

Company Registration No: SC167536

BUE Marine Turkmenistan Limited

Financial Statements
31 December 2013

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BUE Marine Turkmenistan Limited

Financial statements

31 December 2013

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BUE MARINE TURKMENISTAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Thomas
R W V Donaldson
J K Daga

SECRETARY

HBJG Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
Midlothian
EH3 8EH

SOLICITORS

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

INDEPENDENT AUDITORS

Russell Phillips Limited
23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE MARINE TURKMENISTAN LIMITED
(Registered No. SC 167536)
ANNUAL REPORT AND ACCOUNTS – 2013

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the year ended 31 December 2013.

Principal activities

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

Review of activities and future development

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

Results

The loss for the year after taxation was USD 170, 903 (2012: profit USD 730,970). The loss of USD 170,903 (2012: profit USD 730,970) has been transferred to reserves.

Directors

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

S R Thomas
R W V Donaldson
J K Daga

Financial instruments

The Company's principal financial assets are bank balances and intercompany debtors. The Company's credit risk is primarily attributable to its intercompany debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The concentration of credit risks on these intercompany debtors is monitored on an ongoing basis by the management. The credit risk of liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise intercompany creditors and accruals. Intercompany creditors are paid on the standard terms of payment and are interest free. Accruals are paid on the standard terms of payment.

Employment of disabled persons

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

Supplier payment policy

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

REPORT OF THE DIRECTORS

Auditors

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

Directors' responsibilities

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

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

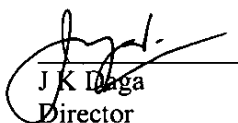
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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

Disclosure of information to auditors

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

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


J K Daga
Director

Date:- 15-MAY-14

BUE MARINE TURKMENISTAN LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BUE MARINE TURKMENISTAN LIMITED

We have audited the financial statements of BUE Marine Turkmenistan Limited for the year ended 31 December 2013 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

BUE MARINE TURKMENISTAN LIMITED

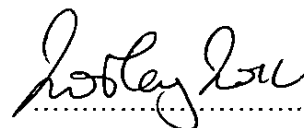
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BUE MARINE TURKMENISTAN LIMITED



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

**Chartered Accountants
Statutory Auditor**



23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

BUE Marine Turkmenistan Limited

Statement of comprehensive income for the year ended 31 December 2013

	<i>Note</i>	2013 USD	2012 USD
Revenue	4	-	109,344
Cost of sales		-	(648,007)
Gross Profit		-	(538,663)
Administrative expenses		(167,706)	311,579
Finance costs	5	(1,704)	(14,602)
Other income		-	-
(Loss) / profit before income tax		(169,410)	(241,686)
Income tax expense	6	(1,493)	972,656
(Loss) / profit for the year	7	(170,903)	730,970
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(170,903)	730,970

The independent auditors' report is set out on pages 4 and 5.

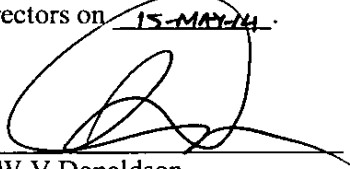
The attached notes on pages 10 to 22 form part of these financial statements.

BUE Marine Turkmenistan Limited

Statement of financial position as at 31 December 2013

	<i>Note</i>	2013 USD	2012 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	-	1,652
Deferred tax asset	9	12,484	13,977
		<u>12,484</u>	<u>15,629</u>
Current assets			
Trade and other receivables	10	-	309,125
Due from related parties	11a	23,268,005	22,625,312
Bank balances and cash	12	28,192	37,740
		<u>23,296,197</u>	<u>22,972,177</u>
TOTAL ASSETS		<u>23,308,681</u>	<u>22,987,806</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	175	175
Retained earnings		816,361	987,264
		<u>816,536</u>	<u>987,439</u>
Current liabilities			
Accounts payable and accruals	14	61,751	62,168
Due to related parties	11b	22,430,394	21,938,199
		<u>22,492,145</u>	<u>22,000,367</u>
Total liabilities		<u>22,492,145</u>	<u>22,000,367</u>
TOTAL EQUITY AND LIABILITIES		<u>23,308,681</u>	<u>22,987,806</u>

The financial statements were approved and authorized for issue in accordance with a resolution of the directors on 15-MAY-14.


R W V Donaldson
Director


J K Daga
Director

The independent auditors' report is set out on pages 4 and 5.

The attached notes on pages 10 to 22 form part of these financial statements.

Company Registration No: SC167536

BUE Marine Turkmenistan Limited

Statement of cash flows for the year ended 31 December 2013

	<i>Note</i>	2013 USD	2012 USD
OPERATING ACTIVITIES			
(Loss) / profit for the year		(170,903)	730,970
Adjustments for:			
Finance expenses	5	1,704	14,602
Depreciation	8	2,045	6,137
Income tax expenses	6	1,493	(972,656)
		<u>(165,661)</u>	<u>(220,947)</u>
Working capital changes:			
Inventory		-	404,620
Accounts receivable and prepayments		309,125	5,607,864
Accounts payable and accruals		(418)	(1,848,393)
Due from related parties		(643,084)	(5,116,001)
Due to related parties		492,194	310,920
		<u>(7,844)</u>	<u>(861,937)</u>
Cash (used in)/generated from operations		(1,704)	(14,602)
Finance expenses		-	529,889
Income tax paid		<u>-</u>	<u>-</u>
Net cash generated from / (used in) operating activities		<u>(9,548)</u>	<u>(346,650)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	-
		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>-</u>	<u>-</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,548)	(346,650)
Cash and cash equivalents at the beginning of the year		<u>37,740</u>	<u>384,390</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<i>12</i>	<u><u>28,192</u></u>	<u><u>37,740</u></u>

The independent auditors' report is set out on pages 4 and 5.

The attached notes on pages 10 to 22 form part of these financial statements.

BUE Marine Turkmenistan Limited

Statement of changes in equity for the year ended 31 December 2013

	Share Capital USD	Retained earnings USD	Total USD
Balance at 1 January 2012	175	256,293	256,468
<i>Total comprehensive income for the year</i>			
Loss for the year	-	730,970	730,970
	----	-----	-----
Total comprehensive income (loss) for the year	175	730,970	730,970
	----	-----	-----
Balance at 31 December 2012	175	987,263	987,438
	====	=====	=====
Balance at 1 January 2013	175	987,263	987,438
<i>Total comprehensive income for the year</i>			
Income for the year	-	(170,903)	(170,903)
	----	-----	-----
Total comprehensive income for the year	-	(170,903)	(170,903)
	----	-----	-----
Balance at 31 December 2013	175	816,361	816,536
	=====	=====	=====

The independent auditors' report is set out on pages 4 and 5.

The attached notes on pages 10 to 22 form part of these financial statements.

BUE Marine Turkmenistan Limited

Notes to the financial statements

1 Reporting entity

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

2 Basis of preparation

Statement of compliance

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

Basis of measurement

The financial statements are prepared under the historical cost convention.

Functional currency and presentation currency

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

Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the 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 and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

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

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

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

BUE Marine Turkmenistan Limited

Notes to the financial statements

3 Significant accounting policies (continued)

Revenue recognition (continued)

Proceeds of sale of vessels are treated as revenue.

Finance income and expenses

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

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

Financial instruments

Non-derivative financial assets

The Company initially recognises its non-derivative financial assets on the date that they are originated. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company's non-derivative financial assets include accounts and other receivables, cash and cash equivalents and amounts due from related parties.

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

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

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

Non-derivative financial liabilities

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

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

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

BUE Marine Turkmenistan Limited

Notes to the financial statements

3 Significant accounting policies (continued)

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Income tax

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

Current tax

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

Deferred tax

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

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

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

Property, plant and equipment

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

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.

BUE Marine Turkmenistan Limited

Notes to the financial statements

3 Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less any estimated residual value, of each asset, excluding vessels under construction, over its expected useful life as follows:

Plant and machinery	Over 5 years
Vessel mobilization	Duration of lease or charter
Computer equipment	3 years to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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

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

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

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

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy.

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

BUE Marine Turkmenistan Limited

Notes to the financial statements

3 Significant accounting policies (continued)

Impairment (continued)

Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

Non-financial assets

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

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of time value of money and risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

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

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

Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Leases

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are

BUE Marine Turkmenistan Limited

Notes to the financial statements

3 Significant accounting policies (continued)

Leases (continued)

apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Company as a lessor

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

New standards and interpretations

The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application 1 January 2013

- IFRS 9 (2010) Financial Instruments
- Presentation of items of other comprehensive income (OCI) (Amendments to IAS 1)
- IFRS 13 Fair value Measurement
- IAS 19 Employee Benefits (2011)
- IAS 27 Separate Financial Statements (2012)
- IAS 28 Investments in Associates and Joint Ventures (2012)

The adoption of these standards and amendments to standards had no material effect on these financial statements.

4 Revenue

	2013 USD	2012 USD
Lease rent from charter of marine vessels	-	42,188
Mobilization revenue	-	46,058
Catering and other revenue	-	21,098
	<u>-</u>	<u>109,344</u>

5 Finance costs

	2013 USD	2012 USD
Bank overdraft and charges	1,695	11,703
Exchange (gain) / loss	9	2,899
	<u>1,704</u>	<u>14,602</u>

BUE Marine Turkmenistan Limited

Notes to the financial statements

6 Taxation

	2013 USD	2012 USD
<i>Current taxation</i>		
Foreign tax	-	(971,000)
Total current tax	-	(971,000)
<i>Deferred tax</i>		
Current year	(330)	(1,412)
Prior year	1,823	(244)
Total deferred tax	1,493	(1,656)
Tax expense for the year	1,493	(972,656)
Tax liabilities	-	-

UK corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profit for the financial period.

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

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

6 Taxation (continued)

	2013 USD	2012 USD
Profit before tax	(170,903)	(241,686)
Tax at the UK corporation tax rate	(39,293)	(59,213)
Tax effect of expenses that are not deductible in determining taxable profit	1,395	1,470
Group relief not paid for	37,513	56,240
Prior year adjustment	1,823	(244)
Unrelieved foreign tax	-	(971,000)
Deferred tax of previous year	-	-
Difference in closing DT tax rate	54	90
Tax expense and effective tax rate for the year	1,493	(972,656)

7 Profit for the year

The profit for the year is stated after charging:

2013 USD	2012 USD
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BUE Marine Turkmenistan Limited

Notes to the financial statements

Staff costs	106,049	123,529
Net foreign exchange loss	9	2,899
Auditors' remuneration-for audit services	2,000	2,400

	2013	2013
	USD	USD

Staff Costs **Aggregate remuneration of employees** **(including executive directors)**

Wages and salaries	106,049	123,529
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Average monthly number of employees (including executive directors)

Administration and operations	45	54
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The directors received no emoluments during the year in respect of their services to the Company (2012: USD Nil). All emoluments paid to the directors in respect of their services to the Group are disclosed in the financial statements of Nico Middle East Limited.

BUE Marine Turkmenistan Limited

Notes to the financial statements

8 Property, plant and equipment

	<i>Plant and machinery USD</i>	<i>Vessel mobilization USD</i>	<i>Computer equipment USD</i>	<i>Total USD</i>
Cost:				
At 1 January 2012	18,075	1,858,852	3,560	1,880,487
Transfer to Related Party	-	(1,858,852)	-	-
At 31 December 2012	18,075	-	3,560	21,635
At 1 January 2013	18,075	-	3,560	21,635
Transfer to Related Party	-	-	-	-
At 31 December 2013	18,075	-	3,560	21,635
Depreciation:				
At 1 January 2012	11,688	507,187	2,158	521,033
Charge during the period	5,047	-	1,090	6,137
Transfer to Related Party	-	(507,187)	-	(507,187)
At 31 December 2012	16,735	-	3,248	19,983
At 1 January 2013	16,735	-	3,248	19,983
Charge during the period	1,735	-	311	2,046
Transfer to Related Party	(395)	-	-	(395)
At 31 December 2013	18,075	-	3,560	21,635
Net carrying amount				
At 31 December 2012	1,340	-	312	1,652
At 31 December 2013	-	-	-	-

9 Deferred tax asset

	2013 USD	2012 USD
As at 1 January	13,977	12,321
Profit and loss account debit	330	1,412
Prior Year Charge	(1,823)	244
As at 31 December	12,484	13,977

10 Trade and other receivables

	2013 USD	2012 USD
<i>Current</i>		
Trade receivable	-	309,125
Prepayments & advances	-	-
Other receivables	-	-
	-	309,125

BUE Marine Turkmenistan Limited

Notes to the financial statements

11 Related party transactions

Pricing policies and terms of these transactions are approved by the Company's management.

a) Due from related parties

	2013 USD	2012 USD
BUE Kazakhstan Limited	1,220,824	1,109,840
BUE Marine Limited	21,943,805	21,412,097
BUE Bautino	1,597	1,597
BUE Aktau	93,120	93,120
BUE Kyran Limited	311	311
NICO World	8,079	8,080
TEAM IX Limited	269	269
	<u>23,268,005</u>	<u>22,625,312</u>

b) Due to related parties

	2013 USD	2012 USD
Caspian Breeze Limited	568,219	567,826
BH Bulkers Limited	1,149,716	1,149,716
BUE Bulker Limited	5,300,682	5,889,647
XT Shipping Limited	8,378,066	7,616,424
Doha Marine Services WLL	3,522,023	3,522,023
BUE Caspian Limited	3,510,371	3,191,246
BUE Shipping	622	622
BUE Maritime	695	695
	<u>22,430,394</u>	<u>21,938,199</u>

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 2013, the Company has not recorded any impairment of amounts owed by related parties (2012: Nil).

12 Cash and cash equivalents

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

	2013 USD'000	2012 USD'000
Cash at bank- in current accounts	7,306	10,072
Cash in hand	20,886	27,668
	<u>28,192</u>	<u>37,740</u>
Cash and cash equivalents	<u>28,192</u>	<u>37,740</u>

BUE Marine Turkmenistan Limited

Notes to the financial statements

13 Share capital

	2013 USD	2012 USD
Authorised		
100 Ordinary shares of £1 each	175	175
	==	==
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	175	175
	==	==

14 Accounts payable and accruals

	2013 USD	2012 USD
Trade payables	40,324	40,290
Accruals	21,427	21,878
	-----	-----
	61,751	62,168
	==	==

15 Capital commitments and contingent liabilities

Capital commitment

There are no capital commitments and contingent liabilities for the year 2013 (2012: USD Nil).

Contingent liabilities

As at 31 December 2013, 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

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 2013					
Accounts payables and accruals	61,751	(61,751)	(61,751)	-	-
Due to related parties	22,430,394	(22,430,394)	(22,430,394)	-	-
	-----	-----	-----	-----	-----
Total	22,492,145	(22,492,145)	(22,492,145)	-	-
	=====	=====	=====	=====	=====
31 December 2012					
Accounts payables and accruals	62,123	(62,123)	(62,123)	-	-
Due to related parties	21,937,792	(21,937,792)	(21,937,792)	-	-
	-----	-----	-----	-----	-----
Total	21,999,915	(21,999,915)	(21,999,915)	-	-
	=====	=====	=====	=====	=====

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 2013 and 31 December 2012. Capital comprises share capital, share premium, capital redemption reserve, equity reserve and retained earnings / (losses) and is measured at USD 816,536 as at 31 December 2013 (2012: USD 987,439).

17 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

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

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

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 under the circumstances. Significant areas of estimation uncertainty and critical

BUE Marine Turkmenistan Limited

Notes to the financial statements

18 Key sources of uncertainty (continued)

Estimation uncertainty (continued)

judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment of property, plant and equipment

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

Impairment of accounts receivable

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

At the reporting date, gross trade accounts receivable were USD Nil (2012: USD 309,125) and the provision for doubtful debts was USD Nil (2012: USD Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Impairment of inventories

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

At the reporting date, gross inventories were USD Nil (2012: USD Nil) with provisions for old and obsolete inventories of USD Nil (2012: USD Nil). Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in profit or loss.

Provision for tax

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

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, for which consolidated financial statements are prepared. Copies of the financial statements are available from BUE Marine Limited, P.O. Box 282800, Level 58, Almas Tower, Jumairah Lakes Towers, Sheikh Zayed Road, Dubai, UAE.

The Company's ultimate parent undertaking is Renaissance Services SAOG, a Company registered in the Sultanate of Oman, for which consolidated financial statements are available from Renaissance Services SAOG, PO Box 1676, Post Code 114, Sultanate of Oman.