

Company Registration No: SC167536

BUE Marine Turkmenistan Limited

FINANCIAL STATEMENTS

31 DECEMBER 2006

THURSDAY



S2LKKXEU

SCT

21/02/2008

620

COMPANIES HOUSE

BUE MARINE TURKMENISTAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Independents auditors' report

5

Income statement

7

Balance sheet

8

Cash flow statement

9

Statement of changes in equity

10

Notes to the financial statements

11 20

BUE MARINE TURKMENISTAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Adams
C G Rolaston
W A Mills
S R Thomas

SECRETARY

HBJ Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

BANKERS

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

SOLICITORS

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

INDEPENDENT AUDITORS

Keen Phillips
21/23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE MARINE TURKMENISTAN LIMITED
(Registered No. SC 167536)
ANNUAL REPORT AND ACCOUNTS – 2006

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 2006

Principal activities

The company's principal activity is the management of vessels for the support of underwater engineering services and support to the offshore oil industry in the Caspian Sea.

It is the intention of the directors that the above business of the company will continue for the foreseeable future

Review of activities and future development

There was no revenue in current year as the vessel owned by the company was not in a usable condition

The Directors will seek appropriate trading opportunities within Turkmenistan in the forthcoming year

Results and dividends

The loss for the year after taxation was US\$ 51,831(2005 US\$ 168,489) No dividend was paid during the year (2005 US\$ Nil) The loss of US\$ 51,831(2005 US\$ 168,489) has been transferred to reserves

Going Concern

The Company incurred a loss of USD 51,831 during the year ended 31 December 2006 and, as of that date, the Company had net current liabilities of USD 136,062 and a deficiency of assets amounting to USD 31,308 This indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern 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 who held office during the year were as follows

J Adams
C G Rolaston
W A Mills
A Mitra (resigned 13/06/06)
S R Thomas (appointed 13/06/06)

The Directors held no interests in the shares of the company at 1 January 2006 or 31 December 2006

The interests of the Directors in the shares of company's immediate parent undertaking, BUE Marine Turkmenistan Limited, and its intermediate parent undertaking, BUE Marine Limited, are disclosed in the financial statements of those companies

The interests of the Directors in the shares of the ultimate parent company, Renaissance Services SAOG, are not disclosed in these financial statements, as the disclosure exemption under SI 1985 No 802 2(a) has been availed of where a reporting company is a wholly owned subsidiary of a body corporate incorporated outside Great Britain

REPORT OF THE DIRECTORS

Financial Instruments

The company's principal financial assets are bank balances and intercompany debtors. The company's credit risk is primarily attributable to its intercompany debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The concentration of credit risks on these intercompany debtors is monitored on an ongoing basis by the management. The 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 bank overdraft, intercompany creditors and accruals. Intercompany creditors are paid on the standard terms of payment and are interest free. Accruals are paid on the standard terms of payment. Bank overdrafts are repayable on demand.

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 organization.

Supplier payment policy

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

Auditors

Keen Phillips will continue in office as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the company and the financial performance and cash flows of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs is 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
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

REPORT OF THE DIRECTORS

Directors' responsibilities (continued)

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that they have complied with these requirements and having a reasonable expectation that the company has, or has access within the BUE Marine Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any 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 s234ZA of the Companies Act 1985.

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



Director

Date. 2/18/08

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BUE MARINE TURKMENISTAN LIMITED

We have audited the financial statements of BUE Marine Turkmenistan Limited for the year ended 31 December 2006 set out on pages 7 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDER OF BUE MARINE TURKMENISTAN LIMITED

Opinion

In our opinion:


- the financial statements give a true and fair view in accordance with IFRSs adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

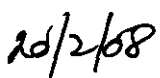
Emphasis of matter - Comparative balances

We draw attention to the fact that the financial statements for the year ended 31 December 2005 were not audited by us and our opinion does not relate to the results for that year which are presented only for comparison purposes. We have reviewed the balance sheet as at 31 December 2005, as amounts contained in this balance sheet affect the results for the period ended 31 December 2006.

Emphasis of matter - Going concern

Without qualifying our opinion we draw attention to Note 2 to the financial statements. The company incurred a loss of USD 51,831 during the year ended 31 December 2006 and, as of that date, the company had net current liabilities of USD 136,062 and a deficiency of assets amounting to USD 31,308. This indicates the existence of an uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Notwithstanding this fact, the financial statements of the company have been prepared on a going concern basis as 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 they fall due.


Keen Phillips
Chartered Accountants
Registered Auditor


21/23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE Marine Turkmenistan Limited**INCOME STATEMENT**

Year ended 31 December 2006

	<i>Notes</i>	2006 USD	2005 USD
Revenue			280,635
Cost of sales			(240,509)
GROSS PROFIT			40,126
Other income	4	3,153	95,639
Impairment of fixed assets			(87,500)
Administrative expenses		(158,946)	(69,264)
LOSS BEFORE TAX		(155,793)	(20,999)
Income tax credit/(expense)	7	103,962	(147,490)
LOSS FOR THE YEAR		<u>(51,831)</u>	<u>(168,489)</u>

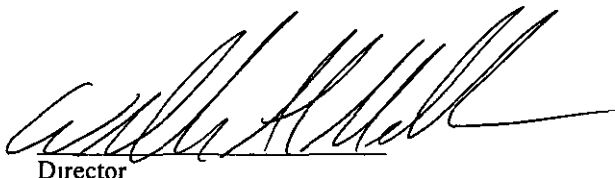
The attached notes 1 to 19 form part of these financial statements

BUE Marine Turkmenistan Limited

BALANCE SHEET

At 31 December 2006

	Notes	2006 USD	2005 USD
ASSETS			
Non current assets			
Property, plant and equipment	8	792	1,186
Deferred tax asset	9	103,962	
		<u>104,754</u>	<u>1,186</u>
Current assets			
Accounts receivable and prepayments	10	729,270	811,546
Bank balances and cash	11	925	179,969
		<u>730,195</u>	<u>991,515</u>
TOTAL ASSETS		<u>834,949</u>	<u>992,701</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	175	175
(Accumulated losses)/retained earnings		<u>(31,483)</u>	<u>20,348</u>
(Deficiency of assets)/total equity		<u>(31,308)</u>	<u>20,523</u>
Current liabilities			
Accounts payable and accruals	13	849,910	115,657
Tax liabilities	7	16,347	
Bank overdraft	11		856,521
		<u>866,257</u>	<u>972,178</u>
Total liabilities		<u>866,257</u>	<u>972,178</u>
TOTAL EQUITY AND LIABILITIES		<u>834,949</u>	<u>992,701</u>



Director

2/18/ 2008



Director

18/2/ 2008

The attached notes 1 to 19 form part of these financial statements

BUE Marine Turkmenistan Limited

CASH FLOW STATEMENT

Year ended 31 December 2006

	<i>Notes</i>	2006 USD	2005 USD
OPERATING ACTIVITIES			
Loss before tax		(155,793)	(20,999)
Adjustments for			
Depreciation	8	394	394
Impairment of fixed assets			87,500
Interest income	4	(3,153)	(3,720)
		<u>(158,552)</u>	<u>63,175</u>
Working capital changes			
Accounts receivable and prepayments		82,276	176,822
Accounts payable and accruals		750,600	54,062
		<u>674,324</u>	<u>294,059</u>
Cash from operations			
			(75,535)
Income tax credit			
		<u>674,324</u>	<u>218,524</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment			(1,580)
Interest received		3,153	3,720
		<u>3,153</u>	<u>2,140</u>
Net cash from investing activities			
			220,664
INCREASE IN CASH AND CASH EQUIVALENTS		677,477	220,664
Cash and cash equivalents at the beginning of the year		(676,552)	(897,216)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	<u>925</u>	<u>(676,552)</u>

The attached notes 1 to 19 form part of these financial statements

BUE Marine Turkmenistan Limited**STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2006

	<i>Share capital USD</i>	<i>Retained earnings USD</i>	<i>Total USD</i>
Balance at 1 January 2005	175	188,837	189,012
Loss for the year		(168,489)	(168,489)
Balance at 31 December 2005	175	20,348	20,523
Loss for the year		(51,831)	(51,831)
Balance at 31 December 2006	175	(31,483)	(31,308)

The attached notes 1 to 19 form part of these financial statements

1 ACTIVITIES

BUE Marine Turkmenistan Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Exchange Tower, 19 Canning Street, Edinburgh EH3 8EH. The company's principal activity is the management of vessels for the support of underwater engineering services and support to the offshore oil industry in the Caspian Sea.

2 FUNDAMENTAL UNCERTAINTY

The Company incurred a loss of USD 51,831 during the year ended 31 December 2006 and, as of that date, the Company had net current liabilities of USD 136,062 and a deficiency of assets amounting to USD 31,308. This indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. 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.

3 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This is the first year in which the Company has prepared the financial statements under International Financial Reporting Standards (IFRS). The comparatives have been restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRSs. The reconciliations to IFRSs from the previously reported UK GAAP financial statements are summarised in note 15.

Statement of compliance

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

Accounting convention

These financial statements are prepared under the historical cost convention.

These financial statements have been presented in US Dollars because that is the currency of the primary economic environment in which the BUE Marine Group, of which BUE Turkmenistan Limited is a subsidiary, operates.

IASB Standards and Interpretations issued but not adopted

The Company has not adopted the new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations except for IFRS 7 are not likely to have any significant impact on the financial statements of the Company in the period of their initial application. The application of IFRS 7, which will be effective for the year ending 31 December 2007, will result in amended and additional disclosures relating to financial instruments and associated risks.

Revenue recognition

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

Revenue comprises operating lease rental from the charter of marine vessels.

Lease rent income is recognised on a straight line basis over the period of the lease.

Interest revenue is recognized as the interest accrues.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Current tax

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

Deferred tax

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

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

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

Property, plant and equipment

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

Capital work in progress is not depreciated. Assets in the course of construction are depreciated from the date that the related assets are ready for commercial use.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Marine vessels	7 to 10 years
Furniture and fittings	4 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.

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.

Vessel refurbishment costs

Owned assets

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

BUE Marine Turkmenistan Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement,
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset,
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, bank balances, and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

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

Leases

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

BUE Marine Turkmenistan Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the company's accounting policies, as described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements

Assessment of Vessel Useful Life for Depreciation Purposes

IAS 16 specifies that the useful life of an asset is the period for which the asset is available for use by the entity, taking into account the expected usage of the asset including its intentions/asset management policies. The useful life should be reviewed at each reporting date. The depreciation period commences when the asset is ready for its intended use. Depreciation ceases when the asset reaches the end of its useful life, i.e. when it is sold or derecognized.

Management believe that the intended use by management of the vessels is restricted to operations in the Caspian region. As such, Management consider that the useful economic life of the vessel does not commence until it is delivered to the Caspian Sea and is in a location/condition to commence operations.

Management have also considered the useful life and the residual value of the vessels of BUE Marine Turkmenistan Limited on a vessel by vessel basis.

4 OTHER INCOME

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
Interest income	3,153	3,720
Miscellaneous income		91,919
	<u>3,153</u>	<u>95,639</u>

5 STAFF COSTS

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
Aggregate remuneration of employees (including executive directors)		
Wages and salaries	40,303	73,603
Social security costs		14,721
	<u>40,303</u>	<u>88,324</u>
Average monthly number of employees (including executive directors)		
Administration and operations	<u>12</u>	<u>11</u>

The Directors received no emoluments during the year in respect of their services to the Company (2005: US\$ Nil). All emoluments paid to Directors in respect of their services to the Group are disclosed in the financial statements of BUE Marine Limited.

BUE Marine Turkmenistan Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

6 LOSS FROM OPERATIONS

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
Loss from operations has been arrived at after charging/(crediting)		
Net foreign exchange gains	68,563	(91,919)
Depreciation of property, plant and equipment	394	394
Auditors' remuneration – for audit services	2,500	11,159
	<u> </u>	<u> </u>

7 TAXATION

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
<i>Current taxation</i>		
UK corporation tax		
Foreign tax		14,149
Adjustment in respect of prior years		64,896
	<u> </u>	<u> </u>
Total current tax		79,045
<i>Deferred tax</i>		
Current year		2,809
Prior year	(103,962)	65,636
	<u> </u>	<u> </u>
Total deferred tax	(103,962)	68,445
	<u> </u>	<u> </u>
Tax (credit)/expense for the year	(103,962)	147,490
	<u> </u>	<u> </u>
Tax liabilities	(16,347)	
	<u> </u>	<u> </u>

UK corporation tax is calculated at 30% of the estimated assessable profit for the financial period

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

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

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
Loss before tax	(155,793)	(20,999)
	<u> </u>	<u> </u>
Tax at the UK corporation tax rate of 30%	(46,738)	(6,299)
Tax effect of expenses that are not deductible in determining taxable profit	1,253	49,100
Capital allowances in excess of depreciation		(10,286)
Group relief not paid for	45,485	(18,366)
Adjustment in respect of prior year		64,896
Deferred tax	(103,962)	68,445
	<u> </u>	<u> </u>
Tax (credit)/expense and effective tax rate for the year	(103,962)	147,490
	<u> </u>	<u> </u>

BUE Marine Turkmenistan Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Marine vessels USD</i>	<i>Fixtures and fittings USD</i>	<i>Motor vehicles USD</i>	<i>Total USD</i>
Cost				
At 1 January 2006 and 31 December 2006	642,549	1,580	13,984	658,113
Depreciation				
At 1 January 2006	642,549	394	13,984	656,927
Depreciation charge for the year		394		394
At 31 December 2006	642,549	788	13,984	657,321
Net carrying amount				
At 31 December 2006		792		792
At 31 December 2005		1,186		1,186

9 DEFERRED TAX ASSET

	<i>2006 USD</i>	<i>2005 USD</i>
Balance at 1 January		74,915
Profit and loss account (debit) credit		(2,809)
Prior year charge	103,962	(65,636)
Foreign exchange adjustments		(6,470)
Balance at 31 December	103,962	

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>2006 USD</i>	<i>2005 USD</i>
Due from related parties	724,270	808,506
Other receivables	5,000	
Corporate tax receivable		3,040
	729,270	811,546

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement consist of the following balance sheet amounts

	<i>2006 USD</i>	<i>2005 USD</i>
Bank balances and cash	925	179,969
Bank overdraft		(856,521)
	925	(676,552)

BUE Marine Turkmenistan Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

12 SHARE CAPITAL

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
<i>Authorised shares</i>		
100 ordinary shares of £1 each	<u>175</u>	<u>175</u>
<i>Allotted, called up and fully paid shares</i>		
100 ordinary shares of £1 each	<u>175</u>	<u>175</u>

13 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2006</i> <i>USD</i>	<i>2005</i> <i>USD</i>
Due to immediate parent company	847,410	104,436
Accruals	<u>2,500</u>	<u>11,221</u>
	<u>849,910</u>	<u>115,657</u>

14 CONTINGENT LIABILITIES

The subsidiaries of BUE Marine Limited have entered into cross guarantee with the Group's bank and other providers of loan finance in respect of the Group's borrowings. At 31 December 2006, the total contingent liability in respect of these guarantees was USD 1,387,380 (2005 USD 6,955,000)

15 TRANSITION TO IFRS

For all periods up to and including the year ended 31 December 2005, the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2006, are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The Company has prepared financial statements which comply with IFRSs applicable for periods beginning on or after 1 January 2006 and the significant accounting policies meeting those requirements are described in note 3. In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2005, the Company's date of transition to IFRSs, and made those changes in accounting policies and other restatements required by IFRS 1 for the first time adoption of IFRSs. This note explains the principal adjustments made by the Company in restating the UK GAAP balance sheet as at 1 January 2005 and its previously issued UK GAAP financial statements for the year ended 31 December 2005. The adjustments to IFRSs are classified below under two headings 'reclassifications' and 'remeasurements'.

BUE Marine Turkmenistan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

15 TRANSITION TO IFRS (continued)

Reconciliation of equity account as at 1 January 2005

	<i>UK GAAP</i> <i>US\$</i>	<i>Reclassifications</i> <i>US\$</i>	<i>Remeasurements</i> <i>US\$</i>	<i>IFRSs</i> <i>US\$</i>
Non current assets				
Tangible assets	95,290	(95,290)		
Property, plant and equipment		95,290		95,290
Deferred Tax Assets		74,915		74,915
	<u>95,290</u>	<u>74,915</u>		<u>170,205</u>
Current assets				
Debtors	1,063,283	(1,063,283)		
Accounts receivable and prepayments		988,368		988,368
Bank balances and cash	39,662			39,662
	<u>1,102,945</u>	<u>(74,915)</u>		<u>1,028,030</u>
Total assets	<u>1,198,235</u>			<u>1,198,235</u>
Equity				
Share capital	175			175
Retained earnings	188,837			188,837
Total equity	<u>189,012</u>			<u>189,012</u>
Current liabilities				
Accounts payable and accruals		72,345		72,345
Bank overdrafts		936,878		936,878
Amounts falling due within one year	1,009,223	(1,009,223)		
	<u>1,009,223</u>			<u>1,009,223</u>
Total liabilities	<u>1,009,223</u>			<u>1,009,223</u>
Total equity and liabilities	<u>1,198,235</u>			<u>1,198,235</u>

BUE Marine Turkmenistan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

15 TRANSITION TO IFRS (continued)

Reconciliation of equity account as at 31 December 2005

	UK GAAP US\$	Reclassifications US\$	Remeasurements US\$	IFRSs US\$
Non current assets				
Tangible assets	1,186	(1,186)		
Property, plant and equipment		1,186		1,186
	<u>1,186</u>			<u>1,186</u>
Current assets				
Debtors	811,546	(811,546)		
Accounts receivable and prepayments		811,546		811,546
Bank balances and cash	179,969			179,969
	<u>991,515</u>			<u>991,515</u>
Total assets	<u><u>992,701</u></u>			<u><u>992,701</u></u>
Equity				
Share capital	175			175
Retained earnings	20,348			20,348
	<u>20,523</u>			<u>20,523</u>
Total equity	<u>20,523</u>			<u>20,523</u>
Current liabilities				
Accounts payable and accruals		115,657		115,657
Bank overdrafts		856,521		856,521
Amount falling due within one year	972,178	(972,178)		
	<u>972,178</u>			<u>972,178</u>
Total liabilities	<u>972,178</u>			<u>972,178</u>
Total equity and liabilities	<u><u>992,701</u></u>			<u><u>992,701</u></u>

Income statement

The transition from UK GAAP to IFRS has no effect on the reported net profit of the Company for the year ended 31 December 2005

Restatement of cash flow statement from UK GAAP to IFRS

The transition from UK GAAP to IFRS has no effect on the reported cash flows generated by the Company. The IFRS cash flow statement is presented in a different format from that required under UK GAAP with cash flows split into three categories of activities – operating activities, investing activities and financing activities. The reconciling items between the UK GAAP presentation and the IFRS presentation have no net impact on the cash flows generated.

16 RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing liabilities (bank overdraft)

Credit risk

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 limits its credit risk with regard to bank deposits by dealing with reputable banks only

Credit risk is limited to the carrying values of financial assets in the balance sheet

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available The Company's term of services require amounts to be paid within 30 days of the date of invoice

Currency risk

The Company is not exposed to any significant currency risk

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities

Financial assets consist of receivables Financial liabilities consist of bank overdraft and payables

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

18 PENSION

The Company operates a retirement benefit scheme The scheme is an occupational money purchase arrangement run by Standard Life and by definition is defined contribution This scheme is for UK employees only The company contributes 5% of the employee's annual salary to the scheme

19 ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is BUE Caspian Limited, a company registered in Scotland

Following the acquisition of the BUE Group by Nico Middle East Limited on 15 July 2005, the Company's ultimate parent undertaking became 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, Postal Code 114, Sultanate of Oman