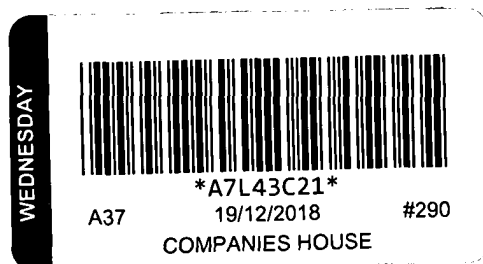


**BUE Marine Limited**

**Annual report and separate financial statements  
for the year ended 31 December 2017**



## **BUE Marine Limited**

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**BUE Marine Limited****Officers and Professional Advisers****DIRECTORS**

Samir Fancy  
Rene Kofod-Olsen  
Jay Daga  
Robert Desai

**SECRETARY**

Addleshaw Goddard (Scotland) Secretarial Limited

**REGISTERED OFFICE**

Exchange Tower  
19 Canning Street  
Edinburgh  
Scotland  
EH3 8EH  
United Kingdom

**SOLICITORS**

Addleshaw Goddard (Scotland) Secretarial Limited  
19 Canning Street  
Edinburgh  
Scotland  
EH3 8EH  
United Kingdom

**INDEPENDENT AUDITOR**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

**BUE Marine Limited**  
**(Registered No. SC 132816)**  
**Annual Report and Separate Financial Statements - 2017**

**STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2017.

***Review of activities and future development***

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

***Results and dividends***

The profit for the year after taxation was USD 124,044 (2016: USD 24,861). No dividend was paid during the period (2016: Nil). The profit of USD 124,044 (2016: USD 24,861) has been transferred to reserves.

***Principal risks and uncertainties***

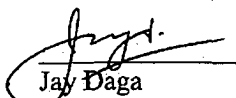
A summary of the Company's policies and objectives relating to financial risk management, including exposure to associated risks, is included in Note 23 to the financial statements.

The Company is also exposed to operational risk which may arise due to a downturn in economic activity. The Company is directly impacted by a decrease in the demand of the offshore support vessels, which results in lower deployment of the vessels and thereby impacting the company negatively.

***Key performance indicators***

The key performance indicators used by the Company are revenue, earnings before income tax, depreciation and amortisation (EBITDA), EBITDA margin, return on assets and fleet utilisation. These KPIs are measured at the group level and not measured against each individual entity, hence are not discussed further in this report.

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

  
Jay Daga  
Director

18 December 2018

**BUE Marine Limited**  
**(Registered No. SC 132816)**

**DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2017.

***Principal activities***

The Company's principal activities continued to be holding investments in and provision of management services to its subsidiaries whose principal activities are the management, lease and charter of maritime vessels together with related marine services.

***Directors***

The Directors of the Company who were in office during the year and up to the date of signing the separate financial statements were:

- Samir Fancy
- Rene Kofod-Olsen
- Jay Daga
- Robert Desai

***Financial risk management policies and objectives***

The Company's principal financial assets are cash and cash equivalents and due from related parties. The Company's credit risk is primarily attributable to its accounts receivable and amounts due from related parties. 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 accounts payable and accruals, term loans and amounts due to related parties. Accounts payable and accruals are paid on the standard terms of payment.

***Independent auditors***

Deloitte LLP were appointed independent auditors for the year ended 31 December 2017 and in accordance with section 487 of the Companies Act 2006 have expressed their willingness to continue in office as auditor.

***Disclosure of information to auditors***

Each of the persons who is a director at the date of approval of this report confirms that so far as the Director is 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.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

**BUE Marine Limited**  
**(Registered No. SC 132816)**

**DIRECTORS' REPORT (continued)**

***Directors' indemnity***

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. No indemnity is provided for the Company's auditor.

***Events after the balance sheet date***

No significant events have occurred after the balance sheet date.

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

  
Jay Daga  
Director

18 December 2018

**BUE Marine Limited**  
**(Registered No. SC 132816)**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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, International Accounting Standard 1 requires that directors:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of BUE Marine Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

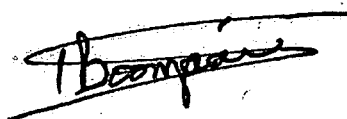
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUE MARINE LIMITED**  
**(continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'I Boonzaaier', is written over a horizontal line.

Ivan Boonzaaier, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
18 December 2018

**Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2017**

	Notes	2017 USD	2016 USD
Revenue	7	9,460,000	6,940,000
Cost of sales	8	(9,376,734)	(6,957,669)
<b>Gross profit/(loss)</b>		<b>83,266</b>	<b>(17,669)</b>
Finance costs		(27,782)	(22,071)
<b>Profit/(loss) before income tax</b>		<b>55,484</b>	<b>(39,740)</b>
Income tax credit	10	68,560	64,601
<b>Profit for the year</b>		<b>124,044</b>	<b>24,861</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>124,044</b>	<b>24,861</b>

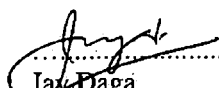
All activities arise in respect of continuing activities.

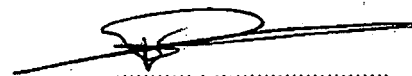
The accompanying notes form an integral part of these financial statements.

**Statement of financial position  
as at 31 December 2017**

	Notes	2017 USD	2016 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	169,538	174,628
Intangible assets	12	2,037,670	2,102,706
Deferred tax assets	13	344,956	276,396
Investment in subsidiaries	14		
<b>Total non-current assets</b>		<b>2,552,164</b>	<b>2,553,730</b>
<b>Current assets</b>			
Other receivables and prepayments	15	729,201	575,341
Due from related parties	16	499,916,235	480,760,980
Cash and cash equivalents	17	4,475,456	849,023
<b>Total current assets</b>		<b>505,120,892</b>	<b>482,185,344</b>
<b>Total Assets</b>		<b>507,673,056</b>	<b>484,739,074</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	20,282	20,282
Share premium		432,338	432,338
Equity reserve	19	35,005,642	35,005,642
Retained earnings	20	12,056,090	11,932,046
<b>Total equity</b>		<b>47,514,352</b>	<b>47,390,308</b>
<b>Non-current liability</b>			
Provision for employees' end-of-service benefits	21	2,268,761	1,705,103
<b>Current liabilities</b>			
Accounts payable and accruals	22	3,088,826	4,331,155
Due to related parties	16	418,070,620	394,582,011
Term loans	16	36,730,497	36,730,497
<b>Total current liabilities</b>		<b>457,889,943</b>	<b>435,643,663</b>
<b>Total liabilities</b>		<b>460,158,704</b>	<b>437,348,766</b>
<b>Total Equity and Liabilities</b>		<b>507,673,056</b>	<b>484,739,074</b>

The financial statements of BUE Marine Limited (registered number: SC 132816) were approved by the board of directors on 18 December 2018 and were signed on its behalf by:

  
Jay Daga  
Director

  
Robert Desai  
Director

The accompanying notes form an integral part of these financial statements.

**Statement of cash flows  
for the year ended 31 December 2017**

	2017 USD	2016 USD
<b>Cash flows from operating activities</b>		
Profit for the year	124,044	24,861
Adjustments for:		
Depreciation of property, plant and equipment	766,043	69,469
Finance costs	27,782	22,071
Income tax credit	(68,560)	(64,601)
Provisions for employees' end-of-service benefits	192,634	125,901
	<hr/>	<hr/>
<b>Operating profit before changes in operating assets and liabilities</b>	1,041,943	177,701
Increase in other receivables and prepayments	(153,860)	(77,980)
Decrease in accounts payable and accruals	(1,242,329)	(1,271,033)
Increase in due from related parties	(18,352,007)	(1,178,240)
Increase in due to related parties	23,488,609	3,324,932
	<hr/>	<hr/>
<b>Cash generated from operations</b>	4,782,356	975,380
Finance costs paid	(27,782)	(22,071)
Employees' end of service benefits paid	(432,224)	(264,268)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	4,322,350	689,041
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(57,204)	(182,315)
Purchase of intangible assets	(638,713)	(1,480,816)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(695,917)	(1,663,131)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,626,433	(974,090)
Cash and cash equivalents at the beginning of the year	849,023	1,823,113
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	4,475,456	849,023
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**Statement of changes in equity  
for the year ended 31 December 2017**

	<b>Share capital USD</b>	<b>Share premium USD</b>	<b>Equity reserve USD</b>	<b>Retained earnings USD</b>	<b>Total USD</b>
Balance at 1 January 2016	20,282	432,338	35,005,642	11,907,185	47,365,447
Total comprehensive income for the year	-	-	-	24,861	24,861
Balance at 31 December 2016	20,282	432,338	35,005,642	11,932,046	47,390,308
Total comprehensive income for the year	-	-	-	124,044	124,044
<b>Balance at 31 December 2017</b>	<b>20,282</b>	<b>432,338</b>	<b>35,005,642</b>	<b>12,056,090</b>	<b>47,514,352</b>

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements  
for the year ended 31 December 2017**

**1. Establishment and operations**

BUE Marine Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office of the Company is Exchange Tower, 19 Canning Street, Edinburgh, Scotland, EH3 8EH.

The Company's immediate parent undertaking is Topaz Energy and Marine Limited, a Company registered in Bermuda. Group consolidated financial statements are prepared for Topaz Energy and Marine Limited, which is the smallest group for which consolidated accounts are prepared of which the Company is a member. Copies of the consolidated financial statements are available from Topaz Energy and Marine Limited, P.O. Box 282800, Level 58, Almas Tower, Jumeirah Lakes Towers, Sheikh Zayed Road, Dubai, UAE and is available at [www.topazworld.com](http://www.topazworld.com).

The Company's ultimate parent undertaking is Renaissance Services SAOG, a Company registered in the Sultanate of Oman. Group consolidated financial statements are prepared for Renaissance Services SAOG, which is the largest group for which the Company is also a member, and are available from Renaissance Services SAOG, P.O. Box 1676, Muttrah, Postal Code 114, Sultanate of Oman.

The Company's principal activities are the investment in subsidiaries, management, lease and charter of maritime vessels together with related marine services.

**2. Subsidiary companies**

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

Company	Registered address	Registered percentage shareholding		Principal activities
		2017	2016	
BUE Caspian Limited*	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Kazakhstan Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Cygnet Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Bulkera Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
Roosalka Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Aktau LLP	Microregion 14, building 80, 2nd floor Republic of Kazakhstan, Aktau 130000	100%	100%	Vessel management
BUE Bautino LLP	Microregion 14, building 80, 2nd floor Republic of Kazakhstan, Aktau 130000	100%	100%	Vessel management
BUE Kyran Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
XT Shipping Limited	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
BUE Marine Turkmenistan Limited*	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management
Topaz Riws Limited [formerly River Till Shipping Limited]	Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH	100%	100%	Vessel management

\*BUE Caspian Limited owns the entire issued share capital of BUE Marine Turkmenistan Limited, a company incorporated and registered in Scotland.

**Notes to the financial statements  
for the year ended 31 December 2017**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)**

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these financial statements.

**Amendments to IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses**

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. These amendments do not have any impact on the Company as the Company is not subject to corporate taxation.

**Amendments to IAS 7 Disclosure Initiative**

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The application of these amendments has had no impact on the Company's financial statements.

**3.2 New and revised IFRSs in issue but not yet effective**

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28. 1 January 2018

Annual Improvements to IFRS Standards 2015 - 2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23. 1 January 2019

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* 1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.



**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**3. Application of new and revised International Financial Reporting Standards ("IFRSs")  
(continued)**

**3.2 New and revised IFRSs in issue but not yet effective**

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on or after**

**IFRIC 23 *Uncertainty over Income Tax Treatments***

1 January 2019

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.

1 January 2018

Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.

1 January 2018

Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.

1 January 2018

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.

When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

When IFRS 9 is first applied

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**3. Application of new and revised International Financial Reporting Standards ("IFRSs")  
(continued)**

**3.2 New and revised IFRSs in issue but not yet effective (continued)**

**New and revised IFRSs**

***Effective for  
annual periods  
beginning on or after***

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

(a) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**3. Application of new and revised International Financial Reporting Standards ("IFRSs")  
(continued)**

**3.2 New and revised IFRSs in issue but not yet effective (continued)**

**New and revised IFRSs**

***Effective for  
annual periods  
beginning on or after***

Amendments to IFRS 9 *Financial Instruments*: Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

1 January 2019

**Impact assessment of IFRS 9 *Financial Instruments***

Based on an analysis of the Company's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the management of the Company have assessed that there is no material impact of IFRS 9 to the Company's financial statements.

**Classification and measurement:**

All financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

**Impairment:**

Financial assets measured at amortised cost will be subject to the impairment provisions of IFRS 9. The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its balances due from related parties as required or permitted by IFRS 9. In relation to the balances due from related parties (Note 10), the Management have assessed that there has not been a significant increase in the credit risk from initial recognition to 31 December 2017. Accordingly, the Management expect to recognise lifetime and 12-month expected credit losses for these items respectively.

In general, the Management anticipates that the application of the expected credit loss model of IFRS 9 will not result in earlier recognition of credit losses for balances due from related parties and will not increase the amount of loss allowance recognised for these items.

**IFRS 15 *Revenue from Contracts with Customers***

1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**3. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**3.2 New and revised IFRSs in issue but not yet effective (continued)**

**New and revised IFRSs**

***Effective for  
annual periods  
beginning on or after***

***IFRS 15 Revenue from Contracts with Customers (continued)***

**1 January 2018**

The core principle of IFRS 15 is that a company should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, a company recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

**Impact assessment of IFRS 15 Revenue from Contracts with Customers**

The application of IFRS 15 from the annual period beginning 1 January 2018 will have an impact on the Company’s financial statements in respect of revenue from contracts with customers. Based on preliminary analysis of the Company’s revenues from contracts with customers as at 31 December, management intends to use the modified transition approach of transition to IFRS 15. Other than providing more extensive disclosures on the Company’s revenue transactions, management do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company for the majority of its existing revenue streams.

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

**1 January 2018**

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**3. Application of new and revised International Financial Reporting Standards ("IFRSs")  
(continued)**

**3.2 New and revised IFRSs in issue but not yet effective (continued)**

**New and revised IFRSs**

***Effective for  
annual periods  
beginning on or after***

***IFRS 16 Leases***

***1 January 2019***

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

**Impact assessment of IFRS 16 Leases**

IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments. For arrangements which meet the definition of a lease under IFRS 16, the Company will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is not expected to have an impact on the amounts recognised in the Company's financial statements.

***IFRS 17 Insurance Contracts***

***1 January 2021***

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)****4. Basis of preparation****Statement of compliance**

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union.

**Consolidation**

The Company was, at the end of the year, a wholly owned subsidiary of Topaz Energy and Marine Limited, a Company incorporated in Bermuda. Topaz Energy and Marine Limited prepare consolidated accounts in accordance with International Financial Reporting Standards which consolidates BUE Marine Limited and its subsidiaries. The consolidated financial statements of Topaz Energy and Marine Limited are available at [www.topazworld.com](http://www.topazworld.com). As a result in accordance with section 401 of the Companies Act 2006 BUE Marine Limited is not required to produce, and has not published, consolidated accounts.

**Basis of measurement**

The separate financial statements are prepared on a going concern basis under the historical cost convention, unless otherwise stated.

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to risk are described in the Strategic Report on page 2.

The Company generates revenue through providing management and admin support to its related parties. The Company incurred a profit in 2017 and is in a current asset and net assets position, funded by equity. The Directors have obtained a letter of support from a parent company confirming that financial support will be provided to enable the Company to meet its liabilities as they fall due for 12 months from the date of approval of these financial statement.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Functional currency and presentation currency**

The separate financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

**5. Significant accounting policies**

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

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided. The Company 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 Company's activities. Revenue consists of management fees charged to subsidiary companies.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**5. Significant accounting policies (continued)**

**Finance expenses**

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in the statement of comprehensive income using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of property, plant and equipment are capitalised as part of the cost of that asset. Capitalisation 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 assets***

The Company classifies its financial assets, which comprises other receivables, cash and cash equivalents and amounts due from related parties, as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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.

***Recognition and measurement***

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

***Non-derivative financial liabilities***

All financial liabilities are recognised initially 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 comprise of balances due to related parties, term loans from the Parent Company, and accounts payable and accruals. 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.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

***Offsetting***

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.

**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.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**5: Significant accounting policies (continued)**

**Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate 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 that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

**Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except items that are recognised directly in equity or in other comprehensive income.

*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 reporting date.

*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. 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 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 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.

**Property, plant and equipment**

Items of property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. 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.

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.



**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**5. Significant accounting policies (continued)**

**Property, plant and equipment (continued)**

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:

Plant and machinery	3 to 15 years
Computer equipment (including software)	3 years
Motor vehicles	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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 within other income or other expense in the statement of profit or loss and other comprehensive income.

**Intangible assets**

Intangible assets that are acquired by the Company, 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 the Statement of profit or loss and other comprehensive income as incurred.

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

**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 Company on terms that the Company would not consider otherwise, 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 Company considers evidence of impairment of financial assets at both a specific asset and collective level.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**5. Significant accounting policies (continued)**

**Impairment (continued)**

***Financial assets (continued)***

All individually significant financial assets are assessed for specific impairment. All individually significant financial assets 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 financial 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 statement of profit or loss and other 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 statement of profit or loss and other comprehensive income.

***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 recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

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 groups of assets (the "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.

**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**

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.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**5. Significant accounting policies (continued)**

**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.

**6. Critical accounting judgments and key sources of estimation uncertainty**

The Company makes estimates and assumptions that affect the reported amounts of assets and 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.

***Critical judgements in applying Company's accounting policies***

There are no critical judgements made by the management that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

***Key sources of estimation uncertainty***

There are no estimates made by the management that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**7. Revenue**

	2017 USD	2016 USD
Management fees (Note 16)	9,460,000	6,940,000

**8. Cost of sales**

	2017 USD	2016 USD
Staff costs	3,467,265	2,246,163
Allowances and benefits	2,813,899	1,973,396
IT expenses	811,399	578,419
Depreciation (Note 11 and 12)	766,043	69,469
Legal and professional	208,621	362,633
Employees' end-of-service benefits (Note 21)	192,634	125,901
Communication	194,594	178,319
Rent	104,763	109,045
Audit fee	90,000	134,385
Business development	81,248	105,278
General expenses	72,552	103,830
Legal staff	-	381,372
Others	573,716	589,459
	<u>9,376,734</u>	<u>6,957,669</u>

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**9. Information regarding directors and employees**

	2017 USD	2016 USD
<i>Aggregate remuneration of employees</i>		
Wages and salaries	3,467,265	2,246,163
Allowances and benefits	3,006,533	2,099,297
	<u>6,473,798</u>	<u>4,345,460</u>
<i>Monthly average number of employees</i>	No.	No.
Administration	<u>69</u>	<u>56</u>

The Company has four (2016: four) directors. The directors are not remunerated for their service to the Company. This cannot be apportioned to this Company, refer to Group's consolidated financial statements for full directors remuneration and expense disclosure.

**10. Income tax credit**

	2017 USD	2016 USD
<i>Deferred tax</i>		
Current year	(130,227)	(22,172)
Prior year	61,667	(42,429)
Total deferred tax	<u>(68,560)</u>	<u>(64,601)</u>
Tax credit for the year	<u>(68,560)</u>	<u>(64,601)</u>

UK corporation tax is calculated at 19.25% (2016: 20.00%) of the estimated assessable profit for the financial year.

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

	2017 USD	2016 USD
Profit/(loss) before tax	<u>55,484</u>	<u>(39,740)</u>
Tax calculated at tax rate of 19.25%	10,681	(7,948)
Expenses not deductible for tax purposes	48,125	50,000
Group relief claimed not paid for	(206,269)	(68,136)
Prior year adjustment	61,667	(42,429)
Difference in tax rate	17,236	3,912
Tax credit for the year	<u>(68,560)</u>	<u>(64,601)</u>

Finance (No.2) Act 2015 which received royal assent on 18 November 2015 enacted a corporation tax rate of 19% from 1 April 2017 and a rate of 18% from 1 April 2020. A further change to reduce the rate of corporation tax to 17% from 1 April 2020 was announced in Finance Act 2016 and as this change was enacted on 15 September 2016 deferred tax has been calculated based on a rate of 17%.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**11. Property, plant and equipment**

	<b>Plant and machinery USD</b>	<b>Motor vehicles USD</b>	<b>Computer equipment USD</b>	<b>Total USD</b>
<b>Cost</b>				
At 1 January 2016	70,575	157,553	1,473,866	1,701,994
Additions	-	-	182,315	182,315
At 31 December 2016	70,575	157,553	1,656,181	1,884,309
Additions	-	-	57,204	57,204
<b>At 31 December 2017</b>	<b>70,575</b>	<b>157,553</b>	<b>1,713,385</b>	<b>1,941,513</b>
<b>Accumulated depreciation</b>				
At 1 January 2016	70,575	157,553	1,412,084	1,640,212
Depreciation charge during the year	-	-	69,469	69,469
At 31 December 2016	70,575	157,553	1,481,553	1,709,681
Depreciation charge during the year	-	-	62,294	62,294
<b>At 31 December 2017</b>	<b>70,575</b>	<b>157,553</b>	<b>1,543,847</b>	<b>1,771,975</b>
<b>Net carrying amount</b>				
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>169,538</b>	<b>169,538</b>
At 31 December 2016	-	-	174,628	174,628

**12. Intangible assets**

	<b>Computer Software CWIP USD</b>
<b>Cost</b>	
At 1 January 2016	621,890
Additions	1,480,816
At 31 December 2016	2,102,706
Additions	638,713
<b>At 31 December 2017</b>	<b>2,741,419</b>
<b>Accumulated depreciation</b>	
At 31 December 2016	-
Amortisation charge during the year	703,749
<b>At 31 December 2017</b>	<b>703,749</b>
<b>Net carrying amount</b>	
<b>At 31 December 2017</b>	<b>2,037,670</b>
At 31 December 2016	2,102,706

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**13. Deferred tax assets**

	<b>2017 USD</b>	<b>2016 USD</b>
As at 1 January	276,396	211,795
Credit to profit or loss	130,227	22,172
Prior year adjustments	(61,667)	42,429
<b>As at 31 December</b>	<b>344,956</b>	<b>276,396</b>

The movement in deferred tax assets during the year can be broken down as follows:

	<b>Accelerated tax depreciation USD</b>	<b>Provisions USD</b>	<b>Others USD</b>	<b>Total USD</b>
As at 1 January 2017	66,064	60,910	149,422	276,396
Credited to the income statement	130,227	-	-	130,227
Prior period adjustment	-	-	(61,667)	(61,667)
<b>As at 31 December 2017</b>	<b>196,291</b>	<b>60,910</b>	<b>87,755</b>	<b>344,956</b>

**14. Investment in subsidiaries**

	<b>2017 USD</b>	<b>2016 USD</b>
<b>Cost</b>		
At 1 January and 31 December	269	269
<b>Provision</b>		
At 1 January and 31 December	269	269
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>

Please refer to note 2 to the financial statements for the list of subsidiaries.

**15. Other receivables and prepayments**

	<b>2017 USD</b>	<b>2016 USD</b>
Prepaid expenses	431,924	310,562
Other receivables	280,579	225,822
Advance to suppliers	16,698	38,957
	<b>729,201</b>	<b>575,341</b>

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**16. Related party transactions**

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders and key management personnel. The terms and conditions of such transactions are decided by management.

**a) Transactions with related parties**

	2017 USD	2016 USD
Other related parties - management fee revenue (Note 7)	9,460,000	6,940,000

During the years ended 31 December 2017 and 2016, all costs of key management were borne by a related party and not recharged to the Company.

**b) Due from related parties**

	2017 USD	2016 USD
<b>Immediate parent company:</b>		
Topaz Energy and Marine Limited, Bermuda	33,197,152	67,075,244
<b>Joint Ventures:</b>		
Caspian Power Limited, St. Vincent	25,822,613	31,544,351
Caspian Pride Limited, St. Vincent	32,769,748	30,971,689
Caspian Server Limited, St. Vincent	29,666,717	27,670,370
Team II Limited, St. Vincent	26,961,644	24,624,487
Caspian Protector Limited, St. Vincent	22,390,829	20,921,661
Caspian Provider Limited, St. Vincent	19,750,854	17,462,752
Team X Limited, St. Vincent	22,120,671	16,044,007
Caspian Fortress Limited, St. Vincent	14,776,921	13,131,174
Caspian Breeze Limited, St. Vincent	12,248,285	12,950,673
Caspian Citadel Limited, St. Vincent	12,341,117	10,141,836
Caspian Baki Limited, St. Vincent	10,289,460	9,197,911
Team XXVII Limited, St. Vincent	3,261,804	6,562,428
Team XV Limited, St. Vincent	5,872,113	3,816,872
Team XVIII Limited, St. Vincent	2,429,312	2,440,890
Team XXVIII Limited, St. Vincent	18,588,434	-
<b>Subsidiaries:</b>		
BUE Kyran Limited, Scotland	124,186,321	119,063,795
BUE Shipping Limited, Scotland	39,035,220	39,035,220
BUE Bulkers Limited, Scotland	15,643,862	-
XT Shipping Limited, Scotland	11,143,278	10,685,740
BUE Bautino LLP, Kazakhstan	1,765,246	1,765,246
BUE Aktau LLP, Kazakhstan	88,537	88,537
<b>Companies under common ownership and management control:</b>		
Team XLI Limited & Team XLII Limited, Marshall Islands	14,880,049	14,880,049
Topaz Marine Saudi Arabia Limited, Saudi Arabia	611,631	611,631
Topaz Astrakhan Limited, Marshall Islands	74,417	74,417
	<u>499,916,235</u>	<u>480,760,980</u>

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**16. Related party transactions (continued)**

**b) Due from related parties (continued)**

Outstanding balances at the year-end arise in the normal course of business. As at 31 December 2017, due from related parties is not impaired. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over inter-company receivables and the balances are therefore, unsecured.

**c) Due to related parties**

	2017 USD	2016 USD
<b>Joint Ventures:</b>		
Caspian Jura Limited, St. Vincent	20,521,024	16,407,608
Caspian Gala Limited, St. Vincent	11,526,642	15,509,909
Caspian Islay Limited, St. Vincent	14,134,074	12,792,307
Team VII Limited, Scotland	10,603,617	8,517,539
Team XVII Limited, St. Vincent	4,494,173	2,761,419
Caspian Protector Limited, St. Vincent	-	21,733,700
<b>Subsidiaries:</b>		
BUE Caspian Limited, Scotland	263,862,191	199,238,503
BUE Kazakhstan Limited, Scotland	37,697,419	34,829,179
BUE Marine Turkmenistan Limited, Scotland	26,957,177	26,957,177
Roosalka Shipping Limited, Scotland	18,637,239	18,957,991
Topaz Riwez Limited (formerly River Till Shipping Limited), Scotland	8,471,530	11,213,596
BUE Cygnet Limited, Scotland	1,165,534	1,165,534
BUE Bulkers Limited, Scotland	-	12,888,015
<b>Company under common ownership and management control:</b>		
Doha Marine Service WLL, State of Qatar	-	11,609,534
	<u>418,070,620</u>	<u>394,582,011</u>

Due to related parties are non-interest bearing, unsecured and repayable on demand.

**d) Loan from Parent Company**

	2017 USD	2016 USD
Topaz Energy and Marine Limited, Bermuda	<u>36,730,497</u>	<u>36,730,497</u>

The balance of USD 36.7 million is unsecured, interest free, does not have any fixed repayment term and is payable on demand.



**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**17. Cash and cash equivalents**

	2017 USD	2016 USD
Cash in bank	4,475,068	847,164
Cash on hand	388	1,859
	<u>4,475,456</u>	<u>849,023</u>

**18. Share capital**

	2017 USD	2016 USD
<i>Authorised equity shares</i>		
14,463 (2016: 14,463) ordinary shares of £1 (2016: £1) each	<u>25,310</u>	<u>25,310</u>
<i>Allotted, called up and fully paid</i>		
11,618 (2016: 11,618) ordinary shares of £1 (2016: £1) each	<u>20,282</u>	<u>20,282</u>

**19. Equity reserve**

The reserve comprises interest free capital contributions by the Parent Company.

**20. Retained earnings**

The reserve comprises accumulated profits and losses of the company less any dividends paid.

**21. Provision for employees' end-of-service benefits**

	2017 USD	2016 USD
As at 1 January	1,705,103	1,843,470
Provided during the year	192,634	125,901
Transferred from related parties	803,248	-
End-of-service benefits paid	<u>(432,224)</u>	<u>(264,268)</u>
<b>As at 31 December</b>	<u><b>2,268,761</b></u>	<u><b>1,705,103</b></u>

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.

**22. Accounts payable and accruals**

	2017 USD	2016 USD
Trade payables	305,187	846,316
Accruals	<u>2,783,639</u>	<u>3,484,839</u>
	<u><b>3,088,826</b></u>	<u><b>4,331,155</b></u>

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**23. Financial instruments**

**(a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the separate financial statements.

**(b) Categories of financial instruments**

	2017 USD	2016 USD
<i>Financial assets</i>		
Loans and receivables	<u>504,672,270</u>	<u>481,835,825</u>
<i>Financial liabilities</i>		
At amortised cost	<u>457,889,943</u>	<u>435,643,663</u>

**(c) Fair value of financial instruments**

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the separate financial statements approximate their fair values.

**(d) Risk management framework**

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management are responsible for developing and monitoring the Company's risk management policies. The Company'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 Company's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company has exposure to the following risks from its use of financial instruments:

- Credit risk; and
- Liquidity risk.

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

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's other receivables and amounts due from related parties. The risk is mitigated as the Parent Company has provided an undertaking that the Company will suffer no loss as a result of non-settlement of the due from related party balances.

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)**

**23. Financial instruments (continued)**

**(d) Risk management framework (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 securing funding from related parties. The table below summarises the maturity profile of the Company's financial liabilities as at 31 December, 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
<i>At 31 December 2017</i>					
Accounts payable and accruals	3,088,826	(3,088,826)	(3,088,826)	-	-
Term loan	36,730,497	(36,730,497)	(36,730,497)	-	-
Due to related parties	418,070,620	(418,070,620)	(418,070,620)	-	-
<b>Total</b>	<b>457,889,943</b>	<b>(457,889,943)</b>	<b>(457,889,943)</b>	<b>-</b>	<b>-</b>
<i>At 31 December 2016</i>					
Accounts payable and accruals	4,331,155	(4,331,155)	(4,331,155)	-	-
Term loan	36,730,497	(36,730,497)	(36,730,497)	-	-
Due to related parties	394,582,011	(394,582,011)	(394,582,011)	-	-
<b>Total</b>	<b>435,643,663</b>	<b>(435,643,663)</b>	<b>(435,643,663)</b>	<b>-</b>	<b>-</b>

**Currency risk**

The Company is not exposed to any significant currency risk as the trade payables are mostly denominated in US Dollars.

**24. 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 2017 and 2016. Capital comprises share capital, share premium, equity reserve and retained earnings and is measured at USD 47,514,352 as at 31 December 2017 (2016: USD 47,390,308).

**Notes to the financial statements  
for the year ended 31 December 2017 (continued)****25. Ultimate parent company**

The immediate parent company is Topaz Energy and Marine Limited, which is the smallest group for which consolidated accounts are prepared of which the company is a member. Copies of that company's accounts can be obtained from its registered address, Level 58, Almas Tower, Jumeirah Lakes Towers, Dubai, UAE. The largest group for which consolidated accounts are prepared are Renaissance Services SOAG of which company is also a member, copies of that company's accounts can be obtained from its registered address 114, Muttrah, Sultanate of Oman.