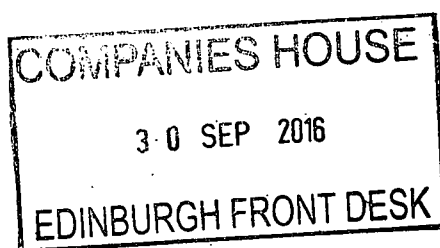


Company Registration No: SC167536

BUE Marine Turkmenistan Limited

Annual Report and Financial Statements
For the year ended 31 December 2015



FRIDAY



S5GLS4N6

SCT

30/09/2016

#137

COMPANIES HOUSE

BUE Marine Turkmenistan Limited

Financial statements

For the year ended 31 December 2015

<i>Contents</i>	<i>Page</i>
Officers and professional advisors	1
Strategic report	2
Report of the directors	3-4
Independent auditors' report	5-6
Statement of comprehensive income	7
Statement of financial position	8
Statement of cash flows	9
Statement of changes in equity	10
Notes to the financial statements	11-24

BUE MARINE TURKMENISTAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Rene Kofod-Olsen (appointed 6 April 2015)

Jay Daga

Robert Desai (appointed 6 April 2015)

Stephen Rowland Thomas (resigned 6 April 2015)

Roy Donaldson (resigned 2 February 2015)

SECRETARY

HBIG 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 MARINE TURKMENISTAN LIMITED
(Registered No. SC 167536)
ANNUAL REPORT AND FINANCIAL STATEMENTS – 2015

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2015.

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 and dividends

The loss for the year after taxation was USD 32,596 (2014: loss of USD 791,512). No dividend was paid during the period. The loss of USD 32,596 (2014: loss of USD 791,512) 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 22 to 24.

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

30 Sep 2016

BUE MARINE TURKMENISTAN LIMITED
(Registered No. SC 167536)
ANNUAL REPORT AND FINANCIAL STATEMENTS – 2015

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 December 2015.

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 (32,596) (2014 Loss: USD 791,512) during the year ended 31 December 2015 and, as of that date, the Company had net current liabilities of USD 2,826,649 (2014 net current assets of: USD 14,787) and a deficiency of assets amounting to USD 7,572 (2014 excess of: USD 25,024). 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.

Directors

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 (appointed 6 April 2015)

Jay Daga

Robert Desai (appointed 6 April 2015)

Stephen Rowland Thomas (resigned 6 April 2015)

Roy Donaldson (resigned 2 February 2015)

Financial instruments

The Company's principal financial assets are cash and cash equivalents, amounts due from related parties, and trade receivables. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. The amounts presented in the balance sheet are net of provisions for doubtful debts. The concentration of credit risks on these intercompany debtors is monitored on an ongoing basis by the management. The 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.

Independent auditors

PricewaterhouseCoopers LLP were appointed independent auditors for the year ended 31 December 2015 and 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.

BUE MARINE TURKMENISTAN LIMITED

REPORT OF THE DIRECTORS

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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 IFRSs as adopted by the European Union 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.

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.

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

BUE MARINE TURKMENISTAN LIMITED
(Registered No. SC 167536)
ANNUAL REPORT AND FINANCIAL STATEMENTS – 2015

Financial Risk Management

Please see Strategic Report on page 2.

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


Jay Daga
Director

30 Sep 2016

Independent auditors' report to the members of BUE Marine Turkmenistan Limited

Report on the financial statements

Our opinion

In our opinion, BUE Marine Turkmenistan 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 2015 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, included within the Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- 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 IFRSs as adopted by the European Union, and applicable law.

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 Marine Turkmenistan 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, 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 Annual Report 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.



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

30 September 2016

BUE Marine Turkmenistan Limited

Statement of comprehensive income

For the year ended 31 December 2015

	<i>Note</i>	2015 USD	2014 USD
Revenue	4	10,560,940	10,062,591
Cost of sales		(8,041,721)	(9,306,479)
Gross Profit		2,519,219	756,112
Administrative expenses		(454,324)	(390,055)
Finance income/(costs)	5	4,296	(8,743)
Profit before income tax		2,069,191	357,314
Income tax expense	6	(2,101,787)	(1,148,826)
Loss for the year	7	(32,596)	(791,512)
Other comprehensive income		-	-
Total comprehensive loss for the year		(32,596)	(791,512)

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

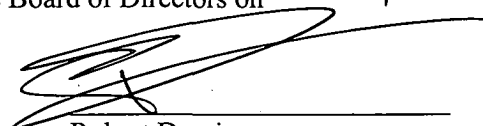
Statement of financial position As at 31 December 2015

	Note	2015 USD	2014 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	2,811,522	-
Deferred tax assets	9	7,555	10,237
		<u>2,819,077</u>	<u>10,237</u>
Current assets			
Inventories		131,672	-
Trade and other receivables	10	4,738,537	2,808,021
Due from related parties	11a	22,472,429	23,583,971
Cash and cash equivalents	12	724,606	982,735
		<u>28,067,244</u>	<u>27,374,727</u>
TOTAL ASSETS		<u>30,886,321</u>	<u>27,384,964</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	175	175
(Accumulated losses)/Retained Earnings		(7,747)	24,849
TOTAL EQUITY		<u>(7,572)</u>	<u>25,024</u>
Current liabilities			
Accounts payable and accruals	14	349,354	869,839
Due to related parties	11b	28,925,491	26,104,254
Income tax payable		1,619,048	385,847
		<u>30,893,893</u>	<u>27,359,940</u>
Total liabilities		<u>30,893,893</u>	<u>27,359,940</u>
TOTAL EQUITY AND LIABILITIES		<u>30,886,321</u>	<u>27,384,964</u>

The financial statements on pages 7 to 24 were approved by the Board of Directors on

30 Sep 2016


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 24 form part of these financial statements.

Company Registration No: SC167536

BUE Marine Turkmenistan Limited

Statement of cash flows

For the year ended 31 December 2015

	<i>Note</i>	2015 USD	2014 USD
OPERATING ACTIVITIES			
Loss for the year		(32,596)	(791,512)
Adjustments for:			
Finance (income)/costs	5	(4,296)	8,743
Depreciation	8	667,931	-
Income tax expenses	6	2,101,787	1,148,826
		<u>2,732,826</u>	<u>366,057</u>
Working capital changes:			
Changes in inventory		(131,672)	-
Accounts receivable and prepayments		(1,930,516)	(2,808,021)
Accounts payable and accruals		(520,485)	808,088
Due from related parties		1,111,542	(315,966)
Due to related parties		2,821,237	3,673,860
		<u>4,082,932</u>	<u>1,724,018</u>
Cash generated from operations		4,082,932	1,724,018
Finance costs paid		4,296	(8,743)
Income tax paid		(865,904)	(760,732)
		<u>3,221,324</u>	<u>954,543</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,479,453)	-
		<u>(3,479,453)</u>	<u>-</u>
Net cash generated used in investing activities		(3,479,453)	-
INCREASE IN CASH AND CASH EQUIVALENTS		(258,129)	954,543
Cash and cash equivalents at the beginning of the year		<u>982,735</u>	<u>28,192</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<i>12</i>	<u><u>724,606</u></u>	<u><u>982,735</u></u>

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

The attached notes on pages 12 to 24 form part of these financial statements

BUE Marine Turkmenistan Limited

Statement of changes in equity for the year ended 31 December 2015

	Share Capital USD	(Accumulated losses)/Retained earnings USD	Total Equity USD
Balance at 1 January 2014	175	816,361	816,536
<i>Total comprehensive loss for the year</i>			
Loss for the year	-	(791,512)	(791,512)
Total comprehensive loss for the year	-	(791,512)	(791,512)
Balance at 31 December 2014	175	24,849	25,024
Balance at 1 January 2015	175	24,849	25,024
<i>Total comprehensive loss for the year</i>			
Loss for the year	-	(32,596)	(32,596)
Total comprehensive loss for the year	-	(32,596)	(32,596)
Balance at 31 December 2015	175	(7,747)	(7,572)

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

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1 GENERAL INFORMATION

BUE Marine Turkmenistan Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom, where it is domiciled. 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 (32,596) (2014 Loss: USD 791,512) during the year ended 31 December 2015 and, as of that date, the Company had net current liabilities of USD 2,826,649 (2014 net current assets of: USD 14,787) and a deficiency of assets amounting to USD 7,572 (2014 excess of: USD 25,024). 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 and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of measurement

The financial statements are prepared on a going concern basis 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 18.

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

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 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 trade and other receivables, cash and cash equivalents and 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.

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets (continued)

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 payables 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 be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

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

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax (continued)

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. Cost of marine vessels includes purchase price paid to third parties including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilisation costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. 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
Vessel mobilisation	Duration of lease or charter
Computer equipment	3 years to 5 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.

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.

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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").

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial assets (continued)

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.

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.

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.

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 9 (amendment), 'Employee benefits' (effective 1 July 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.

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Group'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)
- IAS 1 (amendment) 'Presentation of Financial Statements' (effective from 1 January 2016);
- IFRS 11 (amendment), 'Joint arrangements' (effective from 1 January 2016);
- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (amendment) (effective 1 January 2016);
- IFRS 10 'Consolidated financial statements' and IAS 28 'Investment in associates' (amendment) (effective from 1 January 2016);
- IAS 27 (amendment) 'Separate financial statements' (effective from 1 January 2016);
- IFRS 14, 'Regulatory deferral accounts' (effective from 1 January 2016); and

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 Group's accounting policies and are expected to result in additional disclosures only.

4 REVENUE

	2015 USD	2014 USD
Lease rent from charter of marine vessels	10,384,969	9,847,146
Mobilisation revenue	140,000	200,000
Catering and other revenue	34,580	15,445
Other revenue	1,391	
	<u>10,560,940</u>	<u>10,062,591</u>

FINANCE (INCOME)/COSTS

	2015 USD	2014 USD
Interest Others	(694)	
Bank overdraft and charges	19,561	8,744
Exchange gain	(23,163)	(1)
	<u>(4,296)</u>	<u>8,743</u>

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

6 INCOME TAX EXPENSE

	2015 USD	2014 USD
<i>Current taxation</i>		
Foreign tax	2,099,105	1,146,579
Total current tax	2,099,105	1,146,579
<i>Deferred tax</i>		
Current year	-	-
Prior year	2,682	2,247
Total deferred tax	2,682	2,247
Tax expense for the year	2,101,787	1,148,826
Tax liabilities	1,619,048	385,847

UK corporation tax is calculated at 20.25% (2014: 21.50%) of the estimated assessable profit for the financial year.

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:

	2015 USD	2014 USD
Profit before tax	2,069,191	357,314
Tax at the UK corporation tax rate	419,011	76,787
Tax effect of expenses that are not deductible in determining taxable profit	608	1,289
Group relief not paid for	5,450	168,324
Foreign tax claimed by deduction	1,674,036	900,179
Deferred tax of previous year	2,682	2,247
Tax expense at effective tax rate for the year	2,101,787	1,148,826

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. On 16 March 2016 the Chancellor announced an additional planned reduction to 17% to take effect from 1 April 2020. This will reduce the company's future current tax charge accordingly. However, the deferred tax (asset)/liability at 31 December 2015 has been calculated based on the rate of 18% as this is the rate substantively enacted at the balance sheet date.

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

7 LOSS FOR THE YEAR

The loss for the year is stated after charging:

	2015 USD	2014 USD
Staff costs	199,091	144,533
Rental operating leases	6,156,589	7,242,457

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

<u>Staff Costs</u>	2015 USD	2014 USD
Aggregate remuneration of employees (including executive directors)		
Wages and salaries	199,836	144,533

Monthly average number of employees (including executive directors)

Administration and operations	5	3
-------------------------------	---	---

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Plant and machinery USD</i>	<i>Vessel mobilisation USD</i>	<i>Computer equipment USD</i>	<i>Total USD</i>
Cost:				
At 1 January 2014	18,075	-	3,560	21,635
At 31 December 2014	18,075	-	3,560	21,635
At 1 January 2015	18,075	-	3,560	21,635
Additions	-	3,479,453	-	3,479,453
At 31 December 2015	18,075	3,479,453	3,560	3,501,088
Accumulated depreciation:				
At 1 January 2014	18,075	-	3,560	21,635
At 31 December 2014	18,075	-	3,560	21,635
At 1 January 2015	18,075	-	3,560	21,635
Charge for the year	-	667,931	-	667,931
At 31 December 2015	18,075	667,931	3,560	689,566
Net carrying amount				
At 31 December 2014	-	-	-	-
At 31 December 2015	-	2,811,522	-	2,811,522

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

9 DEFERRED TAX ASSETS

	2015 USD	2014 USD
As at 1 January	10,237	12,484
Prior year charge	(2,682)	(2,247)
As at 31 December	7,555	10,237

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

	Accelerated tax Depreciation	Total
As at 1 January	10,237	10,237
Prior period charge	(2,682)	(2,682)
As at 31 December	7,555	7,555

10 TRADE AND OTHER RECEIVABLES

	2015 USD	2014 USD
<i>Current</i>		
Trade receivable	4,714,799	2,801,842
Prepayments and advances	19,951	6,179
Others	3,787	-
	4,738,537	2,808,021

11 RELATED PARTY TRANSACTIONS

The only trading transactions with related parties was the lease of marine vessels, the amount disclosed in note 7. Pricing policies and terms of these transactions are approved by the Company's management.

a) Due from related parties

	2015 USD	2014 USD
<i>Parent Company:</i>		
BUE Marine Limited	21,117,671	21,500,258
<i>Other related parties</i>		
BUE Kazakhstan Limited	-	820,478
BUE Bautino	1,261,638	1,263,235
TEAM IX Limited	93,120	-
	22,472,429	23,583,971

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

11 RELATED PARTY TRANSACTIONS (CONTINUED)

b) Due to related parties

	2015 USD	2014 USD
<i>Other related parties</i>		
BUE Kyran	1,261,327	
BUE Kazakhstan	261,905	
Caspian Breeze Limited	701,035	701,035
BH Bulkers Limited	-	1,261,327
BUE Bulker Limited	7,131,611	7,039,363
XT Shipping Limited	9,548,424	9,548,424
Doha Marine Services WLL	3,522,023	3,522,023
BUE Atkau	-	296,040
BUE Caspian Limited	6,499,166	3,736,042
	<u>28,925,491</u>	<u>26,104,254</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 2015, the Company has not recorded any impairment of amounts owed by related parties (2014: Nil).

The directors received no emoluments from the Company during the current year (2014: 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).

12 CASH AND CASH EQUIVALENTS

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

	2015 USD'000	2014 USD'000
Cash at bank- in current accounts	724,349	973,252
Cash in hand	257	9,483
Cash and cash equivalents	<u>724,606</u>	<u>982,735</u>

13 SHARE CAPITAL

	2015 USD	2014 USD
Authorised		
100 (2014: 100) Ordinary shares £1 (2014: £1) each	<u>175</u>	<u>175</u>
Allotted, called up and fully paid		
100 (2014: 100) Ordinary shares £1 (2014: £1) each	<u>175</u>	<u>175</u>

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

14 ACCOUNTS PAYABLE AND ACCRUALS

	2015 USD	2014 USD
Trade payables	43,183	39,938
Accruals	306,171	829,901
	<u>349,354</u>	<u>869,839</u>

15 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitment

There are no capital commitments as at 31 December 2015 (2014: USD Nil).

Contingent liabilities

As at 31 December 2015, 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 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.

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

16 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at 31 December, 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 2015					
Accounts payables and accruals	349,354	(349,354)	(349,354)	-	-
Due to related parties	28,925,491	(28,925,491)	(28,925,491)	-	-
Total	29,274,845	(29,274,845)	(29,274,845)	-	-
31 December 2014					
Accounts payables and accruals	869,839	(869,839)	(869,839)	-	-
Due to related parties	26,104,254	(26,104,254)	(26,104,254)	-	-
Total	26,974,093	(26,974,093)	(26,974,093)	-	-

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.

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 2014 and 31 December 2015. Capital comprises share capital, share premium, capital redemption reserve, equity reserve and retained earnings / (losses) and is measured at USD 7,572 as at 31 December 2015 (2014: USD 25,024).

17 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, trade and other receivables. Financial liabilities consist of accounts payable and accruals and due to related parties.

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

18 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

BUE Marine Turkmenistan Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

18 KEY SOURCES OF UNCERTAINTY

Estimation uncertainty (continued)

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:

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 Trade 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 4,738,537 (2014: USD 2,808,021) and the provision for doubtful debts was USD Nil (2014: 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.

19 ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is BUE Caspian Limited which is wholly owned by BUE Marine Limited, a Company registered in Scotland. 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.