

Nico Middle East Limited and its subsidiaries

**Condensed unaudited consolidated interim financial information
For the three month period ended 31 Mar 2014**

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Nico Middle East Limited and its subsidiaries

Condensed unaudited consolidated interim statement of comprehensive income for the three month period ended 31 Mar 2014

		Three months ended 31 Mar 2014 US\$'000	Three months ended 31 Mar 2013 US\$'000
	Notes		
Revenue	7	89,356	83,785
Direct costs		(50,024)	(55,539)
GROSS PROFIT		39,332	28,246
Administrative expenses		(10,510)	(8,918)
Impairment losses on trade receivables	13	(867)	(268)
Other income		129	1,573
Other non-operating expenses		-	-
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		28,084	20,633
Finance costs	8	(14,411)	(10,151)
Finance income	8	327	878
Finance cost - net		(14,084)	(9,273)
PROFIT BEFORE INCOME TAX		14,000	11,360
Income tax expense	9	(4,768)	(4,445)
PROFIT FOR THE YEAR		9,232	6,915
OTHER COMPREHENSIVE INCOME			
Changes to cash flow hedges	9	(359)	(238)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(359)	(238)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		8,873	6,677
Income (Loss) attributable to:			
Owners		4,428	4,139
Non-controlling interest		4,804	2,776
INCOME (LOSS) FOR THE YEAR		9,232	6,915
Total comprehensive income (loss) attributable to:			
Owners		4,069	3,901
Non-controlling interest		4,804	2,776
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		8,873	6,677

Nico Middle East Limited and its subsidiaries

Condensed unaudited consolidated interim statement of financial position as at 31 Mar 2014

		Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000
ASSETS	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	1,257,558	1,121,815
Intangible assets and goodwill	11	26,746	26,766
Long-term receivables and prepayments	13	5,536	7,546
Deferred tax asset		2,256	2,104
		1,292,096	1,158,231
Current assets			
Inventories	12	4,408	4,178
Accounts receivable and prepayments	13	141,517	107,433
Due from related parties	21	17,277	17,098
Bank balances and cash	14	30,138	169,297
		193,340	298,006
TOTAL ASSETS		1,485,436	1,456,237
EQUITY AND LIABILITIES			
Equity			
Share capital	15	256,818	256,818
Statutory reserve		38	38
Hedging reserve	16	(201)	158
Retained earnings		175,655	191,227
Total equity attributable to equity holders of the Company		432,310	448,241
Non-controlling interest		131,428	92,673
Total equity		563,738	540,914
Non-current liabilities			
Term loans	17	614,107	619,753
Loan due to holding company	18	106,000	106,000
Employees' end of service benefits	19	3,150	3,072
Accounts payable and accruals	20	3,118	4,190
Fair value of derivatives		727	726
		727,102	733,741
Current liabilities			
Accounts payable and accruals	20	91,759	84,947
Bank overdraft	14	6,372	-
Term loans	17	47,344	51,136
Loan due to holding company	18	28,000	28,000
Due to related parties	21	3,073	1,045
Income tax payable	9	16,243	14,567
Fair value of derivatives		1,805	1,887
		194,596	181,582
Total liabilities		921,698	915,323
TOTAL EQUITY AND LIABILITIES		1,485,436	1,456,237

Nico Middle East Limited and its subsidiaries

Condensed unaudited consolidated interim statement of cash flows for the three month period ended 31 Mar 2014

	Three months ended 31 Mar 2014 US\$'000	Three months ended 31 Mar 2013 US\$'000
Profit (loss) before income tax	14,000	11,360
Adjustments to reconcile profit (loss) before tax to net cash flows:		
Fair value changes of derivative financial instruments	(240)	(878)
Impairment loss on trade accounts receivables	867	268
Provision for employees end of service benefits	198	174
Loss (profit) on sale of property, plant and equipment	-	-
Finance income	(87)	-
Finance costs	14,411	10,151
Depreciation and amortisation	14,693	14,502
Amortisation of Mobilisation costs	2,569	2,186
Working capital adjustments:		
Inventories	(230)	602
Accounts receivables, prepayments and other assets	(965)	(8,974)
Accounts payable, accruals and other liabilities	(2,579)	(6,170)
Due from/to related parties	(243)	(340)
Net cash from operations	42,394	22,881
OPERATING ACTIVITIES		
Income tax paid	(3,243)	(3,146)
Interest paid	(5,015)	(6,298)
End of service benefits paid	(70)	-
Net cash flows generated from operating activities	34,066	13,437
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(148,656)	(4,022)
Advance paid for vessels	(88)	-
Payments for intangible assets	-	-
Proceeds from disposal of property, plant and equipment	-	-
Change in LT receivable	-	-
Net movement in restricted cash	-	-
Net cash flows generated from (used) in investing activities	(148,744)	(4,022)
FINANCING ACTIVITIES		
Loans borrowed	-	20,420
Loans paid	(10,853)	(25,125)
Loan from Holding company - Renaissance	-	-
Repayment of loan due to holding company	-	-
Dividend paid to Owner	(20,000)	-
Dividend paid to non-controlling interests	-	-
Net cash flows generated from financing activities	(30,853)	(4,705)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(145,531)	4,710
Cash and cash equivalents at 1 January	158,297	15,096
CASH AND CASH EQUIVALENTS AT 31 MAR	12,766	19,806

Nico Middle East Limited and its subsidiaries

Condensed unaudited consolidated interim statement of changes in equity for the three month period ended 31 Mar 2014

	<i>Share capital US\$'000</i>	<i>Statutory reserve US\$'000</i>	<i>Hedging reserve US\$'000</i>	<i>Retained earnings US\$'000</i>	<i>Total US\$'000</i>	<i>Non- controlling interests US\$'000</i>	<i>Total equity US\$'000</i>
Balance at 1 January 2014	256,818	38	158	191,227	448,241	92,673	540,914
Profit for the period	-	-	-	4,428	4,428	4,804	9,232
Net changes in fair value of cash flow hedges	-	-	(359)	-	(359)	-	(359)
Total comprehensive income for the period	-	-	(359)	4,428	4,069	4,804	8,873
Transactions with the Owners							
Dividend paid	-	-	-	(20,000)	(20,000)	-	(20,000)
Equity contribution	-	-	-	-	-	33,951	33,951
Total transactions with the Owners	-	-	-	(20,000)	(20,000)	33,951	33,951
Balance at 31 Mar 2014	256,818	38	(201)	175,655	432,310	131,428	563,738
Balance at 1 January 2013	256,818	38	(2,118)	165,664	420,402	73,449	493,851
Profit for the period	-	-	-	25,563	25,563	19,224	44,787
Net changes in fair value of cash flow hedges	-	-	2,276	-	2,276	-	2,276
Total comprehensive income for the period	-	-	2,276	25,563	27,839	19,224	47,063
Balance at 31 Dec 2013	256,818	38	158	191,227	448,241	92,673	540,914

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014

1 GENERAL INFORMATION

Nico Middle East Limited ("the Company") is a limited liability company incorporated in Bermuda. The Company is a wholly owned subsidiary of Topaz Energy and Marine Limited ("the Holding Company"), an Offshore company registered in the Jebel Ali Free Zone. The address of the registered office of the Company is P.O. Box 1022, Clarendon House, Church Street - West, Hamilton HM DX, Bermuda. The ultimate holding company is Renaissance Services SAOG, ("the Ultimate Holding Company") a joint stock company incorporated in the Sultanate of Oman.

The condensed consolidated interim financial information for the three month period ended 31 Mar 2014 ("the interim financial information") comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The principal activities of the Group are ship management and operations of marine vessels on charter primarily to the oil and gas industry.

2 BASIS OF PREPARATION

The interim financial information has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The interim financial information has been presented in United States Dollars (USD), which is the functional currency of the Company and the presentation currency of the Group. All values are rounded to the nearest thousand (USD '000') except as otherwise indicated.

The interim financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

4 ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2013.

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk.

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013.

There have been no changes in the risk management department or any risk management policies since the year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. The main characteristics of the term loans provided to the Group are described in Note 17 and 18.

5.3 Fair value estimation

Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 Mar 2014	Total	Level 1	Level 2	Level 3	Cost
Derivative financial instruments	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Derivative financial instruments	2,532	-	2,532	-	-
At 31 December 2013 (Audited)					
Derivative financial instruments					
Derivative financial instruments	2,613	-	2,613	-	-

There were no transfers between Levels 1 and 2 during the period.

5.4 Fair value of financial assets and liabilities measured at amortized costs

The fair value of borrowings are as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Non-current	614,107	619,753
Current	47,344	51,136
	661,451	434,749

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Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivable
- Cash and cash equivalents (excluding bank overdrafts)
- Trade and other payables

6 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by chief operating decision-maker for the purposes of allocating resources and assessing performance. The Group operates under three primary geographical segments. The geographic segments are organised and managed separately according to the nature of the services provided, with each segment representing a strategic operating unit that offers different services.

Geographic segments

For management purposes, the Group is currently organised into three major geographic segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- MENA
- Global
- Caspian

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the chief operating decision-maker. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these geographic segments.

The following table presents segmental information about these businesses:

Three months ended 31 Mar 2014	MENA US\$'000	Global US\$'000	Caspian US\$'000	Corporate US\$'000	Eliminations US\$'000	Total US\$'000
Revenue	22,094	16,233	51,674	-	(645)	89,356
Direct costs	(12,349)	(10,963)	(27,203)	-	491	(50,024)
Gross profit/segment results	9,745	5,270	24,471	-	(154)	39,332
Administrative expenses	(2,422)	(1,101)	(4,035)	(2,952)	-	(10,510)
Impairment loss on accounts receivable	-	(867)	-	-	-	(867)
Other income	-	20	109	-	-	129
Finance cost, net	(1,997)	(2,326)	(8,253)	(1,508)	-	(14,084)
Profit before income tax	5,326	996	12,292	(4,460)	(154)	14,000
Income tax expense	(976)	(586)	(3,357)	151	-	(4,768)
Profit for the period	4,350	410	8,935	(4,309)	(154)	9,232

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Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

6 SEGMENT INFORMATION (continued)

Three months ended 31 Mar 2013	MENA US\$'000	Global US\$'000	Caspian US\$'000	Corporate US\$'000	Eliminations US\$'000	Total US\$'000
Revenue	22,542	12,100	49,850	-	(707)	83,785
Direct costs	(13,559)	(11,300)	(31,182)	-	502	(55,539)
Gross profit/segment results	8,983	800	18,668	-	(205)	28,246
Administrative expenses	(2,361)	(744)	(3,481)	(2,332)	-	(8,918)
Impairment loss on accounts receivable	(268)	-	-	-	-	(268)
Other income	267	1,001	305	-	-	1,573
Finance cost, net	(2,439)	(1,814)	(3,489)	(1,531)	-	(9,273)
Profit before income tax	4,182	(757)	12,003	(3,863)	(205)	11,360
Income tax expense	(988)	(403)	(3,054)	-	-	(4,445)
Profit for the period	3,194	(1,160)	8,949	(3,863)	(205)	6,915

7 REVENUE

	Three months ended 31 Mar 2014 US\$'000	Three months ended 31 Mar 2013 US\$'000
Charter and other revenues from marine vessels	86,249	82,033
Income from mobilization of marine vessels	3,107	1,752
Sale of marine vessels	-	-
	89,356	83,785

8 FINANCE INCOME AND COSTS

	Three months ended 31 Mar 2014 US\$'000	Three months ended 31 Mar 2013 US\$'000
Recognised in profit or loss		
Interest expense	14,111	10,102
Exchange loss	300	49
Finance cost	14,411	10,151
Exchange gain	-	-
Fair value changes of derivative financial instruments	240	878
Interest income	87	-
Finance income	327	878
Recognized in other comprehensive income		
Gain/ (loss) changes in the fair value of cash flow hedges	(359)	(238)

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Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

9 INCOME TAX

Tax expense relates to corporation tax payable on the profits earned by certain Group entities which operate in taxable jurisdictions, as follows:

Tax expense	4,768	4,445
Income tax payable	16,243	14,567

The Group's consolidated effective tax rate is 29% for Quarter ended Mar 2014 (Mar 2013: 31%).

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings US\$'000	Plant, machinery furniture, fixtures and office equipment US\$'000	Marine vessels US\$'000	Motor vehicles US\$'000	Capital work in progress US\$'000	Total US\$'000
Cost:						
At 1 January 2014	3,958	14,255	1,320,462	791	87,154	1,426,620
Additions	-	-	105,479	-	45,493	150,972
Transfer	-	-	-	-	-	-
Disposals / write offs	-	-	-	-	-	-
At 31 Mar 2014	3,958	14,255	1,425,941	791	132,647	1,577,592
Depreciation:						
At 1 January 2014	595	10,940	292,571	699	-	304,805
Charge for the year	53	148	14,448	24	-	14,673
Mobilisation charge for the year	-	-	556	-	-	556
Relating to disposals/write offs	-	-	-	-	-	-
At 31 Mar 2014	648	11,088	307,575	723	-	320,034
Net carrying amount						
At 31 Mar 2014	3,310	3,167	1,118,366	68	132,647	1,257,558

Capital work in progress includes costs incurred for construction of marine vessels.

During the three months ended march 2014, the Group has capitalized borrowing cost amounting to US\$ 2,316 thousand (Dec 2013: US\$ 2,217 thousand). Borrowing costs were capitalised at the weighted average rate of 9.2%.

The depreciation charge has been allocated as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Direct costs	14,448	54,770
Administrative expenses	225	916
	14,673	55,686

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

11 INTANGIBLE ASSETS AND GOODWILL

	Mar 2014			Dec 2013		
	Computer			(Audited) Computer		
	Goodwill US\$'000	Software US\$'000	Total US\$'000	Goodwill US\$'000	Software US\$'000	Total US\$'000
At 1 January	26,174	592	26,766	26,174	672	26,846
Additions	-	-	-	-	-	-
Amortization	-	(20)	(20)	-	(80)	(80)
At 31 Mar/31 December	26,174	572	26,746	26,174	592	26,766
Cost (gross carrying amount)	26,174	1,947	28,121	26,174	1,947	28,121
Accumulated amortization	-	(1,375)	(1,375)	-	(1,355)	(1,355)
Net carrying amount	26,174	572	26,746	26,174	592	26,766

Amortization of intangible assets has been allocated to administrative expenses in the condensed interim statement of comprehensive income.

Goodwill comprises of the following:

- goodwill arising from the acquisition of BUE Marine Limited with effect from 1 July 2005.
- goodwill arising from the acquisition of Doha Marine Services WLL with effect from 8 May 2008.

Goodwill has been allocated to three individual cash-generating units for impairment testing as follows:

- BUE Marine cash-generating unit;
- Doha Marine Services cash generating unit.

Carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
BUE Marine Limited Unit	18,383	18,383
Doha Marine Services Unit	7,791	7,791
	26,174	26,174

The recoverable amount of each cash-generating unit is determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management. The date of the last impairment testing was 31 December 2013.

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

12 INVENTORIES

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Stores, spares and consumables	4,510	4,280
Provision for slow moving inventories	(102)	(102)
	4,408	4,178

Movement in the provision for slow moving inventories were as follows:

At 1 January	102	550
Charge for the year	-	-
Written off during the period	-	(550)
Less: Transfer from related party	-	102
At the end of period/year	102	102

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Trade accounts receivable	87,946	85,219
Allowance for impairment of receivable	(5,069)	(4,892)
Deferred mobilisation costs	82,877	80,327
Advance to suppliers	12,891	14,901
Value added tax (VAT) recoverable	2,417	1,944
Prepaid expenses	4,764	5,265
Retention receivable	2,334	2,941
	1,365	3,028
Receivable from joint venture partner	33,951	-
Other receivables	6,454	6,573
	147,053	114,979
Less: Non-current portion of deferred mobilisation costs	(5,536)	(7,546)
	141,517	107,433

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS *(continued)*

At 31 Mar 2014, trade receivables with a nominal value of US\$ 5,069 thousand (31 December 2013: US\$ 4,892 thousand) were impaired. Movement in the allowance for impairment of receivables were as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
At 1 January	4,892	4,705
Charge for the year	867	4,839
Amounts written off	(690)	(4,652)
At the end of the period/year	5,069	4,892

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
MENA	12,967	13,847
Caspian	53,782	56,609
Others	16,128	9,871
At the end of the period/year	82,877	80,327

As at 31 Mar 2014 and 31 Dec 2013, the ageing of unimpaired trade receivables is as follows:

		Neither past due nor impaired US\$'000	Past due but not impaired				
			<30 days US\$'000	30-60 days US\$'000	60-90 days US\$'000	90-120 days US\$'000	>120 days US\$'000
2014	82,877	49,786	17,281	1,991	3,207	1,042	9,570
2013	80,327	56,763	6,199	3,639	1,954	1,498	10,274

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the condensed interim statement of cash flows include the following:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Cash at bank		
- Deposits under lien (refer (i) below)	11,000	11,000
- Current accounts	19,064	158,188
	30,064	169,188
Cash in hand	74	109
Bank overdraft (refer to (ii) below)	30,138	169,297
	(6,372)	-
Cash and bank balances	23,766	169,297
Less: Deposits under lien	(11,000)	(11,000)
Cash and cash equivalents	12,766	158,297

- (i) These represent deposits with a commercial bank held under lien against term loans obtained by the Group. (Note 17)
- (ii) Overdraft Facility is secured against pari-passu mortgage over its property, plant and equipment.

15 SHARE CAPITAL

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Authorised		
400,000,000 shares of US\$1 each (2013: 400,000,000 shares of US\$ 1 each)	400,000	400,000
Issued and fully paid		
256,817,094 shares of US\$ 1 each (2013: 256,817,094 shares of US\$ 1 each)	256,818	256,818

16 HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected the condensed consolidated interim statement of comprehensive income.

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

17 TERM LOANS

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
\$350M 8.625% Senior Notes due 2018	338,721	338,244
Term loan, at LIBOR plus 4.00% p.a. repayable by August 2017	156,176	162,595
Term loan at LIBOR plus 3.5% p.a. repayable by June 2020	50,353	51,933
Term loan at LIBOR plus 3.75% p.a. repayable by June 2018	61,655	61,526
Term loan at LIBOR plus 2.65% p.a. repayable by July 2022	17,564	18,668
Term loan at LIBOR plus 3.95% p.a. repayable by Oct 2017	9,973	10,359
Term loan at LIBOR plus 3.95% p.a. repayable by May 2018	9,717	10,303
Term loan at 5.75% p.a. repayable by Oct 2017	17,292	17,261
Current portion	661,451	670,889
	(47,344)	(51,136)
Non-current portion	614,107	619,753

The term loans are repayable as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Due within one year	47,344	51,136
Due between two to five years	589,034	594,680
Due after five years	25,073	25,073
	661,451	670,889

The borrowing arrangements include undertakings to comply with various covenants like senior interest cover, current ratio, EBITDA to finance cost, net debt to EBITDA ratio, tangible debt to net worth ratio and equity ratio including an undertaking to maintain a minimum tangible net worth which shall not be less than US\$ 350 million until 31 December 2013 and thereafter it shall be the greater of US\$ 450 million or 35% of total assets.

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

18 LOAN DUE TO ULTIMATE HOLDING COMPANY

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Term loan at 7.25% p.a. repayable by October 2013	-	-
Term loan at 7% p.a. repayable by November 2019 (refer (i) below)	30,000	30,000
Term loan at 8.50% p.a. repayable by September 2017 (refer (ii) below)	104,000	104,000
Term loan at 6.75% p.a. repayable by January 2014	-	-
Current portion	134,000	134,000
	(28,000)	(28,000)
Non-current portion	106,000	106,000

- (i) This represents loan obtained from the Ultimate holding company in 2012 for the purpose of financing acquisition of certain vessels and is subordinated to other indebtedness.
- (ii) This represents a subordinated loan payable in four equal installments of USD 26 million, starting from November 2014.

19 EMPLOYEES' END OF SERVICE BENEFITS

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. This is an unfunded defined benefit scheme.

Principal actuarial assumptions at the reporting date are as follows:

- Normal retirement age : 60-65 years
- Mortality, withdrawal and retirement: 5% turnover rate. Due to the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used for maturity, withdrawal and retirement.
- Discount rate: 5.25% p.a.
- Salary increases: 3% - 5% p.a.

Movement in the provision is recognised in the condensed interim statement of financial position is as follows:

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Provision as at 1 January	3,072	2,593
Provided during the period	148	870
End of service benefits paid	(70)	(442)
Transfer to a related party	-	51
Provision as at 31 Mar/ 31 Dec	3,150	3,072

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

20 ACCOUNTS PAYABLE AND ACCRUALS

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
<i>Current</i>		
Trade accounts payables	43,701	44,577
Accrued expenses	26,059	26,065
Deferred income	5,699	6,251
Interest payable	14,923	6,974
Other payables	1,377	1,080
	91,759	84,947
<i>Non-current</i>		
Deferred income	3,118	4,190

21 RELATED PARTY TRANSACTIONS AND BALANCES

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 Group's management.

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Due from related parties		
Directors	62	72
Topaz Engineering Ltd	17,132	16,943
Topaz Energy and Marine PLC,UK	83	83
	17,277	17,098
Due to related parties		
Renaissance Services SAOG ("the Ultimate Holding Company")	2,810	750
Others	263	295
	3,073	1,045

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2014 (continued)

22 CONTINGENCIES AND CLAIMS

Contingent liabilities

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Letters of credit	-	1,011
Letters of guarantee	17,362	16,854
	17,362	17,865

These are non-cash banking instruments like bid bond, performance bond, refund guarantee, retention bonds, etc, which are issued by banks on behalf of group companies to customers / suppliers under the non-funded working capital lines with the banks. These lines are secured by the corporate guarantee from various group entities. The amounts are payable only in the event when certain terms of contracts with customers / suppliers are not met.

23 COMMITMENTS

	Three months ended 31 Mar 2014 US\$'000	Year ended 31 Dec 2013 US\$'000 (Audited)
Capital expenditure commitment:		
Purchase of marine vessels	14,700	134,592
	14,700	134,592