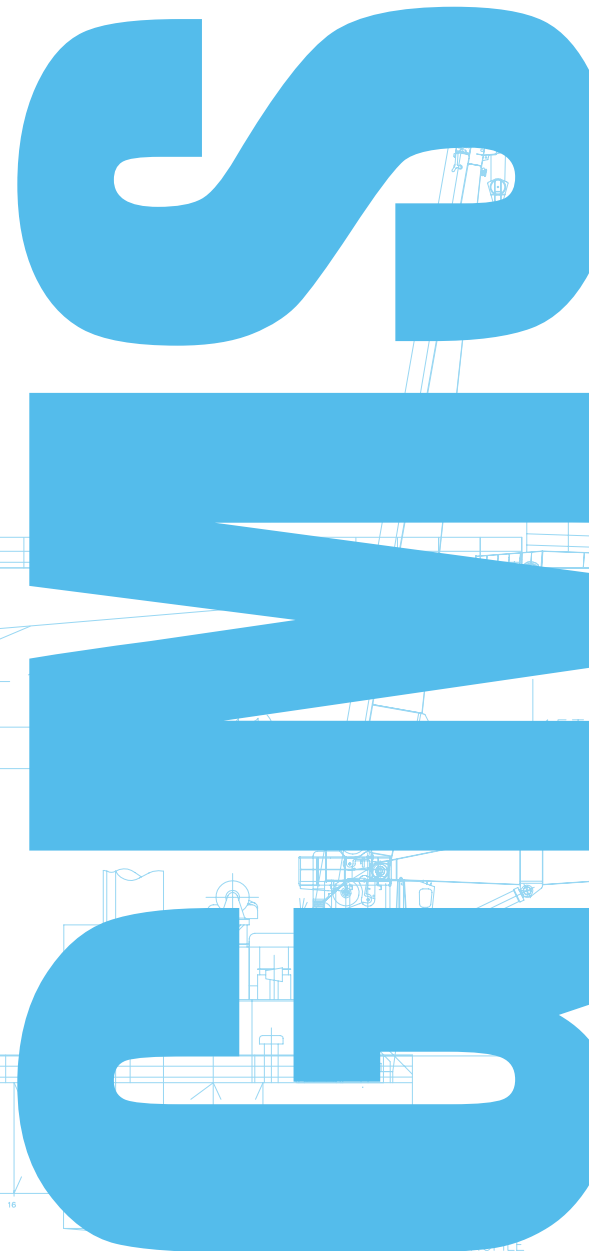


ANNUAL HSE PERFORMANCE REPORT 2010



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Message from the CEO



Since the acquisition of GMS in 2007 it has been the management team's goal to undertake a regime of continual improvement as regards our HSE performance. This has been made even more challenging when allied with rapid commercial expansion and we are pleased to report that in 2010 we have further reduced our LTIF rate while increasing observation reporting offshore, keeping us among the leaders in the industry.

This year has seen the successful introduction of our new 'E Class' of rig the GMS Endurance which, at the time of writing, is operating in Saudi Arabia. The rig further enhances its safe working ability by utilising a state of the art Kongsberg DP11 system while maneuvering alongside platforms and sub sea installations before jacking. The Company continues to build on its reputation of having the safest and most reliable jacking systems in the industry, its model of building and owning four legged rigs with a more rapid ability to jack in a weather window will continue into the next decade.

GMS has also won its first North Sea contract in the offshore renewables sector with the latest delivery GMS Endeavour, we intend to put our long history of oil and gas experience to good use in addressing HSE challenges in this industry sector for 2011. In addition to this our 'K class' of self propelled rigs will be working for J Ray Mcdermott, Occidental, Zadco and Adma Opco in both the United Arab Emirates, Saudi Arabia and Qatar well into 2012 and beyond.

I would like to thank all of our employees that have contributed to this record in 2010 and know that the ethos of continual improvement will serve us well for the years ahead.

Introduction

As GMS continues to grow so do our people and protecting our people and the environment is key to being a responsible company. In this report you will be able to see the progress we have made towards creating the safest and cleanest work environment possible for our employees and surroundings and where we aim to improve upon in the years to come.

Our Goals and Targets in 2010

As a Company our goal is to cause no ill health to anyone or damage to the environment but to strive towards these goals realistically we set our selves continually improving targets. In 2010 we set ourselves a very challenging target to reduce Lost Time Injury Rates across the board by 20% and suffer zero spills greater than 1 litre. We also started a recycling program at our onshore facilities and to establish a baseline for future measurements we set ourselves the target of recycling more than two tones of paper, cans or plastic.

- Production of safety case reports for E-Class and K-Class ✓
- Reduce LTI frequency rate in the yard from 5.9 to 4.5 ✓
- Reduce LTI frequency rate by 20% from 2009 end of year rate (1.02) Target – 0.816 ✓
- Raise awareness of environmental issues and management throughout entire company ✓
- Develop hazards and effects register for all operational assets and Musaffah base ✓
- Achieve Zero Major Spill. More than one barrel ✓
- Conduct 3 HSE campaigns ✓
- Complete 100% of audit / inspection campaign ✗
- Recycle more than 2 Ton of paper, plastic, glass and aluminum cans ✓
- Establish efficient control of gate security measures ✓
- Establish Training Matrix for all categories of staff and be able to demonstrate by virtue of records that staffs have been given the appropriate training ✓
- Implement chemical management standard across all GMS assets ✓
- Complete all yard drills as per the drill planner and maintain records for the same ✗
- Ensure vessel compliance with offshore drill plan ✗
- Conduct EIA for GMS offshore operations and yard and ensure all requirements/ recommendations are adhered to/closed out ✓
- Ensure yard waste management is implemented ✓
- Ensure all customer complaints received throughout the year are closed within two months ✓

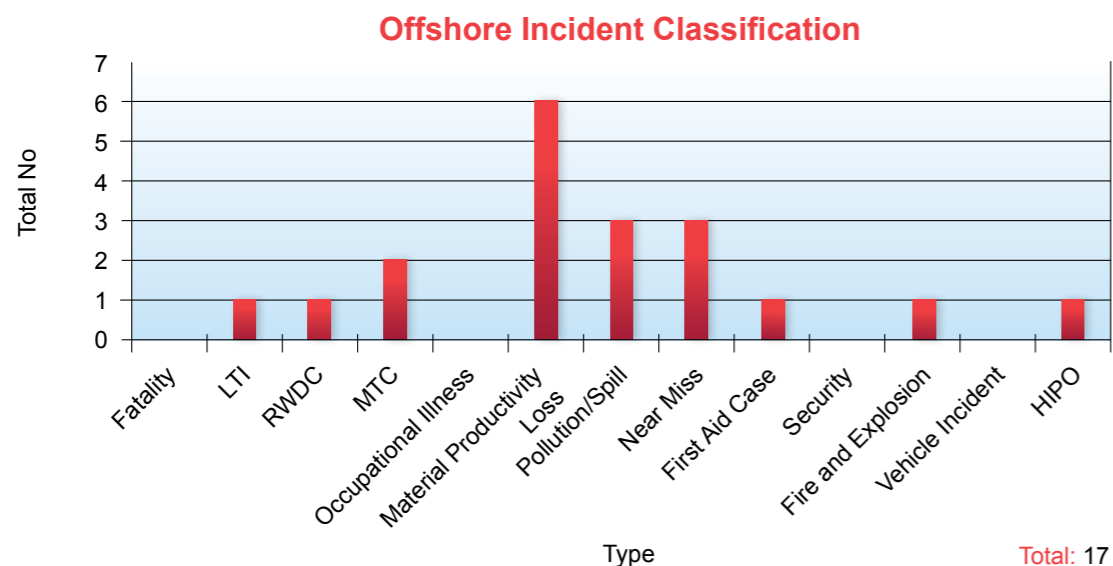
HSE Performance

HSE Performance is split into three sections;

1. Offshore
2. Onshore
3. GMS Overview

Offshore performance includes all GMS employees and contractors working on GMS vessels offshore. Onshore performance included all GMS employees and contractors working in our yard and offices in Musaffah Abu Dhabi. GMS overview incorporates both areas into one place to give a clear picture of how we as a company performed over the year.

HSE Performance - 4.1 Offshore HSE Performance



Throughout 2010 our offshore crews were split amongst 6 Jack-ups and 4 AHTS supply boats. All of the vessels were operating in the Arabian Gulf with contracts in Qatar and the UAE. The largest contractor representation on the vessels is the catering service provider Aramark. Aramark contributed to 353,979 man-hours on our vessels with only one recordable incident reported through out the year. This incident was classified as a FAC (First Aid Case) and was due to mishandling a kitchen knife.

One Lost Time Injury was recorded on barge Naashi and five other recordable injury cases across the rest of the fleet from a total of 1,079,463 man hours. This means that our offshore combined LTI frequency rate was 0.93 per million man-hours and our TRI (Total Recordable Incident Rate) was 5.6 per million man-hours.

Overall the majority of incidents reported were associated with property damage or loss of assets rather than injury to personnel. 3 Near Misses and one High Potential Incident were also recorded.

Location of Incident

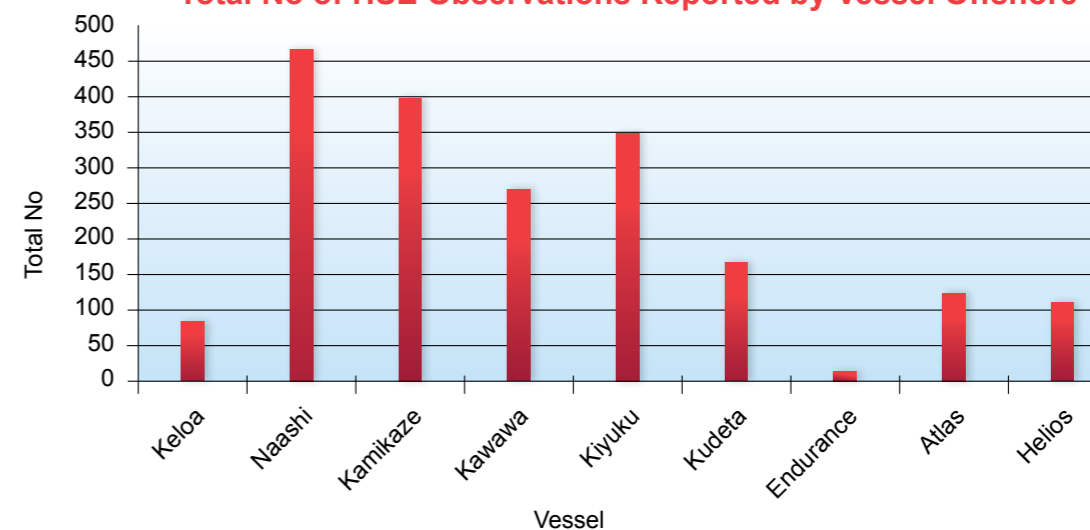
Type	Keloa	Kudeta	Kawawa	Kikuyu	Kamakaze	Naashi	K181	Helios	Atlas	OP Sprite	OP Spirit
Fatality											
LTI						1					
RWDC								1			
MTC			1							1	
Occupational Illness											
Material Productivity Loss	2	1	1		1	1					
Pollution/Spill				3							
Near Miss		1				2					
First Aid Case	1										
Security											
Fire & Explosion						1					
Vehicle Incident											
HIPO						1					

4.1 Offshore HSE Performance cont'd

HSE Observation reporting was good across the fleet. The two vessels that were noticeably poor in reporting observations were not in operation for a large part of the year. All employees are however actively encouraged to participate in observation reporting programs on each vessel. Contractually we are obliged to participate in client programs and in these cases information is shared between parties to ensure we all benefit.

Location	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
Keloa	0	0	5	9	6	0	0	30	26	11	n/a	n/a	87
Naashi	0	0	29	81	36	83	66	30	45	21	36	35	462
Kamikaze	0	0	0	16	30	37	101	38	127	18	21	10	398
Kawawa	40	7	15	21	32	13	32	46	36	20	9	n/a	271
Kikuyu	51	27	20	46	38	24	24	31	18	14	24	28	345
Kudeta	8	26	30	14	24	42	8	5	n/a	n/a	n/a	n/a	157
Endurance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7	0	12	0	19
Atlas	6	10	6	0	6	4	26	15	10	8	16	16	123
Helios	3	4	16	9	12	9	0	12	12	16	15	9	117

Total No of HSE Observations Reported by Vessel Offshore



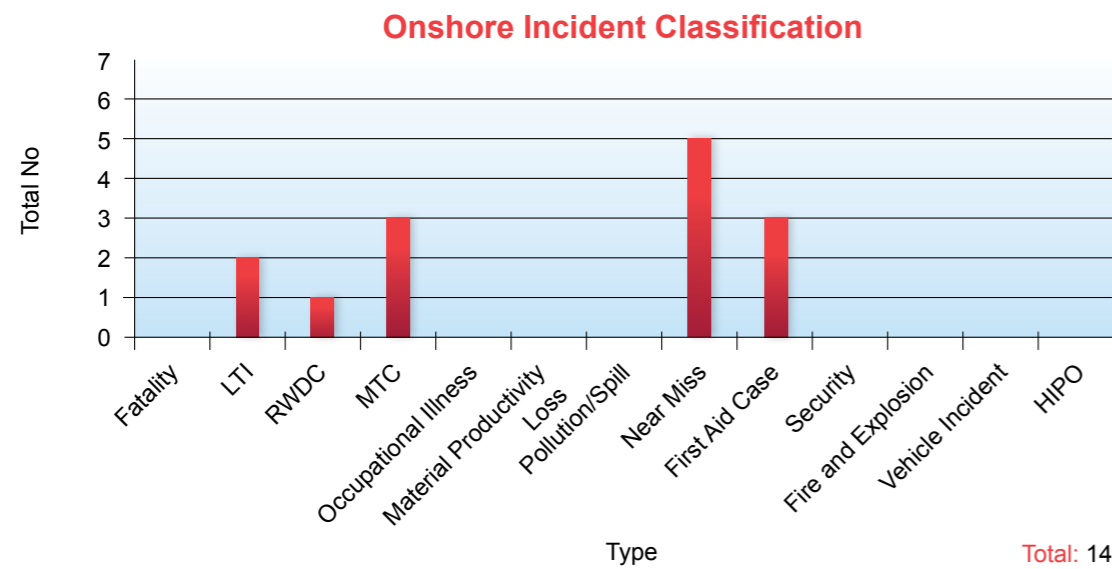
4.2 Onshore HSE Performance

Throughout the year there was a significant amount of construction work taking place in our Musaffah Base yard. Two large jack-ups were being constructed with a large GMS workforce and an even larger contractor presence. The majority of the GMS workforce was supervision, while the contractor representation was ranging from welders and fabricators to pipe fitters and electricians. Together we completed 2,614,978 man-hours.

There were two LTI's in 2010 in the yard. Both were a result of an individual being struck by an object. After treatment of their injuries and rest periods advised by the doctor the individuals returned back to work on light duties until they were able to return to full duties. Including the two LTI'S reported there was a total of nine recordable injuries.

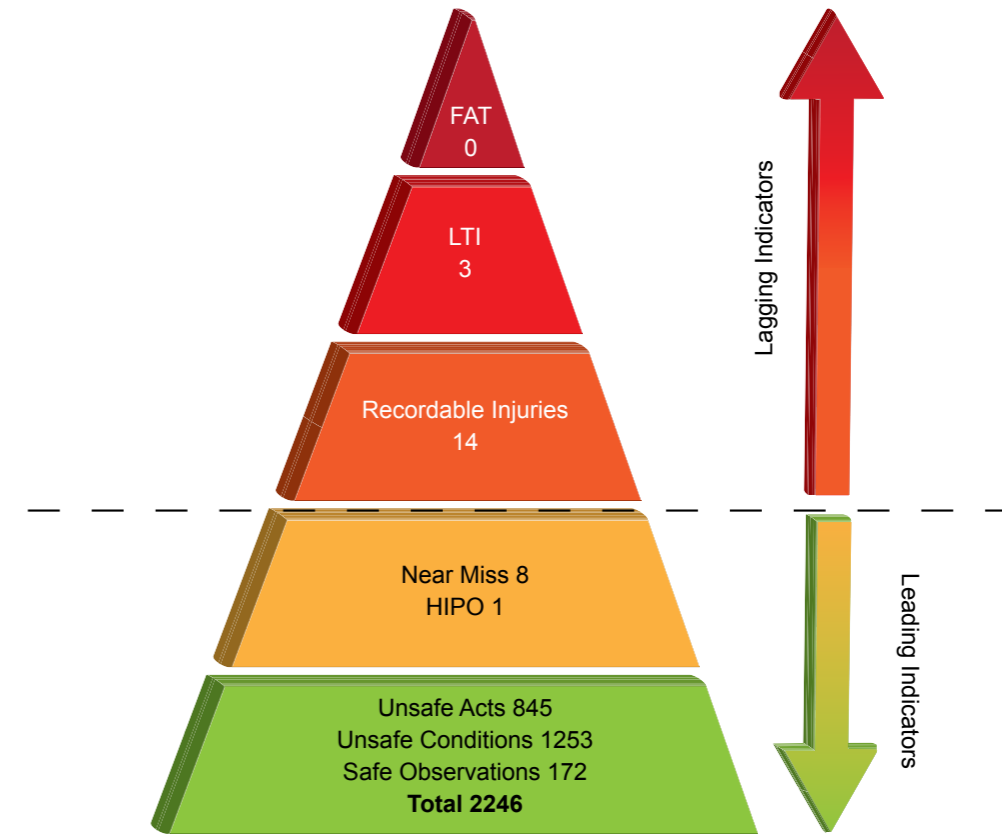
This means that our offshore combined LTI frequency rate was 0.93 per million man-hours and our TRI (Total Recordable Incident Rate) was 5.6 per million man-hours.

The Graph and tables show a summary of the incidents reported onshore.



4.3 Overview of GMS HSE Performance

4.3.1 Incident Triangle

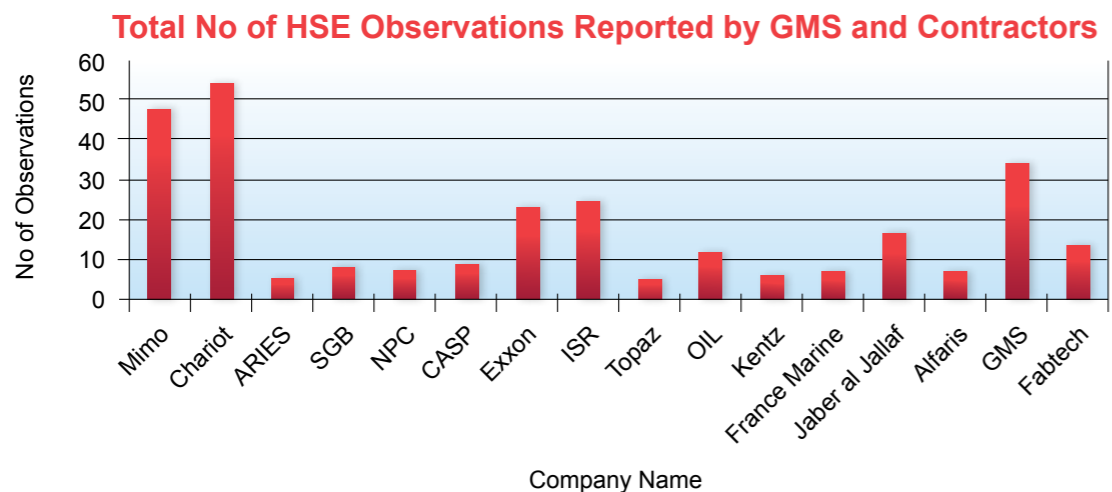


The Triangle represents an overview of GMS HSE Performance for 2010.

The Triangle represents an overview of GMS HSE Performance for 2010. Lagging indicators above the dotted line show us the where we have failed and injured our personnel or contractors. As you can see there was a total of 14 recordable injuries, (first aid case, medical treatment case and restricted workday case) and 3 lost time injuries. All the incidents below the dotted line represent incidents that could have lead to someone being injured. It is our aim to investigate every single one of these incidents and ensure that preventive actions are put in place to reoccurrence.

Our HSE observation reporting program was also implemented in the yard; all our contractors participated in the program. To encourage reporting we offered weekly prizes for the best report received. The prizes were distributed at the weekly safety meetings by supervisors.

The table shows the number of reports received throughout the year from our onsite contractors and employees.



4.3.2 Occupational Health Performance

One of the main occupational health hazards we face in the UAE is the Heat. During the summer months temperatures can rise to 50 degrees centigrade during the day. This year we implemented a rigorous monitoring program in parallel with our Heat Stress campaign to achieve our target of Zero cases of heat stress.

We utilized a heat Stress Monitor developed by Calor to take regular readings around our worksite throughout the day and night. The monitor analyses temperatures, airflow and humidity levels to produce accurate maximum exposure times, rest periods and recommended water consumptions for people working in the environment. This allowed us to take preventive measures to protect workers when conditions were extreme. At the end of the summer period we successfully reached our goal of Zero cases.

The chart is an example of the readings that were taken on a daily basis around our work locations.

Daily Temperature Measurement Record

1	Total record: Locations	Locations		Start Time	End Time					
2	Start Date: 20-09-2010	A	Carpentry Warehouse	0145H	0200H					
3	Starting Time: 0145H	B	Piping Fabrication (Yard)	0200H	0215H					
4	Clothing Type: Trousers + L.S Shirt	C	Helideck Fabrication (Yard)	0215H	0230H					
5	Work Level: Training & Testing	D	Legs Fabrication (Yard)	0230H	0245H					
6	Acclimated? Yes	E	Main Deck Stern Side (Endeavour)	0245H	0300H					
7	Units: Metric									
Thermal Work Limit:										
Locations	DB	WS	WB	SR	G	TWL	Zone Category			
A	28.0c	0.16m/s	24.1c	0.96/hr	29.2c	179w/m2	Acclimazone			
B	27.4c	0.23m/s	21.2c	0.98/hr	28.0c	217w/m2	Acclimazone			
C	27.5c	0.15m/s	19.9c	0.98/hr	27.4c	222w/m2	Unrestricted			
D	29.1c	0.24m/s	20.4c	0.99/hr	28.5c	229w/m2	Unrestricted			
E	28.9c	0.19m/s	20.1c	0.98/hr	29.0c	216w/m2	Acclimazone			
Work/Rest Results:										
Locations	Work/Rest	Max Work	Optwater	Maxwater			Zone Category			
A	5min/hr	54min	0.3/hr	0.9/hr			Acclimazone			
B	9min/hr	57min	0.3/hr	0.8/hr			Acclimazone			
C	9min/hr	58min	0.3/hr	0.8/hr			Unrestricted			
D	11min/hr	58min	0.3/hr	0.8/hr			Unrestricted			
E	9min/hr	57min	0.3/hr	0.8/hr			Acclimazone			
Environmental Data:										
Locations	DB	RH	WB	WS	G	P	WBGT	MRT	ACP	Zone Category
A	28.0c	72.41%	24.1c	0.16m/s	29.2c	100.9k/Pa	25.5c	30.1c	179w/m2	Acclimazone
B	27.4c	57.75%	21.2c	0.23m/s	28.0c	100.9k/Pa	23.2c	28.6c	217w/m2	Acclimazone
C	27.5c	49.75%	19.9c	0.15m/s	27.4c	100.9k/Pa	22.2c	27.3c	222w/m2	Unrestricted
D	29.1c	44.70%	20.4c	0.24m/s	28.5c	100.9k/Pa	22.9c	28.0c	229w/m2	Unrestricted
E	28.9c	44.38%	20.1c	0.19m/s	29.0c	100.9k/Pa	22.8c	29.1c	216w/m2	Acclimazone

4.3.3 Environmental Performance

In 2010 we started a program of recycling at our onshore facilities. The table shows the quantities of each item which we recycled throughout the year. We also carried out an Environmental campaign which focused on increasing the awareness of our employees and contractors and to promote positive behavior towards the environment.

2010	Unit	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	TOTAL
Scrap Metal	Ton	31.24	18.64	30.14	15.24	9.74	15.70	5.70	15.22	9.26	13.42	15.24	0.00	179.54
Paper	KG	24.50	50.00	40.00	283.50	379.00	900.00	500.00	500.00	500.00	750.00	800.00	900.00	5627.00
Plastic	KG	3.00	17.00	20.00	120.00	127.00	500.00	700.00	300.00	200.00	400.00	500.00	800.00	3687.00
Cans	KG	2.00	0.00	4.00	1.00	0.00	15.00	17.00	10.00	11.00	15.00	8.00	5.00	88.00

One of our goals in 2010 was to suffer from no pollution incidents, which we achieved. There were however three loss of containment incidents during bunkering operations due to equipment failure. None of these resulted in any discharge to the environment and all were investigated fully.



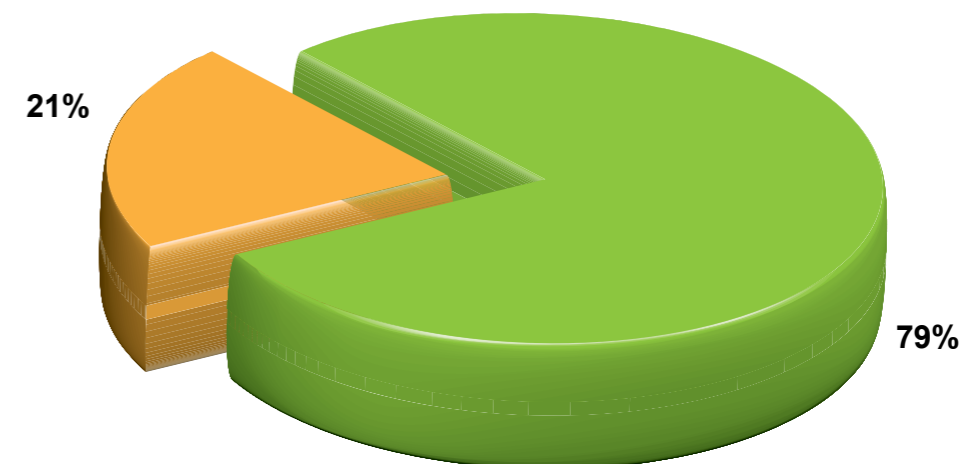
4.3.4 Potential and Actual Consequence of Incidents

Potential consequence of incidents is evaluated using our Risk Assessment Matrix.

Consequences				
Severity	People	Asset Integrity / Business Impact	Environment	Reputation
Insignificant (1)	First aid, RWDC, MTC	Slight damage, loss or impact	Slight impact of limited duration	Local media interest
Minor (2)	LTI	Business impact or loss <1 day, damage <100k US	Tier 1 limited duration	Local written media
Moderate (3)	Multiple LTI's one PD	Business impact or loss <1 week, damage between 100k - 500k US	Tier 1 localised effect	Local TV National papers
Moderate (4)	One fatality, multiple PD's	Business impact or loss <1 month, damage between 500k - 1000k US	Tier 2 Regional assistance required	National TV International papers
Critical (5)	More than one fatality	Business impact or loss >1 month, damage >1000k US	Tier 3 International assistance required	International TV Extended coverage

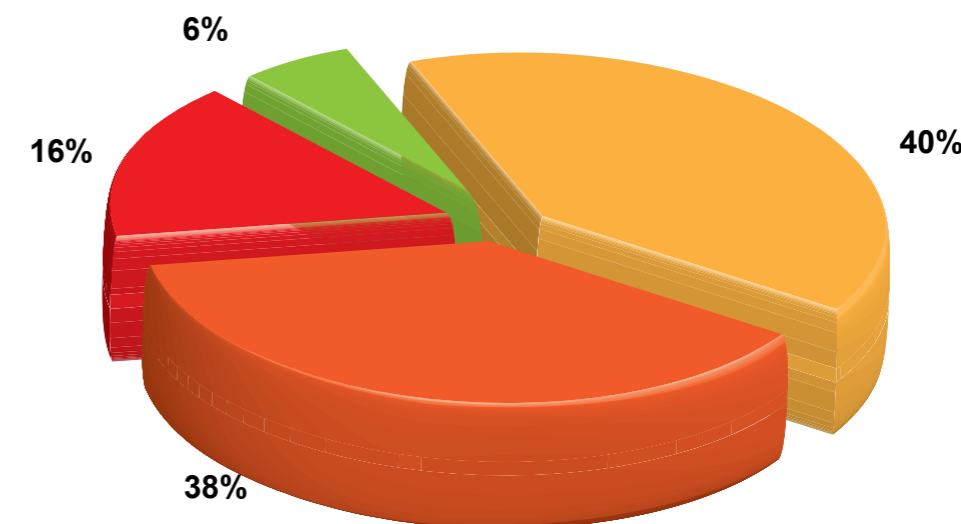


Actual Consequence of Incidents



The majority of incidents recorded in 2010 had minor or insignificant consequences, 21% being minor and 79% being classed as insignificant.

Potential Consequence of Incidents

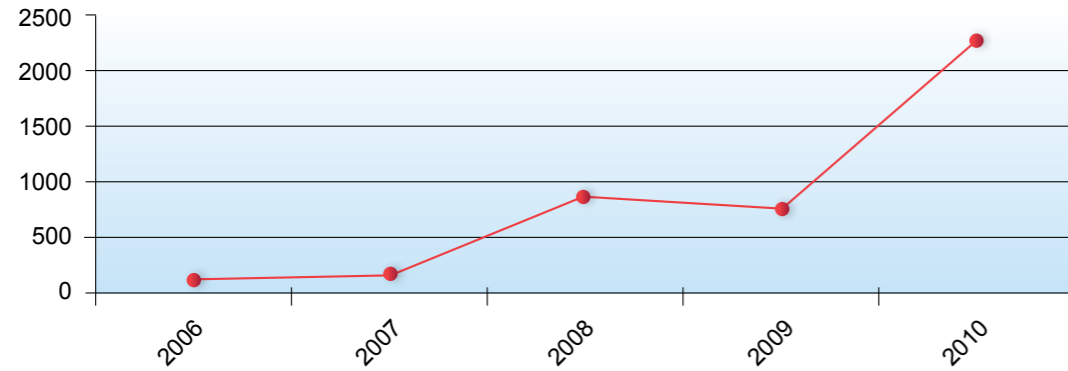


As you can see from the chart the potential consequences of incidents were more serious than the actual consequences. 16% of the incidents reported were classified as being potentially major and 38% moderate.

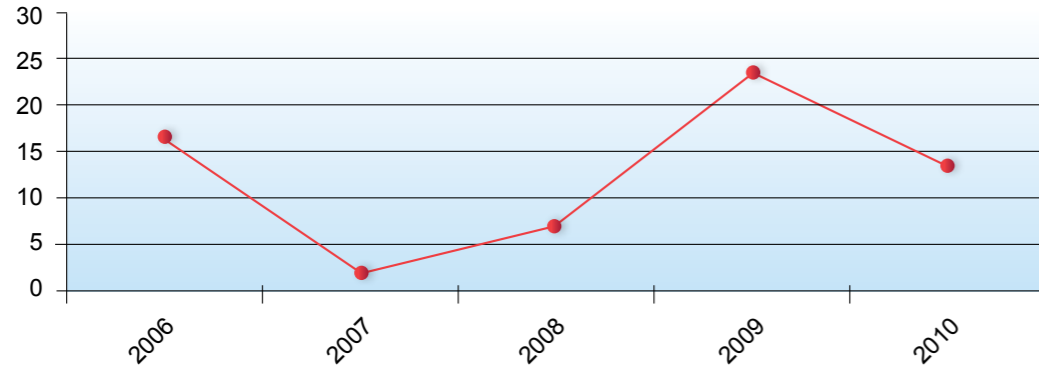
GMS HSE Performance History

As you can see we have been working towards increasing the amount of HSE observations reported throughout the company. It is critical in our business that employees and contractors working on our sites recognize unsafe conditions or practices when they see them and report them. In doing so we are able to address a significant number of issues before an accident takes place.

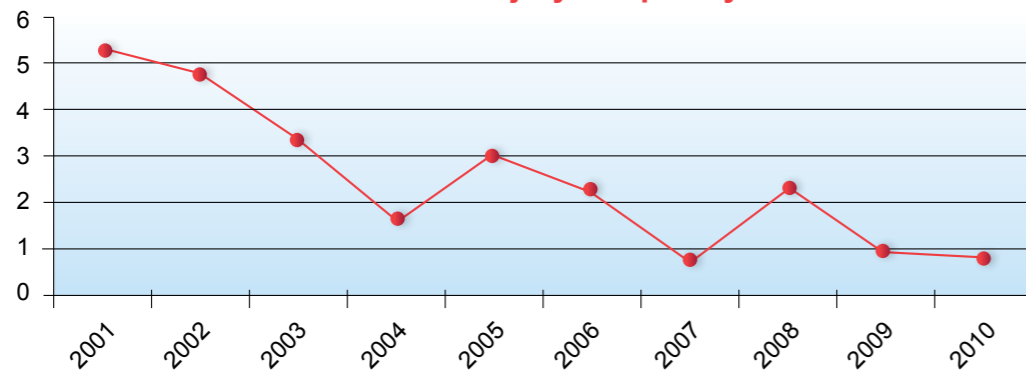
5.1 HSE Observations



5.2 Total Recordable Injuries

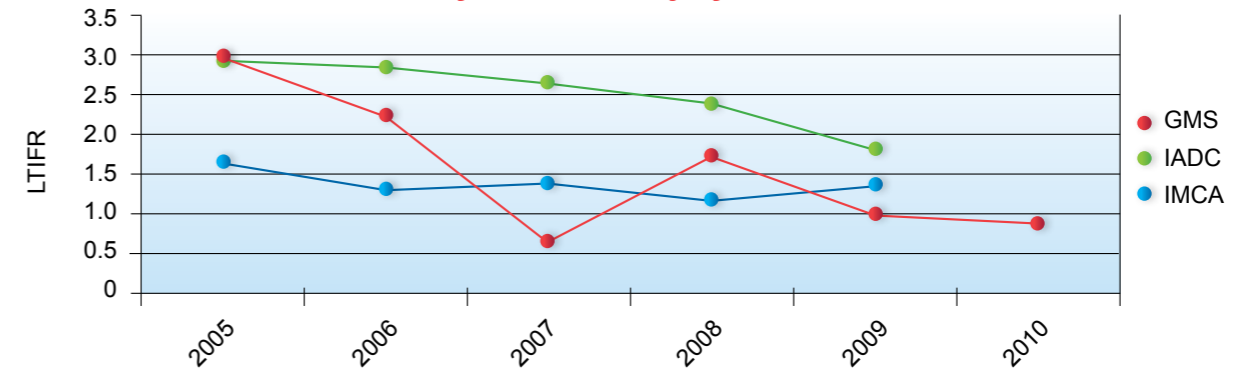


5.3 Lost Time Injury Frequency Rate



GMS in Relation to the Industry

Industry Lost Time Injury Benchmark



HSE Campaigns, Awards and Achievements

7.1 Days without LTI' Records

Barge Kikuyu continues to lead our fleet with an astounding record of 2,191 days without a Lost Time Injury. Our two AHTS vessels the Helios and Atlas are not far behind with 1,989 and 1,652 days respectively.



7.2 HSE Man of the Month Awards



January
Shabbir Muhammad
Laundry Man

February
Capt. Helal H. Cheick
Captain

March
Ulisy Oliveros
Able Seaman

April
Jovan Castro
Ordinary Seaman

May
Daniel Marinas
Nurse/Radio Operator

June
Christopher Martin
Mess Boy

July
Abdul Malik
Ordinary Seaman

August
Gwen Morales / Sasi Kumar
Able Seaman / Electrician

September
Santoso Bin Darusman
Able Seaman

October
Ryan Libanan
Able Seaman

November
Jewel Hussain
Fire Watcher

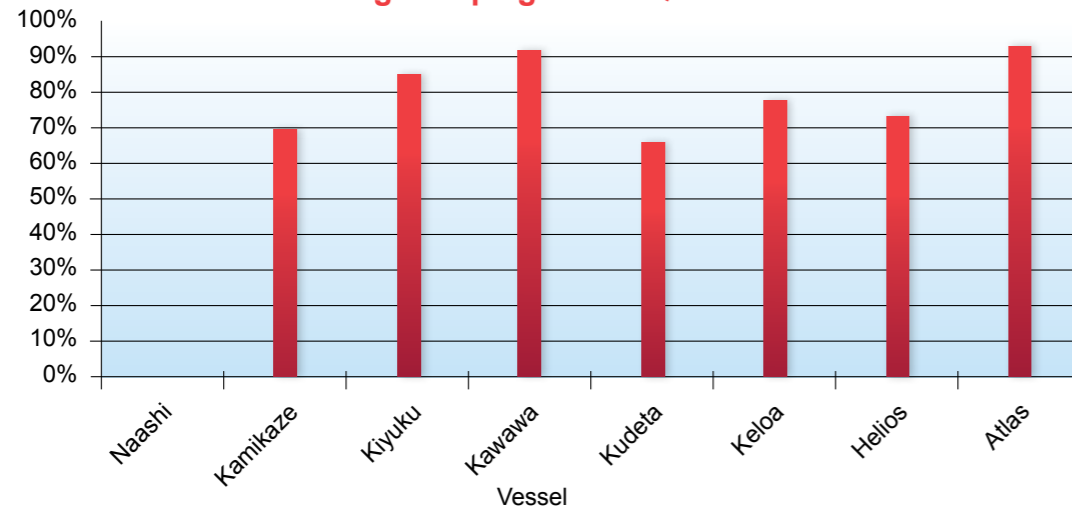
December
Eladio Regalado
Yard Superintendent



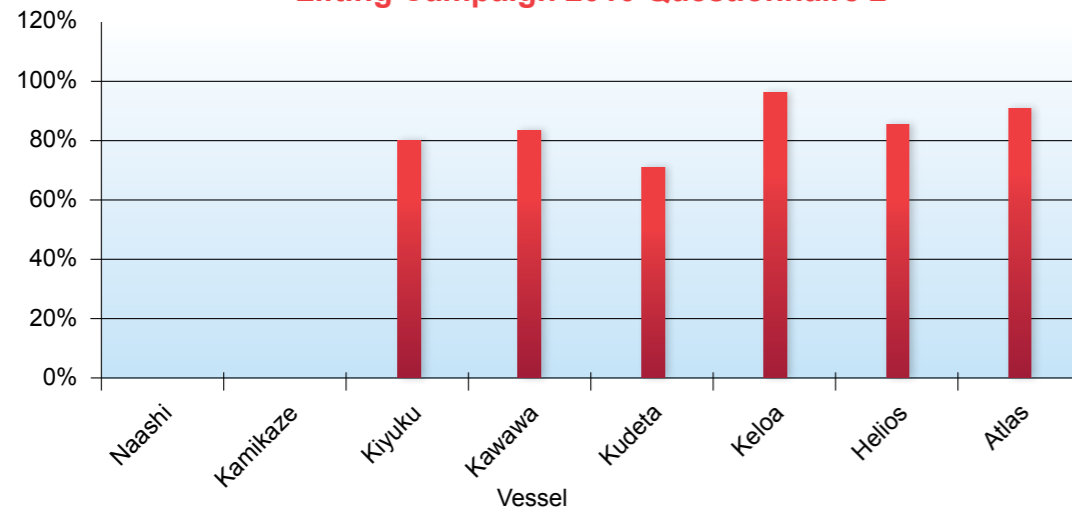
7.3.1 Lifting campaign Competition results

A key focus in 2010 was safe lifting operations for which we ran a campaign. Training was conducted in-house and offshore and all our vessels participated in competitions and quizzes. The results of competitions are shown on the graphs. Barge naashi and kamikaze were in drydock during the campaign which is why results are missing from these vessels.

Lifting Campaign 2010 Questionnaire 1

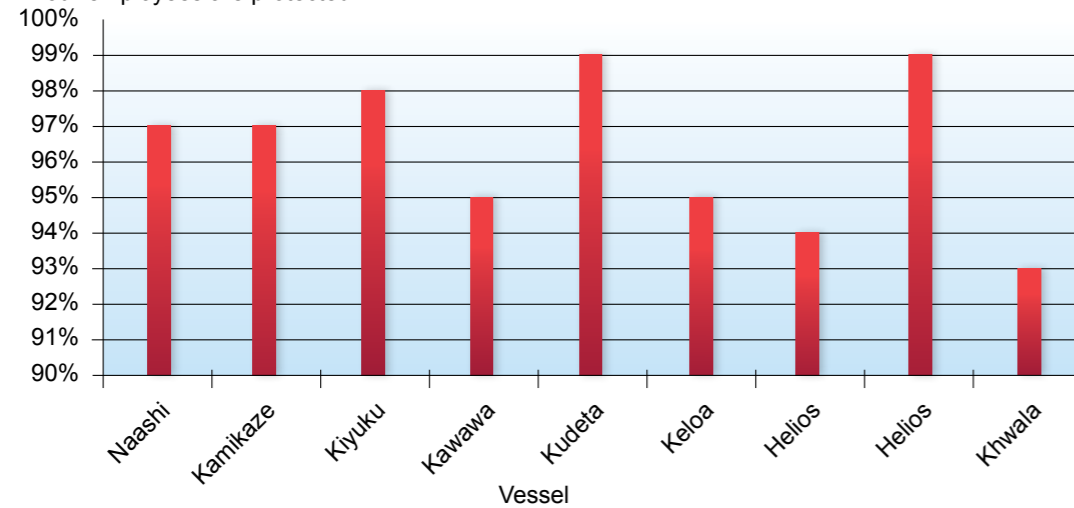


Lifting Campaign 2010 Questionnaire 2

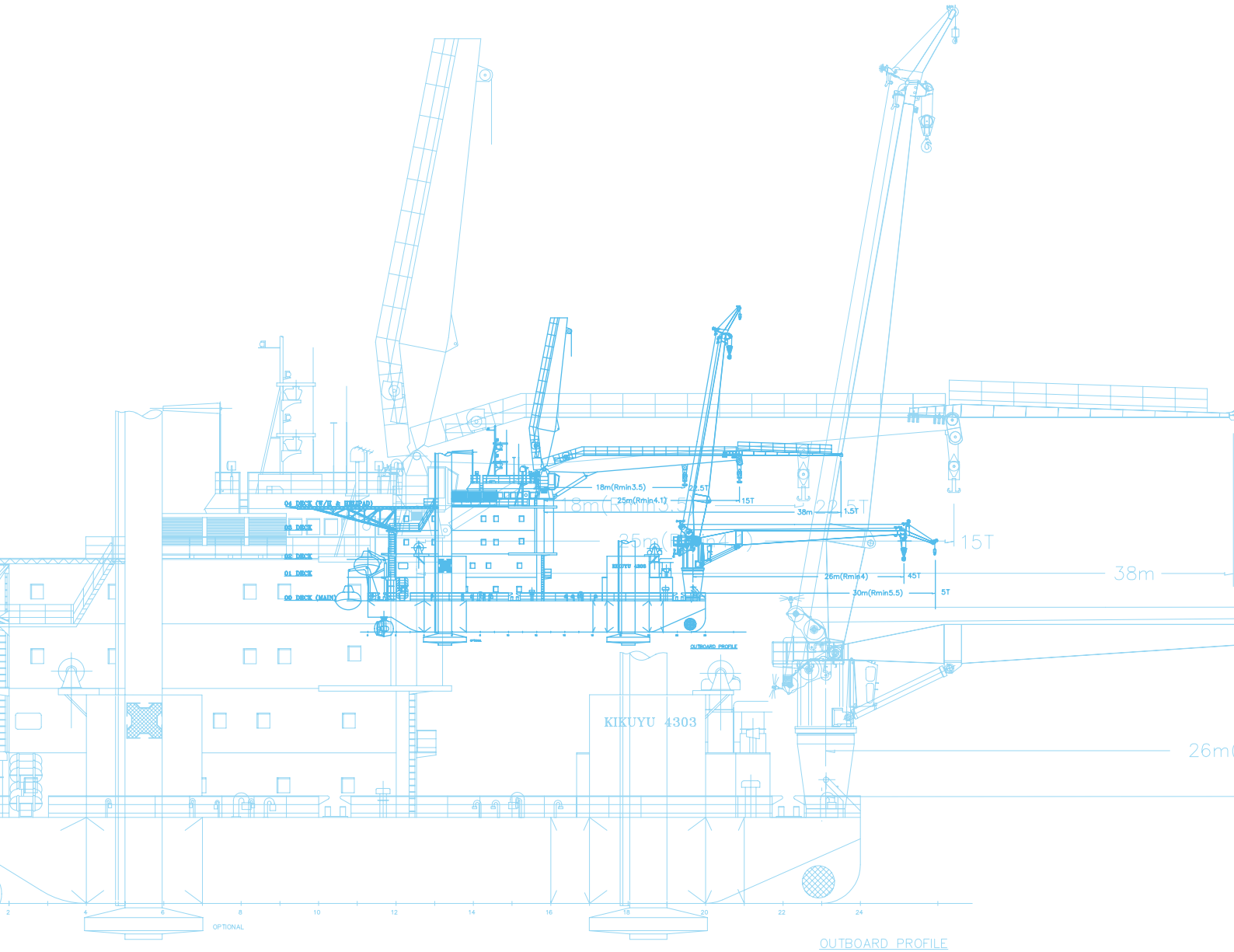


7.3.2 Heat Stress Campaign Competition Results

We also ran competitions to raise awareness for heat stress. Heat stress is a major hazard in the summer months and raising awareness in regards to prevention and recognition are key to ensuring our employees are protected.



GMS



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