Company Registration No: SC167536

BUE Marine Turkmenistan Limited

Financial Statements
31 December 2010

BUE Marine Turkmenistan Limited
Financial statements
31 December 2010

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BUE MARINE TURKMENISTAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Thomas
R W V Donaldson

SECRETARY

HBJGW Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
Midlothian
EH3 8EH

BANKERS

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

SOLICITORS

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

INDEPENDENT AUDITORS

Russell Phillips
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 2010.

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 will seek appropriate trading opportunities within Turkmenistan in the forthcoming year.

Results

The profit for the year after taxation was USD 1,976,666 (2009: USD 180,934). The profit of USD 1,976,666 (2009: USD 180,934) has been transferred to reserves.

Directors

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

F A Fazelbhoy (resigned on 30 May 2011)
S R Thomas
R W V Donaldson

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 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.

Employment of disabled persons

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

Supplier payment policy

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

Auditors

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

Directors' responsibilities

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

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

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

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

REPORT OF THE DIRECTORS

Disclosure of information to auditors

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

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

R W V Donaldson
Director

Date:- 25/09/2011

BUE MARINE TURKMENISTAN LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BUE MARINE TURKMENISTAN LIMITED

We have audited the financial statements of BUE Marine Turkmenistan Limited for the year ended 31 December 2010 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

25 October 2011

Chartered Accountants
Statutory Auditor

23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE Marine Turkmenistan Limited

Statement of comprehensive income
for the year ended 31 December 2010

	Note	2010 USD	2009 USD
Revenue	*4*	**16,770,963**	1,400,000
Cost of sales		**(12,109,155)**	(1,032,254)
Gross Profit		**4,661,808**	367,746
Administrative expenses		**(1,046,787)**	(112,037)
Finance costs	*5*	**(77,917)**	(498)
Other income		**3,996**	-
Profit before income tax		**3,541,100**	255,211
Income tax expense	*6*	**(1,564,434)**	(74,277)
Profit for the year	*7*	**1,976,666**	180,934
Other comprehensive income		-	-
Total comprehensive income for the year		**1,976,666**	180,934

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

The attached notes on pages 11 to 24 form part of these financial statements.

BUE Marine Turkmenistan Limited

Statement of financial position
as at 31 December 2010

	Note	**2010 USD**	2009 USD
ASSETS			
Non-current assets			
Property, plant and equipment	*8*	**1,608,206**	-
Deferred tax asset	*9*	**10,840**	10,274
		1,619,046	10,274
Current assets			
Inventories		**559,266**	-
Trade and other receivables	*10*	**6,621,482**	838,000
Due from related parties	*11a*	**8,923,411**	799,082
Bank balances and cash	*12*	**348,427**	41,647
		16,452,586	1,678,729
TOTAL ASSETS		**18,071,632**	1,689,003
EQUITY AND LIABILITIES			
Equity			
Share capital	*13*	**175**	175
Retained earnings		**1,954,736**	(21,930)
		1,954,911	(21,755)
Current liabilities			
Accounts payable and accruals	*14*	**2,660,797**	214,503
Due to related parties	*11b*	**6,354,507**	1,303,063
Bank Overdraft	*12*	**6,110,243**	119,639
Income tax payable	*6*	**991,174**	73,553
		16,116,721	1,710,758
Total liabilities		**16,116,721**	1,710,758
TOTAL EQUITY AND LIABILITIES		**18,071,632**	1,689,003

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

S R Thomas
Director

R W V Donaldson
Director

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

The attached notes on pages 11 to 24 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2010

	Note	2010 USD	2009 USD
OPERATING ACTIVITIES			
Profit / (loss) for the year		**1,976,666**	180,934
Adjustments for:			
Finance expenses	5	**77,917**	498
Depreciation		**270,307**	-
Income tax expenses	6	**1,564,434**	74,277
		3,889,324	255,709
Working capital changes:			
Inventory		**(559,266)**	-
Accounts receivable and prepayments		**(5,783,482)**	(838,000)
Accounts payable and accruals		**2,446,294**	195,067
Due from related parties		**(8,123,935)**	(14,851)
Due to related parties		**5,051,444**	327,730
Cash (used in)/generated from operations		**(3,079,621)**	(74,345)
Finance expenses		**(77,917)**	(498)
Income tax paid		**(647,379)**	(21,413)
Net cash used in operating activities		**(3,804,917)**	(96,256)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,878,907)**	-
Net cash used in investing activities		**(1,878,907)**	-
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,683,824)**	(96,256)
Cash and cash equivalents at the beginning of the year		**(77,992)**	18,264
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**(5,761,816)**	(77,992)

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

The attached notes on pages 11 to 24 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2010

	Share Capital USD	Retained earnings USD	Total USD
Balance at 1 January 2009	175	(202,864)	(202,689)
Total comprehensive income for the year			
Profit for the year	-	180,934	180,934
Total comprehensive income for the year	-	180,934	180,934
Balance at 31 December 2009	175	(21,930)	(21,755)
Balance at 1 January 2010	175	(21,930)	(21,755)
Total comprehensive income for the year			
Profit for the year	-	1,976,666	1,976,666
Total comprehensive income for the year	-	1,976,666	1,976,666
Balance at 31 December 2010	**175**	**1,954,736**	**1,954,911**

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

The attached notes on pages 11 to 24 form part of these financial statements.

1 Reporting entity

BUE Marine Turkmenistan Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 1985.

2 Basis of preparation

Statement of compliance

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

Basis of measurement

The financial statements are prepared under the historical cost convention.

Functional currency and presentation currency

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

Use of estimates and judgments

The preparation of financial statements in conformity with 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 recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in note 19.

Change of accounting policy

Company used to spread vessel mobilisation revenue over the period of the lease or charter. Directors considered it prudent to recognize Vessel mobilisation revenue in the period it is carried out. This resulted in increasing the revenue and profit for the year by $ 3,260,000. This change does not apply to mobilisation revenue deferred in previous periods which have not been restated.

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 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.

Vessel mobilization revenue is recognized in the period it is carried out.

Proceeds of sale of vessels are treated as revenue.

3 Significant accounting policies

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

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

Financial instruments

Non-derivative financial 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.

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

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

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

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 and other payables, bank overdraft and amount due to related parties. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

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.

3 Significant accounting policies (continued)

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 recognized in profit or loss except items that are recognized directly in equity or in other comprehensive income.

Current tax

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

Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences reverse, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 realized simultaneously.

Property, plant and equipment

Items of 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.

3 Significant accounting policies (continued)

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
Vessel mobilization	Duration of lease or charter
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.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

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

The depreciation method, useful lives and residual value of Property, plant and equipment are reassessed at each reporting date.

The company disposes off vessels in the normal course of business. Vessels that are held for sale are transferred to inventories at their carrying value. The sale proceeds are accounted for subsequently under revenue.

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, indications that a debtor will enter bankruptcy.

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets (continued)

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.

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. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

Non-financial assets

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

Inventories

Inventories are measured at the 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.

Net realizable value is the stated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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.

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 reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, unless it is reasonably certain that the Company will obtain ownership by the end of 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 profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

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.

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations that are issued but not effective for accounting period starting 1 January 2010, have not been early adopted in preparing these financial statements:

- Amendments to IAS 32 - Financial Instruments Presentation, effective from 1 February 2010;
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments, effective from 1 July 2010;
- IAS 24 (Revised) - Related Party Disclosures, effective from 1 January 2011;
- Amendments to IFRIC 14 and IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction, effective from 1 January 2011;
- Improvements to IFRS 2010 which comprises 11 amendments to 7 standards. Effective dates, early applications and transitional requirements are addressed on a standard by standard basis, however the majority of the amendments will be effective 1 January 2011; and
- IFRS 9 Financial Instruments, effective from 1 January 2013.

3 Significant accounting policies (continued)

New standards and interpretations not yet effective

Management has assessed the impact of the new standards, amendments to standards and interpretations and amendments to published standards, and concluded that they are either not relevant to the Company or their impact is limited to the disclosures and presentation requirement in the financial statements except for IFRS 9 Financial Instruments, which become mandatory for the Company's 2013 financial statements and could change the classification and measurement of financial assets. The Company does not intend to adopt this standard early and the extent of the impact has not been determined.

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

4 Revenue

	2010 USD	2009 USD
Lease rent from charter of marine vessels	**13,510,963**	-
Mobilization revenue	**3,260,000**	1,400,000
	16,770,963	1,400,000

5 Finance costs

	2010 USD	2009 USD
Bank overdraft and charges	**75,162**	-
Interest income	-	-
Exchange (gain) / loss	**2,755**	498
	77,917	498

6 Taxation

	2010 USD	2009 USD
Current taxation		
UK corporation tax		-
Foreign tax	**1,565,000**	73,549
Total current tax	**1,565,000**	73,549
Deferred tax		
Current year	**(566)**	-
Prior year	-	728
Total deferred tax	**(566)**	728
Tax expense for the year	**1,564,434**	74,277
Tax liabilities	**991,174**	73,553

6 Taxation (continued)

UK corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit for the financial period.

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

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

	2010 USD	2009 USD
Profit before tax	**3,541,100**	255,211
Tax at the UK corporation tax rate	**991,508**	71,459
Tax effect of expenses that are not deductible in determining taxable profit	**3,366**	611
Group relief not paid for	-	1,479
Unrelieved foreign tax	**568,726**	-
Deferred tax of previous year	-	728
Difference in closing DT tax rate	**834**	-
Tax expense and effective tax rate for the year	**1,564,434**	74,277

7 Profit for the year

The profit for the year is stated after charging:

	2010 USD	2009 USD
Staff costs	**2,579,505**	54,679
Net foreign exchange loss	**2,755**	498
Auditors' remuneration-for audit services	**2,000**	2,000

Staff Costs	**2010 USD**	2009 USD
Aggregate remuneration of employees (including executive directors)		
Wages and salaries	**2,579,505**	54,679
Average monthly number of employees (including executive directors)		
Administration and operations	**140**	2

The directors received no emoluments during the year in respect of their services to the Company *(2009: USD Nil)*. All emoluments paid to the directors in respect of their services to the Group are disclosed in the financial statements of Nico Middle East Limited.

8 Property, plant and equipment

	Plant and machinery USD	*Vessel mobilization USD*	*Computer equiment USD*	*Total USD*
Cost:				
At 1 January 2010	-	-	-	-
Additions	16,495	1,858,852	3,560	1,878,907
Transferred from related parties	1,580	-	-	1,580
At 31 December 2010	18,075	1,858,852	3,560	1,880,487
Depreciation:				
At 1 January 2010	-	-	-	-
Charge during the period	4,222	265,111	974	270,307
Transferred from related parties	1,974	-	-	1,974
At 31 December 2010	6,196	265,111	974	272,281
Net carrying amount				
At 31 December 2010	**11,879**	**1,593,741**	**2,586**	**1,608,206**

9 Deferred tax asset

	2010 USD	2009 USD
As at 1 January	**10,274**	11,002
Profit and loss account debit	**566**	-
Prior Year Charge	-	(728)
As at 31 December	**10,840**	10,274

10 Trade and other receivables

	2010 USD	2009 USD
Current		
Trade receivable	**6,391,198**	837,000
Prepayments & advances	**179,798**	1,000
Other receivables	**50,486**	-
	6,621,482	838,000

11 Related party transactions

Related parties represent 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.

11 Related party transactions (continued)

a) Due from related parties

	2010 USD	2009 USD
BUE Kazakhstan Limited	**500,332**	744,282
BUE Marine Limited	**8,423,079**	-
BUE Caspian Limited	-	54,800
	8,923,411	799,082

b) Due to related parties

	2010 USD	2009 USD
BUE Marine Limited	-	1,302,442
BH Bulkers Limited	**621**	621
BUE Bulker Limited	**815,000**	-
XT Shipping Limited	**2,318,730**	-
Doha Marine Services WLL	**1,352,683**	-
BUE Caspian Limited	**1,867,473**	-
	6,354,507	1,303,063

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 2010, the Company has not recorded any impairment of amounts owed by related parties (2009: Nil).

12 Cash and cash equivalents

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

	2010 USD'000	2009 USD'000
Cash at bank- in current accounts	**333,513**	29,428
Cash in hand	**14,914**	12,219
	348,427	41,647
Bank overdrafts	**(6,110,243)**	(119,639)
Cash and cash equivalents	**(5,761,816)**	(77,992)

13 Share capital

	2010 USD	2009 USD
Authorised		
100 Ordinary shares of £1 each	**175**	175
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**175**	175

14 Accounts payable and accruals

	2010 USD	2009 USD
Trade payables	**695,705**	24,336
Accruals	**1,965,092**	190,167
	2,660,797	214,503

15 Capital commitments and contingent liabilities

Capital commitment

There are no capital commitments and contingent liabilities for the year 2010 (2009: USD Nil).

Contingent liabilities

As at 31 December 2010, 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.

16 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:

	2010 USD	2009 USD
Within one year	**1,326,050**	-
	1,326,050	-

b) Operating leases – payable

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

	2010 USD	2009 USD
Future minimum lease payments:		
Within one year	**3,855,900**	-
After one year but not more than five years	**14,746,000**	-
More than five years	**4,681,350**	-
Total operating lease expenditure contracted for at the reporting date	**23,283,250**	-

17 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.

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

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

Particulars	Carrying amount	Total	Contractual cash flows Less than 12 months	1 to 5 years	more than 5 years
31 December 2010					
Accounts payables and accruals	**2,660,797**	**(2,660,797)**	**(2,660,797)**	-	-
Due to related parties	**6,354,507**	**(6,354,507)**	**(6,354,507)**	-	-
Bank overdraft	**6,110,243**	**(6,110,243)**	**(6,110,243)**	-	-
Total	**15,125,547**	**(15,125,547)**	**(15,125,547)**	-	-
31 December 2009					
Accounts payables and accruals	214,503	(214,503)	(214,503)	-	-
Due to related parties	1,303,063	(1,303,063)	(1,303,063)	-	-
Bank overdraft	119,639	(119,639)	(119,639)	-	-
Total	1,637,205	(1,637,205)	(1,637,205)	-	-

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant currency risk.

17 Risk management (continued)

Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009. Capital comprises share capital, share premium, capital redemption reserve, equity reserve and retained earnings / (losses) and is measured at USD 1,954,911 as at 31 December 2010 (2009: USD (21,755))

18 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of bank overdrafts and payables.

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

19 Key sources of 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 recognized in the financial statements are as follows:

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

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 6,391,198 (2009: USD 837,000) and the provision for doubtful debts was USD Nil (2009: USD Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable 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.

19 Key sources of uncertainty (continued)

Impairment of inventories (continued)
At the reporting date, gross inventories were USD 559,266 (2009: USD Nil) with provisions for old and obsolete inventories of USD Nil (2009: USD Nil). Any difference between the amounts actually realized in future periods and the amounts expected will be recognized 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.

20 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, Post Code 114, Sultanate of Oman.