

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

Consolidated financial statements
For the year ended 31 December 2015

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

Consolidated financial statements
31 December 2015

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 4
Independent auditors' report	5
Consolidated statement of comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of cash flows	8
Consolidated statement of changes in equity	9 - 10
Notes to the consolidated financial statements	11 - 56

DIRECTORS REPORT

To the Members,

The Directors have pleasure in presenting before you the audited consolidated financial statements for the year ended 31st December, 2015 of Topaz Energy and Marine Limited (formerly Nico Middle East Limited) ("the Company") and its subsidiaries (together, "the Group").

FINANCIAL RESULTS

Sr.No.	Particulars	US\$ millions	
		2015	2014
1	Revenue	362.4	404.6
2	Earnings before interest, tax and depreciation ("EBITDA")	174.5	203.8
3	Net Profit After Tax (excluding one-off charges)	22.1	48.6
3	Net Profit After Tax	(58.5)	52.1
4	Total Assets	1,427.7	1,542.2
5	Total Debt	775.3	790.9
6	Total Equity	574.0	669.3

The following one-off charges relate to Topaz (Bermuda) for 2015:

Particulars	US\$ millions	
	2015	2014
Provision for impairment of vessels	(71.0)	(4.0)
Unmortised arrangement fees write-off	(8.4)	-
Net gain/(loss) on sale of vessels	(1.2)	7.5
Total	(80.6)	3.5

Notes on one-offs:

Provision for impairment of vessels:

The decrease in oil prices to the lowest in a decade and its impact on the valuation of assets and businesses in the oil & gas industry has been substantial. Topaz's long term contract visibility is able to support the value in use for the major portion of its fleet, however where the vessels are on short term contracts and were underutilised, we have taken prudent decisions on impairment in line with IFRS requirements to recognise the fall in market value of those assets.

Unamortized arrangement fees write-off:

During the year 2015, Topaz has successfully refinanced bank debt of US\$ 313 million with lower interest rates and extended tenure. The unamortised costs relating to the loan that was refinanced has been written off.

Net gain/(loss) on sale of vessels:

One of the non-performing vessels was disposed of at a net loss of US\$ 1.2m

Topaz Energy and Marine Limited

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Branches
Nico Middle East Ltd. (Dubai Branch) Nico Middle East Limited (Abu Dhabi Branch) Nico Middle East Ltd. (Qatar Branch)

OPERATIONS

2015 opened with the Offshore Support Vessel ("OSV") market responding to an oil price in steep decline.

Our business is exposed to oil and gas and there has never been a time in our Group's history where the end of year numbers do so little justice to our stability and progress.

It is naturally disappointing to report a net loss. However, EBITDA and operational performance both remain robust; the net loss arises purely from a non-operational and exceptional write-down that has no effect on cash-flows.

Understanding the economic context really matters because we remain a secure business with operational performance that is well ahead of our industry peers in the global marketplace.

Our fortress position in the Caspian has remained stable and the fleet there did not face the abject inactivity experienced by much of the OSV market. We have the liquidity to meet our obligations and across the group we are growing our secured revenue.

All OSV operators in spot markets in West Africa took tough hits to their business volumes and this has, of course, dampened our overall performance.

The Middle-East has again delivered a satisfactory result, with high levels of utilisation. We have grown our backlog of contracts and deployed a new Anchor Handling Vessel in our key market of Saudi Arabia.

DIVIDEND

No dividend proposed for the year ended 31 December 2015.

INVESTMENT FOR GROWTH

During 2015 we conservatively expanded our fleet in line with our strategy of operating young and high spec vessels with enhanced reliability, safety and efficiency and thus services for our clients. The Group made capex payments of US\$ 57.5 million (2014 – US\$ 268.8 million) towards modernisation and expansion of the Group's OSV fleet.

We commissioned two new subsea vessels at a purchase price of approximately US\$115 million in September 2015, which will be delivered in 2nd half of 2017 demonstrating our ability to invest strategically in a depressed environment. The ERRV, 'Topaz Responder' (which was under construction in 2014) added to the fleet in 2015 and deployed to the Mena region on a firm contract. The addition of AHTS 'Topaz Mamlaka' in December 2015 brings the total number of vessels to 100 including the three newbuilds currently under construction. We expect our new MPSV ('Topaz Resolve') to be delivered imminently and it will be deployed in the Mena region.

LIQUIDITY

Our prudent approach to cash management during 2015 sets the foundation to operate a more efficient capital structure in 2016 and beyond. In April 2015, we have drawdown US\$ 350 million to refinance existing debt and agreed a facility to borrow an additional US\$ 200 million at highly competitive rates extending the maturity of our debt profile. This reflects the market's confidence in our strategy and our ability to reduce overall risk while ensuring our capital structure capture long-term growth and take advantage of appropriate opportunities as they arise. Our debt refinancing will continue to deliver savings in finance costs over the long-term savings despite the one-off non-cash charge US\$ 8.3 million during 2015.

MARKET AND OUTLOOK

Despite a strong performance in our key Caspian market, which makes up 62% of revenue, our financial results reflect subdued demand for offshore support vessels in our nascent market in Africa and rate pressure in Mena.

Core utilisation in our main markets has been high: in the Caspian markets core utilisation has been 96%, MENA 87% and sub-sea, 83%. However, West Africa has seen utilisation fall to below 50% and we have moved assets out of this region and laid up two ships into cold store. We believe these are the right measures to take in reaction to the lack of demand, although we retain a small but relevant presence in that market to service high-end, international clients.

As we head into 2016, we are likely to continue to see rate pressure as clients are impacted by the lower oil price environment, particularly in the Africa and Mena regions, where we are currently awaiting some tender decisions. The strong tender activity in Angola is yet to materialise into long term contracts, but we are very optimistic. Spot activities in Nigeria are low but we continue to benefit from the extension of PSV contracts with a major oil supplier. We are resolute Africa will be a lucrative market in the long-term and continue to build relationships with existing and potential clients to grow our business in this region.

We forecast the cost efficiency initiatives regarding procurement, administration, crew and overheads put in place during 2015 will save more than US\$ 10 million during 2016 and we will continue to find ways to optimise our cost structure without compromising on quality and safety in the future.

Today, we are a stable company in very turbulent markets and 2016 will continue to be challenging. We are meeting the challenges with balance sheet strength, a robust backlog of work, continuing investment in relevant assets and stable, long-term contracts with clients. We have taken the right steps this year to manage our operational costs, we have the liquidity to meet our obligations and we are preserving the health and spending power of our finances.

Overall, we are pleased to have delivered an above-market result in such trying times and we believe this is proof of the resilience of our strategy.

ACKNOWLEDGEMENT

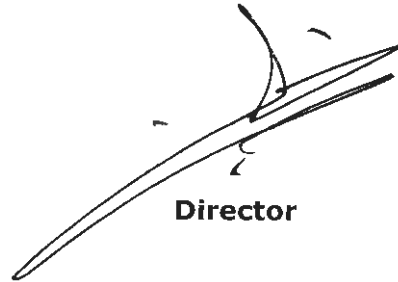
The Directors take this opportunity to express their thanks to Lenders, Customers, Major suppliers, Shareholders and other Stakeholders for their continued support and guidance.

The Directors wish to place on record their appreciation for the dedicated efforts put in by the employees of the Group at all levels.



Director

2



Director

Topaz Energy and Marine Limited

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**Independent auditor's report
to the shareholders of Topaz Energy & Marine Limited**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Topaz Energy & Marine Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
16 February 2016

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

Consolidated statement of comprehensive income
for the year ended 31 December

	Notes	2015 USD'000	2014 USD'000
Revenue	6	362,470	404,622
Direct costs		(218,590)	(217,251)
GROSS PROFIT		143,880	187,371
Administrative expenses		(39,752)	(41,145)
Impairment losses	7	(71,226)	(8,528)
Other income	8	100	426
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		33,002	138,124
Finance costs	9	(70,217)	(65,121)
Finance income	9	971	1,464
Finance costs – net		(69,246)	(63,657)
(LOSS)/PROFIT BEFORE INCOME TAX		(36,244)	74,467
Income tax expense	10	(22,248)	(22,371)
LOSS/PROFIT FOR THE YEAR	11	(58,492)	52,096
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss			
Changes to cash flow hedges	9	-	(158)
TOTAL COMPREHENSIVE LOSS/PROFIT FOR THE YEAR		(58,492)	51,938
(Loss)/Profit attributable to:			
Owners of the Company		(78,769)	32,121
Non-controlling interests		20,277	19,975
(LOSS)/PROFIT FOR THE YEAR		(58,492)	52,096
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(78,769)	31,963
Non-controlling interests		20,277	19,975
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		(58,492)	51,938
Basic and diluted (loss)/profit per share (USD)	35	(0.28)	0.12

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

Consolidated statement of financial position

As at 31 December

	Notes	2015 USD '000	2014 USD '000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,222,439	1,314,556
Intangible assets and goodwill	13	27,243	26,688
Long-term receivables and prepayments	15	1,397	888
Deferred tax asset	25	1,464	2,568
		<u>1,252,543</u>	<u>1,344,700</u>
Current assets			
Inventories	14	3,326	4,314
Accounts receivable and prepayments	15	100,158	112,594
Due from related parties	24	16,568	17,203
Bank balances and cash	16	55,069	63,414
		<u>175,121</u>	<u>197,525</u>
TOTAL ASSETS		<u>1,427,664</u>	<u>1,542,225</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	284,720	284,720
Share premium		46,796	46,796
Statutory reserve	18	-	38
Retained earnings		101,363	203,348
Total equity attributable to equity holders of the Company		432,879	534,902
Non-controlling interest		141,076	134,445
Total equity		<u>573,955</u>	<u>669,347</u>
Liabilities			
Non-current liabilities			
Term loans	20	641,314	628,163
Loan due to holding company	21	76,000	78,000
Employees' end of service benefits	22	3,868	4,079
Accounts payable and accruals	23	574	1,485
		<u>721,756</u>	<u>711,727</u>
Current liabilities			
Accounts payable and accruals	23	53,019	54,287
Term loans	20	30,000	56,709
Loan due to holding company	21	28,000	28,000
Due to related parties	24	564	604
Income tax payable	10	20,370	20,192
Fair value of derivatives	29	-	1,359
		<u>131,953</u>	<u>161,151</u>
Total liabilities		<u>853,709</u>	<u>872,878</u>
TOTAL EQUITY AND LIABILITIES		<u>1,427,664</u>	<u>1,542,225</u>

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 16th February 2016 and signed on its behalf by:

Director

Director

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

Consolidated statement of cash flows
for the year ended 31 December

	Notes	2015 USD'000	2014 USD'000
(Loss)/Profit before income tax from continuing operations		(36,244)	74,467
Adjustments to reconcile profit before tax to net cash flows:			
Charge on discontinuance of hedge accounting	9	-	(158)
Fair value changes of derivative financial instruments	9	(194)	(1,254)
Impairment losses on property, plant and equipment	7	71,000	4,000
Impairment loss on trade accounts receivables	7	226	4,528
Provision for employees' end of service benefits	22	302	1,345
Profit on sale of property, plant and equipment	8	-	(19)
Finance income	9	(777)	(52)
Finance costs	9	70,217	65,121
Depreciation and amortisation		70,570	61,625
Amortisation of mobilisation		2,890	9,175
Working capital adjustments:			
Inventories		988	(136)
Marine vessels classified as inventories and sold during the year		3,609	7,898
Accounts receivables, prepayments and other assets		2,365	3,697
Accounts payable, accruals and other liabilities		(4,740)	(3,399)
Due from related parties		597	(372)
Net cash generated from operations		180,809	226,466
OPERATING ACTIVITIES			
Income tax paid		(20,961)	(17,210)
Interest paid		(55,182)	(62,445)
Employees' end of service benefits paid	22	(513)	(338)
Net cash flows generated from operating activities		104,153	146,473
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(57,511)	(295,069)
Acquisition of intangible assets		(621)	-
Advance paid for vessels		(553)	(1,161)
Proceeds from disposal of property, plant and equipment		-	117
Change in long term receivable		(1,397)	-
Net movement in restricted cash		13,000	(2,000)
Net cash flows used in investing activities		(47,082)	(298,113)
FINANCING ACTIVITIES			
Funding from non-controlling interests			84,000
Loans borrowed		345,884	91,568
Loans paid		(372,100)	(83,811)
Repayment of loan due to holding company		(2,000)	(28,000)
Dividends paid		(22,000)	(20,000)
Dividends paid to non-controlling interests*		(2,200)	-
Net cash flows (used in)/generated from financing activities		(52,416)	43,757
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,655	(107,883)
Cash and cash equivalents at 1 January		50,414	158,297
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	55,069	50,414

NON-CASH TRANSACTION

In 2015, dividends to non-controlling interest amounting to USD 12,700 thousand were set off against receivable from non-controlling interest.

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

Consolidated statement of changes in equity for the year ended 31 December

	Attributable to Owners of the Company						Non- controlling interests USD '000	Total equity USD '000
	Share capital USD '000	Share premium USD '000	Statutory reserve USD '000	Hedging reserve USD '000	Retained earnings USD '000	Total USD '000		
Balance at 1 January 2014	256,818	-	38	158	191,227	448,241	92,673	540,914
Profit for the year	-	-	-	-	32,121	32,121	19,975	52,096
Other comprehensive income (refer note 9)	-	-	-	(158)	-	(158)	-	(158)
Total comprehensive income for the year	-	-	-	(158)	32,121	31,963	19,975	51,938
Transactions with the Owners of the Company								
Additional capital introduced	27,902	46,796	-	-	-	74,698	21,797	96,495
Dividend paid to holding company (refer to 34)	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Total transactions with the Owners of the Company	27,902	46,796	-	-	(20,000)	54,698	21,797	76,495
Balance at 31 December 2014	284,720	46,796	38	-	203,348	534,902	134,445	669,347

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

Consolidated statement of changes in equity (continued) for the year ended 31 December

	Attributable to Owners of the Company					Non-controlling interests USD '000	Total equity USD '000
	Share capital USD '000	Share premium USD '000	Statutory reserve USD '000	Retained earnings USD '000	Total USD '000		
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							
Transactions with the Owners of the Company							
Dividend paid to holding company (refer to 34)	-	-	-	(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	-	-	-
Total transactions with the Owners of the Company							
	-	-	(38)	(23,216)	(23,254)	(13,646)	(36,900)
Balance at 31 December 2015	284,720	46,796	-	101,363	432,879	141,076	573,955

The independent auditors' report is set out on page 5.
The attached notes on pages 11 to 56 form part of these consolidated financial statements.

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

Notes to the consolidated financial statements

1 ACTIVITIES

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 consolidated financial statements of the Group as at and for the year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as "the Group" and individually as "the Group entities") and the Group's interest in jointly controlled 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 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

i) Subsidiaries of Topaz Energy and Marine Limited (formerly Nico Middle East Limited)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Topaz Energy and DMCC	United Arab Emirates	100%	100%	Ship management/Marine Services
Nico World II Limited	Vanuatu	100%	100%	Charter of marine vessels
Nico Far East Pte Limited	Singapore	100%	100%	Charter of marine vessels
TEAM I Limited	Vanuatu	100%	100%	Charter of marine vessels
TEAM II Limited [refer note 2 (a)]	St.Vincent	50%	50%	Charter of marine vessels
TEAM III Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM IV Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM V Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM VI Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM VII Limited [refer note 2 (a)]	St.Vincent	50%	50%	Charter of marine vessels
TEAM VIII Limited	St.Vincent	100%	100%	Charter of marine vessels
TEAM IX Limited [refer note 2 (e)]	St.Vincent	-	100%	Charter of marine vessels
TEAM X Limited	St.Vincent	50%	50%	Charter of marine vessels
TEAM XII Limited	St. Vincent	100%	100%	Charter of marine vessels
TEAM XIII Limited	St. Vincent	100%	100%	Charter of marine vessels
TEAM XV Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XVI Limited	St. Vincent	100%	100%	Charter of marine vessels

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

Notes to the consolidated financial statements (continued)

2 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (continued)

i) Subsidiaries of Topaz Energy and Marine Limited (formerly Nico Middle East Limited) (continued)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
TEAM XVII Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XVIII Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
TEAM XX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXIV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXVI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXVII Limited [refer note 2 (a)]	Marshall Islands	50%	50%	Charter of marine vessels
TEAM XXVIII Limited [refer note 2 (a)]	Marshall Islands	50%	50%	Charter of marine vessels
TEAM XXIX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXV Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXVI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXVII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXVIII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XXXIX Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XL Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLI Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLII Limited	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLIII Limited [refer note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels

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

Notes to the consolidated financial statements (continued)

2 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (continued)

i) Subsidiaries of Topaz Energy and Marine Limited (formerly Nico Middle East Limited) (continued)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
TEAM XLIV Limited [refer note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLV Limited [refer note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLVI Limited [refer note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
TEAM XLVII Limited [refer note 2 (f)]	Marshall Islands	100%	100%	Charter of marine vessels
BUE Marine Limited	United Kingdom	100%	100%	Charter of marine vessels
Topaz BUE Limited	United Arab Emirates	100%	100%	Charter of marine vessels
Topaz Doha Holdings I Limited	St. Vincent	100%	100%	Charter of marine vessels
Topaz Doha Holdings II Limited	St. Vincent	100%	100%	Charter of marine vessels
Caspian Fortress Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Pride Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Baki Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Citadel Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Gala Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Server Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Breeze Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Protector Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Power Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Provider Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Caspian Islay Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels

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

Notes to the consolidated financial statements (continued)

2 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (continued)

i) Subsidiaries of Topaz Energy and Marine Limited (formerly Nico Middle East Limited) (continued)

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Caspian Jura Limited [refer note 2 (a)]	St. Vincent	50%	50%	Charter of marine vessels
Topaz Marine Saudi Arabia Limited	Saudi Arabia	100%	100%	Operation services and technical support for ships
Topaz Khobar Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khuwair Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khalidiya Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Karama Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Karzakkan Limited	Marshall Islands	100%	100%	Charter of marine vessels
Topaz Khubayb Limited	Marshall Islands	100%	100%	Charter of marine vessels
Ererson Shipping Limited	Cyprus	100%	100%	Charter of marine vessels
Heatberg Shipping Limited	Cyprus	100%	100%	Charter of marine vessels
Topaz Marine Limited	Bermuda	100%	100%	Charter of marine vessels
Topaz Marine S.A.	Luxembourg	100%	100%	Investment company
Topaz Astrakhan Limited	Marshall Islands	100%	100%	Charter of marine vessels
BUE Caspian Limited	Scotland	100%	100%	Vessel management
BUE Kazakhstan Limited	Scotland	100%	100%	Vessel management
BUE Cygnet Limited	Scotland	100%	100%	Vessel management
BUE Bulkera Limited	Scotland	100%	100%	Vessel management
BUE Shipping Limited	Scotland	100%	100%	Vessel management

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

Notes to the consolidated financial statements (continued)

2 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (continued)

ii) Subsidiaries of BUE Marine Limited

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Roosalka Shipping Limited	Scotland	100%	100%	Vessel management
BUE Aktau LLP	Kazakhstan	100%	100%	Vessel management
BUE Bautino LLP	Kazakhstan	100%	100%	Vessel management
Roosalka Shipping Limited [refer note 2 (e)]	Cayman Islands	-	100%	Dormant company
BUE Kyran Limited	Scotland	100%	100%	Vessel management
BUE Marine Turkmenistan Limited	Scotland	100%	100%	Vessel management
XT Shipping Limited	Scotland	100%	100%	Vessel management
BUE Kashagan Limited [refer note 2 (e)]	Cayman Islands	-	100%	Vessel management
BUE Maritime Services Limited [refer note 2 (e)]	Scotland	-	100%	Vessel management
River Till Shipping Limited	Scotland	100%	100%	Vessel management

iii) Subsidiary of Topaz Doha Holdings II Limited

Company	Country of incorporation	Registered percentage shareholding		Principal activities
		2015	2014	
Doha Marine Services WLL [refer note 2 (d)]	State of Qatar	49%	49%	Vessel management
DMS Marine SPC	State of Qatar	100%	100%	Charter of marine vessels

- a) Caspian Fortress Limited, Caspian Pride Limited, Caspian Baki Limited, Caspian Citadel Limited, Caspian Gala Limited, Caspian Server Limited, Caspian Breeze Limited, Caspian Power Limited, Caspian Protector Limited, Caspian Provider Limited, Team VII Limited, Team XV Limited, Team XVII Limited, Team XVIII Limited, Caspian Islay Limited, Caspian Jura Limited, Team II Limited, Team X Limited, Team XXVII Limited and Team XXVIII Limited have been considered as subsidiaries as the Group is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to affect those returns through its power over these entities under management agreements with the respective shareholders.
- b) Topaz Marine Limited owns the entire issued share capital of Topaz Marine Azerbaijan Limited.
- c) BUE Caspian Limited owns the entire issued share capital of BUE Maritime Services Limited and BUE Marine Turkmenistan Limited, companies incorporated and registered in Scotland.

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

Notes to the consolidated financial statements (continued)

2 SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (continued)

- d) The Group owns 49% of the shareholding in Doha Marine Services WLL ("DMS"), an entity incorporated in the State of Qatar. In addition to the above mentioned 49% ownership interest, the Group also has a beneficial interest in a further 51% in DMS through its Holding Company. Accordingly, the Group is exposed to, or has rights to, variable returns from its involvement with DMS and has the ability to affect those returns through its power over DMS, and therefore, DMS has been consolidated as a subsidiary in these consolidated financial statements.
- e) During the year, the Group has dissolved Team IX Limited, BUE Maritime Services Limited, Roosalka Shipping Limited and BUE Kashagan Limited.
- f) Team XLIII Limited, Team XLIV Limited, Team XLV Limited, Team XLVI Limited and Team XLVII Limited were incorporated in the current year for the purposes of charter of marine vessels. The Group owns the entire issued capital of these companies.

3 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of derivative financial instruments.

Functional currency and presentation currency

The consolidated financial statements are presented in United States Dollars (USD) which is the Group's presentation currency. The Group's subsidiaries may have functional currencies other than USD, in which case the respective local currency is the functional currency.

A significant proportion of the Group's assets, liabilities, income and expenses are in USD, AED and Qatari Riyal (QR), to which the AED and QR is currently pegged at approximately AED 3.67 equals to USD 1 and QR 3.46 equals to 1 USD respectively. All values are rounded to the nearest thousand except where otherwise indicated.

Use of estimates and judgments

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 33.

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

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and each of the entities that it controls together with its interest in jointly controlled entities. Also refer note 2.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in consolidated statement of comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

Subsequently, it is accounted for as equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year using consistent accounting policies.

Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 January 2012.

Transactions and balances eliminated on consolidation

Intra-group balances and transactions, and any unrealised gain arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated.

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is ceased, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owners' equity.

Acquisition of non-controlling interests is accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Revenue recognition

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

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Marine charter

Revenue comprises operating lease rent from charter of marine vessels, mobilisation income, and revenue from provision of on-board accommodation, catering services and sale of fuel and other consumables.

Lease rent income is recognised on a straight line basis over the period of the lease. Revenue from provision of on-board accommodation and catering services is recognised over the period of hire of such accommodation while revenue from sale of fuel and other consumables is recognised when delivered. Income generated from the mobilisation or demobilisation of the vessel to or from the location of charter under the vessel charter agreement is recognised over the period of the related charter party contract.

Sale of vessels

Revenue from sale of vessels is recognised in consolidated income statement when pervasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing management involvement with the vessels and the amount of revenue can be measured reliably.

Dividend

Dividend income is recognised in consolidated income statement on the date that the Group's right to receive payment is established.

Finance income and expenses

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in consolidated income statement. Interest income is recognised in consolidated income statement as it accrues, using the effective interest rate method.

Finance expense comprises interest expense on borrowings and losses on hedging instruments that are recognised in consolidated statement of comprehensive income. All borrowing costs are recognised in consolidated statement of comprehensive income using the effective interest rate method. However, borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of that asset, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates 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.

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency (continued)

Foreign currency transactions (continued)

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 in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in consolidated income statement except for differences arising in retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, to the extent these hedges are effective, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and are presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in translation reserve related to that foreign operation is reclassified to consolidated statement of comprehensive income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in a foreign operation and are recognised in other comprehensive income, and are presented in translation reserve in equity.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in consolidated income statement except to the extent that it relates to a business combination, or items that are recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of prior years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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 for financial reporting purposes. 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, unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax (continued)

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

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision Maker (CODM) i.e. the Company's Board of Directors. All operating segments' operating results are reviewed regularly by the CODM to make decisions about the resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results that are reported to the Company's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Property, plant and equipment

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value. Cost of marine vessels includes purchase price paid to third party including registration and legal documentation costs, all directly attributable costs incurred to bring the vessel into working condition at the area of planned use, mobilization costs to the operating location, sea trial costs, significant rebuild expenditure incurred during the life of the asset and financing costs incurred during the construction period of vessels. In certain operating locations where the time taken for mobilization is significant and the customer pays a mobilization fee, certain mobilization costs are charged to profit or loss. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Notes to the consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Life in years

Buildings	5 to 25
Plant, machinery, furniture, fixtures and office equipment	3 to 15
Marine vessels revalued (from the date of latest revaluation)	10
Marine vessels acquired (including boats)	15 to 30
Expenditure on marine vessel dry docking (included as a component of marine vessels)	3

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is capitalised and ready for use. Depreciation method, useful lives and residual values are reviewed at each reporting date.

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 is probable that future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in the consolidated statement of comprehensive income as 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 the consolidated statement of comprehensive income.

The company disposes of 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.

Capital work in progress

Capital work in progress is stated at cost until the construction is complete. Upon the completion of construction, the cost of such assets together with cost directly attributable to construction, including capitalised borrowing cost are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Dry docking costs

The expenditure incurred on vessel dry docking, a component of property, plant and equipment, is amortised over the period from the date of dry docking, to the date on which the management estimates that the next dry docking is due, which ordinarily is within 2 to 3 years.

Vessel refurbishment costs

Owned assets

Cost incurred to refurbish owned assets are capitalised within property, plant and equipment and then depreciated over the shorter of the estimated economic life of the related refurbishment or the remaining life of the vessel.

Notes to the consolidated financial statements (continued)

4. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Intangible assets

Goodwill

Goodwill that arises with acquisition of subsidiaries is presented within intangible assets. Goodwill is initially measured at the fair value of consideration transferred plus the recognised amount of any non controlling interest in the acquiree plus, if the business combination is achieved in stages, the fair value of pre-existing equity interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any negative goodwill is immediately recognised in profit or loss. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or groups of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or groups of cash-generating units) is less than the carrying amount, an impairment loss is recognised in profit or loss. An impairment loss in respect of goodwill is not reversed. Where goodwill forms part of a cash-generating unit (or groups of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation is charged on a straight line basis over the estimated useful life of five years, from the date they are available for use. Amortisation method, useful lives and residual values are reviewed at each reporting date.

Financial instruments

Non-derivative financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current.

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

Notes to the consolidated financial statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial assets (continued)

Classification (continued)

b) Loans and receivables

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

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the consolidated statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as ‘gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group’s right to receive payments is established.

Non-derivative financial liabilities

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

The Group’s non-derivative financial liabilities include loans and borrowings, bank overdrafts, accounts and other payables and balances due to related parties. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group 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.

Notes to the consolidated financial statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported consolidated income statement

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the consolidated income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the consolidated statement of comprehensive income, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of comprehensive income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects the consolidated statement of comprehensive income. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the consolidated statement of comprehensive income. In other cases the amount recognised in other comprehensive income is transferred to the consolidated statement of comprehensive income in the same period that the hedged item affects the consolidated statement of comprehensive income.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the consolidated statement of comprehensive income.

Impairment

Financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or issuer and economic conditions that correlate with defaults. The Group considers evidence of impairment of financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Notes to the consolidated financial statements (continued)

4. 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 the consolidated statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than goodwill, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in consolidated income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to that cash generating unit and then to reduce the carrying amounts of the other assets in that cash generating unit on a pro rata basis.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use over its useful life 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 pretax discount rate that reflects current market assessments of time value of money and risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually 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 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 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 estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances and short-term deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Notes to the consolidated financial statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

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

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings on an effective interest basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the interest bearing borrowings to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Employees' end of service benefits

Pursuant to IAS 19 "*Employee benefits*", end of service benefit obligations are measured using the projected unit credit method. The objective of the method is to spread the cost of each employee's benefits over the period that the employee is expected to work for the Group. The allocation of the cost of benefits to each year of service is achieved indirectly by allocating projected benefits to years of service. The cost allocated to each year of service is then the value of the projected benefit allocated to that year.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Notes to the consolidated financial statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Leases

Group as a lessee

Leased asset

Finance leases, which transfer to the Group 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. Subsequent to initial recognition, 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 Group 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 and are not recognised in the Group's statement of financial position.

Lease payments

In respect of finance leases, lease payments are 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 the consolidated statement of comprehensive income.

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

Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Leases where the Group has transferred substantially all the risks and rewards of ownership are classified as finance leases. The present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. The lease rentals are allocated between finance income and repayment of principal in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

Dividends distribution

Dividends are recognised as a liability in the year in which the dividends are approved by the Company's board of directors.

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

Notes to the consolidated financial statements (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2015

The following standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2015 and have an impact on the Group:

- IAS 19 (amendment), 'Employee benefits' (effective 1 July 2014).

The adoption of the amended standards did not have a material impact on the Group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not yet early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Management is currently assessing the following standards and amendments which are likely to have an impact on the Group's financial statements:

- IAS 1 (amendment) 'Presentation of Financial Statements' (effective from 1 January 2016);
- IFRS 11 (amendment), 'Joint arrangements' (effective from 1 January 2016);
- IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' (amendment) (effective 1 January 2016);
- IFRS 10 'Consolidated financial statements' and IAS 28 'Investment in associates' (amendment) (effective from 1 January 2016);
- IAS 27 (amendment) 'Separate financial statements' (effective from 1 January 2016);
- IFRS 9, 'Financial instruments: Classification and Measurement' (effective from 1 January 2018);
- IFRS 14, 'Regulatory deferral accounts' (effective from 1 January 2016); and
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group is in the process of assessing the impact of the new standards and amendments and intends to adopt these no earlier than their respective effective dates. These standards and amendments are not expected to have significant impact on the Group's accounting policies and are expected to result in additional disclosures only.

5 DETERMINATION OF FAIR VALUES

Certain of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Forward exchange contracts and interest rate swaps

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

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

Notes to the consolidated financial statements (continued)

5 DETERMINATION OF FAIR VALUES (continued)

Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6 REVENUE

	2015 USD'000	2014 USD'000
Charter and other revenues from marine vessels	351,935	377,922
Income from mobilization of marine vessels	8,035	10,200
Sale of marine vessels	2,500	16,500
	<u>362,470</u>	<u>404,622</u>

7 IMPAIRMENT LOSSES

	2015 USD'000	2014 USD'000
Impairment loss on accounts receivable (refer note 15)	226	4,528
Impairment loss on property, plant and equipment (refer note 12)	71,000	4,000
	<u>71,226</u>	<u>8,528</u>

8 OTHER INCOME

	2015 USD'000	2014 USD'000
Unclaimed balances written back	-	53
Gain on disposal of property, plant and equipment	-	19
Miscellaneous income	100	354
	<u>100</u>	<u>426</u>

Miscellaneous income includes expense claim settlement with a customer, vessel insurance claim settlement and other miscellaneous income.

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

Notes to the consolidated financial statements (continued)

9 FINANCE INCOME AND COSTS

	2015 USD'000	2014 USD'000
Recognised in profit or loss		
Interest income	-	52
Exchange gain	777	-
Fair value changes of derivative financial instruments (refer (i) below and note 29)	194	1,254
Charge on discontinuance of hedge accounting	-	158
Finance income	971	1,464
Interest expense	70,217	62,789
Exchange loss	-	2,332
Finance costs	70,217	65,121
Recognised in other comprehensive income		
Reclassification on discontinuance of hedge accounting (refer note 29)	-	(158)
Finance income	-	(158)

- (i) This represents gain on fair valuation of interest rate swaps which are not designated as hedging instruments under IAS 39 'Financial Instruments: Recognition and Measurement' and therefore recognised in profit or loss.

10 INCOME TAX

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

	2015 USD'000	2014 USD'000
Current taxation		
Foreign tax	20,721	22,219
Corporation tax	422	616
Total current tax	21,143	22,835
Deferred tax		
Current year	983	(7)
Prior year	121	(457)
Total deferred tax	1,104	(464)
Tax expense for the year	22,248	22,371
Tax liabilities	20,370	20,192

The Group's consolidated effective tax rate is (61%) for 2015 (2014: 30%).

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

Notes to the consolidated financial statements (continued)

10 INCOME TAX (continued)

The charge for the period can be reconciled to the profits of the Group attributable to entities registered in the United Kingdom, Oman and Qatar as follows:

	2015 USD'000	2014 USD'000
Profit before income tax of Group entities operating in taxable jurisdictions	16,680	59,712
Less: Non-taxable profits earned by these entities	(2,066)	(25,940)
Profit subject to tax included in the profit/(loss) for the year	14,614	33,772
Tax at the applicable average UK tax rate of 29.3% (2014: 21.49%) based on profits generated by Group entities registered in UK	4,296	7,258
Tax effect of expenses that are not deductible in determining taxable profit	89	123
Effect of different tax rates of subsidiaries operating in jurisdictions other than UK	17,742	15,185
Adjustment to prior year's tax payable	121	(195)
Tax expense for the year	22,248	22,371

In some jurisdictions, the tax returns for certain years have not been reviewed by the tax authorities. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

11 (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year is stated after charging:

	2015 USD'000	2014 USD'000
Staff costs (all operations and administration staff costs)	102,506	105,545
Rental-operating leases	7,722	13,826
Depreciation (note 12)	70,504	61,547

Staff costs include personnel costs of all segments.

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

Notes to the consolidated financial statements (continued)

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings USD'000	Plant, machinery furniture, fixtures and office equipment USD'000	Marine vessels USD'000	Motor vehicles USD'000	Capital work in progress USD'000	Total USD'000
Cost:						
At 1 January 2014	3,958	14,255	1,320,462	791	87,154	1,426,620
Additions	-	1,324	139,848	-	127,629	268,801
Transfers	-	(106)	149,821	106	(149,821)	-
Disposals/write offs	-	(2,230)	(15,347)	(57)	-	(17,634)
At 31 December 2014	3,958	13,243	1,594,784	840	64,962	1,677,787
Additions	-	785	36,092	149	20,486	57,512
Transfers	-	24	48,970	-	(48,994)	-
Transfer to current assets	-	-	(1,628)	-	-	(1,628)
Disposals/write offs	-	(2)	(4,720)	-	-	(4,722)
At 31 December 2015	3,958	14,050	1,673,498	989	36,454	1,728,949
Accumulated depreciation:						
At 1 January 2014	595	10,940	292,571	699	-	304,805
Charge for the year	159	1,208	60,078	102	-	61,547
Impairment	-	-	4,000	-	-	4,000
Relating to disposals/write offs	-	(2,146)	(7,449)	(43)	-	(9,638)
Amortisation of mob costs	-	-	2,517	-	-	2,517
At 31 December 2014	754	10,002	351,717	758	-	363,231
Charge for the year	159	1,027	69,217	101	-	70,504
Impairment (Note 7)	-	-	71,000	-	-	71,000
Relating to disposals/write offs	-	(2)	(1,113)	-	-	(1,115)
Amortisation of mob costs	-	-	2,890	-	-	2,890
At 31 December 2015	913	11,027	493,711	859	-	506,510
Net carrying amount						
At 31 December 2015	3,045	3,023	1,179,787	130	36,454	1,222,439
At 31 December 2014	3,204	3,241	1,243,067	82	64,962	1,314,556

Marine vessels with a net book value of USD 815,816 thousand (2014: USD 637,581 thousand) are pledged against bank loans obtained.

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

During the year, the Group has capitalised borrowing cost amounting to USD 210 thousand (2014: USD 3,732 thousand). Borrowing costs were capitalised at the weighted average rate of 4.1% (2014: 9.2%).

During the year an impairment charge of USD 71,000 thousand (2014: USD 4,000 thousand) has been recognised for marine vessels (refer note 7).

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

Notes to the consolidated financial statements (continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge has been allocated as follows:

	2015 USD'000	2014 USD'000
Direct costs	69,429	60,643
Administrative expenses	1,075	904
	<u>70,504</u>	<u>61,547</u>

13 INTANGIBLE ASSETS AND GOODWILL

	Goodwill USD'000	2015 Computer software USD'000	Total USD'000	Goodwill USD'000	2014 Computer software USD'000	Total USD'000
At 1 January	26,174	514	26,688	26,174	592	26,766
Additions	-	621	621	-	-	-
Amortisation	-	(66)	(66)	-	(78)	(78)
At 31 December	<u>26,174</u>	<u>1,069</u>	<u>27,243</u>	<u>26,174</u>	<u>514</u>	<u>26,688</u>
Cost (gross carrying amount)	26,174	2,568	28,742	26,174	1,947	28,121
Accumulated amortisation	-	(1,499)	(1,499)	-	(1,433)	(1,433)
Net carrying amount	<u>26,174</u>	<u>1,069</u>	<u>27,243</u>	<u>26,174</u>	<u>514</u>	<u>26,688</u>

Amortisation of intangible assets has been allocated to administrative expenses in the consolidated statement of comprehensive income.

Goodwill comprises 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 two individual cash-generating units for impairment testing as follows:

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

Carrying amount of goodwill at 31 December allocated to each of the cash-generating units is as follows:

	2015 USD'000	2014 USD'000
BUE Marine Limited Unit	18,383	18,383
Doha Marine Services Unit	7,791	7,791
	<u>26,174</u>	<u>26,174</u>

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.

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

Notes to the consolidated financial statements (continued)

13 INTANGIBLE ASSETS AND GOODWILL (continued)

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value calculations and budgeted EBITDA. These assumptions are as follows:

Discount rate

The discount rate used for value in use calculation in 2015 is 11.70% (2014: 11.56%).

Terminal value calculations

The discounted cash flow calculations for all the cash generating units are based on the current year actual free cash flows determined from EBITDA. These cash flows then form the basis of perpetuity cash flows used in calculating the terminal value.

Growth rate

The growth rate used for value in use calculation in 2015 is 3% (2014: 3%).

Sensitivity to changes in assumptions

Management believes that there is adequate headroom, particularly with reference to the recent fall in oil prices as some of the key assumptions are conservative, particularly the expected growth rate. For the year ended 31 December 2015, there have been no events or changes in circumstances to indicate that the carrying values of goodwill of the above three cash-generating units may be impaired.

14 INVENTORIES

	2015 USD'000	2014 USD'000
Stores, spares and consumables	3,326	4,314
Movement in the provision for slow moving inventories were as follows:		
At 1 January	-	102
Write-off during the period	-	(102)
At 31 December	-	-

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

Notes to the consolidated financial statements (continued)

15 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015	2014
	USD'000	USD'000
Trade accounts receivable	93,168	86,450
Allowance for impairment of receivable	(8,627)	(8,668)
	84,541	77,782
Deferred mobilisation costs (including non-current portion)	970	6,317
Value added tax (VAT) recoverable	199	1,619
Prepaid expenses	2,941	2,551
Advance to suppliers	5,197	4,845
Retention receivable	1,934	2,776
Receivable from Non-controlling interests	-	12,700
Other receivables (including non-current portion)	5,773	4,892
	101,555	113,482
Less: Non-current portion	(1,397)	(888)
	100,158	112,594

At 31 December 2015, trade receivables with a nominal value of USD 8,627 (2014: USD 8,668 thousand) were impaired. Movement in the allowance for impairment of receivables is as follows:

	2015	2014
	USD'000	USD'000
At 1 January	8,668	4,892
Charge for the year (refer note 7)	226	4,528
Amounts written off	(309)	(1,495)
Transfer	42	743
At 31 December	8,627	8,668

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

	2015	2014
	USD'000	USD'000
GCC	18,754	14,988
Caspian	55,484	46,373
Others	10,303	16,421
At 31 December	84,541	77,782

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

Notes to the consolidated financial statements (continued)

15 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	Total USD'000	Neither past due nor impaired USD'000	Past due but not impaired				
			<30 days USD'000	30-60 days USD'000	60-90 days USD'000	90-120 days USD'000	>120 days USD'000
2015	84,541	52,009	14,393	6,362	4,109	1,051	6,617
2014	77,782	56,140	10,359	3,614	1,778	508	5,383

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 majorities is, therefore, unsecured. The other classes within trade and other receivables do not contain impaired assets. Fair value of trade and other receivables approximate to their carrying value.

16 BANK BALANCES AND CASH

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

	2015 USD'000	2014 USD'000
Cash at bank		
- Deposits under lien (refer (i) below)	-	13,000
- Current accounts	55,037	50,232
	55,037	63,232
Cash in hand	32	182
	55,069	63,414
Less: Deposits under lien	-	(13,000)
Cash and cash equivalents	55,069	50,414

(i) These represent restricted deposits with various commercial banks held under lien against term loans obtained by the Group and will be released upon the settlements of these loans (refer note 20).

17 SHARE CAPITAL

	2015 USD'000	2014 USD'000
Authorised		
400,000,000 shares of USD 1 each (2014: 400,000,000 shares of USD 1 each)	400,000	400,000
Issued and fully paid		
284,719,616 shares of USD 1 each (2014: 284,719,616 shares of USD 1 each)	284,720	284,720

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

Notes to the consolidated financial statements (continued)

17 SHARE CAPITAL (continued)

In 2014, the Company entered into a Subscription Agreement, consisting the issue and sale of 27,902,522 common shares (from authorised but unissued capital stock) of the Company at a price of USD 2.68 per share for total proceeds of USD 75 million. As part of the sale of the shares, the parent company entered into a Shareholders Agreement, where the immediate parent and the ultimate parent company have agreed to certain conditions which are accounted for, and disclosed, in their own financial statements. These conditions do not affect the Company itself and therefore the financial impact has not been reflected in these financial statements.

The proceeds of the private placement has been used by the Company to fund expansion plans, which includes the acquisition of additional vessels, mergers, acquisition and joint venture transactions, repayment of existing third party debt, repayment of shareholder loans and general corporate purposes at the Company or any of its subsidiaries.

18 STATUTORY RESERVE

As required by the UAE Federal Law No. (2) of 2015 and the Articles of Association of subsidiaries incorporated in the UAE, 10% of the profit for the year is required to be transferred to statutory reserve. The subsidiaries may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up capital of the individual entities being consolidated. During the year, the Group transferred the amount of statutory reserve to retained earnings as the amount is no longer required.

19 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 consolidated statement of comprehensive income.

In 2014: USD 158 thousand was charged to the income statement due to the discontinuance of hedge accounting.

20 TERM LOANS

	2015 USD'000	2014 USD'000
\$ 350M 8.625% Senior Notes due 2018	342,462	340,249
Term loan, at LIBOR plus 2.75% p.a. repayable by April 2022	328,852	-
Term loan, at LIBOR plus 4.00% p.a. repayable by August 2017	-	129,824
Term loan, at LIBOR plus 3.75% p.a. repayable by June 2018	-	100,596
Term loan, at LIBOR plus 3.50% p.a. repayable by June 2020	-	45,610
Term loan, at LIBOR plus 2.65% p.a. repayable by July 2022	-	16,600
Term loan at 5.75% p.a. repayable by October 2017	-	14,511
Term loan, at LIBOR plus 3.95% p.a. repayable by October 2017	-	8,811
Term loan, at LIBOR plus 3.95% p.a. repayable by May 2018	-	8,671
Term loan, at LIBOR plus 3.75% p.a. repayable by October 2016	-	20,000
	671,314	684,872
Current portion	(30,000)	(56,709)
Non-current portion	641,314	628,163

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

Notes to the consolidated financial statements (continued)

20 TERM LOANS (continued)

- (i) During the year, the Group successfully refinanced its existing bank debt amounting to USD 313,659 thousand under various facilities. As a result of this refinancing, on 30 April 2015, the Group entered into an agreement with a syndicate of banks for a financing facility of USD 550 million. The existing liabilities under the target restructure loans were prepaid and were replaced by a new term loan amounting to USD 328,852 thousand as at 31 December 2015. The Group recognised a charge on extinguishment of debt of USD 8.4 million in 2015 in relation to the prepayment of these term loans. The amount is included as part of finance cost in the consolidated statement of comprehensive income. The new term loan carries interest at the rate of three-month LIBOR plus 2.75% and is repayable in quarterly instalments till April 2022.
- (ii) On 4 November 2013 the Group issued USD 350 million aggregate principal amount of 8.625% senior notes (the Senior Notes) that will mature on 1 November 2018. The Senior Notes pay interest semi-annually in arrears on 1 May and 1 November of each year, commencing 1 May 2014. Interest has been accrued from the issue date. On and after 1 November 2016, the Group may redeem some or all of the Senior Notes at the redemption prices (expressed as percentages of principal amount) equal to 104.3125% for the twelve month period beginning 1 November 2016, 102.15625% for the twelve month period beginning 1 November 2017 and 100% beginning 1 October 2018, plus accrued and unpaid interest and additional amounts, if any, to the redemption date. The Senior Notes have been issued by Topaz Marine S.A., a wholly-owned subsidiary of Nico Middle East Ltd., incorporated in Luxembourg. The Senior Notes have been admitted for trading on the Global Exchange Market of the Irish Stock Exchange.

In conjunction with the Senior Notes offering, USD 12.06 million in debt issuance cost were incurred and has been accounted as per IFRS and will be amortised into finance cost over the life of the Senior Notes using the effective interest basis. USD 120 million, out of the proceeds from the issuance of the Senior Notes, were used to prepay amounts outstanding under some of the senior secured bank borrowings and the balance proceeds have been used for acquisition of vessels. The Group recognised a loss on extinguishment of debt of USD 2.4 million in 2013 in relation to the prepayment of these bank borrowings. The amount is included as part of finance cost in the consolidated statement of comprehensive income.

As at 31st December 2015, the fair value of the Senior Notes is approximately USD 320 million (2014: USD 322 million)

- (iii) The term loans of the Group are denominated either in USD or AED and are secured by a first preferred mortgage over selective assets of the Group, the assignment of marine vessel insurance policies, corporate guarantees, lien on fixed deposits and the assignment of the marine vessel charter lease income (refer note 12 and 16).

The term and Senior notes are repayable as follows:

	2015 USD'000	2014 USD'000
Due within one year	30,000	56,709
Due between two to five years	466,317	608,908
Due after five years	174,997	19,255
	671,314	684,872

The borrowing arrangements include undertakings to comply with various covenants including net debt to EBITDA ratio and EBITDA to debt service ratio as well as an undertaking to maintain a minimum tangible net worth which shall not be less than USD 500 million and minimum total free liquidity which shall not be less than USD 30 million.

At the reporting date, the Group has complied with all financial covenants.

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

Notes to the consolidated financial statements (continued)

21 LOAN DUE TO HOLDING COMPANY

	2015 USD'000	2014 USD'000
Term loan at 7% p.a. repayable by November 2019 (refer (i) below)	26,000	28,000
Term loan at 8.50% p.a. repayable by September 2017 (refer (ii) below)	78,000	78,000
	<u>104,000</u>	<u>106,000</u>
Current portion	(28,000)	(28,000)
	<u>76,000</u>	<u>78,000</u>
Non-current portion		
	<u>76,000</u>	<u>78,000</u>
The loan is repayable as follows:		
Due within one year	28,000	28,000
Due between two to five years	76,000	78,000
	<u>104,000</u>	<u>106,000</u>

- (i) This represents a loan obtained from the Ultimate Holding Company for the purpose of financing the acquisition of certain vessels for USD 30 million 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 carrying a mark - up at the rate of 8.5% p.a. compounded on a quarterly basis.

22 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: 4.16% p.a.
- Salary increases: 3% - 5% p.a.

The movement in the provision is recognised in the consolidated statement of financial position is as follows:

	2015 USD'000	2014 USD'000
At 1 January	4,079	3,072
Provided during the year	302	1,345
End of service benefits paid	(513)	(338)
	<u>3,868</u>	<u>4,079</u>
At 31 December		

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

Notes to the consolidated financial statements (continued)

23 ACCOUNTS PAYABLE AND ACCRUALS

	2015 USD'000	2014 USD'000
<i>Current</i>		
Trade accounts payables	6,675	13,234
Accrued expenses	33,840	26,069
Advance from customers	-	1,552
Deferred income	1,920	4,888
Other payables	10,584	8,544
	<u>53,019</u>	<u>54,287</u>
<i>Non-current</i>		
Deferred income	574	1,485
	<u>574</u>	<u>1,485</u>

24 RELATED PARTY TRANSACTIONS

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

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2015 Revenue USD'000	2015 Interest USD'000	2014 Revenue USD'000	2014 Interest USD'000
Related parties	-	8,684	-	10,558

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015 USD'000	2014 USD'000
Short term benefits	3,419	3,189
Employees' end of service benefits	123	102
	<u>3,542</u>	<u>3,291</u>
Due from related parties		
Directors	-	1
Topaz Engineering Ltd	16,481	16,922
Topaz Energy and Marine Plc,UK	83	271
Tawoos	4	9
	<u>16,568</u>	<u>17,203</u>
Due to related parties		
Renaissance Services SAOG	564	604
	<u>564</u>	<u>604</u>

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

Notes to the consolidated financial statements (continued)

25 DEFERRED TAX ASSET

	2015 USD'000	2014 USD'000
At 1 January	2,568	2,104
Credit to profit or loss	(1,104)	464
At 31 December	1,464	2,568

The deferred tax balance at 31 December 2015 comprises depreciation in excess of capital allowances of USD 617 thousand (2014: USD 1,818 thousand) and short term temporary differences of USD 847 thousand (2014: USD 750 thousand).

The UK corporation tax rate will reduce from 20% to 18% over a period of 4 years from 2016. The next reduction in the UK corporation tax rate from 20% to 19% is effective from 1 April 2017, followed by a reduction from 19% to 18% effective 1 April 2020. As the rate change from 19% to 18% had been substantively enacted before the balance sheet date, deferred tax is recognised at a rate of 18% (refer note 10).

26 CONTINGENCIES AND CLAIMS

Contingent liabilities

	2015 USD'000	2014 USD'000
Letters of credit	9,000	-
Letters of guarantee	22,243	26,562
	31,243	26,562

These are non-cash banking instruments such as bid bonds, performance bonds, refund guarantees, 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 that certain terms of contracts with customers/suppliers are not met.

27 NON-CANCELLABLE LEASES

a) Operating leases - receivable

The Group leases its marine vessels under operating leases. The leases typically run for a period between 3 months to ten years and are renewable for similar periods after the expiry date. The lease rental is usually renewed to reflect market rentals. Future minimum lease rentals receivable for the initial lease period under non-cancellable operating leases as of 31 December are as follows:

	2015 USD'000	2014 USD'000
Within one year	200,706	230,199
Between two to five years	257,809	218,947
More than five years	-	14,746
	458,515	463,892

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

Notes to the consolidated financial statements (continued)

27 NON-CANCELLABLE LEASES (continued)

b) Operating leases - payable

The Group has commitments for future minimum lease payments under non-cancellable operating leases for marine vessels as follows:

	2015 USD'000	2014 USD'000
Within one year	-	152
Between one and five years	-	363
	<u>-</u>	<u>515</u>

During the year ended 31 December 2015 an amount of USD Nil thousand (2014: USD 13,826 thousand) was recognised as an expense in profit or loss in respect of bareboat charter of marine vessels obtained on operating lease.

28 COMMITMENTS

	2015 USD'000	2014 USD'000
Capital expenditure commitment:		
Purchase of marine vessels	<u>141,300</u>	<u>25,540</u>

The Group has paid its prior year expenditure commitments in relation to the acquisition of two vessels which were capitalised as property, plant and equipment during the year ended 31 December 2015.

29 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

<i>Notional amounts by term to maturity</i>					
	Negative fair value USD'000	Notional amount total USD'000	Within 1 year USD'000	Between 1 year to 5 years USD'000	Over 5 years USD'000
31 December 2015					
Interest rate swaps	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2014					
Interest rate swaps	<u>1,359</u>	<u>118,145</u>	<u>29,677</u>	<u>88,468</u>	<u>-</u>

The term loan facilities of the Group bear interest at US LIBOR plus applicable margins (refer note 23). In accordance with the financing documents, the Group has fixed the rate of interest through Interest Rate Swap Agreements ("IRS") as follows:

- An amount USD Nil (2014: 30,520 thousands) at a fixed margin of 0% (2014: 2.5%) per annum, excluding margin;
- An amount of USD Nil (2014: USD 57,221 thousands) at the rate 0% (2014: 0.83%) per annum, excluding margin.
- An amount of USD Nil (2014: USD 3,438 thousands) at the rate of 0% (2014: 3.25%) per annum, excluding margin; and

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

Notes to the consolidated financial statements (continued)

29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

- An amount of USD Nil (2014: USD 26,966 thousands) at the rate of 0% (2014: 1.97%) per annum, excluding margin.

At 31 December 2014 the six months US LIBOR was approximately 0.34% per annum. Accordingly, the gap between US LIBOR and fixed rate under IRS was approximately 2.16%, 2.91%, 1.63% and 0.49% per annum.

Based on the interest rates gap, over the life of the IRS, the indicative losses were assessed at approximately USD Nil (2014: USD 1,359 thousands) by the counter parties to IRS. Consequently, in order to comply with IAS 39 *Financial Instruments: Recognition and Measurement* the fair value of the derivative instruments' indicative losses approximately USD Nil (2014: USD 1,359 thousands) has been recorded under current and non-current liabilities and the impact for the year amounting to USD Nil (2014: USD 1,412 thousands) has been recorded under finance income (refer note 9) and USD Nil (2014: USD 158 thousands) has been recognised in other comprehensive income.

In 2015 the Group settled all its IRS. The amount paid, which is equal to the fair value of the instrument at the date of settlement, is included as part of finance cost in the consolidated statement of comprehensive income.

30 RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Senior Group management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

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

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's principal financial liabilities, other than derivatives, comprise bank loans and overdrafts, accounts payables and accruals and balances due to holding company and other related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as accounts and other receivables, bank balance and cash, long-term receivables and due from related parties which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate swaps. The purpose is to manage the interest rate risk and currency risk arising from the Group's operations and its sources of finance.

It is, and has been throughout the current year and previous year, the Group's policy that no trading in derivatives shall be undertaken.

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

Notes to the consolidated financial statements (continued)

30 RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivable from customers, retention and other receivables, due from related parties, long-term receivables and balances with bank.

Trade accounts and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. Approximately 36% (2014: 22%) of the Group's revenue is attributable to sales transactions with a single customer. The Group's ten largest customers account for 84% (2014: 52%) of the outstanding trade accounts receivable as at 31 December 2015. Geographically the credit risk is significantly concentrated in the MENA region and the Caspian region.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior Group management; these limits are reviewed periodically.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade accounts and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Balances with banks

The Group limits its exposure to credit risk by only placing balances with reputable financial institutions. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to facilitate bank guarantees only on behalf of wholly-owned subsidiaries and the Group entities over which the Group has financial and management control or joint control.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 USD'000	2014 USD'000
Trade accounts receivable-Net	84,542	77,782
Other receivables and accrued income	7,281	24,910
Due from related parties	16,568	17,203
Cash at bank	55,037	63,232
	<u>163,428</u>	<u>183,127</u>

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

Notes to the consolidated financial statements (continued)

30 RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group'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 Group's reputation. The Group limits its liquidity risk by ensuring bank facilities are available. The Group's credit terms require the amounts to be paid within 90 days from the date of invoice. Accounts payable are also normally settled within 90 days of the date of purchase.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of 31 December 2015, the Group had undrawn facilities of USD 240 million (2014: USD 40.0 million) and a bank overdraft facility of Nil (2014: USD 10.0 million).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2015, based on contractual undiscounted payments.

	Carrying amount USD'000	Contractual cash flows			
		Total USD'000	Due within 1 year USD'000	Due in 1 to 5 years USD'000	Due after 5 years USD'000
At 31 December 2015					
<i>Non derivative financial liabilities</i>					
Accounts payable and accruals	51,100	(51,100)	(51,100)	-	-
Term loans	671,314	(829,466)	(72,777)	(574,987)	(181,702)
Loan due to holding company	104,000	(117,930)	(61,735)	(56,195)	-
Due to related parties	564	(564)	(564)	-	-
Total	826,978	(999,060)	(186,176)	(631,182)	(181,702)

At 31 December 2014

<i>Non derivative financial liabilities</i>					
Accounts payable and accruals	47,829	(47,829)	(47,829)	-	-
Term loans	684,872	(820,679)	(94,257)	(722,786)	(3,636)
Loan due to holding company	106,000	(126,318)	(36,244)	(90,074)	-
Due to related parties	604	(604)	(604)	-	-
Total	839,305	(995,430)	(178,934)	(812,860)	(3,636)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group used floating-to-fixed interest rate swaps, and avails opportunities of restructuring of existing financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors of the Group. Generally the Group seeks to apply hedge accounting in order to manage volatility in the consolidated statement of comprehensive income.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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

Notes to the consolidated financial statements (continued)

30 RISK MANAGEMENT (continued)

Interest rate risk (continued)

The Group's policy is to manage its interest rate exposure through using a mix of fixed and variable interest rate debts. The Group's policy is to maintain at least 40% of its borrowings at fixed rates of interest. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are used to hedge underlying debt obligations. At 31 December 2015, after taking into account the effect of interest rate swaps, approximately 57% of the Group's borrowings are at a fixed rate of interest (2014: 74%) of which Nil (2014: 7%) are linked to hedging instruments designated as such in accordance with IFRS.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2015	2014
	USD'000	USD'000
Fixed rate instruments		
Financial assets	32	13,182
Financial liabilities	(446,462)	(460,760)
Variable rate instruments		
Financial liabilities	(328,852)	(330,113)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the consolidated statement of comprehensive income, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect in the consolidated statement of comprehensive income.

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss			Equity
	100 bp increase	100 bp decrease	100 bp Increase	100 bp Decrease
	USD'000	USD'000	USD'000	USD'000
31 December 2015				
Variable rate instruments	(3,289)	3,289	(3,289)	3,289
31 December 2014				
Variable rate instruments	(3,301)	3,301	(3,301)	3,301

Currency risk

The Group is exposed to currency risk on sales and purchases denominated in currencies other than AED which is the functional currency of the Group, USD to which AED is pegged and other currencies which are pegged to USD. At any point in time the Group hedges 100% of its estimated foreign currency exposure in respect of its forecast capital commitments. The Group uses forward currency contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

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

Notes to the consolidated financial statements (continued)

30 RISK MANAGEMENT (continued)

Currency risk (continued)

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Figures are in '000								
	EUR	AZN	KZT	RUB	GBP	NOK	NGN	JPY	SGD
31 December 2015									
Bank balances	6	19	4,313	42,229	1	10	120,413	-	-
Trade accounts payables	(437)	(312)	(11,501)	(55)	(100)	(192)	(30,914)	(1,304)	(5)
Net statement of financial position exposure	(431)	(293)	(7,188)	42,174	(99)	(182)	89,499	(1,304)	(5)
31 December 2014									
Bank balances	16	57	8,758	199,645	13	-	160,826	-	-
Trade accounts payables	(1,091)	(1,031)	(117,111)	(112)	(118)	(2,163)	(17,791)	(3,306)	(297)
Net statement of financial position exposure	(1,075)	(974)	(108,353)	199,533	(105)	(2,163)	143,035	(3,306)	(297)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
Euro (EUR)	0.869	0.753	0.915	0.823
Azerbaijan New Manat (AZN)	0.916	0.784	1.049	0.784
Kazakhstan Tenge (KZT)	259.59	177.44	338.85	180.32
Russian Rouble (RUB)	64.87	38.42	73.29	56.45
Great Britain Pound (GBP)	0.659	0.607	0.675	0.644
Norwegian Kroner (NOK)	8.093	6.299	8.75	7.436
Japanese Yen (JPY)	120.18	105.84	120.36	120.00
Singapore dollars (SGD)	1.367	1.267	1.41	1.323
Nigerian Naira (NGN)	189.14	163.59	197.29	180.98

Sensitivity analysis

A strengthening of the USD, as indicated below, against the Euro, Azerbaijan New Manat, Kazakhstan Tenge, Great Britain Pound, Norwegian Kroner, Japanese Yen and Singapore Dollars at 31 December would have increased (decreased) the consolidated statement of comprehensive income by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Effect on profit before tax	
	Strengthening by 5%	Weakening by 5%
	USD'000	USD'000
2015		
Euro (EUR)	24	(24)
Azerbaijan New Manat (AZN)	15	(15)
Great Britain Pound (GBP)	7	(7)
Kazakhstan Tenge (KZT)	2	(2)
Norwegian Kroner (NOK)	1	(1)
Singapore dollars (SGD)	-	-
Nigerian Naira (NGN)	8	(8)

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

Notes to the consolidated financial statements (continued)

30 RISK MANAGEMENT (continued)

Currency risk (continued)

Sensitivity analysis (continued)

2014	<i>Effect on profit before tax</i>	
	Strengthening by 5%	Weakening by 5%
	USD'000	USD'000
Euro (EUR)	66	(66)
Azerbaijan New Manat (AZN)	65	(65)
Great Britain Pound (GBP)	9	(9)
Kazakhstan Tenge (KZT)	32	(32)
Norwegian Kroner (NOK)	14	(14)
Singapore dollars (SGD)	11	(11)
Nigerian Naira (NGN)	(39)	39

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's capital employed consists mainly of capital, legal reserve and retained earnings. Management believes that the current level of capital is sufficient to sustain the profitability of the Group's continuing operations and to safeguard its ability to continue as a going concern. The Group's debt to capital ratio at the end of the reporting period was as follows:

	2015	2014
	USD'000	USD'000
Interest bearing loans and borrowings	775,314	790,872
Less: cash and short term deposits	(55,069)	(63,414)
Net debt	720,245	727,458
Equity	573,955	669,347
Capital and net debt	1,294,200	1,396,805
Gearing ratio	55.65%	52.08%

There were no changes in the Group's approach to capital management during the year. As disclosed in note 20, the Group is subject to certain financial covenants from its borrowing arrangements.

At the reporting date, the Group has complied with all financial covenants.

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

Notes to the consolidated financial statements (continued)

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The fair value of derivatives is set out in note 29. The fair values of other financial instruments is not materially different from their carrying values.

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);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
31 December 2015				
Derivative financial liabilities	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2014				
Derivative financial liabilities	-	1,359	-	1,359
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

32 OPERATING SEGMENTS

Management has determined the operating segments based on the information reviewed by the 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 organized into three major geographic segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- Caspian
- MENA
- Africa

The above segments is after consideration of an internal reorganisation implemented in 2015 due to changes in the composition of the various segments disclosed in 2014 consolidated financial statements on account of transfer of the operating decisions relating to various vessels from Global to MENA and Africa. Accordingly the 2014 segment information have been restated in order to conform to current year presentation.

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 consolidated financial statements (continued)

32 OPERATING SEGMENTS (continued)

The following table presents segmental information about these businesses:

OPERATING SEGMENT – 2015

	Caspian USD'000	Mena USD'000	Africa USD'000	Corporate USD'000	Elimination USD'000	Total USD'000
Revenue	227,985	105,647	28,838	-	-	362,470
Direct costs	(109,968)	(74,184)	(33,088)	(1,360)	10	(218,590)
Gross profit (loss)/segment results	118,017	31,463	(4,250)	(1,360)	10	143,880
Administrative expenses	(15,053)	(9,647)	(5,802)	(9,250)	-	(39,752)
Impairment loss	(24,008)	(30,118)	(7,300)	(9,800)	-	(71,226)
Other income	19	18	63	-	-	100
Finance costs, net	(32,003)	(12,765)	(9,882)	(14,596)	-	(69,246)
Income tax expense	(15,327)	(3,653)	(3,268)	-	-	(22,248)
Profit/(loss) for the year	31,645	(24,702)	(30,439)	(35,006)	10	(58,492)
Accumulated depreciation and amortisation	37,257	25,562	6,838	923	(10)	70,570
Assets	772,978	403,726	148,629	71,144	31,187	1,427,664
Liabilities	205,077	157,182	32,663	458,836	(49)	853,709

OPERATING SEGMENT – 2014

	Caspian USD'000	Mena USD'000	Africa USD'000	Corporate USD'000	Elimination USD'000	Total USD'000
Revenue	223,478	143,929	38,493	-	(1,278)	404,622
Direct costs	(104,264)	(83,435)	(30,288)	(291)	1,027	(217,251)
Gross profit (loss)/segment results	119,214	60,494	8,205	(291)	(251)	187,371
Administrative expenses	(15,768)	(9,312)	(5,411)	(10,654)	-	(41,145)
Impairment loss	-	(240)	(8,288)	-	-	(8,528)
Other income	219	37	151	19	-	426
Finance costs, net	(36,002)	(12,562)	(8,104)	(6,989)	-	(63,657)
Income tax expense	(15,809)	(3,766)	(2,947)	151	-	(22,371)
Profit/(loss) for the year	51,854	34,651	(16,394)	(17,764)	(251)	52,096
Accumulated depreciation and amortisation	31,587	15,103	14,279	405	251	61,626
Assets	823,144	279,471	313,721	99,880	26,009	1,542,225
Liabilities	390,501	121,471	53,143	308,618	(855)	872,878

33 KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets, 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 judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was USD 26,174 (2014: USD 26,174 thousand). Also refer note 13.

Impairment of vessels

The Group determines whether its vessels are impaired when there are indicators of impairment as defined in IAS 36. This requires an estimation of the value in use of the cash-generating unit which is the vessel owning and chartering segment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from this cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the vessels as at 31 December 2015 was USD 1,179,787 thousand (2014: USD 1,243,067 thousand).

The recoverable amount of all vessels has been determined based on value in use calculations where the fair value less cost to sell was lower than the carrying amount. These calculations use pre-tax cash flow projections based on the financial budgets approved by the management covering a period of 5 years based on the expected utilization rates of the individual vessels. Cash flows beyond five years are estimated using a nil growth rate. The growth rate does not exceed the long-term average growth rate for marine business in which the CGU operates.

If the estimated cost of capital used in determining the pre-tax discount rate for the marine vessel impairment assessments had been 1% higher than management's estimates, the Group would have recognised a further impairment against marine vessels of USD 2,193 thousand (2014: USD 410 thousand).

If the estimated utilisation rates and charter rates used in determining the cash flows had been lower than the management's estimates by 1%, each taken in isolation, the Group would have recognised a further impairment against marine vessels of USD 3,535 thousand (2014: USD 570 thousand) and USD 5,575 thousand (2014: USD 1,330 thousand, respectively).

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 is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were USD 93,168 thousand (2014: USD 86,450 thousand) and the provision for doubtful debts was USD 8,627 thousand (2014: USD 8,668 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be impaired will be recognised in consolidated statement of comprehensive income.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable 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 is 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 3,326 thousand (2014: USD 4,314 thousand) with provisions for old and obsolete inventories of USD Nil (2014: Nil). Any difference between the amounts actually realised in future periods and the amounts provided will be recognised in consolidated income statement. Also refer note 14.

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

Notes to the consolidated financial statements (continued)

33 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property, plant and equipment

The useful lives, residual values and methods of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. In the review process, the Group takes guidance from recent acquisitions, as well as market and industry trends.

Provision for tax

The Group 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.

Effectiveness of hedge relationship

At the inception of the hedge, the management documents the hedging strategy and performs hedge effectiveness testing to assess whether the hedge is effective. This exercise is performed at each reporting date to assess whether the hedge will remain effective throughout the term of the hedging instrument.

Accounting for investments

The Group reviews its investment in entities to assess whether the Group has control, joint control or significant influence over the investee. This includes consideration of the level of shareholding held by the Group in the investee as well as other factors such as representation on the Board of Directors of the investee, terms of any agreement with the other shareholders etc. Based on the above assessment the Group decides whether the investee needs to be consolidated or equity accounted in accordance with the accounting policy of the Group (also refer note 4).

Leases

Management exercises judgments in assessing whether a lease is a finance lease or an operating lease. The judgement as to which category applies to a specific lease depends on management's assessment of whether in substance the risks and rewards of ownership of the assets have been transferred to the lessee. In the instances where management estimates that the risks and rewards have been transferred, the lease is considered as a finance lease, otherwise it is accounted for as an operating lease.

The Group's property, plant and equipment include marine crafts such as barges and other vessels of a specialist nature capable of operating in difficult climatic conditions. Although these vessels are currently leased to a customer under contracts which contain purchase options, the leases have been judged by management to be operating leases.

Management have based this judgement on a number of factors that indicate that, in substance the risks and rewards of owning these vessels remain with the Group, which include:

- the lease periods are generally for a short term (10 years) when compared with the overall estimated economic life of the vessels (30 years or more);
- the leases do not automatically transfer the ownership of the vessels at the end of the lease term;
- the Group is responsible for regular dry-docking and insurance in addition to maintenance of the vessels;
- the customer is unlikely to want to bear the cost and responsibility of owning and maintaining these specialised vessels and is, therefore, unlikely to exercise options to purchase;
- the recent renewal by the customer of one major leasing contract for a secondary period despite the purchase option being available to the lessee; and
- the expectation that the customer would wish to renew its contracts for the leases of the vessels from the Group due to the Group's proven track record and established support and services infrastructure in the region of operation.

Management has reached an in-principle agreement with the customer, for the removal of the option to purchase clauses in the contracts and are concluding formal variations to contracts, which is subject to fulfilment of certain conditions. In 2015, the Group received the return of five (5) vessels as agreed with the customer.

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

Notes to the consolidated financial statements (continued)

33 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Current and non-current classification of bank borrowings

The Group's management has exercised significant judgment during the year in determining the current and non-current classification of bank borrowings. The classification is based on the repayment terms agreed with the bank, assessing the events and circumstances which can render a loan becoming payable on demand and the status of any negotiations and communications with the creditor banks in this regard.

The Group's management has further exercised judgment in determining the current and non-current classification of amounts due from related parties at the reporting date. In determining the current and non-current classification, the Group's management makes judgment based on the estimated future cash flows in respect of settlement of the outstanding balance between the parties involved and the intention of management of the time frame within which these balances would be repaid.

34 DIVIDENDS

The dividend paid in 2015 for the year ended 31 December 2014 was USD 22 million (USD 0.08 per share).

The dividend paid in 2014 for the year ended 31 December 2013 was USD 20 million (USD 0.08 per share).

35 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015 is based on the loss attributable to the shareholders of the Company of USD 78,769 thousand (2014: profit attributable to shareholders of the Company of USD 32,121 thousand) and a weighted average number of ordinary shares outstanding of 284,719 thousand (2014: 263,392 thousand).

36 SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below is the summarised combined financial information of the subsidiaries that has non-controlling interests. The non-controlling interest for all these subsidiaries is the same party.

Summarised statement of financial position

	2015 USD'000	2014 USD'000
Current		
Assets	106,595	58,826
Liabilities	195,281	209,644
Total current net assets	(88,686)	(150,818)
Non-current		
Assets	516,008	535,545
Liabilities	145,374	141,679
Total non-current net assets	370,634	393,866
Net assets	281,948	243,048

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

Notes to the consolidated financial statements (continued)

36 SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Summarised statement of comprehensive income

	2015 USD'000	2014 USD'000
Revenue	98,915	97,257
Profit before income tax	41,249	40,566
Income tax expense	(695)	(575)
Profit for the year from continuing operations	40,554	39,991
Other comprehensive income	-	-
Total comprehensive income for the year	40,554	39,991
Total comprehensive income allocated to non-controlling interests	20,277	19,975
Dividends paid to non-controlling interests	2,200	-

Summarised statement of cash flows

Cash flows from operating activities

	2015 USD'000	2014 USD'000
Cash generated from operations	30,155	103,024
Income taxes paid	(273)	(575)
Interest paid	(26,443)	(27,757)
End of service benefits paid	-	-
Net cash generated from operating activities	3,439	74,692
Net cash used in investing activities	(1,452)	(97,273)
Net cash (used in)/generated from financing activities	(13,239)	24,264
Net (decrease)/increase in cash and cash equivalents	(11,252)	1,683
Cash and cash equivalents at 1 January	13,949	12,267
Cash and cash equivalents at 31 December	2,697	13,949

The information above is the amount before inter-company eliminations.

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

Notes to the consolidated financial statements (continued)

37 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Note	2015 USD'000	2014 USD'000
Loans and receivables			
Current			
Trade and other receivables (excluding prepayments and advances)	15	89,649	96,802
Due from related parties	24	16,568	17,203
Bank balances and cash	16	55,069	63,414
		<u>161,286</u>	<u>177,419</u>
Other financial liabilities at amortised cost			
Non-current			
Term loans	22	641,314	628,163
Loan due to holding company	23	76,000	78,000
		<u>717,314</u>	<u>706,163</u>
Current			
Trade and other payables (excluding deferred income and advance from customers)	25	51,099	47,847
Term loans	22	30,000	56,709
Loan due to holding company	23	28,000	28,000
Due to related parties	26	564	604
		<u>109,663</u>	<u>133,160</u>
Total		<u>826,977</u>	<u>839,323</u>
Liabilities at fair value through profit and loss			
Current			
Derivative financial instruments	31	-	1,359
		<u>-</u>	<u>1,359</u>
Total		<u>-</u>	<u>1,359</u>