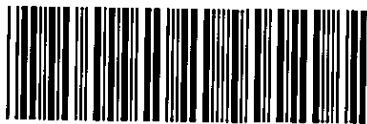


**BUE Marine Limited (Holding
Company only)**

Financial Statements
31 December 2009

THURSDAY



S4LUWL4W

SCT

24/06/2010

697

COMPANIES HOUSE

R Russell Phillips
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

BUE Marine Limited (Holding Company only)

Financial statements

31 December 2009

<i>Contents</i>	<i>Page</i>
Officers and professional advisers	1
Directors' report	2-4
Independent auditors' report	5-6
Statement of comprehensive income	7
Statement of financial position	8
Cash flow statement	9
Statement of changes in equity	10
Notes to The financial statements	11-23

BUE MARINE LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Samir Jimmy Fancy
F A Fazelbhoy
C G Rolaston (resigned on 8/6/09)
R W V Donaldson (appointed 8/6/09)

SECRETARY

HBJGW Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

BANKERS

Bank of Scotland
38 St. Andrew Square
Edinburgh
EH2 2YR

SOLICITORS

Henderson Boyd Jackson
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

INDEPENDENT AUDITORS

Russell Phillips
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE MARINE LIMITED
(Registered No. SC 132816)
ANNUAL REPORT AND ACCOUNTS – 2009

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 2009.

Principal activities

The Company's principal activity during the year was holding investments in and provision of management services to its subsidiaries.

Review of activities and future development

The directors will seek appropriate trading opportunities to improve performance and the net asset position of the Company in the coming year.

Results

The loss for the year after taxation was USD 105,612 (2008: USD 113,841). The loss of USD 105,612 (2008: USD 113,841) has been transferred to reserves.

Directors

The directors who held office during the year were as follows:

Samir Jimmy Fancy
F A Fazelbhoy
C G Rolaston (resigned on 8/6/09)
R W V Donaldson (appointed 8/6/09)

Financial Instruments

The Company's principal financial assets are bank balances and intercompany debtors. The Company's credit risk is primarily attributable to its intercompany debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The concentration of credit risks on these intercompany debtors is monitored on an ongoing basis by the management. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise of trade creditors and accruals. Trade creditors and accruals are paid on the standard terms of payment.

REPORT OF THE DIRECTORS

Employee Involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and that are of interest to them as employees.

Employment of disabled persons

Full and fair consideration is given to application for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who became disabled, to promote their career development within the organisation.

Supplier payment policy

The Company's policy, which is also applied by the group, is to settle terms of payments when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Auditors

Russell Phillips are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom laws and International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board


Director *R. V. Donaldson*
Date: *29 April 2010*

BUE MARINE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BUE MARINE LIMITED

We have audited the financial statements of BUE Marine Limited for the year ended 31 December 2009 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

The information given in the directors' report is consistent with the financial statements.

BUE MARINE LIMITED


INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BUE MARINE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Helen Phillips (Senior Statutory Auditor)
for and on behalf of Russell Phillips

.....7/5/10.....

Chartered Accountants
Statutory Auditor

23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE Marine Limited (Holding Company only)

Statement of comprehensive income for the year ended 31 December 2009

	<i>Notes</i>	<i>2009 USD</i>	<i>2008 USD</i>
Revenue	5	5,380,000	3,684,965
Cost of sales		-	-
GROSS PROFIT		5,380,000	3,684,965
Administrative expenses		(5,398,522)	(3,046,055)
Finance costs	6	(217,618)	(783,501)
LOSS BEFORE INCOME TAX		(236,140)	(144,591)
Income tax credit	7	130,528	30,750
LOSS FOR THE YEAR	8	(105,612)	(113,841)

The independent auditors' report is set out on pages 5 to 6.

The notes on pages 11 to 23 form part of these financial statements.

BUE Marine Limited (Holding Company only)

Statement of financial position

As at 31 December 2009

	Notes	2009 USD	2008 USD
ASSETS			
Non-current assets			
Property, plant and equipment	9	63,192	63,920
Investment	11	269	269
Deferred tax asset	10	298,186	167,658
		<u>361,647</u>	<u>231,847</u>
Current assets			
Accounts receivable and prepayments	12	14,876,155	9,258,898
Due from related parties	13b	142,847,855	97,292,329
Bank balances and cash	14	6,794,589	2,577,069
		<u>164,518,599</u>	<u>109,128,296</u>
TOTAL ASSETS		<u>164,880,246</u>	<u>109,360,143</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	20,282	20,282
Share premium account		432,338	432,338
Equity reserve		35,005,642	35,005,642
Retained earnings		988,993	1,094,605
		<u>36,447,255</u>	<u>36,552,867</u>
Non-current liabilities			
Employees' end of service benefits	17	109,865	61,938
		<u>109,865</u>	<u>61,938</u>
Current liabilities			
Accounts payable and accruals	16	3,841,080	3,469,085
Due to related parties	13c	124,482,046	69,276,253
		<u>128,323,126</u>	<u>72,745,338</u>
Total liabilities		<u>128,432,991</u>	<u>72,807,276</u>
TOTAL EQUITY AND LIABILITIES		<u>164,880,246</u>	<u>109,360,143</u>

The financial statements were approved and authorized for issue in accordance with a resolution of the directors on

29 April 2010

Director

Director

The independent auditors' report is set out on pages 5 to 6.

The notes on pages 11 to 23 form part of these financial statements.

BUE Marine Limited (Holding Company only)

Statement of cash flows for the year ended 31 December 2009

	Notes	2009 USD	2008 USD
OPERATING ACTIVITIES			
Loss for the year		(105,612)	(113,841)
Adjustments for:			
Depreciation	9	36,878	53,620
Finance costs	6	217,618	783,501
Income tax credit	7	(130,528)	(30,750)
Provisions for employees' end of service benefits	17	47,927	20,989
		<u>66,283</u>	<u>713,519</u>
Working capital changes:			
Accounts receivable and prepayments		(5,589,351)	(8,515,694)
Accounts payable and accruals		371,995	1,283,452
Due from related parties		(45,555,526)	(28,306,659)
Due to related parties		<u>55,205,793</u>	<u>37,207,519</u>
Cash from operations		4,499,194	2,382,137
Finance costs		(217,618)	(783,501)
Employees' end of service benefits paid	17	-	(24,972)
Net cash from operating activities		<u>4,281,576</u>	<u>1,573,664</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(64,056)	(57,027)
Net cash used in investing activities		<u>(64,056)</u>	<u>(57,027)</u>
FINANCING ACTIVITIES			
Loan due to parent company		-	429,308
Net cash from financing activities		<u>-</u>	<u>429,308</u>
INCREASE IN CASH AND CASH EQUIVALENTS		4,217,520	1,945,945
Cash and cash equivalents at the beginning of the year		<u>2,577,069</u>	<u>631,124</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>6,794,589</u>	<u>2,577,069</u>

The independent auditors' report is set out on pages 5 to 6.

The notes on pages 11 to 23 form part of these financial statements.

BUE Marine Limited (Holding Company only)

Statement of changes in equity for the year ended 31 December 2009

	<i>Share capital USD</i>	<i>Share premium account USD</i>	<i>Capital redemption reserve USD</i>	<i>Equity reserve USD</i>	<i>Retained earnings USD</i>	<i>Total USD</i>
Balance at 1 January 2008	20,282	432,338	-	15,005,642	1,208,446	16,666,708
Additional equity fund introduced*	-	-	-	20,000,000	-	20,000,000
Loss for the year	-	-	-	-	(113,841)	(113,841)
Balance at 31 December 2008	20,282	432,338	-	35,005,642	1,094,605	36,552,867
Balance at 1 January 2009	20,282	432,338	-	35,005,642	1,094,605	36,552,867
Loss for the year	-	-	-	-	(105,612)	(105,612)
Balance at 31 December 2009	20,282	432,338	-	35,005,642	988,993	36,447,255

* In 2008, the Company's parent undertaking NICO Middle East Limited converted its loan of USD 20 million to equity reserve. This amount is interest free and not repayable.

The independent auditors' report is set out on pages 5 to 6.

The notes on pages 11 to 23 form part of these financial statements.

BUE Marine Limited (Holding Company only)

Notes to the financial statements

1 REPORTING ENTITY

BUE Marine Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Exchange Tower, 19 Canning Street, Edinburgh EH3 8EH. The Company is a wholly owned subsidiary of Nico Middle East Limited (Parent Company), a company incorporated in Bermuda. The principal activities of the Company during the year were the charter and management of vessels primarily for the support of the oil and gas industry, the provision of marine supply services and providing management services to its subsidiaries.

The separate financial statements of the parent Company only have been prepared for statutory purposes. The Company also prepares consolidated financial statements of the Company and its subsidiaries.

2 SUBSIDIARY COMPANIES

The extent of the Company's shareholding in the subsidiaries is as follows:

Company	Country of Incorporation	Registered percentage Shareholding		Principal activities	Capital and reserves	Profit (loss) for the year
		2009	2008		2009	2009
					USD	USD
BUE Caspian Limited*	Scotland	100%	100%	Vessel management	15,058,315	(969,368)
BUE Kazakhstan Limited	Scotland	100%	100%	Vessel management	(20,461,593)	(6,674,233)
BUE Cygnet Limited	Scotland	100%	100%	Vessel management	1,758,715	561,181
BUE Bulkers Limited	Scotland	100%	100%	Vessel management	14,951,233	3,389,136
BUE Shipping Limited	Scotland	100%	100%	Vessel management	7,537,796	2,972,695
Roosalka Shipping Limited	Scotland	100%	100%	Vessel management	2,727,959	1,212,577
Fortress LLC**	Azerbaijan	-	100%	Vessel management	-	-
BUE Aktau LLP	Kazakhstan	100%	100%	Vessel management	(542,020)	27,015
BUE Bautino LLP	Kazakhstan	100%	100%	Vessel management	311,560	339,974
BH PSV Limited	Cayman Islands	100%	100%	Dormant Company	(246,145)	-
BH Jura Limited	Cayman Islands	100%	100%	Dormant Company	736,570	-
BH Standby Limited	Cayman Islands	100%	100%	Dormant Company	961,107	-
Roosalka Shipping Limited	Cayman Islands	100%	100%	Dormant Company	3,086,366	-
BH Bulkers Limited	Cayman Islands	100%	100%	Dormant Company	2,340,920	(3,493)
BH Islay Limited	Cayman Islands	100%	100%	Dormant Company	237,075	-
BUE Kyran Limited	Scotland	100%	100%	Vessel management	(1,223,503)	2,329,592
XT Shipping Limited	Scotland	100%	100%	Vessel management	29,068	29,066
BUE Kashagan Limited	Cayman Islands	100%	100%	Vessel management	1	-
BUE Maritime Services Limited*	Scotland	100%	100%	Dormant company	175	-
BUE Marine Turkmenistan Limited*	Scotland	100%	100%	Vessel management	(21,755)	180,934

* BUE Caspian Limited also owns the entire issued share capital of BUE Maritime Services Limited and BUE Marine Turkmenistan Limited, companies incorporated and registered in Scotland.

** Fortress LLC has dissolved in 2009.

3 BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Notes to the financial statements

3 BASIS OF PREPARATION (continued)

Basis of measurement

The financial statements are prepared under the historical cost convention.

Functional currency and presentation currency

The financial statements are presented in United States Dollars "(USD)" which is the Company's functional currency rather than in the currency of the Company's country of incorporation as a significant proportion of the transactions of the Company are undertaken in USD.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 21.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company entities.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Management fee is recognized as it accrues based on agreement with the subsidiaries.

Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized in the income statement as it accrues, using the effective interest rate method.

Finance expense comprises interest expense on borrowings. All borrowing costs are recognized in the income statement using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of that asset. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Financial instruments

Non-derivative financial instruments

The Company initially recognises its non-derivative financial assets on the date that they are originated. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company's non-derivative financial assets include accounts and other receivables, cash and cash equivalents and amounts due from related parties.

BUE Marine Limited (Holding Company only)

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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. The Company has only one category of non-derivative financial asset: loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise accounts and other receivables and amounts due from related parties.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition the financial assets are recognized at amortised cost.

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

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

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company 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 respective functional currencies at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the exchange rates ruling on the date of the transaction. Realized and unrealized exchange gains and losses are accounted for within the income statement.

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses 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 realized.

BUE Marine Limited (Holding Company only)

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost of marine vessels includes registration costs and major maintenance and dry-docking costs incurred at the time of acquisition and significant rebuild expenditure incurred during the life of the asset.

Capital work in progress is not depreciated. Assets in the course of construction are depreciated from the date that the related assets are ready for commercial use. Depreciation method, useful lives and residual values are reviewed at each reporting date.

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less any estimated residual value, of each asset, excluding vessels under construction, over its expected useful life as follows:

Computer equipment	3 years
Fixtures and fittings	3 years
Motor vehicles	3 years

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 increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss.

Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognized in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use 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 pre tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets 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 group of assets (the "cash-generating unit").

Investment in subsidiaries

Investment in subsidiaries is accounted for at cost less provision to reflect any diminution in value which is regarded as other than temporary.

Subsidiary undertakings are those entities in which the Company directly or indirectly has an interest of more than one half of the voting rights and/or has the power to exercise control over their operations.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

BUE Marine Limited (Holding Company only)

Notes to the financial statements

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans

Loans are recognized at the fair value of the proceeds received, net of transaction costs incurred. Loans are subsequently stated at amortized cost using the effective yield method. The difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the loan.

Employees' end of service benefits

The Company 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.

Retirement Benefit Costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

New standards and interpretations

A number of new standards, amendments to standards and interpretations that are issued but not effective for accounting period starting 1 January 2009, and have not been early adopted in preparing these financial statements:

- IFRS 3 (Revised) – Business Combinations, effective from 1 July 2009;
- Amendments to IAS 39 - Financial Instruments Recognition and Measurement, effective from 1 July 2009;
- IFRIC 17 - Distribution of Non- Cash Assets to Owners, effective from 1 July 2009;
- IFRS 5 (Revised) - Non-current Assets Held for Sale and Discontinued Operations, effective from 1 July 2009;
- IFRS 1 (Revised) - First time Adoption of International Financial Reporting Standards, effective from 1 July 2009;
- Amendments to IFRS 2 - Share-based Payment, effective from 1 January 2010;
- IAS 27 (Amended) - Consolidated and Separate Financial Statements, effective from 1 July 2009;
- Amendments to IAS 32 - Financial Instruments Presentation, effective from 1 February 2010;
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, effective from 1 July 2010;
- IAS 24 (Revised) - Related Party Disclosures, effective from 1 January 2011;
- Amendments to IFRIC 14 and IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction, effective from 1 January 2011; and
- IFRS 9 Financial Instruments, effective from 1 January 2013.

Management has assessed the impact of the new standards, amendments to standards and interpretations and amendments to published standards, and concluded that they are either not relevant to the Company or their impact is limited to the disclosures and presentation requirement in the financial statements.

The Company is currently in the process of evaluating the potential effect of this standard. Given the nature of the Company's operations, this standard is not expected to have a pervasive impact on the Company's financial statements.

5 REVENUE

	2009 USD	2008 USD
Management Fees	<u>5,380,000</u>	<u>3,684,965</u>

6 FINANCE COSTS

	2009 USD	2008 USD
Interest charges on loans, overdraft and others	193,641	966,417
Interest Income	-	(5,868)
Exchange loss / (gain)	<u>23,977</u>	<u>(177,048)</u>
	217,618	783,501

BUE Marine Limited (Holding Company only)

Notes to the financial statements

7 TAXATION

	2009 USD	2008 USD
<i>Current taxation</i>		
UK corporation tax	-	-
Foreign tax	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Current year	(165,071)	148
Prior year	34,543	(30,898)
Total deferred tax	(130,528)	(30,750)
Tax (credit) for the year	(130,528)	(30,750)

UK corporation tax is calculated at 28% (2008: 28%) of the estimated assessable profit for the financial period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The relationship between the tax expense and the accounting profit can be explained as follows:

	2009 USD	2008 USD
Loss before tax	(236,140)	(144,591)
Tax at the UK corporation tax rate	(66,119)	(41,202)
Tax effect of expenses that are not deductible in determining taxable profit	1,073	33,906
Group relief not paid for	(100,025)	7,446
Deferred Tax previous year	34,543	(30,898)
Difference in UK tax rate	-	(2)
Tax (credit) for the year	(130,528)	(30,750)

8 LOSS FOR THE YEAR

	2009 USD	2008 USD
Profit/ (loss) from operations has been arrived at after charging		
Net foreign exchange loss / (gain)	23,977	(177,048)
Depreciation of property, plant and equipment	36,876	53,620
Auditor's remuneration – for audit services	25,000	35,000

During the year, directors' emoluments were paid by Nico Middle East Limited, the immediate parent company registered in Bermuda.

BUE Marine Limited (Holding Company only)

Notes to the financial statements

8 LOSS FOR THE YEAR (continued)

STAFF COSTS

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
Aggregate remuneration of employees (including executive directors)		
Wages and salaries	<u>1,971,398</u>	<u>1,590,937</u>
	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
Average monthly number of employees (including executive directors)		
Administration and operations	<u>16</u>	<u>15</u>

BUE Marine Limited (Holding Company only)

Notes to the financial statements

9 PROPERTY, PLANT AND EQUIPMENT

	<i>Computer Equipment USD</i>	<i>Fixtures and fittings USD</i>	<i>Motor vehicles USD</i>	<i>Marine vessels under construction USD</i>	<i>Total USD</i>
Cost					
At 1 January 2008	893,317	66,320	110,779	-	1,070,416
Additions	27,505	1,616	-	27,906	57,027
At 31 December 2008	<u>920,822</u>	<u>67,936</u>	<u>110,779</u>	<u>27,906</u>	<u>1,127,443</u>
Accumulated depreciation					
At 1 January 2008	864,467	63,846	81,591	-	1,009,904
Depreciation charge for the year	30,983	4,047	18,589	-	53,619
At 31 December 2008	<u>895,450</u>	<u>67,893</u>	<u>100,180</u>	<u>-</u>	<u>1,063,523</u>
Net carrying amount					
At 31 December 2008	<u>25,372</u>	<u>43</u>	<u>10,599</u>	<u>27,906</u>	<u>63,920</u>
Cost					
At 1 January 2009	920,822	67,936	110,779	27,906	1,127,443
Additions	17,255	1,992	44,809	-	64,056
Transfer to advances	-	-	-	(27,906)	(27,906)
At 31 December 2009	<u>938,077</u>	<u>69,928</u>	<u>155,588</u>	<u>-</u>	<u>1,163,593</u>
Accumulated depreciation					
At 1 January 2009	895,450	67,893	100,180	-	1,063,523
Depreciation charge for the year	13,317	2,035	21,526	-	36,878
At 31 December 2009	<u>908,767</u>	<u>69,928</u>	<u>121,706</u>	<u>-</u>	<u>1,100,401</u>
Net carrying amount					
At 31 December 2009	<u>29,310</u>	<u>-</u>	<u>33,882</u>	<u>-</u>	<u>63,192</u>

The depreciation charge has been allocated in the income statement as follows:

	<i>2009 USD</i>	<i>2008 USD</i>
Administrative expenses	<u>36,878</u>	<u>53,619</u>

BUE Marine Limited (Holding Company only)

Notes to the financial statements

10 DEFERRED TAX ASSET

	2009 USD	2008 USD
As at 1 January	167,658	136,908
Profit and loss account (debit)/credit	165,071	(148)
Prior year charge	(34,543)	30,898
As at 31 December	<u>298,186</u>	<u>167,658</u>

11 INVESTMENT IN SUBSIDIARIES

	2009 USD	2008 USD
Cost:		
At 1 January	9,835	9,835
Addition	-	-
At 31 December	<u>9,835</u>	<u>9,835</u>
Provision:		
At 1 January and 31 December	<u>9,566</u>	<u>9,566</u>
Net carrying amount:		
At 31 December	<u>269</u>	<u>269</u>

The Company's investment in subsidiaries is detailed in note 2.

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2009 USD	2008 USD
Advance to Suppliers	14,751,173	8,944,575
Prepayments & Advances	4,958	826
Other receivables	120,024	313,497
	<u>14,876,155</u>	<u>9,258,898</u>

13 RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties included in the income statement are as follows:

	2009 USD	2008 USD
Interest on parent company loans	-	902,263
Other related parties – revenue	<u>5,380,000</u>	<u>3,684,965</u>

BUE Marine Limited (Holding Company only)

Notes to the financial statements

13 RELATED PARTY TRANSACTIONS (continued)

(b) Due from related parties

	2009 USD	2008 USD
Nico International Limited	405,548	16,204
TEAM IX Limited	2,212,420	2,212,420
TEAM X Limited	1,249,657	1,249,657
Caspian Citadel Limited	5,495,210	2,785,272
Caspian Baki Limited	4,947,004	3,185,271
Caspian Pride Limited	7,582,162	5,137,286
Caspian Breez Limited	2,219,051	1,637,303
Caspian Gala Limited	4,162,951	2,944,721
Caspian Fortress Limited	4,533,788	2,366,312
BUE Kyran Limited	44,559,879	15,929,970
BUE Shipping Limited	10,602,647	9,606,834
BUE Kazakhstan Limited	33,299,929	34,283,995
BUE Bautino LLP	1,699,211	1,540,417
BUE Turkmenistan Limited	1,302,442	963,589
BUE Cygnet Limited	220,735	227,072
BUE Roosalka Limited	2,985,560	2,849,868
BUE Bulkers Limited	12,696,228	10,351,875
Fortress LLC	4,263	4,263
BUE Aktau LLP	364,963	-
Caspian Server Limited	2,145,633	-
XT Shipping Limited	158,574	-
	<u>142,847,855</u>	<u>97,292,329</u>

(c) Due to related parties

	2009 USD	2008 USD
Nico Middle East Limited	9,133,581	4,064,309
Nico World S.A	20,769,390	3,781,106
Doha Marine Services WLL	314,518	2,360
Adyard Abu Dhabi LLC	12,288,085	3,223,570
BUE Caspian Limited	69,824,899	45,743,601
BH Bulkers Limited	12,151,573	12,265,784
BUE Aktau LLP	-	195,523
	<u>124,482,046</u>	<u>69,276,253</u>

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2009, the Company has not recorded any impairment of amounts owed by related parties (2008: Nil).

BUE Marine Limited (Holding Company only)

Notes to the financial statements

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement include the following balance sheet amounts:

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
Cash at bank- in current accounts	6,783,266	2,567,854
Cash in hand	11,323	9,215
	<u>6,794,589</u>	<u>2,577,069</u>

Included in bank balances and cash are bank deposits of USD 6,623,707 (2008: USD 2,483,368) with commercial banks in U.K. These are denominated in US Dollars and Pound Sterling, short term in nature and carry interest at rates ranging between 2% and 3%.

15 SHARE CAPITAL

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
Authorised		
14,463 Ordinary shares of £1 each	<u>25,310</u>	<u>25,310</u>
Allotted, called up and fully paid		
11,589 Ordinary shares of £1 each	<u>20,282</u>	<u>20,282</u>

Holders of £ 0.01 'B' shares, reclassified as £1 ordinary share, held at 31 December 2009 (and 31 December 2008) a fractional entitlement to £ 0.97 of a £ 1 ordinary share.

16 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
Trade payables	373,704	533,563
Accruals	3,467,376	2,935,522
	<u>3,841,080</u>	<u>3,469,085</u>

17 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the balance sheet are as follows:

	<i>2009</i> <i>USD</i>	<i>2008</i> <i>USD</i>
As at 1 January	61,938	65,921
Provided during the year	47,927	20,989
End of service benefits paid	-	(24,972)
As at 31 December	<u>109,865</u>	<u>61,938</u>

BUE Marine Limited (Holding Company only)

Notes to the financial statements

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	2009 USD	2008 USD
<i>Capital commitment</i>		
Purchase of property, plant and equipment	-	-

Contingent liabilities

As at 31 December 2009, the Company's assets and undertaking including bareboat charter's rights, title and interest, present and future in the bareboat charterer's assigned property are charged as security for bank facilities obtained by related parties.

19 RISK MANAGEMENT

Interest rate risk

The Company is not significantly exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and term loan).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's credit terms require the amounts to be paid within 90 days from the date of invoice. Accounts payable are normally settled within 90 days of the date of purchase.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2009, based on contractual undiscounted payments.

Particulars	Carrying amount USD	Total USD	Contractual cash flows		
			Less than 12 months USD	1 to 5 years USD	more than 5 years USD
31 December 2009					
Accounts payables	3,841,080	(3,841,080)	(3,841,080)	-	-
Due to related parties	124,482,046	(124,482,046)	(124,482,046)	-	-
Total	128,322,861	128,322,861	128,322,861	-	-
31 December 2008					
Accounts payables	3,469,085	(3,469,085)	(3,469,085)	-	-
Due to related parties	69,276,253	(69,276,253)	(69,276,253)	-	-
Total	72,745,338	(72,745,338)	(72,745,338)	-	-

Notes to the financial statements

19 RISK MANAGEMENT (continued)

Currency risk

The company is not exposed to any significant currency risk.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008. Capital comprises share capital, share premium, capital redemption reserve, equity reserve and retained earnings and is measured at USD 36,447,255 as at 31 December 2009 (2008: USD 36,552,867).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of loans, obligations under finance leases and payables.

The fair values of financial instruments are not materially different from their carrying values.

21 KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of accounts receivable

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. In determining whether impairment losses should be recorded in the income statement, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Impairment of property, plant and equipment

The Company has made certain estimations with respect to residual value, depreciation method and useful lives of property, plant and equipment. Any change in the estimates in future years might affect the remaining amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

22 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Nico Middle East Limited, a company registered in Bermuda, for which consolidated financial statements are prepared. Copies of the financial statements are available from Nico Middle East Limited, P.O. Box 282800, Level 62, Almas Tower, Jumairah Lakes Towers, Sheikh Zayed Road, Dubai, UAE.

The company's ultimate parent undertaking is Renaissance Services SAOG, a company registered in the Sultanate of Oman, for which consolidated financial statements are available from Renaissance Services SAOG, PO Box 1676, Muttrah, Postal Code 114, Sultanate of Oman.

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in the financial statements to conform to the presentation adopted in the current year.