

Company Registration No: SC137320

BUE Caspian Limited

Financial Statements

For the year ended 31 December 2014

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BUE Caspian Limited

Financial statements

For the year ended 31 December 2014

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BUE Caspian Limited

REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Rene Kofod-Olsen
Jay Daga
Robert Desai

SECRETARY

HBJG Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

SOLICITORS

HBJ Gateley Wareing
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

BUE CASPIAN LIMITED
(Registered No. SC 137320)
ANNUAL REPORT AND FINANCIAL STATEMENTS – 2014

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2014.

Principal activities

The Company's principal activity continued to be management, lease and charter of maritime vessels together with related marine services.

Review of activities and future development

The directors are satisfied with the results for the year and will continue to seek appropriate trading opportunities to improve performance and the net asset position of the Company in the coming year.

Results and dividends

The loss for the year after taxation was USD 7,862,636 (2013: USD 12,784,310). No dividend was paid during the period. The loss of USD 7,862,636 (2013: USD 12,784,310) has been transferred to reserves.

Financial risk policies

A summary of the Company's policies and objectives relating to financial risk management, including exposure to associated risks, is on pages 26 to 28.

Key performance indicators

The key performance indicators used by the Company are the value of revenue, earnings before income tax, depreciation and amortisation (EBITDA), EBITDA margin, return on assets and fleet utilisation.

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


Jay Daga
Director

Date:- 1 September 2015

BUE CASPIAN LIMITED
(Registered No. SC 137320)
ANNUAL REPORT AND FINANCIAL STATEMENTS – 2014

REPORT OF THE DIRECTORS

The directors present their report and financial statement for the year ended 31 December 2014.

Going Concern

The Company incurred a loss of USD 7,862,636 (2013: USD 12,784,310) for the year ended 31 December 2014 and, as of that date, the Company had net current liabilities of USD 35,368,194 (2013: USD 39,821,254) and a deficiency of assets amounting to USD 25,070,151 (2013 USD 17,207,515). However, the financial statements have been prepared on a going concern basis as management believes that, in the foreseeable future, the Company will be able to generate profitable business and the shareholder has resolved to provide the necessary financial support to the Company to enable it to continue its operations and meet its obligations as and when they fall due.

Directors and Their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Rene Kofod-Olsen
Jay Daga
Robert Desai

Financial Instruments

The Company's principal financial assets are cash and cash equivalents, accounts receivable and due from related parties. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the statement of financial position are net of provisions for doubtful debts. Its three largest customers account for 94% of outstanding trade debtors as at 31 December 2014. The credit risk of liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise trade creditors and accruals. Due to related parties are paid on the standard terms of payment.

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. Accounts payable and accruals of the Company at 31 December 2014, calculated in accordance with the requirements of the Companies Act 2006, were 60 days..

Independent auditors

PricewaterhouseCoopers LLP were appointed independent auditors for the year ended 31 December 2014 and are deemed to be 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.

BUE CASPIAN LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' responsibilities statement

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

In preparing those 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; and
- 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.

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.

Branch offices

In certain jurisdictions, the Company operates through a branch.

Political donations

The Group has not made any political donations during the year and intends to continue its policy of not doing so for the foreseeable future.

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



Jay Daga
Director

Date:- 1 September 2015

Independent auditors' report to the members of BUE Caspian Limited

Report on the financial statements

Our opinion

In our opinion, BUE Caspian Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows 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.
-

What we have audited

The financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of BUE Caspian Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

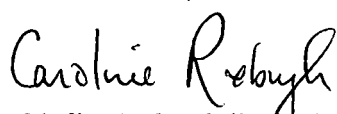
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Caroline Roxburgh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

18 September 2015

BUE Caspian Limited

Statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 USD	2013 USD
Revenue	4	165,868,304	177,391,319
Cost of sales		(151,040,966)	(167,091,643)
Gross Profit		14,827,338	10,299,676
Administrative expenses		(11,481,603)	(10,469,630)
PROFIT/(LOSS) BEFORE FINANCE COSTS		3,345,735	(169,954)
Other income		218,463	-
Finance costs	5	(665,280)	(2,114,390)
Profit / (loss) before income tax		2,898,918	(2,284,344)
Income tax expenses	7	(10,761,554)	(10,499,966)
Loss for the year	6	(7,862,636)	(12,784,310)
Other comprehensive income		-	-
Total comprehensive loss for the year		(7,862,636)	(12,784,310)

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

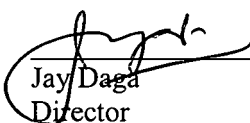
The attached notes on pages 11 to 29 form part of these financial statements.


BUE Caspian Limited

Statement of financial position as at 31 December 2014

	Notes	2014 USD	2013 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,510,430	10,495,850
Long term receivable	9	9,221,217	14,940,239
Deferred tax assets	10	134,684	140,592
		<u>13,866,331</u>	<u>25,576,681</u>
Current assets			
Inventories		1,073,722	843,438
Accounts receivable and prepayments	11	39,479,268	49,019,468
Due from related parties	12	285,550,700	169,591,640
Cash and cash equivalents	13	360,313	4,878,406
		<u>326,464,003</u>	<u>224,332,952</u>
TOTAL ASSETS		<u>340,330,334</u>	<u>249,909,633</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	175	175
Accumulated losses		(25,070,326)	(17,207,690)
Total equity		<u>(25,070,151)</u>	<u>(17,207,515)</u>
Non-current liabilities			
Accounts payable and accruals	15	3,568,288	2,962,942
		<u>3,568,288</u>	<u>2,962,942</u>
Current liabilities			
Accounts payable and accruals	15	12,307,343	43,819,917
Due to related parties	12	344,367,331	216,349,022
Income tax payable	7	5,157,523	3,985,267
		<u>361,832,197</u>	<u>264,154,206</u>
Total liabilities		<u>365,400,485</u>	<u>267,117,148</u>
TOTAL EQUITY AND LIABILITIES		<u>340,330,334</u>	<u>249,909,633</u>

The financial statements on pages 7 to 29 were approved by the Board of Directors on 1 SEP 2015 and signed on its behalf by:


Jay Daga
Director


Robert Desai
Director

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

The attached notes on pages 11 to 29 form part of these financial statements.

Company Registration No: SC137320

BUE Caspian Limited

Statement of cash flows for the year ended 31 December 2014

	Notes	2014 USD	2013 USD
Operating activities			
Loss for the year		(7,862,636)	(12,784,310)
Adjustments for:			
Depreciation	8	1,557,207	3,521,718
Finance costs	5	665,280	2,114,390
Income tax expenses	7	10,761,554	10,499,966
Amortisation		5,719,022	7,007,710
		<u>10,840,427</u>	<u>10,359,474</u>
Working capital changes:			
Inventories		(230,284)	403,652
Accounts receivable and prepayments		9,540,200	(23,968,095)
Accounts payable and accruals		(30,907,228)	27,438,013
Due from related parties		(109,234,060)	10,156,445
Due to related parties		128,018,309	(1,128,042)
		<u>8,027,364</u>	<u>23,261,447</u>
Cash from operations		8,027,364	23,261,447
Finance costs	5	(665,280)	(2,114,390)
Income tax paid		(9,583,390)	(9,338,700)
		<u>(9,583,390)</u>	<u>(9,338,700)</u>
Net cash (used in) / generated from operating activities		<u>(2,221,306)</u>	<u>11,808,357</u>
Investing activities			
Purchase of property, plant and equipment	8	(2,296,787)	(10,381,957)
		<u>(2,296,787)</u>	<u>(10,381,957)</u>
Net cash generated from / (used in) investing activities		<u>(2,296,787)</u>	<u>(10,381,957)</u>
(Decrease) / increase in cash and cash equivalents		(4,518,093)	1,426,400
Cash and cash equivalents at the beginning of the year		<u>4,878,406</u>	<u>3,452,006</u>
Cash and cash equivalents at the end of the year		<u>360,313</u>	<u>4,878,406</u>
Non cash transaction:			
Transfer of fixed asset to a related party		<u>6,725,000</u>	<u>-</u>

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

The attached notes on pages 11 to 29 form part of these financial statements.

BUE Caspian Limited

Statement of changes in equity for the year ended 31 December 2014

	Share Capital USD	Accumulated losses USD	Total Equity USD
Balance at 1 January 2013	175	(4,423,380)	(4,423,205)
<i>Total comprehensive loss for the year</i>			
Loss for the year	-	(12,784,310)	(12,784,310)
	<u>-</u>	<u>(12,784,310)</u>	<u>(12,784,310)</u>
Total comprehensive loss for the year		(12,784,310)	(12,784,310)
	<u>-</u>	<u>(12,784,310)</u>	<u>(12,784,310)</u>
Balance at 31 December 2013	175	(17,207,690)	(17,207,515)
	<u>175</u>	<u>(17,207,690)</u>	<u>(17,207,515)</u>
Balance at 1 January 2014	175	(17,207,690)	(17,207,515)
<i>Total comprehensive loss for the year</i>			
Loss for the year	-	(7,862,636)	(7,862,636)
	<u>-</u>	<u>(7,862,636)</u>	<u>(7,862,636)</u>
Total comprehensive loss for the year	-	(7,862,636)	(7,862,636)
	<u>-</u>	<u>(7,862,636)</u>	<u>(7,862,636)</u>
Balance at 31 December 2014	175	(25,070,326)	(25,070,151)
	<u>175</u>	<u>(25,070,326)</u>	<u>(25,070,151)</u>

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

The attached notes on pages 11 to 29 form part of these financial statements.

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014

1 GENERAL INFORMATION

BUE Caspian Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office of the Company is Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH.

The Company's principal activity is the management, lease and charter of maritime vessels together with related marine services.

2 BASIS OF PREPARATION

Going concern

These financial statements have been prepared on a going concern basis notwithstanding the fact that the Company incurred a net loss of USD 7,862,636 (2013: USD 12,784,310) during the year ended 31 December 2013 and, as of that date, the Company had net current liabilities of USD 35,368,194 (2013: USD 39,821,254) and a deficiency of assets amounting to USD 25,070,151 (2013: USD 17,207,515). The continuation of the Company's operation is dependent upon future profitable operations and the continued financial support of the shareholder. The shareholder of the Company has confirmed that they will continue to provide financial support to enable the Company to meet its obligation as they fall due and is confident that the Company will have future profitable operations.

Statement of compliance

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

Basis of measurement

The financial statements are prepared under the historical cost convention, unless otherwise stated.

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 IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 recognised in the financial statements are described in note 19.

BUE Caspian Limited

Notes to the financial statements

for the year ended 31 December 2014 (continued)

3 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The 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, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

Marine charter

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

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

Sale of vessels

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

Finance income and expenses

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

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 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 Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial assets (continued)

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 recognised at amortised cost.

Non-derivative financial liabilities

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 payable and accruals, and 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.

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.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at 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 profit or loss.

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

BUE Caspian Limited

Notes to the financial statements

for the year ended 31 December 2014 (continued)

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

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	Over 5 years
Computer equipment	3 years to 5 years
Leasehold property	Over the term of the lease
Motor vehicles	Over 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.

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

Dry docking costs

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

Vessel Refurbishment Costs

Leased assets

Costs incurred in advance of charter to refurbish vessels under long term charter agreements are capitalised within property, plant and equipment in line with the use of the refurbished vessel. Where there is an obligation to incur future restoration costs under charter agreements which would not meet the criteria for capitalisation within property, plant and equipment, the costs are accrued over the period to the next vessel re-fit to match the use of the vessel and the period over which the economic benefits of its use are realised.

Owned assets

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

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss 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 and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables both at specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

BUE Caspian Limited

Notes to the financial statements

for the year ended 31 December 2014 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

Financial assets (continued)

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 profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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 profit or loss.

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.

Trade and other receivables

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

Inventories

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

Trade and other payables

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

BUE Caspian Limited

Notes to the financial statements

for the year ended 31 December 2014 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Leases

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Company as a lessee

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

New standards, amendments and interpretations adopted by the Company

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2014 and have an impact on the Company:

- IAS 32 (amendment), 'Financial instruments: Presentation' (effective from 1 January 2014);
- IAS 36 (amendment), 'Impairment of assets' (effective from 1 January 2014); and
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2014).

The adoption of the amended standards did not have a material impact on the Company. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not yet early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Management is currently assessing the following standards and amendments which are likely to have an impact on the Company's financial statements:

- IFRS 9, 'Financial instruments' (effective from 1 January 2018); and
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2017)

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

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

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 REVENUE

	2014 USD	2013 USD
Lease rent from charter of marine vessels	143,372,908	165,887,753
Sales of services	22,495,396	11,503,566
	<u>165,868,304</u>	<u>177,391,319</u>

5 FINANCE COSTS

	2014 USD	2013 USD
Bank overdraft interest and charges	313,627	1,943,289
Exchange loss	351,653	171,101
	<u>665,280</u>	<u>2,114,390</u>

6 LOSS FOR THE YEAR

The loss for the year is stated after charging:

	2014 USD	2013 USD
Staff costs	3,228,023	2,855,043
Rental operating leases	97,200,562	110,004,179
Depreciation of property, plant and equipment	1,557,207	3,521,718
Net foreign exchange loss	351,653	171,101
Auditors' remuneration – for all services	-	120,289
	<u>-</u>	<u>-</u>

During the year, the auditor's remuneration for audit services was borne by Topaz Energy and Marine Limited (formerly Nico Middle East Limited), the immediate parent undertaking of BUE Marine Limited

STAFF COSTS

	2014 USD	2013 USD
Aggregate remuneration of employees (including executive directors)		
Wages and salaries	2,945,010	2,799,278
Social security costs	255,535	31,762
Pension costs	27,478	24,003
	<u>3,228,023</u>	<u>2,855,043</u>
Average monthly number of employees (including executive directors)		
Administration and operations	<u>66</u>	<u>61</u>

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 INCOME TAX EXPENSES

	2014 USD	2013 USD
<i>Current taxation</i>		
UK corporation tax	-	-
Foreign tax	10,755,646	10,485,966
Total current tax	10,755,646	10,485,966
<i>Deferred tax</i>		
Current year	(5,012)	(6,101)
Prior year	10,920	20,101
Total deferred tax	5,908	14,000
Tax expense for the year	10,761,554	10,499,966

UK corporation tax is calculated at 21.50% (2013: 23.25%) of the estimated assessable profit for the financial year.

Foreign tax relates to amounts paid or payable to other jurisdictions and is calculated at the rates prevailing in the respective jurisdictions. A significant portion of foreign tax relates to withholding tax at a rate ranging from 5% to 6.25%.

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

	2014 USD	2013 USD
Profit before tax	2,898,918	(2,284,344)
Tax at the UK corporation tax rate	622,977	(531,263)
Tax effect of expenses that are not deductible in determining taxable profit	32,236	34,842
Group relief not paid for	1,263,970	2,508,790
Prior year adjustment	10,920	20,101
Foreign tax claimed by deduction	7,031,078	6,666,505
Difference in closing DT tax rate	373	991
Foreign tax provided but not paid	1,800,000	1,800,000
Tax expense at effective tax rate for the year	10,761,554	10,499,966
Tax liabilities	5,157,523	3,985,267

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Vessel Drydocking USD</i>	<i>Capital work in progress USD</i>	<i>Plant and machinery USD</i>	<i>Motor vehicles USD</i>	<i>Computer equipment USD</i>	<i>Total USD</i>
Cost						
At 1 January 2013	14,382,601	-	42,873	119,354	468,379	15,013,207
Additions	3,646,411	6,725,000	831	9,715	-	10,381,957
At 31 December 2013	18,029,012	6,725,000	43,704	129,069	468,379	25,395,164
At 1 January 2014	18,029,012	6,725,000	43,704	129,069	468,379	25,395,164
Additions	1,862,902	-	421,544	-	12,341	2,296,787
Transfer	-	(6,725,000)	-	-	-	(6,725,000)
At 31 December 2014	19,891,914	-	465,248	129,069	480,720	20,966,951
Accumulated depreciation						
At 1 January 2013	10,805,403	-	42,873	95,939	433,381	11,377,596
Depreciation charge for the year	3,491,213	-	30	9,758	20,717	3,521,718
At 31 December 2013	14,296,616	-	42,903	105,697	454,098	14,899,314
At 1 January 2014	14,296,616	-	42,903	105,697	454,098	14,899,314
Depreciation charge for the year	1,532,146	-	4,204	10,043	10,814	1,557,207
At 31 December 2014	15,828,762	-	47,107	115,740	464,912	16,456,521
Net carrying amount						
At 31 December 2014	4,063,152	-	418,141	13,329	15,808	4,510,430
At 31 December 2013	3,732,396	6,725,000	801	23,372	14,281	10,495,850

During the year, the company transferred the entire CWIP balance relating to an advance paid against the purchase of a vessel to its owning company.

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

	2014 USD	2013 USD
Cost of sales	1,532,146	3,491,213
Administrative expenses	25,061	30,505
	1,557,207	3,521,718

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 LONG TERM RECEIVABLE

This includes mobilisation costs for the following vessels:

	2014 USD	2013 USD
Caspian Endeavour	2,794,111	6,357,503
Caspian Challenger	2,698,203	6,305,690
Caspian Dignity	72,081	-
Topaz Triumph	-	619,239
Caspian Supplier	779,467	1,644,644
Caspian Citadel	838,233	-
Caspian Voyager	2,039,122	13,163
	=====	=====
Total	9,221,217	14,940,239
	=====	=====

10 DEFERRED TAX ASSETS

	2014 USD	2013 USD
As at 1 January	140,592	154,592
Profit and loss account credit	5,012	6,101
Prior year adjustment	(10,920)	(20,101)
	=====	=====
As at 31 December	134,684	140,592
	=====	=====

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

	Accelerated tax Depreciation	Provisions	Others	Total
As at 1 January 2014	140,592	-	-	140,592
Charged to the income statement	5,012	-	-	5,012
Prior period adjustment	(25,154)	14,000	234	(10,920)
	=====	=====	=====	=====
As at 31 December 2014	120,450	14,000	234	134,684
	=====	=====	=====	=====

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2014 USD	2013 USD
Trade accounts receivable	35,344,474	46,553,151
VAT recoverable	597,772	697,973
Prepayments and advances	2,782,300	687,167
Other receivables	754,722	1,081,177
	<u>39,479,268</u>	<u>49,019,468</u>

As at 31 December 2014, trade receivables at nominal value of USD Nil (2013: USD Nil) were impaired.

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

	Total USD	Neither past due nor impaired USD	Past due but not impaired				
			<30 days USD	30-60 days USD	60-90 days USD	90-120 days USD	>120 days USD
2014	35,344,474	27,953,652	2,420,537	478,917	502,925	-	3,988,443
2013	46,553,151	38,393,913	-	2,073,048	2,310	116,795	5,967,085

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 receivables and the vast majorities are, therefore, unsecured.

12 RELATED PARTY TRANSACTIONS

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

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

	2014 USD	2013 USD
Other related parties – cost of sales	149,508,820	110,004,179
Other related parties – revenue	8,038,220	5,928,684
Other related parties – Fees for management services	4,500,000	4,529,000

BUE Caspian Limited

Notes to the financial statements
for the year ended 31 December 2014 (continued)

12 RELATED PARTY TRANSACTIONS (continued)

b) Due from related parties

	2014 USD	2013 USD
<i>Parent Company:</i>		
BUE Marine Limited	135,052,151	58,660,958
<i>Other Related parties:</i>		
Nico World International	28,954,854	25,730,474
Caspian Islay Limited	24,574,271	-
Team VII Limited (Reliance)	17,634,798	9,348,342
Team XVII Limited (Dignity)	17,394,862	17,249,167
BUE Kazakhstan Limited	17,197,006	7,576,960
BUE Aktau LLP	12,640,341	12,708,646
BUE Bulkera limited	11,823,058	12,142,192
Caspian Gala Limited	5,145,001	1,303,143
TEAM XXII Limited (Arrow)	4,411,479	13,062,609
BUE Marine Turkmenistan Limited	3,166,381	3,088,009
BH PSV Limited	2,874,937	2,874,937
BH Bulkera Limited	2,630,696	2,630,696
Team II Limited (Challenger)	791,755	-
BUE Kyran Limited	657,529	715,507
Rivertill Shipping Limited	375,550	375,550
BUE Bautino LLP	143,877	143,877
Topaz Astrakhan LLC	82,154	-
XT Shipping Limited	-	1,980,573
	<u>285,550,700</u>	<u>169,591,640</u>

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 RELATED PARTY TRANSACTIONS (continued)

c) Due to related parties

	2014 USD	2013 USD
<i>Other Related parties:</i>		
BUE Shipping Limited	76,682,588	38,987,330
Caspian Pride Limited	37,254,599	38,759,025
Caspian Server Limited	30,515,412	25,734,656
Caspian Power Limited	27,917,941	16,843,410
Caspian Fortress Limited	25,221,393	21,910,813
Caspian Provider Limited	22,143,291	8,367,350
Caspian Citadel Limited	19,430,772	15,067,763
Caspian Protector Limited	16,095,899	9,305,089
BUE Roosalka Shipping Limited	13,880,400	13,880,400
Caspian Baki Limited	13,366,388	13,273,283
Caspian Supplier Limited	9,667,153	-
BUE Marine Limited	-	6,480,350
Team XV limited	17,408,939	2,016,790
Caspian Jura limited	5,549,606	3,280,999
Team XVIII Limited (Triumph)	4,736,855	-
Nico Middle East Limited	4,486,105	-
Tam XXVIII Limited (Voyager)	4,242,031	-
Team X Limited (Endeavour)	4,223,279	-
Doha Marine Services WLL	3,745,113	-
XT Shipping Limited	3,182,542	-
Caspian Breeze Limited	2,047,256	2,006,311
Nico Azerbaijan Limited	1,356,706	-
Team IX limited	1,196,998	-
BUE Cygnet Limited	16,065	16,065
Nico International	-	419,388
	<u>344,367,331</u>	<u>216,349,022</u>

Above balances are interest free and payable on demand.

Outstanding balances at the year-end arise in the normal course of business, including movement of funds for best use of Group borrowing and liquidity. For the year ended 31 December 2014, the Company has not recorded any impairment of amounts owed by related parties (2013: Nil).

The directors received no emoluments from the Company during the current year (2013: Nil). All emoluments paid to the directors in respect of their services to the Group are disclosed in the financial statements of Topaz Energy and Marine Limited (formerly Nico Middle East Limited).

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 CASH AND CASH EQUIVALENTS

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

	2014 USD	2013 USD
Cash at bank- in current accounts	345,122	4,865,169
Cash in hand	15,191	13,237
	<u>360,313</u>	<u>4,878,406</u>

14 SHARE CAPITAL

	2014 USD	2013 USD
<i>Authorised</i>		
1,000 (2013: 1,000) Ordinary shares of £1 (2013: £1) each	<u>1,750</u>	<u>1,750</u>
<i>Allotted, called up and fully paid</i>		
100 (2013: 100) Ordinary shares of £1 (2013: £1) each	<u>175</u>	<u>175</u>

15 ACCOUNTS PAYABLE AND ACCRUALS

	2014 USD	2013 USD
<i>Current</i>		
Trade payables	5,663,397	3,792,305
Accruals	2,371,847	3,804,005
Payments on account – mobilisation	1,693,000	1,624,418
Other payables	2,579,099	34,599,189
	<u>12,307,343</u>	<u>43,819,917</u>
<i>Non current</i>		
Payments on account – mobilisation	<u>3,568,288</u>	<u>2,962,942</u>

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments as at 31 December 2014 (2013: USD Nil).

Contingent liabilities

As at 31 December 2014, 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.

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

17 NON-CANCELLABLE LEASES

a) Operating leases – receivable

The Company leases its marine vessels under operating lease arrangements. The leases typically run for a period of one to ten years and are renewable for a similar period after the expiry date. The lease rental is usually reviewed to reflect market rentals. Future minimum lease rentals receivable under non-cancellable operating leases are as follows as of 31 December:

	2014 USD	2013 USD
Within one year	130,703,029	134,699,756
After one year but not more than five years	136,457,315	155,928,563
More than five years	-	34,019,417
	<u>267,160,344</u>	<u>324,647,736</u>

b) Operating leases – payable

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

	2014 USD	2013 USD
Future minimum lease payments:		
Within one year	-	5,109,000
After one year but not more than five years	-	6,037,000
More than five years	-	1,389,000
	<u>-</u>	<u>12,535,000</u>
Total operating lease expenditure contracted for at the balance sheet date	<u>-</u>	<u>12,535,000</u>

18 RISK MANAGEMENT

Interest rate risk

The Company is not exposed to any significant interest rate risk.

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.

The Company provides vessel-chartering services to third parties in Azerbaijan. Its 3 largest customers account for 94% of outstanding accounts receivable at 31 December 2014 (2013: 3 customers account for 70%)

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 RISK MANAGEMENT (continued)

Credit risk (continued)

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 2014, based on contractual undiscounted payments.

Particulars	Carrying amount	Contractual cash flows			
		Total	Less than 12 months	1 to 5 years	more than 5 years
31 December 2014					
Accounts payable and accruals	8,739,055	(8,739,055)	(8,739,055)	-	-
Due to related parties	344,367,331	(344,367,331)	(344,367,331)	-	-
Total	353,106,386	(353,106,386)	(353,106,386)	-	-
31 December 2013					
Accounts payable and accruals	43,819,917	(43,819,917)	(43,819,917)	-	-
Due to related parties	216,349,022	(216,349,022)	(216,349,022)	-	-
Total	260,168,939	(260,168,939)	(260,168,939)	-	-

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, management is of the opinion that the Company's exposure to currency risk is minimal.

Trade accounts payable include an amount of USD 2,166,425 (2013: USD 227,736) due in foreign currencies, mainly Azeri Manat and Pound Sterling.

The table below indicates the Company's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the USD against the foreign currencies, with all other variables held constant, on the income statement (due to the fair value of currency sensitive monetary assets and liabilities).

BUE Caspian Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 RISK MANAGEMENT (continued)

Currency risk (continued)

	<i>Effect on profit before tax Increase/ (Decrease) in Respective Currency rate to the USD</i>	
	+5%	-5%
2014		
EUR	(31,916)	31,916
GBP	(7,551)	7,551
MNT	(65,828)	65,828
NK	(1,157)	1,157
2013	+5%	-5%
AED	(2,823)	2,823
EUR	(17,034)	17,034
GBP	(4,190)	4,190
MNT	(76,857)	76,857
NK	(2,983)	2,983

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 shareholders 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 2013 and 31 December 2014. Capital comprises share capital, share premium, capital redemption reserve, equity reserve and accumulated losses and is measured at USD 25,070,151 as at 31 December 2014 (2013: USD 17,207,515).

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, due from related parties and accounts receivables. Financial liabilities consist of accounts payables and accruals and due to related parties.

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

20 KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation uncertainty

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

BUE Caspian Limited

Notes to the financial statements

for the year ended 31 December 2014 (continued)

20 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of inventories

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

At the reporting date, gross inventories were USD 1,073,722 (2013: USD 843,438) with provisions for old and obsolete inventories of USD NIL (2013: USD Nil). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were USD 35,344,474 (2013: USD 46,553,151) and the provision for doubtful debts was USD Nil (2013: USD Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Provision for tax

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

21 ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is BUE Marine Limited, a Company registered in Scotland, for which consolidated financial statements are prepared. Copies of the financial statements are available from BUE Marine Limited, P.O. Box 282800, Level 58, 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.