regions. However, we continued to manage cash prudently, and have established a more efficient capital structure platform for 2016 and beyond."

QUICK LINKS

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AT A GLANCE

REVENUE (US\$M)

	3 months ended		12 months ended		Variance
	Dec 2015	Dec 2014	Dec 2015	Dec 2014	
Caspian	54.6	57.6	228.0	223.5	4.5
MENA ¹²	26.7	46.6	105.6	142.6	(37.0)
Africa	7.0	11.9	28.9	38.5	(9.6)
Total	88.3	115.9	362.5	404.6	(42.1)

¹²Subsea vessel revenue was included in the MENA region during the reporting period and comparative numbers have been reclassified accordingly.

DIRECT COSTS (US\$M)

	3 months ended		12 months ended		Variance
	Dec 2015	Dec 2014	Dec 2015	Dec 2014	
Crew cost	17.9	19.4	78.0	77.1	(0.9)
Technical maintenance	6.6	3.9	21.8	19.1	(2.7)
Depreciation/Dry-dock	17.4	18.7	69.5	60.6	(8.9)
Bareboat charges	1.4	2.4	7.7	13.8	6.1
Others	8.6	19.1	41.8	46.5	4.7
Total	51.9	63.5	218.8	217.1	(1.7)

EBITDA (US\$M)

	3 months ended		12 months ended		Variance
	Dec 2015	Dec 2014	Dec 2015	Dec 2014	
Caspian	33.4	36.7	140.0	133.9	6.1
MENA ¹³	11.2	23.5	47.2	75.7	(28.5)
Africa	0.8	2.1	(3.0)	4.6	(7.6)
Corporate/adjustments	(0.3)	(2.7)	(9.7)	(10.4)	0.7
Total	45.1	59.6	174.5	203.8	(29.3)

¹³EBITDA from Subsea vessels was included in the MENA region during the reporting period and comparative numbers have been reclassified accordingly.

REVENUE

In 2015 we achieved a revenue of US\$362.5 million, a decrease of 10% compared to our revenue in 2014 of US\$404.6 million. The key reasons for this decrease are:

- (i) a one-off revenue of US\$21.6 million on sale of vessel in the MENA region in December 2014
- (ii) lower utilisation on two Subsea vessels after completion of long-term contracts, resulting in a revenue shortfall of US\$11.9 million
- (iii) a loss of US\$5.4 million of revenue after completion of a long-term contract in Saudi Arabia and subsequent deployment on lower rates, in line with the current market
- (iv) a one-off revenue of US\$2.1 million, recognised in the previous reporting period, from the mobilisation of two vessels
- (v) lower revenue of US\$8.7 million on four out of seven new vessels deployed in Africa; and
- (vi) lower revenue of US\$5.5 million on vessels in dry-dock.

However, our overall reduction in revenue in 2015 was partially offset by:

- (i) a revenue increase of US\$6.6 million resulting from the full-year impact of three vessels added to the fleet in 2014; and
- (ii) the improved utilisation of two vessels under a new BP contract in the Caspian region, resulting in a revenue increase of US\$6.5 million.

GEOGRAPHICAL SEGMENTS – REVENUE

Caspian

During the reporting period, revenue increased by US\$5.5 million, or 2%, to US\$228 million compared to US\$223.5 million in 2014. This increase is mainly attributed to the full-year impact of one additional vessel, resulting in a revenue increase of US\$5.2 million, and better utilisation rates of two vessels due to a new contract with BP, generating additional revenue of US\$6.5 million. This revenue increase, however, was partly offset by a US\$7.2 million loss of revenue from lower vessel utilisation rates and vessels being in dry-dock.

MENA

During the reporting period, revenue decreased by US\$37.0 million, or 25.9%, to US\$105.6 million compared to US\$142.6 million in 2014. This decrease can be mainly attributed to the recognition of US\$21.6 million revenue in the previous reporting period (following the sale of one vessel in December 2014); the lower utilisation of two Subsea vessels and subsequent revenue loss of US\$11.9 million due to the expiry of a long-term contract; and a revenue reduction of US\$5.4 million, as six Saudi vessels came to the end of their long-term contracts

and were redeployed on lower rates, reflecting tougher market conditions. However, this revenue decrease in the MENA region was slightly offset through improved utilisation rates of two vessels transferred from Africa to the MENA region.

Africa

During the period, revenue decreased by US\$9.6 million, or 24.9%, to US\$28.9 million compared to US\$38.5 million in 2014. This decrease was primarily due to a reduction in revenue of US\$8.7 million due to lower utilisation rates of four of the seven new vessels deployed in Africa and further revenue loss of US\$4.8 million due to lower vessel utilisation rates and the transfer of two vessels to the MENA region. However, this revenue decrease was partially offset by a revenue increase of US\$2.5 million from the sale of one vessel and the full-year revenue impact of US\$1.4 million from two vessels added to the fleet in the previous reporting period.

DIRECT COSTS

Direct costs for the period increased by US\$1.7 million, or 0.8%, to US\$218.8 million, compared to US\$217.1 million in 2014.

The increase in depreciation and crew cost is mainly due to the full-year impact of four vessels added to the fleet in the previous reporting period.

The positive variance in bareboat charges is primarily due to charges recognised in the previous reporting period resulting from the acquisition of four bareboat vessels in Q4 2014.

EBITDA

EBITDA decreased by US\$29.3 million, or 14.3%, to US\$174.5 million during the period compared to US\$203.7 million in 2014. This decrease mainly relates to:

- (i) a one-off profit of US\$10.6 million recognised in 2014 from the sale of one vessel
- (ii) lower utilisation rates of two Subsea vessels due to the termination of long-term contracts resulting in a reduction in EBITDA of US\$9.1 million
- (iii) an EBITDA loss of US\$4.7 million due to the expiration of a long-term contract for six vessels working in Saudi Arabia
- (iv) a reduction in EBITDA of US\$14.6 million from all seven new vessels deployed in the Africa region; and
- (v) lower utilisation rates of vessels being in dry-dock and off-hire, resulting in a decrease in EBITDA of US\$5.5 million.

However, this EBITDA loss was slightly offset by:

- (a) an EBITDA improvement of US\$3.5 million due to the full-year impact of one vessel added to the fleet in the Caspian region in 2014

- (b) better utilisation of two vessels as a result of a new BP contract in the Caspian region, resulting in an EBITDA increase of US\$6.0 million; and

- (c) overhead savings of US\$5.8 million.

GEOGRAPHICAL SEGMENTS – EBITDA

Caspian

EBITDA in the Caspian region increased by US\$6.1 million during the period. The full-year impact of one new vessel deployed in 2014 contributed US\$3.5 million to EBITDA and there were no bareboat costs in 2015, compared to US\$3.1 million of bareboat charges for two vessels in 2014. A new contract with BP in Azerbaijan resulted in better utilisation rates of two vessels and an increase in EBITDA of US\$6.0 million.

The overall EBITDA increase in the Caspian region was partially offset by a reduction in EBITDA of US\$6.5 million from vessels being either in dry-dock or realising lower utilisation rates compared to the previous year.

MENA

EBITDA in the MENA region decreased by US\$28.5 million. One factor behind this variance was the one-off EBITDA contribution of US\$10.6 million recognised in the previous reporting period from the sale of one vessel in 2014. Events in 2015, which impacted EBITDA negatively, included lower utilisation rates of two Subsea vessels due to the expiration of long-term contracts, resulting in an EBITDA loss of US\$9.1 million, and a reduction in EBITDA of US\$4.7 million due to the expiration of a long-term contract on six vessels working in Saudi Arabia. A further reduction in EBITDA of US\$4.1 million was due to lower fleet utilisation and vessels being in dry-dock.

Africa

EBITDA for the period decreased by US\$7.6 million. All seven new vessels deployed in Africa experienced lower utilisation rates owing to the continuous pressure on oil prices and these factors led to a reduction in EBITDA of US\$14.6 million. However, this was partly offset through overhead reductions of US\$3.8 million, and cost savings of US\$3.2 million, following the transfer of vessels to the MENA region.

FINANCIAL REVIEW CONTINUED

CASH FLOW (US\$M)

The following table sets out a breakdown of cash flow for 12 months ended 31 December 2015:

	3 months ended		12 months ended		
	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Variance
EBITDA	45.1	59.6	174.5	203.8	(29.3)
Changes in working capital	15.2	9.4	5.8	22.3	(16.5)
Cash generated from operations	60.3	69.1	180.3	226.1	(45.8)
Cash conversion	133%	116%	103%	111%	-
Income tax paid	(6.1)	(5.0)	(20.9)	(17.2)	(3.7)
Interest paid	(23.0)	(27.2)	(55.2)	(62.4)	7.2
Net cash generated from operating activities	31.2	36.9	104.2	146.5	(42.3)
Cash used in investing activities ¹⁴	(13.8)	(68.8)	(60.1)	(296.1)	236.0
Cash provided by financing activities	(11.7)	45.6	(52.4)	43.8	(96.2)
Increase/(decrease) in cash and cash equivalents	5.7	13.7	(8.3)	(105.8)	97.5

¹⁴Investing activities excludes movement in restricted cash.

FINANCING

	Maturity	Interest rate	Repayment	Outstanding as at 31.12.15 ¹⁵ US\$000
Conventional and Islamic facility	7 years	3-month LIBOR + 2.75%	Quarterly with bullet repayment	328,852
Senior Notes	5 years	8.625%	Bullet	342,462
Total Topaz loans				671,314

¹⁵Recorded as per International Financial Reporting Standards (IFRS) in US\$.

BANK COVENANTS

The following table sets out the Financial Covenants as at 31 December 2015:

Financial covenant	Threshold	As at Dec 2015
Net interest-bearing debt to EBITDA	< 4.5	3.53
Headroom		22%
Tangible net worth	> US\$500M	545
Headroom		9%
Free liquidity (in millions)	> US\$30M	156
Headroom		419%
EBITDA to DSCR	> 1.2	1.55
Headroom		29%

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by US\$5.8 million, or 12.9%, to US\$38.9 million during the period, compared to US\$44.7 million in 2014. The decrease is mainly due to savings made by reducing staff numbers and other cost-efficiency initiatives.

FINANCE COSTS

Finance costs increased by US\$5.5 million, or 8.6%, to US\$69.2 million during the period compared to US\$63.7 million in 2014. The increase is due to a one-off, non-cash charge of US\$8.3 million, relating to the unamortised costs on refinanced facilities, which was slightly offset by savings in finance costs, owing to lower refinancing rates.

INCOME TAX EXPENSE

Income tax expense was US\$22.2 million, in line with last year, and relates mainly to withholding taxes (WHT).

CASH FLOW

Cash generation as a percentage of EBITDA in 2015 was 103% (2014: 111%).

Financing activities included a dividend payment of US\$22 million in Q2 2015, a dividend payment of US\$2.2 million to our JV partner, a loan drawdown of US\$350 million of the US\$550 million refinancing facility, along with the prepayment of US\$330 million of existing debt.

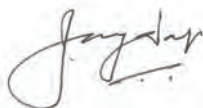
A revolving credit facility (RCF) of US\$20 million was also repaid in Q2 2015. We also repaid debt of US\$2 million to our parent company in Q4 2015 out of a total instalment due of US\$28 million; the balance of US\$26 million has been deferred to Q1 2016.

Investing activities include an expenditure of US\$44.1 million on maintenance and upgrading projects and a US\$16.0 million investment in vessels under construction.

Unutilised banking lines include a RCF of US\$100 million and an unsecured loan of US\$100 million.

BANK COVENANTS

The Senior secured borrowing arrangements require compliance with certain financial covenants. As of 31 December 2015, Topaz has complied with all financial covenants, as set out in the table opposite.



Jay Daga
Chief Financial Officer

CAPITALISATION (US\$M)

The following table sets out Topaz's consolidated cash, total indebtedness, shareholders' funds, total capitalisation and net debt at the end of the last four quarters and December 2015.

	Dec 2014	Mar 2015	Jun 2015	Sep 2015	Dec 2015	Growth Dec 14 v Dec 15
Cash and cash equivalents	63	79	42	50	55	(8)
Floating rate senior secured loans	330	323	343	336	329	(1)
Fixed rate senior secured loans	15	15	–	–	–	(15)
Other loans/Senior Notes ¹⁶	340	341	341	342	342	2
Subordinated shareholding funding	106	106	106	106	104	(2)
Total debt	791	785	790	784	775	(16)
Total equity	669	670	644	653	574	(95)
Total capitalisation	1,460	1,455	1,434	1,437	1,349	(111)
Net debt	728	706	748	734	720	(8)
Total debt/LTM EBITDA	3.89	3.93	4.08	4.15	4.44	–
Net debt/LTM EBITDA	3.60	3.53	3.87	3.88	4.13	–

¹⁶ Recorded as per International Financial Reporting Standards (IFRS).

OPERATIONAL REVIEW OUR FLEET



EXPAND, RENEW AND REALIGN THE OSV FLEET

We maintain our high operational standards by making measured additions to our fleet in line with customer and market demands, and by crewing them with the best mariners. Despite tough market conditions we added two ships to our core fleet in 2015 and placed orders for three more.

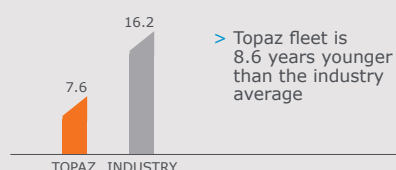
58 CORE FLEET¹⁷
VESSELS



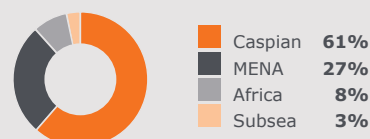
Geoffrey Taylor, Chief Operating Officer

"Our strategy is to provide the highest level of customer service by operating a young, modern, high-specification core fleet."

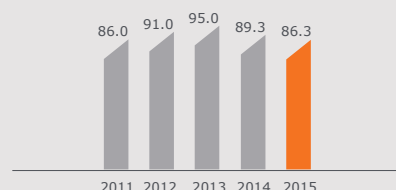
TOPAZ FLEET AGE (YEARS)



% VESSELS BY REGION



CORE FLEET UTILISATION (%)



QUICK LINKS

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- Developing our People 20 ▶

THE COMPETITIVENESS OF OUR FLEET IS BASED ON QUALITY OVER QUANTITY

Our aim is not to operate the largest OSV fleet but to ensure we run a high-quality one. Being cost-competitive is a given; what helps us win new customers and keep existing ones is our excellent HSE track record and the quality of our personnel.

2015 DEVELOPMENTS

Optimising our core fleet

During the year we continued to focus on the operational excellence of our core fleet, optimising it from both a customer and a cost standpoint. We classify AHTSVs, PSVs, MPSVs and ERRVs as being part of our core fleet and these accounted for 58 vessels of our total¹⁸ fleet of 96, excluding four vessels on order. As part of our strategy to focus on core fleet vessels we divested the crew boat *Topaz Fujairah* and added two vessels: *Topaz Responder* (ERRV) and *Topaz Mamlaka* (AHTSV).

Our spread of geographic operations allows us to move vessels between regions and we took full advantage of this to counter the scant market opportunities resulting from the oil price crisis in 2015. We moved non-performing vessels in West Africa to the Arabian Gulf and to the Caspian in order to optimise utilisation rates.

UTILISATION (CORE FLEET) BY REGION

Caspian	96%
MENA	87%
Africa	44%
Subsea	83%

Ongoing operational excellence

Safety remains our number one priority and we continue to make safety performance absolutely fundamental to our operations. In 2015, we were recognised in the industry for our safety credentials, receiving a *Safety and Quality Award* at the Seatrade Maritime Awards and a *Highly Commended for Safety* status by Lloyd's List Middle East and Indian Subcontinent Awards. However we were disappointed that our Lost Time Injury frequency (LTI¹⁹) increased in 2015. Our top priority in 2016 is to return to an LTI-free position, underpinned by our ongoing work on safety culture.

Vital to our service offer is the quality of our personnel and we continued training internal and external officers and crews throughout the year. We also appointed Operational Assurance Officers on board our fleet.

A new initiative was the implementation of a comprehensive Self-Verification Programme (SVP). Drafted in conjunction with some of our biggest clients, the SVP focuses on absolute operational excellence and internal oversight and will be key to developing world-class services across our operations.

We also invested in a new integrated software package (NS5), which will enable us to streamline operational maintenance, dry-docking, procurement and QHSSE from a single technology platform. This will result in reduced administration costs and additional safeguards for our mariners. We aim to complete the migration to NS5 by the end of 2016.

2016 FLEET DEVELOPMENTS

Although we merged our MENA and Subsea divisions during 2015 in order to reduce overheads as an immediate response to the oil price crisis, we remain optimistic about longer-term opportunities in the Subsea market. This belief is evidenced by our commitment to invest US\$115 million in two state-of-the-art subsea vessels which will be world leaders in their class. Steel cutting will shortly commence on two Vard design 3 08 DP2 Subsea vessels which are due for delivery in 2017.

We have one new AHTSV on order, which is due to be delivered in 2017. Our ability to invest in new tonnage in tough market conditions reflects the work we have undertaken during 2015 to reset our cost base and remain agile.

ORDERS PLACED IN 2015

- > Two light construction Subsea vessels
- > One 150-tonne bollard pull AHTSV.

¹⁷ Our core fleet comprises AHTSVs, PSVs, MPSVs and ERRVs.

¹⁸ Total fleet by vessel type: 28 AHTSVs, 17 PSVs, 9 MPSVs, 4 ERRVs, 23 barges, 9 crew boats, 6 other vessels.

¹⁹ The number of injuries resulting in lost time incidents from work per one million Hours Worked.

TOPAZ MARINE CASPIAN

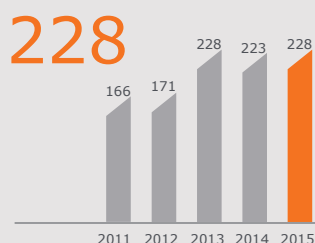
CASPIAN – AT A GLANCE



Paul Jarkiewicz, Area Manager – Caspian

"Our niche market position in the region helped us to achieve good vessel utilisation rates throughout 2015."

REVENUE (US\$M)



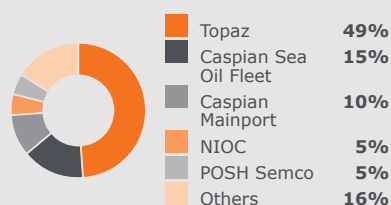
63% share of Group revenue²⁰

EBITDA (US\$M)

140

2014 / 134

TOP FIVE OPERATORS



MARKET SHARE BY NUMBER OF VESSELS

> Topaz Marine Caspian is the market leader in the region with a share of > 49% by number of AHTSVs (≥5,000 BHP) and PSVs (≥3,000 DWT)

KEY CUSTOMERS

> Large International Oil Companies such as BP, Total, Saipem, Agip, NCOC and Ersai

WHERE WE OPERATE



MARKET SNAPSHOT

- > Due to the high physical barriers to entry in the Caspian for larger vessels the market is dominated by long-term contracts
- > The Caspian has both deep and extremely shallow waters, making it a basin where a great variety of asset classes operate.

TOPAZ POSITION

- > Topaz is the market leader in this region and the provider of choice for several large International Oil Companies
- > Topaz has robust growth opportunities in other markets, such as Turkmenistan and Iran.

MARKET CHARACTERISTICS

The Caspian region presents challenging operating conditions for OSVs. Due to the region's geography, there are significant physical barriers to entry, which make it difficult and costly to mobilise equipment into the region. OSVs can only access the Caspian via the Volga Baltic or Volga Don rivers and their respective canal systems, both of which present restrictions and requirements.

Seasonal restrictions: Each river and canal system typically freezes over and closes from November to March.

Dimensional restrictions: Costly, technically challenging and time-consuming modifications may be required to allow vessels to pass through the river and canal systems because of restrictions imposed by the canals' water depth, locks and bridges.

Towage contracts: Vessels modified or flagged in any state other than Russia are required to be towed, which incurs significant costs, depending on the route and availability of towage vessels.

Regulatory requirements: Customs and other governmental agencies' inspections, authorisations and approvals are required to be completed and all required fees paid. These restrictions represent high logistical and financial barriers to entry and have led to the OSV market in the Caspian region becoming highly concentrated, with nine OSV suppliers. Topaz is the largest operator with over three times as many vessels as the second largest operator and over 49% share of the Caspian OSV fleet by number of AHTSVs (≥5,000 BHP) and PSVs (≥3,000 DWT).

TOPAZ PERFORMANCE

At the start of 2015 we secured charters for three vessels on BP's Shah Deniz-2 Project in Baku. There were also new opportunities for our fleet in Kazakhstan and Russia on project work, while our operations in Turkmenistan kept three of our vessels occupied for the entire year with project work for Petronas. Vessel demand continued to outstrip supply for much of the year.

OUTLOOK

Although 2016 will continue to present challenges, our plans are to continue to deliver our clients a high standard of service for all of their requirements and ongoing projects. With sanctions in Iran continuing to ease, there is potential for us to evaluate the market opportunities within the Caspian for that market. We also expect to see opportunities in Turkmenistan as the country looks to broaden its market.



▲ Bravery in Baku

In December 2015, Topaz vessels and crews were involved in rescue and firefighting operations immediately after an explosion and fire in Baku, and for several weeks thereafter. Our mariners demonstrated dedication beyond the call of duty, with special mention going to the crews of *Caspian Protector* and *Topaz Dignity*.

²⁰ Corporate/adjustments to be considered in order to arrive at the consolidated Group revenue figures.

TOPAZ MARINE AFRICA

AFRICA – AT A GLANCE

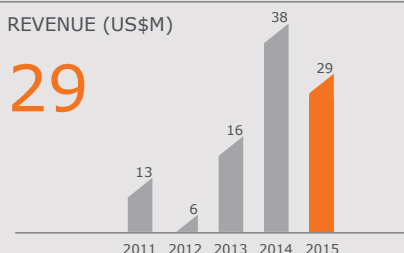


Tom Knudsen, Regional Director – Africa

“We responded to the limited number of new projects and decrease in our vessel rates by actively reducing and redeploying our fleet.”

REVENUE (US\$M)

29



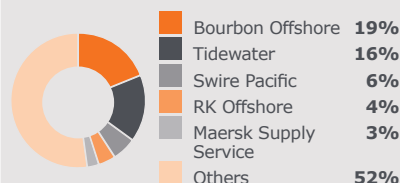
8% share of Group revenue²¹

EBITDA (US\$M)

(3)

2014 / 8

TOP FIVE OPERATORS



MARKET SHARE BY NUMBER OF VESSELS

- Topaz is the 16th largest OSV operator of AHTSVs ($\geq 5,000$ BHP) and all PSVs in the region, with a market share of just over 1%

KEY CUSTOMERS

- A mixture of International Oil Companies and Offshore Contractors such as BP, Exxon Mobil, Saipem, Shell, Subsea 7 and Total

WHERE WE OPERATE



MARKET SNAPSHOT

- West Africa dominated by Nigeria and Angola, with secondary markets picking up
- East Africa showing potential for growth through emerging concessions and exploration projects despite low oil price.

TOPAZ POSITION

- Reduction in active fleet to reflect low oil and gas activity and to cut costs
- New regional commercial centre established in Lagos
- Actively bidding for new long-term charters; cautiously optimistic about growth potential.

MARKET CHARACTERISTICS

Oil and gas activity deteriorated throughout 2015, resulting in a lower number of rigs and OSVs employed in Sub-Saharan Africa (SSA). Despite the low oil price, production is predicted to remain at current or higher levels, given the high dependence of national economies on income from oil exports.

Significant barriers to entry in this highly protected market, with each country operating within unique parameters, have helped defend vessel day rates in some countries.

TOPAZ PERFORMANCE

Low fleet utilisation and limited new projects led to a decrease in our vessel rates of 30-40% and a reduction in revenue and EBITDA. To reflect the drop in oil and gas activity, we reduced our active fleet size from 12 to eight, transferring four AHTSVs to MENA and Caspian and laying up two PSVs.

We moved the Topaz Marine Nig Ltd (TMN)²² operation to Onne and established a regional head office and commercial presence in Lagos. Topaz Marine Angola (TMA)²³ moved into new offices in Luanda to import and operate OSVs and started operations under the Topaz Marine Angola brand.

OUTLOOK

2016 started with low fleet utilisation and limited new projects. However, we remain cautiously optimistic about our growth potential, having seen an increase in tenders for long-term charter business to replace existing tonnage, and we are confident of being successful given our young fleet and solid reputation with the oil majors. We expect our extensive cost-saving initiatives to continue having a positive impact on our results.



▲ The crew of *Topaz Xara*, Topaz's Ship of the Year 2015

Topaz Xara has been selected as Topaz's Ship of the Year 2015. Vessels from all operating regions were nominated and screened based on HSE performance, technical performance and client feedback, with *Topaz Xara* achieving the highest results.



▲ *Topaz Xara*, offshore West Africa

Topaz Xara, pictured starboard alongside the client's rig in offshore West Africa, is being used to connect the hose to the rig in preparation for the transfer of 12 ISO tanks of drill cuttings as part of a BP operation at Block 18 Luanda, Angola.

²¹ Corporate/adjustments to be considered in order to arrive at the consolidated Group revenue figures.

²² TMN is a 60% locally-owned and 40% Topaz-owned entity, fully registered with the Nigerian authorities for offshore operation.

²³ 100% locally-owned company, fully registered with MINOET and IMPA.

TOPAZ MARINE MENA AND TOPAZ MARINE SUBSEA

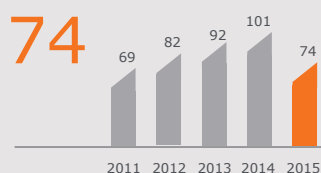
MENA – AT A GLANCE



Richard Ayling, Regional Director – MENA

“We maintained a high level of fleet activity and performed well despite the downward pressure on day rates.”

REVENUE (US\$M)



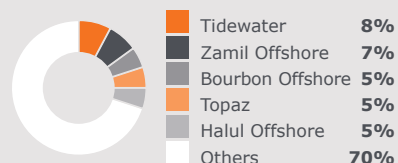
20% share of Group revenue²⁴

EBITDA (US\$M)

30

2014 / 73

TOP FIVE OPERATORS



MARKET SHARE BY NUMBER OF VESSELS

- > Topaz is the fourth largest OSV operator of AHTSVs (≥5,000 BHP) and all PSVs in the region, with a market share of just under 5%

KEY CUSTOMERS

- > Mixture of International Oil Companies, National Oil Companies and offshore contractors, including: Saudi Aramco, Maersk Oil, Dubai Petroleum, OXY, NPCC, Saipem and McDermott

MENA – WHERE WE OPERATE



MARKET SNAPSHOT

- > Fragmented market with many small operators
- > The shallow and benign waters of the Arabian Gulf mean only small to medium vessels can operate
- > Significant move by regional IOCs and NOCs towards more DP2 vessels.

TOPAZ POSITION

- > Solid position in Saudi and continued long-term contracts in UAE, with strong growth expected in Saudi and Abu Dhabi over the medium term.

MARKET CHARACTERISTICS

The MENA region is a large, fragmented market with limited barriers to entry. The top ten operators account for around 46% of the OSV fleet in the Middle East with the remainder spread out over approximately another 100 managers. Topaz is the fourth largest operator, by number of AHTSVs (≥5,000 BHP) and all PSVs. The OSV market in the MENA region is dominated by the use of small-capacity AHTSVs and PSVs for shallow/benign waters.

TOPAZ PERFORMANCE

The MENA business performed well during 2015, particularly considering the downward pressure on vessel day rates. We maintained a high level of activity, which was reflected in the high fleet utilisation during the year.

In the first half of 2015, the decision was taken to reintegrate the Subsea fleet within MENA operations and this was achieved seamlessly. A number of vessels were mobilised into the region from West Africa, and a new 60-tonne AHTSV was delivered against a long-term Aramco contract.

OUTLOOK

2016 is expected to be extremely tough, with continued downward pressure on vessel day rates owing to the low oil prices and an influx of vessels from the Far East, resulting in oversupply. More positively, we are awaiting tender awards from an oil major and are hopeful of securing some new vessel contracts. We are now in a better position to undertake growth opportunities in Abu Dhabi and will be targeting this market in 2016.



▲ Boosting the quality of maritime personnel

Topaz's Memorandum of Understanding with King Abdul Aziz University in Saudi Arabia continues to boost the quality of maritime personnel in the region. Topaz has accommodated seven Saudi cadets throughout 2015 on board our vessels in order for them to complete their mandatory sea training.

²⁴ Corporate/adjustments to be considered in order to arrive at the consolidated Group revenue figures.

RESILIENT. AGILE. COMPETITIVE.

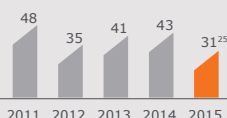


To help combat the tough economic climate, we temporarily merged the operations of Topaz Marine Subsea with Topaz Marine MENA, to reduce overhead costs without compromising on service or quality.

SUBSEA – AT A GLANCE

REVENUE (US\$M)

31



9% share of Group revenue

EBITDA (US\$M)

18

2014 / 2

KEY CUSTOMERS

> ABB, Heerema, Cardon IV, Subsea 7 and Technip

MARKET SNAPSHOT

- > Weak demand for all tonnage types due to low project activity, following cuts made by oil majors and service companies
- > Offshore wind generating demand for specialised tonnage.

TOPAZ POSITION

- > Three Subsea assets in operation
- > Topaz is on strategy to renew and strengthen its Subsea fleet by ordering two modern light construction vessels.

MARKET CHARACTERISTICS

The global subsea market has long-term growth potential, as oil exploration and development go deeper and subsea infrastructure increases. Subsea technology is also becoming more common in shallow-water markets. This segment is also demonstrating resilience due to repair and maintenance requirements of installed subsea infrastructure.

In the short term, however, and certainly during 2015, global subsea market activity was cut by approximately 50%, with vessel utilisation and day rates dropping accordingly. Most activity was seen in offshore wind and cable-laying projects.

The dearth of substantial new subsea contracts has created a gap in the pipeline of work and this shortage will take time to correct. Until this happens, subsea vessel owners will compete on price, given the oversupply of suitable tonnage for virtually every job.

TOPAZ PERFORMANCE

Topaz Installer, on a long-term contract with ABB, delivered a solid operational and financial performance. *Topaz Captain* was upgraded during dry-dock and worked the rest of 2015 in Venezuela at good returns. *Topaz Commander* struggled in 2015 to find work in the Atlantic basin, its traditional market, and was moved to the Arabian Gulf where work was available, albeit at lower rates.

OUTLOOK

The weak market and low number of long-term contract awards will continue, resulting in poor utilisation throughout 2016. Our assets have a mixed contract cover profile for 2016 and pressure on rates will continue, with risk of low utilisation. However, repair and maintenance projects and our relatively cost-effective Subsea assets will support this business unit until the market recovers.



▲ Rig crew “walking to work”

The Ampelmann gangway is specifically designed to allow personnel to walk safely to and from moving offshore vessels, even in inclement weather.



▲ Topaz Installer in Karlskrona, Sweden

Topaz Installer is an 88.2-metre, 7,800 BHP, DP2 cable-laying vessel with a 3,400-tonne horizontal carousel and a 35-tonne knuckle boom active heave compensated crane. With a shallow draft of 4.5 metres, she is ideally suited for wind farm and coastal work.

²⁵ Results of all three Subsea vessels for the full year 2015 are shown under Subsea region along with their proportionate overhead share.

CORPORATE GOVERNANCE



Samir J. Fancy, Chairman

"We can only expect our employees to follow our corporate governance principles by setting the tone and leading from the top."

OUR GOVERNANCE APPROACH

Our fundamental approach to good governance, based on Fairness, Independence, Transparency, Accountability and Responsibility, is explained in more detail in the diagram opposite. We also follow guidance prescribed by our regulatory bodies. However, we believe that good governance is truly achieved by striving to attain standards far beyond the minimum requirements. We do this through a values-based performance culture and by behaving in an ethical way, according to the Topaz Code of Business Conduct (COBC).

We remain committed to strengthening and balancing our Board, allowing us to operate in the image of an independent public company, while still retaining the coverage, protection and support of ultimate fiduciary oversight from the Renaissance Board. Details of the way we work are presented in the following full corporate governance statement for the period under review.

Samir J. Fancy
Chairman

QUICK LINKS

Principal Risks 14 ►

Vision and Strategy 8 ►

WHAT GOOD GOVERNANCE MEANS TO TOPAZ

Topaz's objective is to ensure long-term value creation for its stakeholders, including its shareholders. This can only be achieved by ensuring that the Board sets the tone from the top – articulating and applying good corporate governance principles, which are cascaded down through our business.

GOOD CORPORATE GOVERNANCE

FAIRNESS

Ensuring the protection and equal treatment of shareholders' rights, including minority and foreign.

INDEPENDENCE

Conducting corporate governance in a professional manner without conflict of interest and free from any internal and external influence or pressure.

TRANSPARENCY

Being transparent in every decision-making process, disclosure of material and relevant information concerning corporate financial performance and operations, in a timely, clear and consistent manner.

ACCOUNTABILITY

Clarifying the conduct and accountability of management's roles and responsibilities and monitoring to ensure the alignment of management and shareholders' interests.

RESPONSIBILITY

Clarifying and aligning the roles and responsibilities of corporate governance to ensure corporate compliance.

WHERE AND HOW WE ARE REGULATED

As a subsidiary of Renaissance Services SAOG, a publicly listed company on the Muscat Securities Market (MSM), Topaz follows as best practice the Principles of Corporate Governance and the provisions of the Code of Corporate Governance (the "Code"), set out in the Capital Market Authority's (CMA) guidance for companies listed on the MSM. The Company believes that the Code prescribes a minimum framework for the governance of a business.

► More information about the CMA regulations can be found on its website: www.cma.gov.com

Setting standards above legal requirements

The Company's philosophy is to develop this minimum framework, institutionalise its principles and build upon them as part of its corporate culture. Topaz's objective is to ensure long-term value creation for its shareholders and other stakeholders. We believe that the best way to achieve this goal is through a values-based performance culture, stringent ethical requirements and the Topaz Code of Business Conduct that promotes personal integrity and respect for the environment. Topaz's corporate governance is therefore based on a mixture of prescribed requirements and guidelines, reinforced by the Company's corporate values and behaviour (the "Topaz Way").

Topaz Code of Business Conduct

As part of its mission to be one of the best-run businesses in our industry, Topaz has adopted a Code of Business Conduct that sets the standards and clarifies the procedures and rules for running our day-to-day operations. It also provides practical guidance for dealing professionally with our business partners, customers and employees, and the societies in which we operate.

► A full copy of our Code of Business Conduct is available to download from the corporate governance section of our website: www.topazworld.com/en/investors/corporate-governance

THE BOARD

Clearly defined responsibilities

The work of the Board of Directors is based on a clearly defined division of roles and responsibilities between the shareholders, the Board of Directors and the management of Topaz.

Corporate governance principles

The following principles underlie our approach to corporate governance:

- > All shareholders will be treated equally
- > Topaz will ensure that all shareholders have access to up-to-date, reliable and relevant information about the Company's activities

- > The Board focuses on achieving alignment of interests between owners, the Board of Directors and the Company's management
- > In order to effectively discharge its governance responsibilities, the Board ensures that the majority of Board members are non-executive
- > The Board of Directors bases its practical work on the principles of good corporate governance applicable at all times.

Board of Directors

The Board and its Committees are functioning effectively after being formalised in 2013. The Board consists of the Chairman, five Non-executive Directors and one Executive Director. Four Non-executive Directors on the Board are shareholders/representatives of shareholders and one Director is an independent Non-shareholder Director. The Executive Director representing management is the Topaz Chief Executive Officer.

Board Committees

As per the best practice corporate governance structures, the Topaz Board is assisted by the Topaz Audit Committee, which is chaired by the Independent Non-executive Director, and a Topaz Remuneration Committee comprising Non-executive Directors. The parent company CFO attends the Topaz Board and Topaz Audit Committee meetings in an observer capacity. The intention is that the Topaz Board will appoint more independent Non-executive Directors with relevant industry, market or professional expertise. These appointments will be made in due course. We have made the first appointment of an Independent Director on the Topaz Board, who is also an Independent Director and Chairman of the Topaz Audit Committee, and a member of the Topaz Remuneration Committee. The reason for this important initiative is to establish absolute focus on each business and on good governance. This means Topaz is now able to operate in the image of an independent public company, while still retaining the coverage, protection and support of ultimate fiduciary oversight from the Renaissance Board.

Corporate Executive Committee

In addition to the Board committees above, we have a Corporate Executive Committee (CEC), which is a management committee comprising the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, HR Director and Strategy and Business Development Director. The CEC meets weekly to discuss the overall performance of the Company and once every month with the senior managers of the Company's business units to discuss individual business unit performance and future plans.



▲ BOARD VISIT TO ABU DHABI

Topaz makes a point of ensuring that at least one Board meeting every year takes place at a strategic business unit, in order to keep Board members up to date with operational and fleet developments. In April 2015, the Topaz Board meeting coincided with the official launch of *Topaz Responder*, the fourth Emergency Response and Recovery Vessel (ERRV) to be added to the fleet. The whole Board, all members of the *Topaz Responder* crew and the construction team were present at the naming ceremony in Mussafah, Abu Dhabi.

INVESTOR RELATIONS ACTIVITIES 2015

> MARCH

FY 2014 Financial results
Conference call

> MAY

Q1 2015 Financial results
Conference call

> AUGUST

H1 2015 Financial results
Conference call

> NOVEMBER

9M 2015 Financial results
Conference call

In October 2015, Topaz management also presented at the Goldman Sachs EMEA Leveraged Finance Conference.

► Press releases, presentations and call transcripts are available to download from our website: www.topazworld.com/en/investors

CORPORATE GOVERNANCE CONTINUED

BOARD COMPOSITION AND MEETING ATTENDANCE

Name	Title	Independent	Meetings held 2015	Meetings attended 2015
Samir J. Fancy	Chairman	No	4	4
Stephen R. Thomas, OBE	Shareholder Non-executive Director	No	4	4
Sunder George	Shareholder Non-executive Director	No	4	4
Philip Gore-Randall	Non-shareholder Non-executive Director	Yes	4	4
Ali bin Hassan Sulaiman	Shareholder Non-executive Director	No	4	3
Taimoor Labib	Shareholder Non-executive Director	No	4	4
René Kofod-Olsen	Executive Director	No	4	4

AUDIT COMMITTEE COMPOSITION AND MEETING

Name	Title	Independent	Meetings held 2015	Meetings attended 2015
Philip Gore-Randall (Chair)	Non-executive Director	Yes	5	5
Ali bin Hassan Sulaiman	Non-executive Director	No	5	4
Sunder George	Non-executive Director	No	5	5

REMUNERATION COMMITTEE COMPOSITION AND MEETING ATTENDANCE

Name	Title	Independent	Meetings held 2015	Meetings attended 2015
Ali bin Hassan Sulaiman (Chair)	Non-executive Director	No	1	1
Philip Gore-Randall	Non-executive Director	Yes	1	1
Stephen R. Thomas, OBE	Non-executive Director	No	1	1

Board responsibilities

The Board has the authority, and is accountable to shareholders, to ensure that the Company is appropriately managed and achieves the agreed strategic objectives. The Board discharges those responsibilities by supervising overall budgetary planning and corporate strategies. The Board reviews the Company's internal controls and risk management policies and approves its governance structure and Code of Business Conduct. The Board appraises and approves financing, investment and contractual decisions in excess of defined thresholds as per Approval Protocols. In addition to these items, the Board evaluates and monitors the performance of the Company as a whole. This includes:

- > Engaging at Board meetings with the CEO and other senior members of the Company as appropriate, on Topaz's financial and operating performance and external issues material to Topaz's prospects
- > Evaluating progress towards the achievement of the Group's financial and business objectives and annual plans
- > Monitoring, through reports received directly or from various committees, the key risks facing the Company. The Board has overall responsibility for succession planning for the CEO and other senior members. The Board has given the CEO broad authority to operate the business of the Company and the CEO is accountable for, and reports to the Board, on business performance.

Chairman and CEO

A clear separation is maintained between the responsibilities of the Chairman and the CEO.

The Chairman is responsible for leadership of the Board and creating the conditions for overall Board and individual Director effectiveness.

The CEO is responsible for overall performance of the Group, including arranging effective day-to-day management controls over the running of the Group.

INFORMATION AND PROFESSIONAL DEVELOPMENT

As part of the annual Board evaluation process, the Board expressed its satisfaction that the information provided in the Board papers is of the right quality, format and length to allow a full understanding of all the relevant issues with respect to the matters under consideration. It was similarly satisfied that the Board is kept informed of all areas of major importance to the Company. The Board is also kept informed through monthly reports.

All Directors are made aware that they may take independent professional advice at the expense of the Company in the furtherance of their duties. Ongoing support and resources are provided to Directors in order to enable them to extend and refresh their skills, knowledge and familiarity with the Company.

Professional development and training is provided in three complementary ways:

- > Regular updating on changes and proposed changes in laws and regulations affecting the Company or its businesses
- > Arrangements, including site visits, to ensure Directors are familiar with the Group's operations
- > Opportunities for professional and skills training.

SHAREHOLDERS

The CEO and CFO have regular meetings with shareholders. Financial results are provided monthly to the parent company.

INTERNAL CONTROL AND RISK MANAGEMENT

The Topaz Board is responsible for internal controls within Topaz and for reviewing their effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposal, for maintaining proper accounting records and for ensuring the reliability of financial information used within the business or for publication. Such procedures are 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, errors, losses or fraud.

The key procedures that the Board of Directors have established are designed to provide effective internal control within Topaz and accord with best practices of internal control.

PROFESSIONAL PROFILE OF THE STATUTORY AUDITORS

PwC is a global network of firms operating in 157 countries with more than 208,000 people who are committed

to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for 40 years, PwC employs around 4,000 people and has 21 offices across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, the Palestinian Territories and the United Arab Emirates. Expert assurance, tax and advisory professionals are able to combine internationally acquired specialist consulting and technical skills with relevant local experience: www.pwc.com/me

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. As per Group policy pertaining to the rotation of external auditors, PwC has completed four years as statutory auditor of the Company by the end of 2015 and, therefore, is not eligible for reappointment as statutory auditor of the Company for the financial year 2016.

TOPAZ KEY INTERNAL CONTROL PROCEDURES

-
- > Authority to operate the various subsidiaries, as well as responsibilities for capital expenditure and for financial performance against plans, is defined as per limits set by the Board of Directors of Topaz
-
- > Sub-delegation of authority from the Board to individuals requires these individuals, within their respective delegation, to maintain a clear and appropriate apportionment of significant responsibilities, and to oversee the establishment and maintenance of systems of controls appropriate to the business, as defined by the Management Authority Matrix
-
- > The appointment of executives to the most senior positions in the Company requires the approval of the Board of Directors
-
- > Systems and procedures are in place in Topaz to identify, assess and prioritise the major risks
-
- > The operational risks are managed by each key operational function and consolidated under an Enterprise Risk Management approach at the corporate level. This approach assists in assessing, prioritising and managing risks proactively
-
- > Exposure to fraud risks and COBC violations is monitored through the Ethics Line, a phoneline enabling anonymous reporting of violations of the COBC, whistle-blowing etc., supported by the HR Director and the Head of Legal
-
- > Periodic strategic and business plans, along with rolling forecasts, are prepared for the business as a Group and for its support functions. Rolling forecasts are prepared and adopted by all Topaz business units, and set out the key business initiatives and the likely financial effects of those initiatives
-
- > Centralised functional control is exercised over all computer system developments and operations. Common systems are employed for similar business processes wherever practicable
-
- > In addition, functional management at the Company's Head Office is responsible for setting policies, procedures and standards in the following areas of risk: liquidity, operational, commercial, information technology, insurance, accounting, tax, legal and regulatory compliance, human resources and communication
-
- > Policies to guide subsidiary companies and management at all levels in the conduct of business to safeguard the Company's reputation are established by the Corporate Executive Committee
-
- > The internal audit function, which is centrally controlled at the parent company, monitors the effectiveness of internal controls across the whole of Topaz. The work of the internal audit function is determined by a risk-based approach. The head of this function reports to the Topaz Audit Committee
-

BOARD OF DIRECTORS



SAMIR J. FANCY
CHAIRMAN



RENÉ KOFOD-OLSEN
CHIEF EXECUTIVE OFFICER



STEPHEN R. THOMAS, OBE
NON-EXECUTIVE DIRECTOR



SUNDER GEORGE
NON-EXECUTIVE DIRECTOR



ALI BIN HASSAN SULAIMAN
NON-EXECUTIVE DIRECTOR



TAIMOOR LABIB
NON-EXECUTIVE DIRECTOR



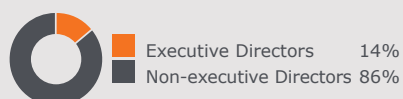
PHILIP GORE-RANDALL
NON-EXECUTIVE DIRECTOR

ABOUT THE BOARD

It remains our intention to appoint more independent Non-executive Directors with relevant industry, market or professional expertise. These appointments will be made in due course.

We have already made the first appointment of an Independent Director on the Topaz Board, Philip Gore-Randall, who is also an Independent Director and Chairman of the Topaz Audit Committee and a member of the Topaz Remuneration Committee.

BOARD COMPOSITION



NATIONALITY



SAMIR J. FANCY
CHAIRMAN

Independent No

Strengths and experience

Samir has over 30 years' worth of Directorship experience across a range of sectors, including financial investment, oil and gas and facilities management. He was nominated for Ernst & Young's Middle East Entrepreneur of the Year in 2007 and Oman Entrepreneur of the Year in 2012. He also founded the Oman Chapter of The Young Presidents Organization and is involved in charitable work, supporting children with disabilities.

Other appointments

- > Chairman of Renaissance Services SAOG since 1997
- > Chairman of Tawoos LLC since 2005, and CEO from 1985-2005
- > Director and founding shareholder of SAMENA Capital and Chairman of its Executive Committee
- > Previously a Director of the National Bank of Oman, a Director of Muscat Finance Company and a founder and Director of United Power SAOG

RENÉ KOFOD-OLSEN
CHIEF EXECUTIVE OFFICER

Independent No

Strengths and experience

René has over 18 years of experience in the marine industry, having worked in the AP Moller-Maersk Group and as CEO of Svitzer Asia, Middle East & Africa. He has held several leadership roles across a variety of multi-cultural organisations and countries. He pursued an advanced management programme at Harvard Business School.

STEPHEN R. THOMAS, OBE
NON-EXECUTIVE DIRECTOR

Independent No

Remuneration Committee member

Strengths and experience

Stephen has a wealth of international experience, originally working with Grand Metropolitan Group plc, and serving as Chairman of the Oman Society for Petroleum Services (OPAL). He has been with what is today Renaissance Services SAOG since 1988, and served as CEO since 1998. In 2010 he was awarded the Order of the British Empire (OBE) for services to business abroad and services to the community in Oman.

Other appointments

- > Member of Topaz Energy and Marine's Remuneration Committee
- > Board Member of OPAL
- > Former Board member of National Hospitality Institute SAOG

SUNDER GEORGE
NON-EXECUTIVE DIRECTOR

Independent No

Audit Committee member

Strengths and experience

Sunder has over 35 years of international banking and finance experience and is a Fellow of the Chartered Institute of Bankers London and an Associate of the Indian Institute of Bankers. He is one of the few Indian nationals to have been granted Omani citizenship for his dedicated services to Oman.

Other appointments

- > Director of the Board of Renaissance since 2001
- > Chief Advisor to the Board of BankMuscat SAOG
- > Various Board Directorships in other companies in Oman

ALI BIN HASSAN SULAIMAN
NON-EXECUTIVE DIRECTOR

Independent No

Remuneration Committee Chair

Audit Committee member

Strengths and experience

Over 25 years of global management experience in FMCG, manufacturing and services companies. Ali was the Founder of Ali and Abdul Karim Group, a manufacturing and services group with interests in the oil and gas, construction, FMCG consumer goods, and wireless networking sectors.

Other appointments

- > Chair of Topaz Energy and Marine's Remuneration Committee
- > Deputy Chairman of Renaissance since 2010
- > Director of National Hospitality Institute SAOG
- > Director of Majan Glass Manufacturing Co SAOG

TAIMOOR LABIB
NON-EXECUTIVE DIRECTOR

Independent No

Strengths and experience

Taimoor has around 18 years of direct private equity and M&A experience across a wide range of industries and geographies; including deep relationships with the leading Saudi family groups, regional regulators and sovereign wealth funds. He began his career with Bear Stearns (New York) and The Carlyle Group (Washington, DC) and holds a Bachelor of Science degree from Carnegie Mellon University.

Other appointments

- > Regional Head of Middle East & North Africa Private Equity & Head of Global Private Equity Portfolio Management at Standard Chartered Private Equity
- > Member of Standard Chartered Bank's global principal finance management committee, all regional private equity investment committees, and the global exit committee.

PHILIP GORE-RANDALL
NON-EXECUTIVE DIRECTOR

Independent Yes

Remuneration Committee member

Audit Committee Chair

Strengths and experience

Chartered Accountant with extensive experience, in the UK and overseas, at a senior level in large organisations. Philip was COO of HBOS plc in 2007-2008 and prior to that COO of Aon UK Limited, following a period as Chairman and Chief Executive of Aon Risk Services. Philip spent the first 25 years of his career at Andersen and was elected UK Managing Partner in 1997 and Managing Partner and COO for the worldwide practice in 2001.

Other appointments

- > Chairman of Topaz Energy and Marine's Audit Committee
- > Member of Topaz Energy and Marine's Remuneration Committee
- > Chairman of Fircroft Engineering
- > Chairman of Alvarez and Marsal Corporate Solutions (Europe)
- > Chairman of Equiom Holdings
- > Chairman of Audit and Operation Committee and Remuneration Committee, Samena Capital
- > Audit Committee Expert, RAK Ceramics PSG

SENIOR MANAGEMENT

CORPORATE EXECUTIVE COMMITTEE



KEY



QUICK LINKS

For full biographies please visit:
www.topazworld.com/en/about-us/management-team

GEOFFREY TAYLOR CHIEF OPERATING OFFICER 1

Joined Topaz	2013
Years with Topaz	3
Years of experience	44

Previous roles
 Drydocks World

Strengths and experience

- > Experienced senior manager, having held several top executive positions
- > Former CEO of Drydocks World, overseeing the activities of a number of businesses including five shipyards involved in ship repair, ship/rig building/offshore construction, and ship management
- > Diverse knowledge of maritime sector

JAY DAGA CHIEF FINANCIAL OFFICER 2

Joined Topaz	1999
Years with Topaz	17
Years of experience	23

Previous roles
 Moshin Haider Darwish LLC, Hindustan Gas & Industries Ltd, PwC

Strengths and experience

- > Strong financial knowledge including capital raising, M&A, capital structure
- > Strong general management skills across various functions
- > Deep knowledge of key Topaz businesses

RENÉ KOFOD-OLSEN CHIEF EXECUTIVE OFFICER 3

Joined Topaz	2012
Years with Topaz	4
Years of experience	22

Previous roles
 Svitzer, Maersk

Strengths and experience

- > Deep knowledge of the marine industry
- > Former CEO of Svitzer Asia, Middle East & Africa, responsible for a fleet of 130 vessels operating in 17 countries
- > Knowledge of multi-cultural organisations
- > M&A investments, integration experience and restructuring
- > Global HR experience

ROBERT DESAI STRATEGY AND BUSINESS DEVELOPMENT DIRECTOR 4

Joined Topaz	2009
Years with Topaz	7
Years of experience	12

Strengths and experience

- > Deep knowledge of Topaz business across various disciplines, including Commercial, Corporate Planning and Investor Relations
- > Relevant industry and capital market projects experience

EALBRA MORADKHAN HR DIRECTOR 5

Joined Topaz	2007
Years with Topaz	9
Years of experience	20

Previous roles
 ABB (Iran)

Strengths and experience

- > Experienced senior manager with practical knowledge of Topaz businesses
- > Experienced in HR strategy, long-term planning and global HR practices in multi-cultural environment
- > Strong QHSSE experience as well as external auditing credentials

OPERATIONAL MANAGEMENT

PAUL JARKIEWICZ AREA MANAGER – CASPIAN

Joined Topaz	2013
Years with Topaz	3
Years of experience	28

Previous roles

ESNAAD-ADNOC Group, Edison Chouest Offshore, Tidewater

Strengths and experience

- > Operational and general management in multi-cultural environments
- > Robust operational and technical background with blue-chip OSV operators
- > Master Mariner, background in shipping and logistics

SIMON MOUNTFORD FINANCE MANAGER – CASPIAN

RICHARD AYLING REGIONAL DIRECTOR – MENA & SUBSEA

Joined Topaz	2009
Years with Topaz	7
Years of experience	36

Previous roles

Seabulk Inc., Lamnalco, Sea Trucks Group and Oil Ltd

Strengths and experience

- > Experienced senior manager in various leading marine offshore companies
- > Strong operational and technical track record
- > Deep knowledge of the MENA and West African markets
- > Engineering background

ATUL VERMA FINANCE MANAGER – MENA & SUBSEA

TOM KNUDSEN REGIONAL DIRECTOR – AFRICA

Joined Topaz	2015
Years with Topaz	1
Years of experience	31

Previous roles

A.P. Moeller-Maersk

Strengths and experience

- > Experience across a number of disciplines in the maritime industry including strategy, start-ups, restructuring, business development, and general management
- > Deep knowledge of emerging markets and culture through leadership positions in Eastern Europe, India and Africa

KUMAR KRISHNAMURTHY FINANCE MANAGER – AFRICA

CORPORATE TEAM

BILL HICKIE HEAD OF BUSINESS DEVELOPMENT

EIRIN INDERBERG HEAD OF LEGAL

IAN TREBINSKI HEAD OF QHSSE

KRIS VEDAT HEAD OF IT

MARTIN HOSKINS HEAD OF TECHNICAL SERVICES

RUNE ZEUTHEN HEAD OF SALES

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors have pleasure in presenting before you the audited consolidated financial statements for the year ended 31 December 2015 of Topaz Energy and Marine Limited (formerly Nico Middle East Limited) ("the Company") and its subsidiaries (together, "the Group").

NOTES ON ONE-OFFS:

Provision for impairment of vessels:

The decrease in oil prices to the lowest in a decade and its impact on the valuation of assets and businesses in the oil & gas industry has been substantial. Topaz's long-term contract visibility is able to support the value in use for the major portion of its fleet; however where the vessels are on short-term contracts and were underutilised, we have taken prudent decisions on impairment in line with IFRS requirements to recognise the fall in recoverable value below book value of those assets.

Unamortised arrangement fees write-off:

During the year 2015, Topaz has successfully refinanced bank debt of US\$313 million with lower interest rates and extended tenure. The unamortised costs relating to the loan that was refinanced have been written off.

Net gain/(loss) on sale of vessels:

One of the non-performing vessels was disposed of at a net loss of US\$1.2 million.

OPERATIONS

2015 opened with the Offshore Support Vessel ("OSV") market responding to an oil price in steep decline.

Our business is exposed to oil and gas and there has never been a time in our Group's history where the end of year numbers do so little justice to our stability and progress.

It is naturally disappointing to report a net loss. However, EBITDA and operational performance both remain robust; the net loss arises purely from a one-off and exceptional write-down that has no effect on cash flows.

Understanding the economic context really matters because we remain a secure business with operational performance that is well ahead of our industry peers in the global marketplace.

Our fortress position in the Caspian has remained stable and the fleet there did not face the abject inactivity experienced by much of the OSV market. We have the liquidity to meet our obligations and across the Group we are growing our secured revenue.

All OSV operators in spot markets in West Africa took tough hits to their business volumes and this has, of course, dampened our overall performance.

The Middle East has again delivered a satisfactory result, with high levels of utilisation. We have grown our backlog of contracts and deployed a new Anchor Handling Vessel in our key market of Saudi Arabia.

DIVIDEND

No dividend proposed for the year ended 31 December 2015.

INVESTMENT FOR GROWTH

During 2015 we conservatively expanded our fleet in line with our strategy of operating young and high spec vessels with enhanced reliability, safety and efficiency and thus services for our clients. The Group made capex payments of US\$57.5 million (2014: US\$268.8 million) towards modernisation and expansion of the Group's OSV fleet.

We commissioned two new Subsea vessels at a purchase price of approximately US\$115 million in September 2015, which will be delivered in the second half of 2017, demonstrating our ability to invest strategically in a depressed environment. The ERRV, *Topaz Responder* (which was under construction in 2014) added to the fleet in 2015 and deployed to the MENA region on a firm contract. The addition of AHTSV *Topaz Mamlaka* in December 2015 brings the total number of vessels to 100 including the three newbuilds currently under construction. We expect our new MPSV *Topaz Resolve* to be delivered imminently and it will be deployed in the MENA region.

Liquidity

Our prudent approach to cash management during 2015 sets the foundation to operate a more efficient capital structure in 2016 and beyond. In April 2015, we have drawdown US\$350 million to refinance existing debt and agreed a facility to borrow an additional US\$200 million at highly competitive rates extending the maturity of our debt profile. This reflects the market's confidence in our strategy and our ability to reduce overall risk while ensuring our capital structure captures long-term growth and takes advantage of appropriate opportunities as they arise. Our debt refinancing will continue to deliver savings in finance costs over the long term, despite the one-off non-cash charge of US\$8.3 million during 2015.

MARKET AND OUTLOOK

Despite a strong performance in our key Caspian market, which makes up 62% of revenue, our financial results reflect subdued demand for offshore support vessels in our nascent market in Africa and rate pressure in MENA.

Core utilisation in our main markets has been high: in the Caspian markets core utilisation has been 96%, MENA 87% and Subsea 83%. However, West Africa has seen utilisation fall to below 50% and we have moved assets out of this region and laid up two ships into cold store. We believe these are the right measures to take in reaction to the lack of demand, although we retain a small but relevant presence in that market to service high-end, international clients.

FINANCIAL RESULTS (US\$M)

Sr. No	Particulars	2015	2014
1	Revenue	362.5	404.6
2	Earnings before interest, tax and depreciation ("EBITDA")	174.5	203.8
3	Net Profit After Tax (excluding one-off charges)	22.1	48.6
3	Net Profit After Tax	(58.5)	52.1
4	Total Assets	1427.7	1,542.2
5	Total Debt	775.3	790.9
6	Total Equity	574.0	669.3

THE FOLLOWING ONE-OFF CHARGES RELATE TO TOPAZ (BERMUDA) FOR 2015

Particulars	2015	2014
Provision for impairment of vessels	(71.0)	(4.0)
Unmortised arrangement fees write-off	(8.4)	-
Net gain/(loss) on sale of vessels	(1.2)	7.5
Total	(80.6)	3.5

As we head into 2016, we are likely to continue to see rate pressure as clients are impacted by the lower oil price environment, particularly in the Africa and MENA regions, where we are currently awaiting some tender decisions. The strong tender activity in Angola is yet to materialise into long-term contracts, but we are very optimistic. Spot activities in Nigeria are low but we continue to benefit from the extension of PSV contracts with a major oil supplier. We are resolute Africa will be a lucrative market in the long term and continue to build relationships with existing and potential clients to grow our business in this region.

We forecast the cost efficiency initiatives regarding procurement, administration, crew and overheads put in place during 2015 will save more than US\$10 million during 2016 and we will continue to find ways to optimise our cost structure without compromising on quality and safety in the future.

Today, we are a stable company in very turbulent markets and 2016 will continue to be challenging. We are meeting the challenges with balance sheet strength, a robust backlog of work, continuing investment in relevant assets and stable long-term contracts with clients. We have taken the right steps this year to manage our operational costs, we have the liquidity to meet our obligations and we are preserving the health and spending power of our finances.

Overall, we are pleased to have delivered an above-market result in such trying times and we believe this is proof of the resilience of our strategy.

ACKNOWLEDGEMENT

The Directors take this opportunity to express their thanks to Lenders, Customers, Major Suppliers, Shareholders and other Stakeholders for their continued support and guidance.

The Directors wish to place on record their appreciation for the dedicated efforts put in by the employees of the Group at all levels.



Samir J. Fancy
Director



René Kofod-Olsen
Director

16 February 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Topaz Energy & Marine Limited.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Topaz Energy & Marine Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information contained on pages 46 to 87 of this annual report.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

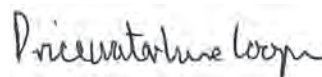
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial reporting Standards.



PricewaterhouseCoopers
16 February 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 US\$'000	2014 US\$'000
Revenue	6	362,470	404,622
Direct costs		(218,590)	(217,251)
Gross profit		143,880	187,371
Administrative expenses		(39,752)	(41,145)
Impairment losses	7	(71,226)	(8,528)
Other income	8	100	426
Profit before finance costs and income tax		33,002	138,124
Finance costs	9	(70,217)	(65,121)
Finance income	9	971	1,464
Finance costs – net		(69,246)	(63,657)
(Loss)/profit before income tax		(36,244)	74,467
Income tax expense	10	(22,248)	(22,371)
Loss/profit for the year	11	(58,492)	52,096
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Changes to cash flow hedges	9	-	(158)
Total comprehensive loss/profit for the year		(58,492)	51,938
(Loss)/Profit attributable to:			
Owners of the Company		(78,769)	32,121
Non-controlling interests		20,277	19,975
(Loss)/profit for the year		(58,492)	52,096
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(78,769)	31,963
Non-controlling interests		20,277	19,975
Total comprehensive (loss)/profit for the year		(58,492)	51,938
Basic and diluted (loss)/profit per share (USD)	35	(0.28)	0.12

The independent auditor's report is set out on page 45.

The attached notes on pages 50 to 87 form part of these consolidated financial statements.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2015

	Notes	2015 US\$'000	2014 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	12	1,222,439	1,314,556
Intangible assets and goodwill	13	27,243	26,688
Long-term receivables and prepayments	15	1,397	888
Deferred tax asset	25	1,464	2,568
		1,252,543	1,344,700
Current assets			
Inventories	14	3,326	4,314
Accounts receivable and prepayments	15	100,158	112,594
Due from related parties	24	16,568	17,203
Bank balances and cash	16	55,069	63,414
		175,121	197,525
Total assets		1,427,664	1,542,225
Equity and liabilities			
Equity			
Share capital	17	284,720	284,720
Share premium		46,796	46,796
Statutory reserve	18	-	38
Retained earnings		101,363	203,348
Total equity attributable to equity holders of the Company		432,879	534,902
Non-controlling interest		141,076	134,445
Total equity		573,955	669,347
Liabilities			
Non-current liabilities			
Term loans	20	641,314	628,163
Loan due to Holding Company	21	76,000	78,000
Employees' end of service benefits	22	3,868	4,079
Accounts payable and accruals	23	574	1,485
		721,756	711,727
Current liabilities			
Accounts payable and accruals	23	53,019	54,287
Term loans	20	30,000	56,709
Loan due to Holding Company	21	28,000	28,000
Due to related parties	24	564	604
Income tax payable	10	20,370	20,192
Fair value of derivatives	29	-	1,359
		131,953	161,151
Total liabilities		853,709	872,878
TOTAL EQUITY AND LIABILITIES		1,427,664	1,542,225

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 16 February 2016 and signed on its behalf by:



Director



Director

The independent auditor's report is set out on page 45.

The attached notes on pages 50 to 87 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 US\$'000	2014 US\$'000
(Loss)/Profit before income tax from continuing operations			
Adjustments to reconcile profit before tax to net cash flows:		(36,244)	74,467
Charge on discontinuance of hedge accounting	9	–	(158)
Fair value changes of derivative financial instruments	9	(194)	(1,254)
Impairment losses on property, plant and equipment	7	71,000	4,000
Impairment loss on trade accounts receivables	7	226	4,528
Provision for employees' end of service benefits	22	302	1,345
Profit on sale of property, plant and equipment	8	–	(19)
Finance income	9	(777)	(52)
Finance costs	9	70,217	65,121
Depreciation and amortisation		70,570	61,625
Amortisation of mobilisation		2,890	9,175
Working capital adjustments:			
Inventories		988	(136)
Marine vessels classified as inventories and sold during the year		3,609	7,898
Accounts receivables, prepayments and other assets		2,365	3,697
Accounts payable, accruals and other liabilities		(4,740)	(3,399)
Due from related parties		597	(372)
Net cash generated from operations		180,809	226,466
Operating activities			
Income tax paid		(20,961)	(17,210)
Interest paid		(55,182)	(62,445)
Employees' end of service benefits paid	22	(513)	(338)
Net cash flows generated from operating activities		104,153	146,473
Investing activities			
Purchase of property, plant and equipment		(57,511)	(295,069)
Acquisition of intangible assets		(621)	–
Advance paid for vessels		(553)	(1,161)
Proceeds from disposal of property, plant and equipment		–	117
Change in long term receivable		(1,397)	–
Net movement in restricted cash		13,000	(2,000)
Net cash flows used in investing activities		(47,082)	(298,113)
Financing activities			
Funding from non-controlling interests			84,000
Loans borrowed		345,884	91,568
Loans paid		(372,100)	(83,811)
Repayment of loan due to Holding Company		(2,000)	(28,000)
Dividends paid		(22,000)	(20,000)
Dividends paid to non-controlling interests*		(2,200)	–
Net cash flows (used in)/generated from financing activities		(52,416)	43,757
Increase/(decrease) in cash and cash equivalents		4,655	(107,883)
Cash and cash equivalents at 1 January		50,414	158,297
Cash and cash equivalents at 31 December	16	55,069	50,414
Non-cash transaction			
In 2015, dividends to non-controlling interest amounting to USD 12,700 thousand were set off against receivable from non-controlling interest.			

The independent auditor's report is set out on page 45.

The attached notes on pages 50 to 87 form part of these consolidated financial statements.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Attributable to Owners of the Company					Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Statutory reserve US\$'000	Hedging reserve US\$'000	Retained earnings US\$'000	Total US\$'000	
Balance at 1 January 2014	256,818	–	38	158	191,227	448,241	540,914
Profit for the year	–	–	–	–	32,121	32,121	52,096
Other comprehensive income (refer to note 9)	–	–	–	(158)	–	(158)	(158)
Total comprehensive income for the year	–	–	–	(158)	32,121	31,963	51,938
Transactions with the Owners of the Company							
Additional capital introduced							
Dividend paid to Holding Company (refer to note 34)	27,902	46,796	–	–	–	74,698	96,495
	–	–	–	–	(20,000)	(20,000)	(20,000)
Total transactions with the Owners of the Company	27,902	46,796	–	–	(20,000)	54,698	76,495
Balance at 31 December 2014	284,720	46,796	38	–	203,348	534,902	669,347

	Attributable to Owners of the Company					Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Statutory reserve US\$'000	Retained earnings US\$'000	Total US\$'000		
Balance at 1 January 2015	284,720	46,796	38	203,348	534,902	134,445	669,347
Loss for the year	–	–	–	(78,769)	(78,769)	20,277	(58,492)
Total comprehensive loss for the year	–	–	–	(78,769)	(78,769)	20,277	(58,492)
Transactions with the Owners of the Company							
Dividend paid to holding company (refer to note 34)				(22,000)	(22,000)	–	(22,000)
Dividend paid to non-controlling interests				–	–	(14,900)	(14,900)
Transactions with non-controlling interests	–	–	–	(1,254)	(1,254)	1,254	–
Transfer to retained earnings	–	–	(38)	38	–	–	–
Total transactions with the Owners of the Company	–	–	(38)	(23,216)	(23,254)	(13,646)	(36,900)
Balance at 31 December 2015	284,720	46,796	–	101,363	432,879	141,076	573,955

The independent auditor's report is set out on page 45.

The attached notes on pages 50 to 87 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. ACTIVITIES

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) ("the Company") is a limited liability company incorporated in Bermuda. The Company is a subsidiary of Topaz Energy and Marine Limited ("the Holding Company"), an Offshore company registered in the Jebel Ali Free Zone. The address of the registered office of the Company is P.O. Box 1022, Clarendon House, Church Street – West, Hamilton HM DX, Bermuda. The ultimate Holding Company is Renaissance Services SAOG, ("the Ultimate Holding Company") a joint stock company incorporated in the Sultanate of Oman.

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as "the Group" and individually as "the Group entities") and the Group's interest in jointly controlled entities. The principal activities of the Group are provision of offshore supply vessels and other marine vessels on charter primarily to the oil and gas industry.

2. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

1) SUBSIDIARIES OF TOPAZ ENERGY AND MARINE LIMITED (FORMERLY NICO MIDDLE EAST LIMITED)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Topaz Energy and DMCC	United Arab Emirates	100%	100%	Ship management/Marine Services
Nico World II Limited	Vanuatu	100%	100%	Charter of marine vessels
Nico Far East Pte Limited	Singapore	100%	100%	Charter of marine vessels
TEAM 1 Limited	Vanuatu	100%	100%	Charter of marine vessels
TEAM II Limited [refer to note 2 (a)]	St.Vincent	50%	50%	Charter of marine vessels
TEAM III Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM IV Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM V Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM VI Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM VII Limited [refer to note 2 (a)]	St.Vincent	50%	50%	Charter of marine vessels
TEAM VIII Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM IX Limited [refer to note 2 (e)]	St.Vincent	–	100%	Charter of marine vessels
TEAM X Limited	St.Vincent	50%	50%	Charter of marine vessels
TEAM XII Limited	St. Vincent	100%	100%	Charter of marine vessels
TEAM XIII Limited	St. Vincent	100%	100%	Charter of marine vessels
TEAM XV Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XVI Limited	St. Vincent	100%	100%	Charter of marine vessels
TEAM XVII Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XVIII Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXIV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXVI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXVII Limited [refer to note 2 (a)]	Marshall Islands	50%	50%	Charter of marine vessels
TEAM XXVIII Limited [refer to note 2 (a)]	Marshall Islands	50%	50%	Charter of marine vessels
TEAM XXIX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXVI Limited	Marshall Islands	100%	100%	Charter of marine vessels

2. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
TEAM XXXVII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXVIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XL Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLIII Limited [refer to note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLIV Limited [refer to note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLV Limited [refer to note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLVI Limited [refer to note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLVII Limited [refer to note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
BUE Marine Limited	United Kingdom	100%	100%	Charter of marine vessels
Topaz BUE Limited	United Arab Emirates	100%	100%	Charter of marine vessels
Topaz Doha Holdings I Limited	St. Vincent	100%	100%	Charter of marine vessels
Topaz Doha Holdings II Limited	St. Vincent	100%	100%	Charter of marine vessels
Caspian Fortress Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Pride Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Baki Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Citadel Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Gala Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Server Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Breeze Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Protector Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Power Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Provider Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Islay Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Jura Limited [refer to note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Topaz Marine Saudi Arabia Limited	Saudi Arabia	100%	100%	Operation services and technical
Topaz Khobar Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khuwair Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khalidiya Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Karama Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Karzakkan Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khubayb Limited	Marshall Islands	100%	100%	Charter of marine vessels
Ererson Shipping Limited	Cyprus	100%	100%	Charter of marine vessels
Heatberg Shipping Limited	Cyprus	100%	100%	Charter of marine vessels
Topaz Marine Limited Limited	Bermuda	100%	100%	Charter of marine vessels
Topaz Marine S.A.	Luxembourg	100%	100%	Investment company
Topaz Astrakhan Limited	Marshall Islands	100%	100%	Charter of marine vessels
BUE Caspian Limited	Scotland	100%	100%	Vessel management
BUE Kazakhstan Limited	Scotland	100%	100%	Vessel management
BUE Cygnet Limited	Scotland	100%	100%	Vessel management
BUE Bulkers Limited	Scotland	100%	100%	Vessel management
BUE Shipping Limited	Scotland	100%	100%	Vessel management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

2. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)**II) SUBSIDIARIES OF BUE MARINE LIMITED**

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Roosalka Shipping Limited	Scotland	100%	100%	Vessel management
BUE Aktau LLP	Kazakhstan	100%	100%	Vessel management
BUE Bautino LLP	Kazakhstan	100%	100%	Vessel management
Roosalka Shipping Limited [refer to note 2 (e)]	Cayman Islands	–	100%	Dormant company
BUE Kyran Limited	Scotland	100%	100%	Vessel management
BUE Marine Turkmenistan Limited	Scotland	100%	100%	Vessel management
XT Shipping Limited	Scotland	100%	100%	Vessel management
BUE Kashagan Limited [refer to note 2 (e)]	Cayman Islands	–	100%	Vessel management
BUE Maritime Services Limited [refer to note 2 (e)]	Scotland	–	100%	Vessel management
River Till Shipping Limited	Scotland	100%	100%	Vessel management

III) SUBSIDIARIES OF TOPAZ DOHA HOLDINGS II LIMITED

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Doha Marine Services WLL [refer to note 2 (d)]	State of Qatar	49%	49%	Vessel management
DMS Marine SPC	State of Qatar	100%	100%	Charter of marine vessels

- a) Caspian Fortress Limited, Caspian Pride Limited, Caspian Baki Limited, Caspian Citadel Limited, Caspian Gala Limited, Caspian Server Limited, Caspian Breeze Limited, Caspian Power Limited, Caspian Protector Limited, Caspian Provider Limited, Team VII Limited, Team XV Limited, Team XVII Limited, Team XVIII Limited, Caspian Islay Limited, Caspian Jura Limited, Team II Limited, Team X Limited, Team XXVII Limited and Team XXVIII Limited have been considered as subsidiaries as the Group is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities under management agreements with the respective shareholders.
- b) Topaz Marine Limited owns the entire issued share capital of Topaz Marine Azerbaijan Limited.
- c) BUE Caspian Limited owns the entire issued share capital of BUE Maritime Services Limited and BUE Marine Turkmenistan Limited, companies incorporated and registered in Scotland.
- d) The Group owns 49% of the shareholding in Doha Marine Services WLL ("DMS"), an entity incorporated in the State of Qatar. In addition to the above mentioned 49% ownership interest, the Group also has a beneficial interest in a further 51% in DMS through its Holding Company. Accordingly, the Group is exposed to, or has rights to, variable returns from its involvement with DMS and has the ability to affect those returns through its power over DMS, and therefore, DMS has been consolidated as a subsidiary in these consolidated financial statements.
- e) During the year, the Group has dissolved Team IX Limited, BUE Maritime Services Limited, Roosalka Shipping Limited and BUE Kashagan Limited.
- f) Team XLIII Limited, Team XLIV Limited, Team XLV Limited, Team XLVI Limited and Team XLVII Limited were incorporated in the current year for the purposes of charter of marine vessels. The Group owns the entire issued capital of these companies.

3. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

BASIS OF MEASUREMENT

The consolidated financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of derivative financial instruments.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in United States Dollars (USD) which is the Group's presentation currency. The Group's subsidiaries may have functional currencies other than USD, in which case the respective local currency is the functional currency.

A significant proportion of the Group's assets, liabilities, income and expenses are in USD, AED and Qatari Riyal (QR), to which the AED and QR is currently pegged at approximately AED 3.67 equals to USD 1 and QR 3.46 equals to 1 USD respectively. All values are rounded to the nearest thousand except where otherwise indicated.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and it also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 33.

The accounting policies set out below, which comply with IFRS have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below, which comply with IFRS have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and each of the entities that it controls together with its interest in jointly controlled entities. Also refer to note 2.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in consolidated statement of comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

Subsequently, it is accounted for as equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year using consistent accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012.

Transactions and balances eliminated on consolidation

Intra-group balances and transactions, and any unrealised gain arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated.

Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is ceased, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owners' equity.

Acquisition of non-controlling interests is accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Marine charter

Revenue comprises operating lease rent from charter of marine vessels, mobilisation income, and revenue from provision of on-board accommodation, catering services and sale of fuel and other consumables.

Lease rent income is recognised on a straight-line basis over the period of the lease. Revenue from provision of on-board accommodation and catering services is recognised over the period of hire of such accommodation while revenue from sale of fuel and other consumables is recognised when delivered. Income generated from the mobilisation or demobilisation of the vessel to or from the location of charter under the vessel charter agreement is recognised over the period of the related charter party contract.

Sale of vessels

Revenue from sale of vessels is recognised in consolidated income statement when pervasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing management involvement with the vessels and the amount of revenue can be measured reliably.

DIVIDEND

Dividend income is recognised in consolidated income statement on the date that the Group's right to receive payment is established.

FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in consolidated income statement. Interest income is recognised in consolidated income statement as it accrues, using the effective interest rate method.

Finance expense comprises interest expense on borrowings and losses on hedging instruments that are recognised in consolidated statement of comprehensive income. All borrowing costs are recognised in consolidated statement of comprehensive income using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, 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 that asset, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in consolidated income statement except for differences arising in retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, to the extent these hedges are effective, which are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and are presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated statement of comprehensive income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in a foreign operation and are recognised in other comprehensive income, and are presented in translation reserve in equity.

INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in consolidated income statement except to the extent that it relates to a business combination, or items that are recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker (CODM) i.e. the Company's Board of Directors. All operating segments' operating results are reviewed regularly by the CODM to make decisions about the resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value. Cost of marine vessels includes purchase price paid to third party including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilisation costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. In certain operating locations where the time taken for mobilisation is significant and the customer pays a mobilisation fee, certain mobilisation costs are charged to profit or loss. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Life in years	
Buildings	5 to 25
Plant, machinery, furniture, fixtures and office equipment	3 to 15
Marine vessels revalued (from the date of latest revaluation)	10
Marine vessels acquired (including boats)	15 to 30
Expenditure on marine vessel dry docking (included as a component of marine vessels)	3

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is capitalised and ready for use. Depreciation method, useful lives and residual values are reviewed at each reporting date.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off.

Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in the consolidated statement of comprehensive income as incurred.

Gains and losses on disposal of an item of property, plant and equipment, other than vessels, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income or other expense in the consolidated statement of comprehensive income.

The company disposes of vessels in the normal course of business. Vessels that are held for sale are transferred to inventories at their carrying value. The sale proceeds are accounted for subsequently under revenue.

CAPITAL WORK IN PROGRESS

Capital work in progress is stated at cost until the construction is complete. Upon the completion of construction, the cost of such assets together with cost directly attributable to construction, including capitalised borrowing cost are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

DRY DOCKING COSTS

The expenditure incurred on vessel dry docking, a component of property, plant and equipment, is amortised over the period from the date of dry docking, to the date on which the management estimates that the next dry docking is due, which ordinarily is within 2 to 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VESSEL REFURBISHMENT COSTS

Owned assets

Cost incurred to refurbish owned assets are capitalised within property, plant and equipment and then depreciated over the shorter of the estimated economic life of the related refurbishment or the remaining life of the vessel.

INTANGIBLE ASSETS

Goodwill

Goodwill that arises with acquisition of subsidiaries is presented within intangible assets. Goodwill is initially measured at the fair value of consideration transferred plus the recognised amount of any non-controlling interest in the acquiree plus, if the business combination is achieved in stages, the fair value of pre-existing equity interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any negative goodwill is immediately recognised in profit or loss. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or groups of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or groups of cash-generating units) is less than the carrying amount, an impairment loss is recognised in profit or loss. An impairment loss in respect of goodwill is not reversed. Where goodwill forms part of a cash-generating unit (or groups of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation is charged on a straight-line basis over the estimated useful life of five years, from the date they are available for use. Amortisation method, useful lives and residual values are reviewed at each reporting date.

FINANCIAL INSTRUMENTS

Non-derivative financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Non-derivative financial assets (continued)

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Non-derivative financial liabilities

All the financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group's non-derivative financial liabilities include loans and borrowings, bank overdrafts, accounts and other payables and balances due to related parties. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported consolidated income statement

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the consolidated income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the consolidated statement of comprehensive income, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of comprehensive income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects the consolidated statement of comprehensive income. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the consolidated statement of comprehensive income. In other cases the amount recognised in other comprehensive income is transferred to the consolidated statement of comprehensive income in the same period that the hedged item affects the consolidated statement of comprehensive income.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the consolidated statement of comprehensive income.

IMPAIRMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuer and economic conditions that correlate with defaults. The Group considers evidence of impairment of financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than goodwill, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to that cash-generating unit and then to reduce the carrying amounts of the other assets in that cash-generating unit on a pro rata basis.

The recoverable amount of an asset or its cash-generating unit is the greater of its value in use over its useful life and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of time value of money and risks specific to the asset or cash-generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are measured at lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at hand, bank balances and short-term deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings on an effective interest basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the interest-bearing borrowings to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

EMPLOYEES' END OF SERVICE BENEFITS

Pursuant to IAS 19 "*Employee benefits*", end of service benefit obligations are measured using the projected unit credit method. The objective of the method is to spread the cost of each employee's benefits over the period that the employee is expected to work for the Group. The allocation of the cost of benefits to each year of service is achieved indirectly by allocating projected benefits to years of service. The cost allocated to each year of service is then the value of the projected benefit allocated to that year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

PROVISIONS

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

LEASES

Group as a lessee

Leased asset

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

In respect of finance leases, lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of comprehensive income.

Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Leases where the Group has transferred substantially all the risks and rewards of ownership are classified as finance leases. The present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The lease rentals are allocated between finance income and repayment of principal in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DIVIDENDS DISTRIBUTION

Dividends are recognised as a liability in the year in which the dividends are approved by the Company's board of directors.

NEW AND AMENDED STANDARDS, AND INTERPRETATIONS MANDATORY FOR THE FIRST TIME FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2015

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and have an impact on the Group:

- IAS 19 (amendment), 'Employee benefits' (effective 1 July 2014).

The adoption of the amended standards did not have a material impact on the Group.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 JANUARY 2015 AND NOT YET EARLY ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Management is currently assessing the following standards and amendments which are likely to have an impact on the Group's financial statements:

- IAS 1 (amendment) 'Presentation of Financial Statements' (effective from 1 January 2016);
- IFRS 11 (amendment), 'Joint arrangements' (effective from 1 January 2016);
- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (amendment) (effective 1 January 2016);
- IFRS 10 'Consolidated financial statements' and IAS 28 'Investment in associates' (amendment) (effective from 1 January 2016);
- IAS 27 (amendment) 'Separate financial statements' (effective from 1 January 2016);
- IFRS 9, 'Financial instruments: Classification and Measurement' (effective from 1 January 2018);
- IFRS 14, 'Regulatory deferral accounts' (effective from 1 January 2016); and
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group is in the process of assessing the impact of the new standards and amendments and intends to adopt these no earlier than their respective effective dates. These standards and amendments are not expected to have significant impact on the Group's accounting policies and are expected to result in additional disclosures only.

5. DETERMINATION OF FAIR VALUES

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

FORWARD EXCHANGE CONTRACTS AND INTEREST RATE SWAPS

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

OTHER NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

6. REVENUE

	2015 US\$'000	2014 US\$'000
Charter and other revenues from marine vessels	351,935	377,922
Income from mobilisation of marine vessels	8,035	10,200
Sale of marine vessels	2,500	16,500
	362,470	404,622

7. IMPAIRMENT LOSSES

	2015 US\$'000	2014 US\$'000
Impairment loss on accounts receivable (refer to note 15)	226	4,528
Impairment loss on property, plant and equipment (refer to note 12)	71,000	4,000
	71,226	8,528

8. OTHER INCOME

	2015 US\$'000	2014 US\$'000
Unclaimed balances written back	–	53
Gain on disposal of property, plant and equipment	–	19
Miscellaneous income	100	354
	100	426

Miscellaneous income includes expense claim settlement with a customer, vessel insurance claim settlement and other miscellaneous income.

9. FINANCE INCOME AND COSTS

	2015 US\$'000	2014 US\$'000
Recognised in profit or loss		
Interest income	–	52
Exchange gain	777	–
Fair value changes of derivative financial instruments (refer to (i) below and to note 29)	194	1,254
Charge on discontinuance of hedge accounting	–	158
Finance income	971	1,464
Interest expense	70,217	62,789
Exchange loss	–	2,332
Finance costs	70,217	65,121
Recognised in other comprehensive income		
Reclassification on discontinuance of hedge accounting (refer to note 29)	–	(158)
Finance income	–	(158)

(i) This represents gain on fair valuation of interest rate swaps which are not designated as hedging instruments under IAS 39 'Financial Instruments: Recognition and Measurement' and therefore recognised in profit or loss.

10. INCOME TAX

Tax expense relates to corporation tax payable on the profits earned by certain Group entities, which operate in taxable jurisdictions, as follows:

	2015 US\$'000	2014 US\$'000
Current taxation		
Foreign tax	20,721	22,219
Corporation tax	422	616
Total current tax	21,143	22,835
Deferred tax		
Current year	983	(7)
Prior year	121	(457)
Total deferred tax	1,104	(464)
Tax expense for the year	22,248	22,371
Tax liabilities	20,370	20,192

The Group's consolidated effective tax rate is (61%) for 2015 (2014: 30%).

The charge for the period can be reconciled to the profits of the Group attributable to entities registered in the United Kingdom, Oman and Qatar as follows:

	2015 US\$'000	2014 US\$'000
Profit before income tax of Group entities operating in taxable jurisdictions	16,680	59,712
Less: Non-taxable profits earned by these entities	(2,066)	(25,940)
Profit subject to tax included in the profit/(loss) for the year	14,614	33,772
Tax at the applicable average UK tax rate of 29.3% (2014: 21.49%) based on profits generated by Group entities registered in UK	4,296	7,258
Tax effect of expenses that are not deductible in determining taxable profit	89	123
Effect of different tax rates of subsidiaries operating in jurisdictions other than UK	17,742	15,185
Adjustment to prior year's tax payable	121	(195)
Tax expense for the year	22,248	22,371

In some jurisdictions, the tax returns for certain years have not been reviewed by the tax authorities. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

11. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year is stated after charging:

	2015 US\$'000	2014 US\$'000
Staff costs (all operations and administration staff costs)	102,506	105,545
Rental-operating leases	7,722	13,826
Depreciation (note 12)	70,504	61,547

Staff costs include personnel costs of all segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings US\$'000	Plant, machinery furniture, fixtures and office equipment US\$'000	Marine vessels US\$'000	Motor vehicles US\$'000	Capital work in progress US\$'000	Total US\$'000
Cost:						
At 1 January 2014	3,958	14,255	1,320,462	791	87,154	1,426,620
Additions	-	1,324	139,848	-	127,629	268,801
Transfers	-	(106)	149,821	106	(149,821)	-
Disposals/write offs	-	(2,230)	(15,347)	(57)	-	(17,634)
At 31 December 2014	3,958	13,243	1,594,784	840	64,962	1,677,787
Additions	-	785	36,092	149	20,486	57,512
Transfers	-	24	48,970	-	(48,994)	-
Transfer to current assets	-	-	(1,628)	-	-	(1,628)
Disposals/write offs	-	(2)	(4,720)	-	-	(4,722)
At 31 December 2015	3,958	14,050	1,673,498	989	36,454	1,728,949
Accumulated depreciation:						
At 1 January 2014	595	10,940	292,571	699	-	304,805
Charge for the year	159	1,208	60,078	102	-	61,547
Impairment	-	-	4,000	-	-	4,000
Relating to disposals/write offs	-	(2,146)	(7,449)	(43)	-	(9,638)
Amortisation of mobilisation costs	-	-	2,517	-	-	2,517
At 31 December 2014	754	10,002	351,717	758	-	363,231
Charge for the year	159	1,027	69,217	101	-	70,504
Impairment (note 7)	-	-	71,000	-	-	71,000
Relating to disposals/write offs	-	(2)	(1,113)	-	-	(1,115)
Amortisation of mob costs	-	-	2,890	-	-	2,890
At 31 December 2015	913	11,027	493,711	859	-	506,510
Net carrying amount						
At 31 December 2015	3,045	3,023	1,179,787	130	36,454	1,222,439
At 31 December 2014	3,204	3,241	1,243,067	82	64,962	1,314,556

Marine vessels with a net book value of USD 815,816 thousand (2014: USD 637,581 thousand) are pledged against bank loans obtained.

Capital work in progress includes costs incurred for construction of marine vessels.

During the year, the Group has capitalised borrowing cost amounting to USD 210 thousand (2014: USD 3,732 thousand). Borrowing costs were capitalised at the weighted average rate of 4.1% (2014: 9.2%).

During the year an impairment charge of USD 71,000 thousand (2014: USD 4,000 thousand) has been recognised for marine vessels (refer to note 7).

The depreciation charge has been allocated as follows:

	2015 US\$'000	2014 US\$'000
Direct costs	69,429	60,643
Administrative expenses	1,075	904
	70,504	61,547

13. INTANGIBLE ASSETS AND GOODWILL

	2015			2014		
	Goodwill US\$'000	Computer software US\$'000	Total US\$'000	Goodwill US\$'000	Computer software US\$'000	Total US\$'000
At 1 January	26,174	514	26,688	26,174	592	26,766
Additions	–	621	621	–	–	–
Amortisation	–	(66)	(66)	–	(78)	(78)
At 31 December	26,174	1,069	27,243	26,174	514	26,688
Cost (gross carrying amount)	26,174	2,568	28,742	26,174	1,947	28,121
Accumulated amortisation	–	(1,499)	(1,499)	–	(1,433)	(1,433)
Net carrying amount	26,174	1,069	27,243	26,174	514	26,688

Amortisation of intangible assets has been allocated to administrative expenses in the consolidated statement of comprehensive income.

Goodwill comprises the following:

- goodwill arising from the acquisition of BUE Marine Limited with effect from 1 July 2005.
- goodwill arising from the acquisition of Doha Marine Services WLL with effect from 8 May 2008.

Goodwill has been allocated to two individual cash-generating units for impairment testing as follows:

- BUE Marine cash-generating unit; and
- Doha Marine Services cash-generating unit.

Carrying amount of goodwill at 31 December allocated to each of the cash-generating units is as follows:

	2015 US\$'000	2014 US\$'000
BUE Marine Limited Unit	18,383	18,383
Doha Marine Services Unit	7,791	7,791
	26,174	26,174

The recoverable amount of each cash-generating unit is determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management.

KEY ASSUMPTIONS USED IN DISCOUNTED CASH FLOW PROJECTION CALCULATIONS

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value calculations and budgeted EBITDA. These assumptions are as follows:

DISCOUNT RATE

The discount rate used for value in use calculation in 2015 is 11.70% (2014: 11.56%).

TERMINAL VALUE CALCULATIONS

The discounted cash flow calculations for all the cash-generating units are based on the current year actual free cash flows determined from EBITDA. These cash flows then form the basis of perpetuity cash flows used in calculating the terminal value.

GROWTH RATE

The growth rate used for value in use calculation in 2015 is 3% (2014: 3%).

SENSITIVITY TO CHANGES IN ASSUMPTIONS

Management believes that there is adequate headroom, particularly with reference to the recent fall in oil prices as some of the key assumptions are conservative, particularly the expected growth rate. For the year ended 31 December 2015, there have been no events or changes in circumstances to indicate that the carrying values of goodwill of the above three cash-generating units may be impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

14. INVENTORIES

	2015 US\$'000	2014 US\$'000
Stores, spares and consumables	3,326	4,314

Movement in the provision for slow moving inventories were as follows:

At 1 January	–	102
Write-off during the period	–	(102)
At 31 December	–	–

15. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015 US\$'000	2014 US\$'000
Trade accounts receivable	93,168	86,450
Allowance for impairment of receivable	(8,627)	(8,668)
	84,541	77,782
Deferred mobilisation costs (including non-current portion)	970	6,317
Value added tax (VAT) recoverable	199	1,619
Prepaid expenses	2,941	2,551
Advance to suppliers	5,197	4,845
Retention receivable	1,934	2,776
Receivable from Non-controlling interests	–	12,700
Other receivables (including non-current portion)	5,773	4,892
	101,555	113,482
Less: Non-current portion	(1,397)	(888)
	100,158	112,594

At 31 December 2015, trade receivables with a nominal value of USD 8,627 (2014: USD 8,668 thousand) were impaired.

Movement in the allowance for impairment of receivables is as follows:

	2015 US\$'000	2014 US\$'000
At 1 January	8,668	4,892
Charge for the year (refer to note 7)	226	4,528
Amounts written off	(309)	(1,495)
Transfer	42	743
At 31 December	8,627	8,668

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2015 US\$'000	2014 US\$'000
GCC	18,754	14,988
Caspian	55,484	46,373
Others	10,303	16,421
At 31 December	84,541	77,782

15. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	Total US\$'000	Neither past due nor impaired US\$'000	Past due but not impaired				
			<30 days US\$'000	30-60 days US\$'000	60-90 days US\$'000	90-120 days US\$'000	>120 days US\$'000
2015	84,541	52,009	14,393	6,362	4,109	1,051	6,617
2014	77,782	56,140	10,359	3,614	1,778	508	5,383

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majorities is, therefore, unsecured. The other classes within trade and other receivables do not contain impaired assets. Fair value of trade and other receivables approximate to their carrying value.

16. BANK BALANCES AND CASH

Cash and cash equivalents included in the consolidated statement of cash flows include the following:

	2015 US\$'000	2014 US\$'000
Cash at bank		
– Deposits under lien (refer to (i) below)	–	13,000
– Current accounts	55,037	50,232
	55,037	63,232
Cash in hand	32	182
	55,069	63,414
Less: Deposits under lien	–	(13,000)
Cash and cash equivalents	55,069	50,414

(i) These represent restricted deposits with various commercial banks held under lien against term loans obtained by the Group and will be released upon the settlements of these loans. (refer to note 20).

17. SHARE CAPITAL

	2015 US\$'000	2014 US\$'000
Authorised		
400,000,000 shares of USD 1 each (2014: 400,000,000 shares of USD 1 each)	400,000	400,000
Issued and fully paid		
284,719,616 shares of USD 1 each (2014: 284,719,616 shares of USD 1 each)	284,720	284,720

In 2014, the Company entered into a Subscription Agreement, consisting the issue and sale of 27,902,522 common shares (from authorised but unissued capital stock) of the Company at a price of USD 2.68 per share for total proceeds of USD 75 million. As part of the sale of the shares, the parent company entered into a Shareholders Agreement, where the immediate parent and the ultimate parent company have agreed to certain conditions which are accounted for, and disclosed, in their own financial statements. These conditions do not affect the Company itself and therefore the financial impact has not been reflected in these financial statements.

The proceeds of the private placement has been used by the Company to fund expansion plans, which includes the acquisition of additional vessels, mergers, acquisition and joint venture transactions, repayment of existing third party debt, repayment of shareholder loans and general corporate purposes at the Company or any of its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

18. STATUTORY RESERVE

As required by the UAE Federal Law No. (2) of 2015 and the Articles of Association of subsidiaries incorporated in the UAE, 10% of the profit for the year is required to be transferred to statutory reserve. The subsidiaries may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up capital of the individual entities being consolidated. During the year, the Group transferred the amount of statutory reserve to retained earnings as the amount is no longer required.

19. HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected the consolidated statement of comprehensive income.

In 2014: USD 158 thousand was charged to the income statement due to the discontinuance of hedge accounting.

20. TERM LOANS

	2015 US\$'000	2014 US\$'000
\$ 350M 8.625% Senior Notes due 2018	342,462	340,249
Term loan, at LIBOR plus 2.75% p.a. repayable by April 2022	328,852	–
Term loan, at LIBOR plus 4.00% p.a. repayable by August 2017	–	129,824
Term loan, at LIBOR plus 3.75% p.a. repayable by June 2018	–	100,596
Term loan, at LIBOR plus 3.50% p.a. repayable by June 2020	–	45,610
Term loan, at LIBOR plus 2.65% p.a. repayable by July 2022	–	16,600
Term loan at 5.75% p.a. repayable by October 2017	–	14,511
Term loan, at LIBOR plus 3.95% p.a. repayable by October 2017	–	8,811
Term loan, at LIBOR plus 3.95% p.a. repayable by May 2018	–	8,671
Term loan, at LIBOR plus 3.75% p.a. repayable by October 2016	–	20,000
	671,314	684,872
Current portion	(30,000)	(56,709)
Non-current portion	641,314	628,163

- (i) During the year, the Group successfully refinanced its existing bank debt amounting to USD 313,659 thousand under various facilities. As a result of this refinancing, on 30 April 2015, the Group entered into an agreement with a syndicate of banks for financing facility of USD 550 million. The existing liabilities under the target restructure loans were prepaid and were replaced by a new term loan amounting to USD 328,852 thousand as at 31 December 2015. The Group recognised a charge on extinguishment of debt of USD 8.4 million in 2015 in relation to the prepayment of these term loans. The amount is included as part of finance cost in the consolidated statement of comprehensive income. The new term loan carries interest at the rate of three-month LIBOR plus 2.75% and is repayable in quarterly instalments till April 2022.
- (ii) On 4 November 2013 the Group issued USD 350 million aggregate principal amount of 8.625% Senior Notes (the Senior Notes) that will mature on 1 November 2018. The Senior Notes pay interest semi-annually in arrears on 1 May and 1 November of each year, commencing 1 May 2014. Interest has been accrued from the issue date. On and after 1 November 2016, the Group may redeem some or all of the Senior Notes at the redemption prices (expressed as percentages of principal amount) equal to 104.3125% for the twelve month period beginning 1 November 2016, 102.15625% for the twelve month period beginning 1 November 2017 and 100% beginning 1 October 2018, plus accrued and unpaid interest and additional amounts, if any, to the redemption date. The Senior Notes have been issued by Topaz Marine S.A., a wholly-owned subsidiary of Nico Middle East Ltd., incorporated in Luxembourg. The Senior Notes have been admitted for trading on the Global Exchange Market of the Irish Stock Exchange.

In conjunction with the Senior Notes offering, USD 12.06 million in debt issuance cost were incurred and has been accounted as per IFRS and will be amortised into finance cost over the life of the Senior Notes using the effective interest basis. USD 120 million, out of the proceeds from the issuance of the Senior Notes, were used to prepay amounts outstanding under some of the senior secured bank borrowings and the balance proceeds have been used for acquisition of vessels. The Group recognised a loss on extinguishment of debt of USD 2.4 million in 2013 in relation to the prepayment of these bank borrowings. The amount is included as part of finance cost in the consolidated statement of comprehensive income.

As at 31st December 2015, the fair value of the Senior Notes is approximately USD 320 million (2014: USD 322 million).

20. TERM LOANS (CONTINUED)

(iii) The term loans of the Group are denominated either in USD or AED and are secured by a first preferred mortgage over selective assets of the Group, the assignment of marine vessel insurance policies, corporate guarantees, lien on fixed deposits and the assignment of the marine vessel charter lease income. (refer to note 12 and 16).

The term and Senior Notes are repayable as follows:

	2015 US\$'000	2014 US\$'000
Due within one year	30,000	56,709
Due between two to five years	466,317	608,908
Due after five years	174,997	19,255
	671,314	684,872

The borrowing arrangements include undertakings to comply with various covenants including net debt to EBITDA ratio and EBITDA to debt service ratio as well as an undertaking to maintain a minimum tangible net worth which shall not be less than USD 500 million and minimum total free liquidity which shall not be less than USD 30 million.

At the reporting date, the Group has complied with all financial covenants.

21. LOAN DUE TO HOLDING COMPANY

	2015 US\$'000	2014 US\$'000
Term loan at 7% p.a. repayable by November 2019 (refer (i) below)	26,000	28,000
Term loan at 8.50% p.a. repayable by September 2017 (refer (ii) below)	78,000	78,000
	104,000	106,000
Current portion	(28,000)	(28,000)
Non-current portion	76,000	78,000
The loan is repayable as follows:		
Due within one year	28,000	28,000
Due between two to five years	76,000	78,000
	104,000	106,000

(i) This represents a loan obtained from the Ultimate Holding Company for the purpose of financing the acquisition of certain vessels for USD 30 million and is subordinated to other indebtedness.

(ii) This represents a subordinated loan payable in four equal installments of USD 26 million, starting from November 2014 carrying a mark – up at the rate of 8.5% p.a. compounded on a quarterly basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

22. EMPLOYEES' END OF SERVICE BENEFITS

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This is an unfunded defined benefit scheme.

Principal actuarial assumptions at the reporting date are as follows:

- Normal retirement age: 60-65 years
- Mortality, withdrawal and retirement: 5% turnover rate. Due to the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used for maturity, withdrawal and retirement.
- Discount rate: 4.16% p.a.
- Salary increases: 3%-5% p.a.

The movement in the provision is recognised in the consolidated statement of financial position is as follows:

	2015 US\$'000	2014 US\$'000
At 1 January	4,079	3,072
Provided during the year	302	1,345
End of service benefits paid	(513)	(338)
At 31 December	3,868	4,079

23. ACCOUNTS PAYABLE AND ACCRUALS

	2015 US\$'000	2014 US\$'000
Current		
Trade accounts payables	6,675	13,234
Accrued expenses	33,840	26,069
Advance from customers	–	1,552
Deferred income	1,920	4,888
Other payables	10,584	8,544
	53,019	54,287
Non-current		
Deferred income	574	1,485
	574	1,485

24. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	2015 Revenue US\$'000	2015 Interest US\$'000	2014 Revenue US\$'000	2014 Interest US\$'000
Related parties	–	8,684	–	10,558

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year was as follows:

	2015 US\$'000	2014 US\$'000
Short term benefits	3,419	3,189
Employees' end of service benefits	123	102
	3,542	3,291
Due from related parties		
Directors	–	1
Topaz Engineering Ltd	16,481	16,922
Topaz Energy and Marine Plc, UK	83	271
Tawoos	4	9
	16,568	17,203
Due to related parties		
Renaissance Services SAOG	564	604
	564	604

25. DEFERRED TAX ASSET

	2015 US\$'000	2014 US\$'000
At 1 January	2,568	2,104
Credit to profit or loss	(1,104)	464
At 31 December	1,464	2,568

The deferred tax balance at 31 December 2015 comprises depreciation in excess of capital allowances of USD 617 thousand (2014: USD 1,818 thousand) and short term temporary differences of USD 847 thousand (2014: USD 750 thousand).

The UK corporation tax rate will reduce from 20% to 18% over a period of 4 years from 2016. The next reduction in the UK corporation tax rate from 20% to 19% is effective from 1 April 2017, followed by a reduction from 19% to 18% effective 1 April 2020. As the rate change from 19% to 18% had been substantively enacted before the balance sheet date, deferred tax is recognised at a rate of 18% (refer to note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

26. CONTINGENCIES AND CLAIMS**Contingent liabilities**

	2015 US\$'000	2014 US\$'000
Letters of credit	9,000	–
Letters of guarantee	22,243	26,562
	31,243	26,562

These are non-cash banking instruments such as bid bonds, performance bonds, refund guarantees, retention bonds, etc, which are issued by banks on behalf of group companies to customers/suppliers under the non-funded working capital lines with the banks. These lines are secured by the corporate guarantee from various group entities. The amounts are payable only in the event that certain terms of contracts with customers/suppliers are not met.

27. NON-CANCELLABLE LEASES**a) Operating leases – receivable**

The Group leases its marine vessels under operating leases. The leases typically run for a period between 3 months to ten years and are renewable for similar periods after the expiry date. The lease rental is usually renewed to reflect market rentals. Future minimum lease rentals receivable for the initial lease period under non-cancellable operating leases as of 31 December are as follows:

	2015 US\$'000	2014 US\$'000
Within one year	200,706	230,199
Between two to five years	257,809	218,947
More than five years	–	14,746
	458,515	463,892

b) Operating leases – payable

The Group has commitments for future minimum lease payments under non-cancellable operating leases for marine vessels as follows:

	2015 US\$'000	2014 US\$'000
Within one year	–	152
Between one and five years	–	363
	–	515

During the year ended 31 December 2015 an amount of USD Nil thousand (2014: USD 13,826 thousand) was recognised as an expense in profit or loss in respect of bareboat charter of marine vessels obtained on operating lease

28. COMMITMENTS

	2015 US\$'000	2014 US\$'000
Capital expenditure commitment:		
Purchase of marine vessels	141,300	25,540

The Group has paid its prior year expenditure commitments in relation to the acquisition of two vessels which were capitalised as property, plant and equipment during the year ended 31 December 2015.

29. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

	Notional amounts by term to maturity				
	Negative fair value US\$'000	Notional amount total US\$'000	Within 1 year US\$'000	Between 1 year to 5 years US\$'000	Over 5 years US\$'000
31 December 2015					
Interest rate swaps	–	–	–	–	–
31 December 2014					
Interest rate swaps	1,359	118,145	29,677	88,468	–

The term loan facilities of the Group bear interest at US LIBOR plus applicable margins (refer to note 23). In accordance with the financing documents, the Group has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") as follows:

- An amount USD Nil (2014: 30,520 thousands) at a fixed margin of 0% (2014: 2.5%) per annum, excluding margin;
- An amount of USD Nil (2014: USD 57,221 thousands) at the rate 0% (2014: 0.83%) per annum, excluding margin.
- An amount of USD Nil (2014: USD 3,438 thousands) at the rate of 0% (2014: 3.25%) per annum, excluding margin; and
- An amount of USD Nil (2014: USD 26,966 thousands) at the rate of 0% (2014: 1.97%) per annum, excluding margin.

At 31 December 2014 the six months US LIBOR was approximately 0.34% per annum. Accordingly, the gap between US LIBOR and fixed rate under IRS was approximately 2.16%, 2.91%, 1.63% and 0.49% per annum.

Based on the interest rates gap, over the life of the IRS, the indicative losses were assessed at approximately USD Nil (2014: USD 1,359 thousands) by the counter parties to IRS. Consequently, in order to comply with IAS 39 *Financial Instruments: Recognition and Measurement* the fair value of the derivative instruments' indicative losses approximately USD Nil (2014: USD 1,359 thousands) has been recorded under current and non-current liabilities and the impact for the year amounting to USD Nil (2014: USD 1,412 thousands) has been recorded under finance income (refer to note 9) and USD Nil (2014: USD 158 thousands) has been recognised in other comprehensive income.

In 2015 the Group settled all its IRS. The amount paid, which is equal to the fair value of the instrument at the date of settlement, is included as part of finance cost in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

30. RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Senior Group management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, accounts payables and accruals and balances due to Holding Company and other related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts and other receivables, bank balance and cash, long-term receivables and due from related parties which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risk and currency risk arising from the Group's operations and its sources of finance.

It is, and has been throughout the current year and previous year, the Group's policy that no trading in derivatives shall be undertaken.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivable from customers, retention and other receivables, due from related parties, long-term receivables and balances with bank.

30. RISK MANAGEMENT (CONTINUED)

Trade accounts and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. Approximately 36% (2014: 22%) of the Group's revenue is attributable to sales transactions with a single customer. The Group's ten largest customers account for 84% (2014: 52%) of the outstanding trade accounts receivable as at 31 December 2015. Geographically the credit risk is significantly concentrated in the MENA region and the Caspian region.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior Group management; these limits are reviewed periodically.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade accounts and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Balances with banks

The Group limits its exposure to credit risk by only placing balances with reputable financial institutions. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to facilitate bank guarantees only on behalf of wholly-owned subsidiaries and the Group entities over which the Group has financial and management control or joint control.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 US\$'000	2014 US\$'000
Trade accounts receivable – Net	84,542	77,782
Other receivables and accrued income	7,281	24,910
Due from related parties	16,568	17,203
Cash at bank	55,037	63,232
	163,428	183,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

30. RISK MANAGEMENT (CONTINUED)**LIQUIDITY RISK**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group limits its liquidity risk by ensuring bank facilities are available. The Group's credit terms require the amounts to be paid within 90 days from the date of invoice. Accounts payable are also normally settled within 90 days of the date of purchase.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of 31 December 2015, the Group had undrawn facilities of USD 240 million (2014: USD 40.0 million) and a bank overdraft facility of Nil (2014: USD 10.0 million).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2015, based on contractual undiscounted payments.

		Contractual cash flows			
	Carrying amount US\$'000	Total US\$'000	Due within 1 year US\$'000	Due in 1 to 5 years US\$'000	Due after 5 years US\$'000
At 31 December 2015					
Non-derivative financial liabilities					
Accounts payables and accruals	51,100	(51,100)	(51,100)	–	–
Term loans	671,314	(829,466)	(72,777)	(574,987)	(181,702)
Loan due to Holding Company	104,000	(117,930)	(61,735)	(56,195)	–
Due to related parties	564	(564)	(564)	–	–
Total	826,978	(999,060)	(186,176)	(631,182)	(181,702)

		Contractual cash flows			
	Carrying amount US\$'000	Total US\$'000	Due within 1 year US\$'000	Due in 1 to 5 years US\$'000	Due after 5 years US\$'000
At 31 December 2014					
Non-derivative financial liabilities					
Accounts payables and accruals	47,829	(47,829)	(47,829)	–	–
Term loans	684,872	(820,679)	(94,257)	(722,786)	(3,636)
Loan due to Holding Company	106,000	(126,318)	(36,244)	(90,074)	–
Due to related parties	604	(604)	(604)	–	–
Total	839,305	(995,430)	(178,934)	(812,860)	(3,636)

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group used floating-to-fixed interest rate swaps, and avails opportunities of restructuring of existing financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors of the Group. Generally the Group seeks to apply hedge accounting in order to manage volatility in the consolidated statement of comprehensive income.

30. RISK MANAGEMENT (CONTINUED)**INTEREST RATE RISK**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest rate exposure through using a mix of fixed and variable interest rate debts. The Group's policy is to maintain at least 40% of its borrowings at fixed rates of interest. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are used to hedge underlying debt obligations. At 31 December 2015, after taking into account the effect of interest rate swaps, approximately 57% of the Group's borrowings are at a fixed rate of interest (2014: 74%) of which Nil (2014: 7%) are linked to hedging instruments designated as such in accordance with IFRS.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2015 US\$'000	2014 US\$'000
Fixed rate instruments		
Financial assets	32	13,182
Financial liabilities	(446,462)	(460,760)
Variable rate instruments		
Financial liabilities	(328,852)	(330,113)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the consolidated statement of comprehensive income, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect in the consolidated statement of comprehensive income.

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss		Equity	
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp Decrease US\$'000
31 December 2015				
Variable rate instruments	(3,289)	3,289	(3,289)	3,289
31 December 2014				
Variable rate instruments	(3,301)	3,301	(3,301)	3,301

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for the year ended 31 December 2015

30. RISK MANAGEMENT (CONTINUED)**CURRENCY RISK**

The Group is exposed to currency risk on sales and purchases denominated in currencies other than AED which is the functional currency of the Group, USD to which AED is pegged and other currencies which are pegged to USD. At any point in time the Group hedges 100% of its estimated foreign currency exposure in respect of its forecast capital commitments. The Group uses forward currency contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	US\$'000								
	EUR	AZN	KZT	RUB	GBP	NOK	NGN	JPY	SGD
31 December 2015									
Bank balances	6	19	4,313	42,229	1	10	120,413	-	-
Trade accounts payables	(437)	(312)	(11,501)	(55)	(100)	(192)	(30,914)	(1,304)	(5)
Net statement of financial position exposure	(431)	(293)	(7,188)	42,174	(99)	(182)	89,499	(1,304)	(5)
31 December 2014									
Bank balances	16	57	8,758	199,645	13	-	160,826	-	-
Trade accounts payables	(1,091)	(1,031)	(117,111)	(112)	(118)	(2,163)	(17,791)	(3,306)	(297)
Net statement of financial position exposure	(1,075)	(974)	(108,353)	199,533	(105)	(2,163)	143,035	(3,306)	(297)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
Euro (EUR)	0.869	0.753	0.915	0.823
Azerbaijan New Manat (AZN)	0.916	0.784	1.049	0.784
Kazakhstan Tenge (KZT)	259.59	177.44	338.85	180.32
Russian Rouble (RUB)	64.87	38.42	73.29	56.45
Great Britain Pound (GBP)	0.659	0.607	0.675	0.644
Norwegian Kroner (NOK)	8.093	6.299	8.75	7.436
Japanese Yen (JPY)	120.18	105.84	120.36	120.00
Singapore dollars (SGD)	1.367	1.267	1.41	1.323
Nigerian Naira (NGN)	189.14	163.59	197.29	180.98

30. RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

A strengthening of the USD, as indicated below, against the Euro, Azerbaijan New Manat, Kazakhstan Tenge, Great Britain Pound, Norwegian Kroner, Japanese Yen and Singapore Dollars at 31 December would have increased (decreased) the consolidated statement of comprehensive income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Effect on profit before tax	
	Strengthening by 5% US\$'000	Weakening by 5% US\$'000
2015		
Euro (EUR)	24	(24)
Azerbaijan New Manat (AZN)	15	(15)
Great Britain Pound (GBP)	7	(7)
Kazakhstan Tenge (KZT)	2	(2)
Norwegian Kroner (NOK)	1	(1)
Singapore dollars (SGD)	—	—
Nigerian Naira (NGN)	8	(8)

	Effect on profit before tax	
	Strengthening by 5% US\$'000	Weakening by 5% US\$'000
2014		
Euro (EUR)	66	(66)
Azerbaijan New Manat (AZN)	65	(65)
Great Britain Pound (GBP)	9	(9)
Kazakhstan Tenge (KZT)	32	(32)
Norwegian Kroner (NOK)	14	(14)
Singapore dollars (SGD)	11	(11)
Nigerian Naira (NGN)	(39)	39

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's capital employed consists mainly of capital, legal reserve and retained earnings. Management believes that the current level of capital is sufficient to sustain the profitability of the Group's continuing operations and to safeguard its ability to continue as a going concern. The Group's debt to capital ratio at the end of the reporting period was as follows:

	2015 US\$'000	2014 US\$'000
Interest-bearing loans and borrowings	775,314	790,872
Less: cash and short term deposits	(55,069)	(63,414)
Net debt	720,245	727,458
Equity	573,955	669,347
Capital and net debt	1,294,200	1,396,805
Gearing ratio	55.65%	52.08%

There were no changes in the Group's approach to capital management during the year. As disclosed in note 20, the Group is subject to certain financial covenants from its borrowing arrangements.

At the reporting date, the Group has complied with all financial covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The fair value of derivatives is set out in note 29. The fair values of other financial instruments is not materially different from their carrying values.

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2015				
Derivative financial liabilities	–	–	–	–
31 December 2014				
Derivative financial liabilities	–	1,359	–	1,359

32. OPERATING SEGMENTS

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance. The Group operates under three primary geographical segments. The geographic segments are organised and managed separately according to the nature of the services provided, with each segment representing a strategic operating unit that offers different services.

Geographic segments

For management purposes, the Group is currently organised into three major geographic segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- Caspian
- MENA
- Africa

The above segments is after consideration of an internal reorganisation implemented in 2015 due to changes in the composition of the various segments disclosed in 2014 consolidated financial statements on account of transfer of the operating decisions relating to various vessels from Global to MENA and Africa. Accordingly the 2014 segment information have been restated in order to conform to current year presentation.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the chief operating decision-maker. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these geographic segments. Inter-segment pricing is determined on an arm's length basis.

32. OPERATING SEGMENTS (CONTINUED)

The following table presents segmental information about these businesses:

Operating segment 2015

	Caspian US\$'000	Mena US\$'000	Africa US\$'000	Corporate US\$'000	Elimination US\$'000	Total US\$'000
Revenue	227,985	105,647	28,838	–	–	362,470
Direct costs	(109,968)	(74,184)	(33,088)	(1,360)	10	(218,590)
Gross profit (loss)/segment results	118,017	31,463	(4,250)	(1,360)	10	143,880
Administrative expenses	(15,053)	(9,647)	(5,802)	(9,250)	–	(39,752)
Impairment loss	(24,008)	(30,118)	(7,300)	(9,800)	–	(71,226)
Other income	19	18	63	–	–	100
Finance costs, net	(32,003)	(12,765)	(9,882)	(14,596)	–	(69,246)
Income tax expense	(15,327)	(3,653)	(3,268)	–	–	(22,248)
Profit/(loss) for the year	31,645	(24,702)	(30,439)	(35,006)	10	(58,492)
Accumulated depreciation and amortisation	37,257	25,562	6,838	923	(10)	70,570
Assets	772,978	403,726	148,629	71,144	31,187	1,427,664
Liabilities	205,077	157,182	32,663	458,836	(49)	853,709

Operating segment 2014

	Caspian US\$'000	Mena US\$'000	Africa US\$'000	Corporate US\$'000	Elimination US\$'000	Total US\$'000
Revenue	223,478	143,929	38,493	–	(1,278)	404,622
Direct costs	(104,264)	(83,435)	(30,288)	(291)	1,027	(217,251)
Gross profit (loss)/segment results	119,214	60,494	8,205	(291)	(251)	187,371
Administrative expenses	(15,768)	(9,312)	(5,411)	(10,654)	–	(41,145)
Impairment loss	–	(240)	(8,288)	–	–	(8,528)
Other income	219	37	151	19	–	426
Finance costs, net	(36,002)	(12,562)	(8,104)	(6,989)	–	(63,657)
Income tax expense	(15,809)	(3,766)	(2,947)	151	–	(22,371)
Profit/(loss) for the year	51,854	34,651	(16,394)	(17,764)	(251)	52,096
Accumulated depreciation and amortisation	31,587	15,103	14,279	405	251	61,626
Assets	823,144	279,471	313,721	99,880	26,009	1,542,225
Liabilities	390,501	121,471	53,143	308,618	(855)	872,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2015

33. KEY SOURCES OF ESTIMATION UNCERTAINTY

ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was USD 26,174 thousand (2014: USD 26,174 thousand). Also refer to note 13.

IMPAIRMENT OF VESSELS

The Group determines whether its vessels are impaired when there are indicators of impairment as defined in IAS 36. This requires an estimation of the value in use of the cash-generating unit which is the vessel owning and chartering segment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from this cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the vessels as at 31 December 2015 was USD 1,179,787 thousand (2014: USD 1,243,067 thousand).

The recoverable amount of all vessels has been determined based on value in use calculations where the fair value less cost to sell was lower than the carrying amount. These calculations use pre-tax cash flow projections based on the financial budgets approved by the management covering a period of 5 years based on the expected utilisation rates of the individual vessels. Cash flows beyond five years are estimated using a nil growth rate. The growth rate does not exceed the long-term average growth rate for marine business in which the CGU operates.

If the estimated cost of capital used in determining the pre-tax discount rate for the marine vessel impairment assessments had been 1% higher than management's estimates, the Group would have recognised a further impairment against marine vessels of USD 2,193 thousand (2014: USD 410 thousand).

If the estimated utilisation rates and charter rates used in determining the cash flows had been lower than the management's estimates by 1%, each taken in isolation, the Group would have recognised a further impairment against marine vessels of USD 3,535 thousand (2014: USD 570 thousand) and USD 5,575 thousand (2014: USD 1,330 thousand, respectively).

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, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were USD 93,168 thousand (2014: USD 86,450 thousand) and the provision for doubtful debts was USD 8,627 thousand (2014: USD 8,668 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be impaired will be recognised in consolidated statement of comprehensive income.

IMPAIRMENT OF INVENTORIES

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices, consumption trend and usage.

At the reporting date, gross inventories were USD 3,326 thousand (2014: USD 4,314 thousand) with provisions for old and obsolete inventories of USD Nil (2014: Nil). Any difference between the amounts actually realised in future periods and the amounts provided will be recognised in consolidated income statement. Also refer to note 14.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The useful lives, residual values and methods of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. In the review process, the Group takes guidance from recent acquisitions, as well as market and industry trends.

PROVISION FOR TAX

The Group reviews the provision for tax on a regular basis. In determining the provision for tax, laws of particular jurisdictions (where applicable entity is registered) are taken into account. The management considers the provision for tax to be a reasonable estimate of potential tax liability after considering the applicable laws and past experience.

33. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

EFFECTIVENESS OF HEDGE RELATIONSHIP

At the inception of the hedge, the management documents the hedging strategy and performs hedge effectiveness testing to assess whether the hedge is effective. This exercise is performed at each reporting date to assess whether the hedge will remain effective throughout the term of the hedging instrument.

ACCOUNTING FOR INVESTMENTS

The Group reviews its investment in entities to assess whether the Group has control, joint control or significant influence over the investee. This includes consideration of the level of shareholding held by the Group in the investee as well as other factors such as representation on the Board of Directors of the investee, terms of any agreement with the other shareholders etc. Based on the above assessment the Group decides whether the investee needs to be consolidated or equity accounted in accordance with the accounting policy of the Group (also refer to note 4).

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.

The Group's property, plant and equipment include marine crafts such as barges and other vessels of a specialist nature capable of operating in difficult climatic conditions. Although these vessels are currently leased to a customer under contracts which contain purchase options, the leases have been judged by management to be operating leases.

Management have based this judgement on a number of factors that indicate that, in substance the risks and rewards of owning these vessels remain with the Group, which include:

- the lease periods are generally for a short term (10 years) when compared with the overall estimated economic life of the vessels (30 years or more);
- the leases do not automatically transfer the ownership of the vessels at the end of the lease term;
- the Group is responsible for regular dry-docking and insurance in addition to maintenance of the vessels;
- the customer is unlikely to want to bear the cost and responsibility of owning and maintaining these specialised vessels and is, therefore, unlikely to exercise options to purchase;
- the recent renewal by the customer of one major leasing contract for a secondary period despite the purchase option being available to the lessee; and
- the expectation that the customer would wish to renew its contracts for the leases of the vessels from the Group due to the Group's proven track record and established support and services infrastructure in the region of operation.

Management has reached an in-principle agreement with the customer, for the removal of the option to purchase clauses in the contracts and are concluding formal variations to contracts, which is subject to fulfilment of certain conditions. In 2015, the Group received the return of five (5) vessels as agreed with the customer.

CURRENT AND NON-CURRENT CLASSIFICATION OF BANK BORROWINGS

The Group's management has exercised significant judgement during the year in determining the current and non-current classification of bank borrowings. The classification is based on the repayment terms agreed with the bank, assessing the events and circumstances which can render a loan becoming payable on demand and the status of any negotiations and communications with the creditor banks in this regard.

The Group's management has further exercised judgement in determining the current and non-current classification of amounts due from related parties at the reporting date. In determining the current and non-current classification, the Group's management makes judgement based on the estimated future cash flows in respect of settlement of the outstanding balance between the parties involved and the intention of management of the time frame within which these balances would be repaid.

34. DIVIDENDS

The dividend paid in 2015 for the year ended 31 December 2014 was USD 22 million (USD 0.08 per share).

The dividend paid in 2014 for the year ended 31 December 2013 was USD 20 million (USD 0.08 per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2014

35. EARNINGS PER SHARE**Basic earnings per share**

The calculation of basic earnings per share at 31 December 2015 is based on the loss attributable to the shareholders of the Company of USD 78,769 thousand (2014: profit attributable to shareholders of the Company of USD 32,121 thousand) and a weighted average number of ordinary shares outstanding of 284,719 thousand (2014: 263,392 thousand).

36. SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below is the summarised combined financial information of the subsidiaries that has non-controlling interests. The non-controlling interest for all these subsidiaries is the same party.

SUMMARISED STATEMENT OF FINANCIAL POSITION

	2015 US\$'000	2014 US\$'000
Current		
Assets	106,595	58,826
Liabilities	195,281	209,644
Total current net assets	(88,686)	(150,818)
Non-current		
Assets	516,008	535,545
Liabilities	145,374	141,679
Total non-current net assets	370,634	393,866
Net assets	281,948	243,048

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

	2015 US\$'000	2014 US\$'000
Revenue	98,915	97,257
Profit before income tax	41,249	40,566
Income tax expense	(695)	(575)
Profit for the year from continuing operations	40,554	39,991
Other comprehensive income	–	–
Total comprehensive income for the year	40,554	39,991
Total comprehensive income allocated to non-controlling interests	20,277	19,975
Dividends paid to non-controlling interests	2,200	–

SUMMARISED STATEMENT OF CASH FLOWS

	2015 US\$'000	2014 US\$'000
Cash flows from operating activities		
Cash generated from operations	30,155	103,024
Income taxes paid	(273)	(575)
Interest paid	(26,443)	(27,757)
End of service benefits paid	–	–
Net cash generated from operating activities	3,439	74,692
Net cash used in investing activities	(1,452)	(97,273)
Net cash (used in)/generated from financing activities	(13,239)	24,264
Net (decrease)/increase in cash and cash equivalents	(11,252)	1,683
Cash and cash equivalents at 1 January	13,949	12,267
Cash and cash equivalents at 31 December	2,697	13,949

The information above is the amount before inter-Company eliminations.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Notes	2015 US\$'000	2014 US\$'000
Loans and receivables			
Current			
Trade and other receivables (excluding prepayments and advances)	15	89,649	96,802
Due from related parties	24	16,568	17,203
Bank balances and cash	16	55,069	63,414
		161,286	177,419
Other financial liabilities at amortised cost			
Non-current			
Term loans	22	641,314	628,163
Loan due to Holding Company	23	76,000	78,000
		717,314	706,163
Current			
Trade and other payables (excluding deferred income and advance from customers)	25	51,099	47,847
Term loans	22	30,000	56,709
Loan due to Holding Company	23	28,000	28,000
Due to related parties	26	564	604
		109,663	133,160
Total		826,977	839,323
Liabilities at fair value through profit and loss			
Current			
Derivative financial instruments	31	–	1,359
Total		–	1,359

GLOSSARY

AHTSVs (Anchor Handling Tug Supply Vessels)

Vessels designed for anchor handling and towing offshore platforms, barges, production modules and/or other vessels

Backlog/contract backlog

A measure that consists of the total revenue attributable to the uncompleted portion of all Topaz vessel charter contracts

Bareboat/bareboat charter

The lease or hire of a vessel under which the responsibility for the crew, maintenance, equipment and insurance passes to the lessee

BHP

Brake horsepower is the horsepower of an engine, turbine or motor before power is lost through the gearbox or drive train

Cable layer

A vessel with the ability to lay cable, including fibre-optic cables for telecoms, or power lines for energy supplies

CAGR

Compound Annual Growth Rate

CAPEX

Capital expenditure

COBC

Code of Business Conduct

Core assets/vessels

In the Topaz fleet, refers only to AHTSVs, PSVs, MPSVs and ERRVs

Crew boat

A vessel designed to transfer personnel and limited amounts of cargo from shore to offshore installations and between offshore installations

Day rate

The daily revenue generated by a particular vessel, excluding mobilisation and demobilisation costs

Deadweight tonnage (DWT)

A measure of a vessel's capacity in weight, excluding the weight of the ship itself

Deep water

Water at a depth of more than 1,000 feet and up to 5,000 feet

Drilling bulk

Powder materials used in the exploration of oil and gas, such as dry powders of barites, cement and bentonite

Dry-docking

Removal of a vessel from the water for the performance of maintenance or other work on the exterior of the vessel below the waterline

DP (Dynamic positioning)

The ability of a vessel to remain in a fixed geographical position by use of external propulsion synchronised by computer programming, within which the terms "DP1", "DP2" and "DP3" denote increasing degrees of system reliability

EBITDA

Represents earnings before interest, taxes and depreciation (including impairment costs)

ERM (Enterprise Risk Management)

ERM includes methods and processes to manage risks in relation to the achievement of objectives and provides a framework for risk management

ERRVs (Emergency Recovery and Response Vessels)

Vessels which provide safety support to offshore installations and are typically equipped with fast rescue, firefighting and oil recovery facilities

FPSO (Floating Production, Storage and Offloading)

A floating vessel used to produce and process offshore oil and gas and to store oil

FSO (Floating Storage and Offloading)

A vessel used only to store oil (without processing it)

GRT (Gross register tonnage)

GRT is a volume measure used to record the vessel's total permanently enclosed capacity

Ice-breaking vessel

A special-purpose vessel designed to move and navigate through ice-covered waters

IMCA (International Marine Contractors Association)

The international trade association representing companies and organisations engaged in delivering offshore, marine and underwater solutions, whose core purpose is improving performance in the marine contracting industry by championing better regulation and enhancing operational integrity
www.imca-int.com/

IOC

International Oil Company

ISO

International Organisation for Standardisation

KPI

Key Performance Indicator

Lay-up (of vessels)

The temporary removal of a vessel from service under strict conditions, with the reasonable expectation that she will be brought into service at a later point

Warm lay-up: Lay-up condition for vessels expected to return to active operations within 3-6 months

Cold lay-up: Lay-up condition for vessels taken out of service for a period expected to exceed 6 months

Localisation

At Topaz, a long-term commitment to recruit a high percentage of local staff and crew, to engage and support local communities, and potentially to co-invest with local entities

LTI (Lost Time Injury)

Comprises all accidental injuries including Fatalities and Lost Work Day cases but excluding Restricted Work Day cases.

A Lost Work Day case is any work-related accidental injury other than a fatal injury which results in a person being unfit for work on the next shift/day; and

A Restricted Work Day case is any work-related injury other than a fatality or lost work day case which results in a person being unfit for full performance of a regular job on the shift/day after the injury. Work might be;

- an assignment to a temporary job;
- working in the regular job, but not performing all the usual duties of the job

Where no meaningful Restricted Work is being performed, the incident should be recorded as a Lost Work Day case.

LTIf (Lost Time Injury frequency)

The number of LTIs occurring per one million man hours worked

LTM

Last twelve months

Man hours

Actual hours worked based on a 12-hour day in Topaz's offshore operations, or actual hours worked including overtime hours in Topaz's onshore operations

M&A

Mergers and acquisitions

Mattress lay

The process of positioning a protective cover over a laid cable or pipeline on the surface of the seabed

MENA

Middle East and North Africa

Mmbpd

Million barrels of oil per day

Mobilisation

In Topaz, the process of moving a vessel from one location, either a yard or port, to its working location

Moonpool

An opening in the vessel hull, which allows the lowering of equipment, tools and materials into the sea below in a more controlled and protected environment

MPSVs (Multi-Purpose Support Vessels)

Multi-functional vessels designed to support a range of offshore activities

NBV (Net Book Value)

The value at which an asset is carried on the balance sheet, equal to the cost of the asset minus accumulated depreciation

Oilfield/field

A geographical area defined by the boundary of an underlying oil and gas accumulation, usually used in the context of a producing oilfield

Net profit

Profit after all operating and admin expenses, interest and tax

NOC

National Oil Company

Offshore platform

A large structure situated some distance from the shore with facilities to drill, extract and process oil and gas and, in many cases, accommodation for offshore workers

OSVs (Offshore Support Vessels)

When referring to the Topaz fleet, includes: AHTSVs, PSVs, MPSVs, ERRVs, specialised barges, crew boats and other vessels

PSVs (Platform Supply Vessels)

Vessels designed for transporting supplies and equipment to and from offshore installations

QHSSE

Quality, Health, Safety, Security and Environment

RONA

Return on Net Assets

ROV (Remotely Operated Underwater Vehicle)

A tethered underwater mobile device, common in deep-water offshore oil and gas activities

Shallow water

Water at a depth of less than 1,000 feet

Stacking (of vessels)

See lay-up

Subsea

Refers to equipment, technology and methods employed in, among others, offshore oil and gas developments, and offshore wind power industries

Trenching

Digging trenches for laying pipes or cables

Tug

A small powerful boat designed for towing or pushing larger vessels

UAE

United Arab Emirates

Upstream

A sector in the oil and gas industry involving exploration and production activities

Utilisation rate

The measure of the extent to which Topaz vessels are active

Wellhead

A component, where the oil or gas well surfaces, that interfaces with drilling and production equipment

AWARDS AND ACCOLADES

2015

Winner

Offshore and Energy Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Maritime Services Award, Lloyd's List Middle East and Indian Subcontinent Awards

Highly Commended

Safety Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

The Safety & Quality Award, Seatrade Maritime Awards

2014

Winner

Offshore and Energy Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Ship Operator Award, Lloyd's List Middle East and Indian Subcontinent Awards

Highly Commended

Safety Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Offshore Marine Development Africa Award, Seatrade Maritime Awards

2013

Winner

Offshore and Energy Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

2012

Winner

Ship Operator Award, Lloyd's List Middle East and Indian Subcontinent Awards

Highly Commended

Safety Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

2011

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

Winner

Safety and Quality Award, Seatrade Middle East and Indian Subcontinent Awards

Silver Award

The Royal Society for the Prevention of Accidents (RoSPA)

Best Safety Video

MarineBiz TV International Maritime Awards

Shortlisted

Management/Operations Category, Safety at Sea International Awards

2010

Winner

Energy Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Shipowner/Operator Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Marine and Offshore Award, Seatrade Middle East and Indian Subcontinent Awards

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

Winner

Shipping Company of the Year, Seatrade Middle East and Indian Subcontinent Awards

Silver Award

The Royal Society for the Prevention of Accidents (RoSPA)

Awardee

Qatar Today Green Awards

2009

Winner

Safety at Sea Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

2008

Winner

Innovation and Safety Award, Lloyd's List Middle East and Indian Subcontinent Awards

Winner

Workboats Award, Seatrade Middle East and Indian Subcontinent Awards

BP President's Award

Received by the crew of the ERRV Baki for the safe recovery and transport to shore of all CA platform personnel in Azerbaijan

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