

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

**Condensed unaudited consolidated interim financial information
For the three month period ended 31 Mar 2016**

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Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Condensed unaudited consolidated interim statement of comprehensive income for the three month period ended 31 Mar 2016

		Three months ended 31 Mar 2016 US\$'000	Three months ended 31 Mar 2015 US\$'000
	<i>Notes</i>		
Revenue	7	77,707	85,233
Direct costs		(47,472)	(53,789)
GROSS PROFIT		30,235	31,444
Administrative expenses		(8,689)	(9,038)
Impairment losses on trade receivables	13	-	(75)
Other income		-	87
Other non-operating expenses		-	-
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		21,546	22,418
Finance costs	8	(14,916)	(15,773)
Finance income	8	348	504
Finance cost - net		(14,568)	(15,269)
PROFIT BEFORE INCOME TAX		6,978	7,149
Income tax expense	9	(5,015)	(6,061)
PROFIT FOR THE YEAR		1,963	1,088
OTHER COMPREHENSIVE INCOME			
Changes to cash flow hedges	9	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		1,963	1,088
Income (Loss) attributable to:			
Owners		(4,274)	(4,422)
Non-controlling interest		6,237	5,510
INCOME (LOSS) FOR THE YEAR		1,963	1,088
Total comprehensive income (loss) attributable to:			
Owners		(4,274)	(4,422)
Non-controlling interest		6,237	5,510
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		1,963	1,088

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Condensed unaudited consolidated interim statement of financial position as at 31 Mar 2016

		Three months ended 31 Mar 2015 US\$'000	Year ended 31 Dec 2015 US\$'000
ASSETS	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	1,218,803	1,222,439
Intangible assets and goodwill	11	27,455	27,243
Long-term receivables and prepayments	13	1,296	1,397
Deferred tax asset		1,464	1,464
		1,249,018	1,252,543
Current assets			
Inventories	12	3,334	3,326
Accounts receivable and prepayments	13	93,048	100,158
Due from related parties	21	16,678	16,568
Bank balances and cash	14	74,802	55,069
		187,862	175,121
TOTAL ASSETS		1,436,880	1,427,664
EQUITY AND LIABILITIES			
Equity			
Share capital	15	284,720	284,720
Share premium		46,796	46,796
Statutory reserve			
Retained earnings		97,089	101,363
Total equity attributable to equity holders of the Company		428,605	432,879
Non-controlling interest		147,313	141,076
Total equity		575,918	573,955
Non-current liabilities			
Term loans	17	634,708	641,314
Loan due to holding company	18	74,973	76,000
Employees' end of service benefits	19	3,488	3,868
Accounts payable and accruals	20	514	574
		713,683	721,756
Current liabilities			
Accounts payable and accruals	20	66,425	53,019
Term loans	17	30,000	30,000
Loan due to holding company	18	28,000	28,000
Due to related parties	21	2,584	564
Income tax payable	9	20,270	20,370
		147,279	131,953
Total liabilities		860,962	853,709
TOTAL EQUITY AND LIABILITIES		1,436,880	1,427,664

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Condensed unaudited consolidated interim statement of cash flows for the three month period ended 31 Mar 2016

	Three months ended 31 Mar 2016 US\$'000	Three months ended 31 Mar 2015 US\$'000
Profit (loss) before income tax	6,978	7,149
Adjustments to reconcile profit (loss) before tax to net cash flows:		
Fair value changes of derivative financial instruments	-	20
Impairment loss on trade accounts receivables	-	75
Provision for employees end of service benefits	66	174
Loss (profit) on sale of property, plant and equipment	-	-
Finance income	(348)	(504)
Finance costs	14,916	15,753
Depreciation and amortisation	18,173	17,031
Amortisation of Mobilisation costs	708	522
Working capital adjustments:		
Inventories	(8)	(241)
Accounts receivables, prepayments and other assets	6,893	5,030
Accounts payable, accruals and other liabilities	5,145	1,604
Due from/to related parties	470	583
Net cash from operations	52,993	47,196
OPERATING ACTIVITIES		
Income tax paid	(5,119)	(5,748)
Interest paid	(4,131)	(3,493)
End of service benefits paid	(113)	(78)
Net cash flows generated from operating activities	43,630	37,877
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,146)	(14,421)
Advance paid for vessels	-	-
Payments for intangible assets	(226)	(23)
Net movement in restricted cash	-	-
Net cash flows generated from (used) in investing activities	(15,372)	(14,444)
FINANCING ACTIVITIES		
Loans borrowed	-	2,884
Loans paid	(7,500)	(10,357)
Loans from parent company	13,000	
Repayment of loan due to parent company	(14,025)	
Dividend paid to Owner	-	-
Net cash flows generated from financing activities	(8,525)	(7,473)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,733	15,960
Cash and cash equivalents at 1 January	55,069	63,414
CASH AND CASH EQUIVALENTS AT 31 MAR	74,802	79,374

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Condensed unaudited consolidated interim statement of changes in equity for the three month period ended 31 Mar 2016

	Share capital US\$'000	Share premium US\$'000	Statutory reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2016	284,720	46,796	-	101,363	432,879	141,076	573,955
Profit for the period	-	-	-	(4,274)	(4,274)	6,237	1,963
Net changes in fair value of cash flow hedges	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,274)	(4,274)	6,237	1,963
Balance at 31 Mar 2016	284,720	46,796	-	97,089	428,605	147,313	575,918
Balance at 1 January 2015	284,720	46,796	38	203,348	534,902	134,445	669,347
Loss for the year	-	-	-	(78,769)	(78,769)	20,277	(58,492)
Total comprehensive loss for the year	-	-	-	(78,769)	(78,769)	20,277	(58,492)
Transactions with the Owners							
Dividend paid to holding company	-	-	-	(22,000)	(22,000)	-	(22,000)
Dividend paid to non-controlling interests	-	-	-	-	-	(14,900)	(14,900)
Transactions with non-controlling interests	-	-	-	(1,254)	(1,254)	1,254	-
Transfer to retained earnings	-	-	(38)	38	-	-	-
Balance at 31 Dec 2015	284,720	46,796	-	101,363	432,879	141,076	573,955

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016

1 GENERAL INFORMATION

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) ("the Company") is a limited liability company incorporated in Bermuda. The Company is a subsidiary of Topaz Energy & 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 2016 ("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 provision of offshore supply vessels and other 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 2015, 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 2015.

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 2015.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (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 2015.

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 2016

Derivative financial instruments

	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Cost US\$'000
Derivative financial instruments	-	-	-	-	-

At 31 December 2015

(Audited)

Derivative financial instruments

Derivative financial instruments	-	-	-	-	-
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There were no transfers between Levels 1 and 2 during the period.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

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

The fair value of borrowings (including loan due to holding company) are as follows:

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Non-current	709,681	717,314
Current	58,000	58,000
	767,681	775,314

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:

- Caspian
- MENA
- Africa

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. Inter-segment pricing is determined on an arm's length basis.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

The following table presents segmental information about these businesses:

Three months ended 31 Mar 2016	Caspian US\$'000	MENA US\$'000	Africa US\$'000	Corporate US\$'000	Eliminations US\$'000	Total US\$'000
Revenue	51,104	20,227	6,376	-	-	77,707
Direct costs	(23,625)	(17,835)	(4,629)	(1,159)	(224)	(47,472)
Gross profit/segment results	27,479	2,392	1,747	(1,159)	(224)	30,235
Administrative expenses	(3,300)	(2,221)	(1,277)	(1,891)	-	(8,689)
Impairment loss on accounts receivable						
Other income						
Finance cost, net	(6,196)	(2,178)	(2,561)	(3,633)	-	(14,568)
Profit before income tax	17,983	(2,007)	(2,091)	(6,683)	(224)	6,978
Income tax expense	(3,584)	(836)	(595)	-	-	(5,015)
Profit for the period	14,399	(2,843)	(2,686)	(6,683)	(224)	1,963

Three months ended 31 Mar 2015	Caspian US\$'000	MENA US\$'000	Africa US\$'000	Corporate US\$'000	Eliminations US\$'000	Total US\$'000
Revenue	53,565	18,916	12,752	-	-	85,233
Direct costs	(26,728)	(12,206)	(14,699)	-	(156)	(53,789)
Gross profit/segment results	26,837	6,710	(1,947)	-	(156)	31,444
Administrative expenses	(3,956)	(2,244)	(1,881)	(957)	-	(9,038)
Impairment loss on accounts receivable	-	(25)	(50)	-	-	(75)
Other income	13	12	62	-	-	87
Finance cost, net	(7,706)	(1,816)	(3,697)	(2,050)	-	(15,269)
Profit before income tax	15,188	2,637	(7,513)	(3,007)	(156)	7,149
Income tax expense	(4,453)	(888)	(1,320)	600	-	(6,061)
Profit for the period	10,735	1,749	(8,833)	(2,407)	(156)	1,088

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

7 REVENUE

	Three months ended 31 Mar 2016 US\$'000	Three months ended 31 Mar 2015 US\$'000
Charter and other revenues from marine vessels	76,690	83,089
Income from mobilization of marine vessels	1,017	2,144
Sale of marine vessels	-	-
	77,707	85,233

8 FINANCE INCOME AND COSTS

	Three months ended 31 Mar 2016 US\$'000	Three months ended 31 Mar 2015 US\$'000
Recognised in profit or loss		
Interest expense	14,916	15,753
Exchange loss	-	-
Fair value changes of derivative financial instruments	-	20
	14,916	15,773
Finance cost		
Exchange gain (net)	348	504
Fair value changes of derivative financial instruments	-	-
Interest income	-	-
	348	504
Recognized in other comprehensive income		
Gain/ (loss) changes in the fair value of cash flow hedges	-	-

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	5,015	6,061
Income tax payable	20,270	20,370

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

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 2016	3,958	14,050	1,683,298	989	26,654	1,728,949
Additions	-	50	15,179	-	-	15,229
Transfer	-	-	15,718	-	(15,718)	-
Disposals / write offs	-	-	-	-	-	-
At 31 Mar 2016	3,958	14,100	1,714,195	989	10,936	1,744,178
Depreciation:						
At 1 January 2016	913	11,027	493,711	859	-	506,510
Charge for the year	40	177	17,918	25	-	18,160
Mobilisation charge for the year	-	-	705	-	-	705
Relating to disposals/write offs	-	-	-	-	-	-
At 31 Mar 2016	953	11,204	512,334	884	-	525,375
Net carrying amount						
At 31 Mar 2016	3,005	2,896	1,201,861	105	10,936	1,218,803

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

During the three months ended march 2016, the Group has capitalized borrowing cost amounting to Nil (3 months ended Mar 2015: US\$ 156 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 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Direct costs	17,918	69,429
Administrative expenses	242	1,075
	18,160	70,504

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

11 INTANGIBLE ASSETS AND GOODWILL

	Mar 2016			Dec 2015 (Audited)		
	Goodwill US\$'000	Computer Software US\$'000	Total US\$'000	Goodwill US\$'000	Computer Software US\$'000	Total US\$'000
At 1 January	26,174	1,069	27,243	26,174	514	26,688
Additions	-	225	225	-	621	621
Amortization	-	(13)	(13)	-	(66)	(66)
At 31 Mar/31 December	26,174	1,281	27,455	26,174	1,069	27,243
Cost (gross carrying amount)	26,174	2,793	28,967	26,174	2,568	28,742
Accumulated amortization	-	(1,512)	(1,512)	-	(1,499)	(1,499)
Net carrying amount	26,174	1,281	27,455	26,174	1,069	27,243

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 2016 US\$'000	Year ended 31 Dec 2015 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 2015.

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

12 INVENTORIES

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Stores, spares and consumables	3,334	3,326
Provision for slow moving inventories	-	-
	3,334	3,326

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Trade accounts receivable	85,512	93,168
Allowance for impairment of receivable	(8,627)	(8,627)
	76,885	84,541
Deferred mobilisation costs	-	970
Advance to suppliers	7,636	5,197
Value added tax (VAT) recoverable	339	199
Prepaid expenses	2,318	2,941
Retention receivable	525	1,934
Other receivables	6,641	5,773
	94,344	101,555
Less: Non-current portion of deferred mobilisation costs	(1,296)	(1,397)
	93,048	100,158

At 31 Mar 2016, trade receivables with a nominal value of US\$ 8,627 thousand (31 December 2015: US\$ 8,627 thousand) were impaired. Movement in the allowance for impairment of receivables were as follows:

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
At 1 January	8,627	8,668
Charge for the year	-	226
Amounts written off	-	(309)
Transfer	-	42
At the end of the period/year	8,627	8,627

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

13. ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

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

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
MENA	17,969	18,754
Caspian	49,025	55,484
Others	9,891	10,303
At the end of the period/year	76,885	84,541

As at 31 Mar 2016 and 31 Dec 2015, 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
2016	76,885	48,151	9,404	6,079	2,657	3,942	6,652
2015	84,541	52,009	14,393	6,362	4,109	1,051	6,617

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.

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 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Cash at bank		
- Deposits under lien	-	-
- Current accounts	74,734	55,037
	74,734	55,037
Cash in hand	68	32
Cash and bank balances	74,802	55,069
Less: Deposits under lien	-	-
Cash and cash equivalents	74,802	55,069

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

15 SHARE CAPITAL

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Authorised		
400,000,000 shares of US\$1 each (2015: 400,000,000 shares of US\$ 1 each)	400,000	400,000
Issued and fully paid		
284,719,616 shares of US\$ 1 each (2015: 284,719,616 shares of US\$ 1 each)	284,720	284,720

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.

17 TERM LOANS

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
\$350M 8.625% Senior Notes due 2018	343,045	342,462
Term loan, at LIBOR plus 2.75% p.a. repayable by April 2022	321,663	328,852
	-----	-----
	664,708	671,314
	-----	-----
Current portion	30,000	30,000
Non-current portion	634,708	641,314

The term loans are repayable as follows:

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Due within one year	30,000	30,000
Due between two to five years	472,209	466,317
Due after five years	162,499	174,997
	664,708	671,314

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

18 LOAN DUE TO ULTIMATE HOLDING COMPANY

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Term loan at 7% p.a. repayable by November 2019 (refer (i) below)	26,000	26,000
Term loan at 8.50% p.a. repayable by September 2017 (refer (ii) below)	76,973	78,000
	-----	-----
	102,973	104,000
	-----	-----
Current portion	28,000	28,000
Non-current portion	74,973	76,000

- (i) This represents loan obtained from the Ultimate holding company 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, started 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: 4.27% 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 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Provision as at 1 January	3,868	4,079
Provided during the period	66	302
End of service benefits paid	(113)	(513)
Transfer	(333)	-
Provision as at 31 Mar/ 31 Dec	3,488	3,868

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

20 ACCOUNTS PAYABLE AND ACCRUALS

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
<i>Current</i>		
Trade accounts payables	7,984	6,675
Accrued expenses	38,515	33,840
Deferred income	1,212	1,920
Interest payable	15,856	8,205
Other payables	2,858	2,379
	66,425	53,019
<i>Non-current</i>		
Deferred income	514	574

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 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Due from related parties		
Topaz Engineering Ltd	16,595	16,481
Tawoos	-	4
Topaz Energy and Marine PLC,UK	83	83
	16,678	16,568
Due to related parties		
Renaissance Services SAOG ("the Ultimate Holding Company")	2,584	564
Tawoos	-	-
	2,584	564

Topaz Energy and Marine Limited (formerly Nico Middle East Limited) and its subsidiaries

Notes to the condensed unaudited consolidated interim financial information for the three months period ended 31 Mar 2016 (continued)

22 CONTINGENCIES AND CLAIMS

Contingent liabilities

	Three months ended 31 Mar 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Letters of credit	-	9,000
Letters of guarantee	22,185	22,243
	20,397	31,243

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 2016 US\$'000	Year ended 31 Dec 2015 US\$'000 (Audited)
Capital expenditure commitment:		
Purchase of marine vessels	141,300	141,300
	141,300	141,300