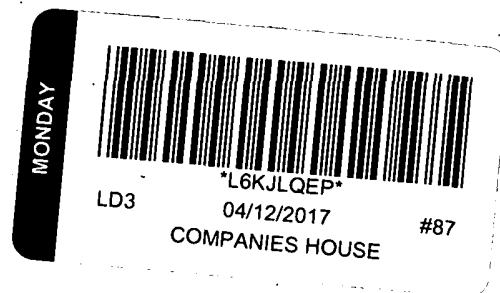


**BUE Marine Turkmenistan Limited**

**Report and financial statements  
for the year ended 31 December 2016**



## **BUE Marine Turkmenistan Limited**

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

Rene Kofod-Olsen  
Jay Daga  
Robert Desai

**SECRETARY**

Addleshaw Goddard (Scotland) Secretarial Limited

**REGISTERED OFFICE**

Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

**SOLICITORS**

Addleshaw Goddard (Scotland) Secretarial Limited  
Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

**INDEPENDENT AUDITORS**

Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ

**BUE Marine Turkmenistan Limited**  
**(Registered No. SC 167536)**  
**Annual Report and Financial Statements - 2016**

**STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2016.

***Principal activities***

The Company did not have revenue generating activities during the year in the current year but continues to seek management, lease and charter of maritime vessels opportunities together with related marine services.

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

During the year, the Company transferred its assets, liabilities and operations (including all of its employees) to a related party.

The Directors expect the market to recover in 2018 and 2019, and will continue to seek appropriate trading opportunities within Turkmenistan to improve the results in the forthcoming year.

***Results and dividends***

The income for the year after taxation was nil (2015: loss of USD 32,596). No dividend was paid during the period (2015: nil). In 2015, the loss of USD 32,596 was transferred from reserves.

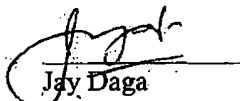
***Principal risks and uncertainties***

A summary of the Company's policies and objectives relating to financial risk management, including exposure to associated risks, is included in Note 18 to the financial statements.

***Key performance indicators***

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

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

  
Jay Daga  
Director

04-Dec-2017

**BUE Marine Turkmenistan Limited**  
**(Registered No. SC 167536)**  
**Annual Report and Financial Statements - 2016**

**DIRECTORS' REPORT**

The Directors present their report and financial statements for the year ended 31 December 2016.

***Directors and their interests***

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

- Rene Kofod-Olsen
- Jay Daga
- Robert Desai

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

The Company's principal financial assets are due from related parties. The Company's credit risk is primarily attributable to its due from related parties. The amounts presented in the balance sheet are net of provisions for doubtful debts. The concentration of credit risk on these due from related parties is monitored on an ongoing basis by the management. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise of due to related parties. Due to related parties are paid on the standard terms of payment and are interest free.

***Going Concern***

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

The Company did not have revenue generating activities during the year, however has access to funds from related parties. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to seek further contract awards and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

***Independent auditors***

Deloitte LLP were appointed independent auditors for the year ended 31 December 2016 in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

***Disclosure of information to auditors***

Each of the persons who is a director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

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

**BUE Marine Turkmenistan Limited**  
**(Registered No. SC 167536)**

**DIRECTORS' REPORT (continued)**  
**Annual Report and Financial Statements - 2016**

***Directors' indemnity***

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

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

No significant events have occurred after the balance sheet date.

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



Jay Daga  
Director

04-Dec-2017

**BUE Marine Turkmenistan Limited**  
**(Registered No. SC 167536)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

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

  
Jay Daga  
Director

04-Dec-2017

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

We have audited the financial statements of BUE Turkmenistan Limited for the year ended 31 December 2016, which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### ***Respective responsibilities of directors and auditor***

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). 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. 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.

### ***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 2016 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



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

***Opinion on other matter prescribed by the Companies Act 2006***

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

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

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

***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; or



Ivan Boonzaaier, FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
04 December 2017

**Statement of profit or loss and other comprehensive income  
for the year ended 31 December 2016**

	Notes	2016 USD	2015 USD
Revenue	6	-	10,560,940
Cost of sales		-	(8,041,721)
<b>Gross profit</b>		-	2,519,219
General and administrative expenses		-	(454,324)
Finance income - net	7	-	4,296
<b>Profit before income tax</b>		-	2,069,191
Income tax expense	9	-	(2,101,787)
<b>Loss for the year</b>		-	(32,596)
Other comprehensive income		-	-
<b>Loss for the year, representing total comprehensive loss for the year</b>		-	(32,596)

The results for the year arise in respect of continuing activities.

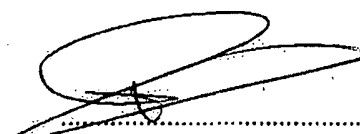
The accompanying notes form an integral part of these financial statements.

**Statement of financial position  
as at 31 December 2016**

	Notes	2016 USD	2015 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	-	2,811,522
Deferred tax assets	11	7,555	7,555
<b>Total non-current assets</b>		<b>7,555</b>	<b>2,819,077</b>
<b>Current assets</b>			
Inventories		-	131,672
Trade and other receivables	12	-	4,738,537
Due from related parties	13	28,311,935	22,472,429
Cash and cash equivalents	14	-	724,606
<b>Total current assets</b>		<b>28,311,935</b>	<b>28,067,244</b>
<b>Total Assets</b>		<b>28,319,490</b>	<b>30,886,321</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	175	175
Retained deficit		(7,747)	(7,747)
<b>Total deficit</b>		<b>(7,572)</b>	<b>(7,572)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accruals	16	-	349,354
Due to related parties	13	28,327,062	28,925,491
Income tax payable	9	-	1,619,048
<b>Total liabilities</b>		<b>28,327,062</b>	<b>30,893,893</b>
<b>Total Equity and Liabilities</b>		<b>28,319,490</b>	<b>30,886,321</b>

The financial statements of BUE Marine Turkmenistan Limited (registered number SC 167536) were approved by the board of directors on ~~1-02-17~~ and were signed on its behalf by:

  
Jay Daga  
Director

  
Robert Desai  
Director

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

**Statement of cash flows  
for the year ended 31 December 2016**

	<b>2016 USD</b>	<b>2015 USD</b>
<b>Cash flows from operating activities</b>		
Loss for the year	-	(32,596)
Adjustments for:		
Finance income - net	-	(4,296)
Depreciation of property, plant and equipment	-	667,931
Income tax expense	-	2,101,787
	<hr/>	<hr/>
<b>Operating loss before changes in operating assets and liabilities</b>	-	2,732,826
Decrease/(increase) in inventory	131,672	(131,672)
Decrease/(increase) in trade and other receivables	4,738,537	(1,930,516)
(Increase)/decrease in due from related parties	(3,027,984)	1,111,542
Decrease in accounts payable and accruals	(349,354)	(520,485)
(Decrease)/increase in due to related parties	(598,429)	2,821,237
	<hr/>	<hr/>
<b>Cash generated from operations</b>	894,442	4,082,932
Finance income received - net	-	4,296
Income tax paid	(1,619,048)	(865,904)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>	(724,606)	3,221,324
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(3,479,453)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	-	(3,479,453)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(724,606)	(258,129)
Cash and cash equivalents at the beginning of the year	724,606	982,735
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	-	724,606
	<hr/>	<hr/>
<b><u>Non-cash transactions</u></b>		
Property, plant and equipment transferred to a related party (Note 10)	2,811,522	-
	<hr/>	<hr/>

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

**Statement of changes in equity  
for the year ended 31 December 2016**

	Share capital USD	Retained earnings/ (deficit) USD	Total USD
Balance at 1 January 2015	175	24,849	25,024
Total comprehensive loss for the year	-	(32,596)	(32,596)
<b>Balance at 31 December 2015 &amp; 2016</b>	<b>175</b>	<b>(7,747)</b>	<b>(7,572)</b>

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

**Notes to the financial statements  
for the year ended 31 December 2016****1. Establishment and operations**

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

The Company is a wholly owned subsidiary of BUE Caspian Limited, which is wholly owned by BUE Marine Limited, a Company registered in Scotland, United Kingdom.

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, P.O. Box 1676, Post Code 114, Sultanate of Oman.

The Company's principal activities are the management, lease and charter of maritime vessels together with related marine services, however during the year ended 31 December 2016 the Company had no ongoing contracts.

**2. Application of new and revised International Financial Reporting Standards (IFRS)****2.1 New and revised IFRS applied with no material effect on the financial statements**

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)**

**2.2 New and revised IFRS in issue but not yet effective**

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

<u><b>New and revised IFRSs</b></u>	<u><b>Effective for annual periods beginning on or after</b></u>
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealised losses.	1 January 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i> The interpretation addresses foreign currency transactions or parts of transactions where: <ul style="list-style-type: none"> <li>• there is consideration that is denominated or priced in a foreign currency;</li> <li>• the Company recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and</li> <li>• the prepayment asset or deferred income liability is non-monetary.</li> </ul>	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an Company shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**New and revised IFRSs**

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

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

When IFRS 9 is first applied

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

1 January 2018

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

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

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



**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and revised IFRS in issue but not yet effective (continued)**

**New and revised IFRSs**

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

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

1 January 2018

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

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

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

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

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

1 January 2018

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

1 January 2019

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date deferred indefinitely

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and revised IFRS in issue but not yet effective (continued)**

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

**3. Basis of preparation**

**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 basis other than going concern and the assets and liabilities are measured at net realizable value. There was no adjustments required on adoption of a basis other than going concern.

**Functional and presentation currency**

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

**Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. For the year ended 31 December 2016, the Company had no revenue generating activities. The continuation of the Company's operation is dependent upon future profitable operations and the continued financial support of the shareholder.

The Company did not have revenue generating activities during the year, however has access to funds from related parties. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to seek further contract awards and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**4. Significant accounting policies**

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these financial statements.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**Revenue recognition (continued)**

*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.

*Finance income*

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.

**Financial instruments**

*Non-derivative financial assets*

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

*Recognition and measurement*

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

*Non-derivative financial liabilities*

All financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company's non-derivative financial liabilities comprise of balances due to related parties and accounts payable and accruals. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

*Effective interest method*

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**Financial instruments (continued)**

***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Impairment**

***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuer and economic conditions that correlate with defaults.

The Company considers evidence of impairment of financial assets at both a specific asset and collective level.

All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit or loss and other comprehensive income.

**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.

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**Foreign currency transactions (continued)**

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.

**Inventories**

Inventories are measured at the lower of cost and estimated net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**Income tax**

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

*Current tax*

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

*Deferred tax*

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

**Property, plant and equipment**

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

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

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.

**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.

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**Impairment**

***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuer and economic conditions that correlate with defaults.

The Company considers evidence of impairment of financial assets at both a specific asset and collective level.

All individually significant financial assets are assessed for specific impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of profit or loss and other comprehensive income.

***Non-financial assets***

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**Leases**

*Company as a lessor*

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

*Company as a lessee*

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

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

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and 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. There are no estimates or judgments that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**6. Revenue**

	<b>2016 USD</b>	<b>2015 USD</b>
Lease rent from charter of marine vessels	-	10,384,969
Mobilisation revenue	-	140,000
Catering and other revenue	-	34,580
Other revenue	-	1,391
	<u>-</u>	<u>10,560,940</u>

**7. Finance income - net**

	<b>2016 US\$</b>	<b>2015 US\$</b>
Other income	-	694
Bank overdraft and charges	-	(19,561)
Exchange gain	-	23,163
	<u>-</u>	<u>4,296</u>



**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**8. Information regarding directors and employees**

	<b>2016 USD</b>	<b>2015 USD</b>
<i>Aggregate remuneration of employees (including executive directors)</i>		
Wages and salaries	-	199,836
<i>Monthly average number of employees (including executive directors)</i>		
Administration and operations	-	5

In 2016, the Company has no employees other than the three directors. The three directors (2015: three) are not remunerated for their service to the Company in either 2016 or 2015.

**9. Income tax expense**

	<b>2016 USD</b>	<b>2015 USD</b>
<i>Current taxation</i>		
Foreign tax	-	2,099,105
Total current tax	-	2,099,105
<i>Deferred tax</i>		
Prior year	-	2,682
Total deferred tax	-	2,682
Tax expense for the year	-	2,101,787
Tax liabilities	-	1,619,048

UK corporation tax is calculated at 20% (2015: 20.25%) of the estimated assessable profit for the financial year.

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

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:

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**9. Income tax expense (continued)**

	<b>2016 USD</b>	<b>2015 USD</b>
Profit before tax	-	2,069,191
Tax at the UK corporation tax rate	-	419,011
Tax effect of expenses that are not deductible in determining taxable profit	-	608
Group relief not paid for	-	5,450
Foreign tax claimed by deduction	-	1,674,036
Deferred tax of previous year	-	2,682
Tax expense at effective tax rate for the year	-	2,101,787

**10. Property, plant and equipment**

	<b>Plant and machinery USD</b>	<b>Vessel mobilisation USD</b>	<b>Computer equipment USD</b>	<b>Total USD</b>
<b>Cost:</b>				
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
Disposal (Note 13)	-	(3,479,453)	-	(3,479,453)
<b>At 31 December 2016</b>	<b>18,075</b>	<b>-</b>	<b>3,560</b>	<b>21,635</b>
<b>Accumulated depreciation:</b>				
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
Disposal (Note 13)	-	(667,931)	-	(667,931)
<b>At 31 December 2016</b>	<b>18,075</b>	<b>-</b>	<b>3,560</b>	<b>21,635</b>
<b>Net carrying amount</b>				
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2015	-	2,811,522	-	2,811,522

During the year ended 31 December 2016, the vessel mobilisation has been transferred to a related party at net book value.

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**11. Deferred tax assets**

	<b>2016</b>	2015
	<b>USD</b>	USD
As at 1 January	7,555	10,237
Prior year charge (Note 9)	-	(2,682)
	<u>7,555</u>	<u>7,555</u>
As at 31 December	<u>7,555</u>	<u>7,555</u>

**12. Trade and other receivables**

	<b>2016</b>	2015
	<b>USD</b>	USD
Trade receivable	-	4,714,799
Prepayments and advances	-	19,951
Others	-	3,787
	<u>-</u>	<u>4,738,537</u>
	<u>-</u>	<u>4,738,537</u>

During 2016, trade and other receivables amounting to USD 4,738,537 were transferred to a related party (Note 13).

As at 31 December 2015, trade receivables at nominal value of nil were impaired. The ageing of unimpaired trade receivables is as follows:

		<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>				
	<b>Total USD</b>	<b>USD</b>	<b>&lt;30 days USD</b>	<b>30-60 days USD</b>	<b>60-90 days USD</b>	<b>90-120 days USD</b>	<b>&gt;120 days USD</b>
2015	4,714,799	3,567,299	1,147,500	-	-	-	-

**13. Related party transactions**

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

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

**a) Transactions with related parties**

	2016 USD	2015 USD
Cost of sales	-	3,159,450
Transfer of trade and other receivables to a related party (Note 12)	4,738,537	-
Transfer of property, plant and equipment transferred to a related party (Note 10)	2,811,522	-
Transfer of inventories transferred to a related party	131,672	-
	<u>28,311,935</u>	<u>22,472,429</u>

During the year, the auditors' remuneration for audit services was borne by Topaz Energy and Marine Limited, the immediate parent undertaking of BUE Marine Limited.

**b) Due from related parties**

	2016 USD	2015 USD
<b>Companies under common ownership and management control:</b>		
BUE Marine Limited, Scotland	26,957,177	21,117,671
BUE Bautino LLP, Kazakhstan	1,261,638	1,261,638
BUE Aktau LLP, Kazakhstan	93,120	-
TEAM IX Limited, Scotland	-	93,120
	<u>28,311,935</u>	<u>22,472,429</u>

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

Outstanding balances at the year-end arise in the normal course of business. As at 31 December 2016, due from related parties is not impaired. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over inter-company receivables and the balances are therefore, unsecured.

**c) Due to related parties**

	2016 USD	2015 USD
<b>Companies under common ownership and management control:</b>		
XT Shipping Limited, Scotland	9,651,030	9,548,424
BUE Bulkers Limited, Scotland	7,131,611	7,131,611
BUE Caspian Limited, Scotland	6,499,166	6,499,166
Doha Marine Service WLL, State of Qatar	3,522,023	3,522,023
BUE Kyran Limited, Scotland	1,261,327	1,261,327
BUE Kazakhstan Limited, Scotland	261,905	261,905
Caspian Breeze Limited, St. Vincent	-	701,035
	<u>28,327,062</u>	<u>28,925,491</u>

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**14. Cash and cash equivalents**

	2016 USD	2015 USD
Cash in bank	-	724,349
Cash on hand	-	257
	<hr/>	<hr/>
Cash and cash equivalents	-	724,606
	<hr/>	<hr/>

**15. Share capital**

	2016 USD	2015 USD
<i>Authorised</i>		
100 (2015: 100) Ordinary shares of £1 (2015: £1) each	175	175
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 (2015: 100) Ordinary shares of £1 (2015: £1) each	175	175
	<hr/>	<hr/>

**16. Accounts payable and accruals**

	2016 USD	2015 USD
Trade payables	-	43,183
Accruals	-	306,171
	<hr/>	<hr/>
	-	349,354
	<hr/>	<hr/>

**17. Financial instruments**

**(a) Significant accounting policies**

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

**(b) Categories of financial instruments**

	2016 USD	2015 USD
<i>Financial assets</i>		
Loans and receivables	28,311,935	27,914,433
	<hr/>	<hr/>
<i>Financial liabilities</i>		
Loans and payables	28,327,062	30,893,893
	<hr/>	<hr/>

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

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

**Notes to the financial statements  
for the year ended 31 December 2016 (continued)**

**18. Risk management**

The Company has exposure to the following risk from its use of financial instruments:

- Credit risk,

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

***Risk management framework***

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management are responsible for developing and monitoring the Company's risk management policies. The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

The Company's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

***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 from the Company's due from related parties.

**19. 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 2016 and 31 December 2015. Capital comprises share capital and retained losses and is measured at USD 7,747 deficit as at 31 December 2016 (2015: USD 7,747 deficit).

**20. Ultimate parent company**

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