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

Condensed unaudited consolidated interim financial information
For the nine-month period ended 30 Sep 2016

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	Pages
Condensed consolidated interim statement of comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of cash flows	5
Condensed consolidated interim statement of changes in equity	6
Notes to the condensed consolidated interim financial information	7-19

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

Condensed unaudited consolidated interim statement of comprehensive income for the nine-month period ended 30 Sep 2016

	Notes	**Nine months ended 30 Sep 2016 US$'000**	Nine months ended 30 Sep 2015 US$'000
Revenue	7	**216,081**	**274,223**
Direct costs		**(135,624)**	**(166,914)**
GROSS PROFIT		**80,457**	**107,309**
Administrative expenses		**(23,803)**	**(28,726)**
Impairment losses on trade receivables	13	**(1,998)**	**(2,245)**
Other income		**451**	**93**
Other non-operating expenses		**-**	**-**
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		**55,107**	**76,431**
Finance costs	8	**(45,771)**	**(55,073)**
Finance income	8	**465**	**598**
Finance cost - net		**(45,306)**	**(54,475)**
PROFIT BEFORE INCOME TAX		**9,801**	**21,956**
Income tax expense	9	**(14,006)**	**(16,125)**
PROFIT FOR THE YEAR		**(4,205)**	**5,831**
OTHER COMPREHENSIVE INCOME			
Changes to cash flow hedges	9	**-**	**-**
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**-**	**-**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(4,205)**	**5,831**
Income (Loss) attributable to:			
Owners		**(22,248)**	**(8,344)**
Non-controlling interest		**18,043**	**14,175**
INCOME (LOSS) FOR THE YEAR		**(4,205)**	**5,831**
Total comprehensive income (loss) attributable to:			
Owners		**(22,248)**	**(8,344)**
Non-controlling interest		**18,043**	**14,175**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(4,205)**	**5,831**

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

Condensed unaudited consolidated interim statement of financial position as at 30 Sep 2016

	Notes	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**1,275,245**	1,222,439
Intangible assets and goodwill	11	**28,403**	27,243
Long-term receivables and prepayments		**1,030**	1,397
Deferred tax asset		**1,464**	1,464
		1,306,142	1,252,543
Current assets			
Inventories	12	**5,174**	3,326
Accounts receivable and prepayments	13	**92,544**	100,158
Due from related parties	21	**16,680**	16,568
Bank balances and cash	14	**69,995**	55,069
		184,393	175,121
TOTAL ASSETS		**1,490,535**	1,427,664
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**284,720**	284,720
Share premium		**46,796**	46,796
Retained earnings		**79,115**	101,363
Total equity attributable to equity holders of the Company		**410,631**	432,879
Non-controlling interest		**159,119**	141,076
Total equity		**569,750**	573,955
Non-current liabilities			
Term loans	17	**621,562**	641,314
Loan due to holding company	18	**63,000**	76,000
Employees' end of service benefits	19	**3,515**	3,868
Accounts payable and accruals	20	**77,350**	574
		765,427	721,756
Current liabilities			
Accounts payable and accruals	20	**75,060**	53,019
Term loans	17	**30,000**	30,000
Loan due to holding company	18	**28,000**	28,000
Due to related parties	21	**1,821**	564
Income tax payable	9	**20,477**	20,370
		155,358	131,953
Total liabilities		**920,785**	853,709
TOTAL EQUITY AND LIABILITIES		**1,490,535**	1,427,664

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

Condensed unaudited consolidated interim statement of cash flows for the nine-month period ended 30 Sep 2016

	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
	US$'000	US$'000
Profit (loss) before income tax	**9,801**	21,956
Adjustments to reconcile profit (loss) before tax to net cash flows:		
Impairment loss on trade accounts receivables	**1,998**	2,245
Provision for employees end of service benefits	**240**	250
Loss (profit) on sale of property, plant and equipment	**-**	-
Finance income	**(465)**	(598)
Finance costs	**45,771**	55,073
Depreciation and amortisation	**55,851**	53,035
Amortisation of Mobilisation costs	**1,663**	2,415
Marine vessels held for sale	**-**	3,609
Working capital adjustments:		
Inventories	**(1,848)**	(125)
Accounts receivables, prepayments and other assets	**25,664**	(19,406)
Accounts payable, accruals and other liabilities	**(4,455)**	993
Due from/to related parties	**(140)**	1,032
Net cash from operations	**134,080**	120,479
OPERATING ACTIVITIES		
Income tax paid	**(13,903)**	(14,775)
Interest paid	**(33,002)**	(32,207)
End of service benefits paid	**(568)**	(428)
Net cash flows generated from operating activities	**86,607**	73,069
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(92,346)**	(43,410)
Payments for intangible assets	**(1,198)**	(241)
Change in Long-term payables	**57,363**	(2,601)
Net movement in restricted cash	**-**	13,000
Net cash flows generated from (used) in investing activities	**(36,181)**	(33,252)
FINANCING ACTIVITIES		
Loans borrowed	**-**	345,884
Loans paid	**(22,500)**	(364,600)
Loans from parent company	**13,000**	-
Repayment of loan due to parent company	**(26,000)**	(22,000)
Dividend paid to Owner	**-**	
Net cash flows generated from financing activities	**(35,500)**	(40,716)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**14,926**	(899)
Cash and cash equivalents at 1 January	**55,069**	50,414
CASH AND CASH EQUIVALENTS AT 30 SEP	**69,995**	49,515

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

Condensed unaudited consolidated interim statement of changes in equity for the nine-month period ended 30 Sep 2016

	Share capital US$'000	*Share premium US$'000*	*Statutory reserve US$'000*	*Retained earnings US$'000*	*Total US$'000*	*Non-controlling interests US$'000*	*Total equity US$'000*
Balance at 1 January 2016	**284,720**	**46,796**	**-**	**101,363**	**432,879**	**141,076**	**573,955**
Profit for the period	**-**	**-**	**-**	**(22,248)**	**(22,248)**	**18,043**	**(4,205)**
Net changes in fair value of cash flow hedges	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**(22,248)**	**(22,248)**	**18,043**	**(4,205)**
Balance at 30 Sep 2016	**284,720**	**46,796**	**-**	**79,115**	**410,631**	**159,119**	**569,750**
Balance at 1 January 2015	284,720	46,796	38	203,348	534,902	134,445	669,347
Loss for the year	-	-	-	(78,769)	(78,769)	20,277	(58,492)
Total comprehensive loss for the year	-	-	-	(78,769)	(78,769)	20,277	(58,492)
Transactions with the Owners							
Dividend paid to holding company	-	-	-	(22,000)	(22,000)	-	(22,000)
Dividend paid to non-controlling interests	-	-	-	-	-	(14,900)	(14,900)
Transactions with non-controlling interests	-	-	-	(1,254)	(1,254)	1,254	-
Transfer to retained earnings	-	-	(38)	38	-	-	-
Balance at 31 Dec 2015	284,720	46,796	-	101,363	432,879	141,076	573,955

1 GENERAL INFORMATION

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

The condensed consolidated interim financial information for the nine-month period ended 30 Sep 2016 ("the interim financial information") comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The principal activities of the Group are the provision of offshore supply vessels and other marine vessels on charter primarily to the oil and gas industry.

2 BASIS OF PREPARATION

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

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

The interim financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

4 ESTIMATES

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

In preparing the interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2015.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

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

5.2 Liquidity risk

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

5.3 Fair value estimation

Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

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

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

At 30 Sep 2016 **Derivative financial instruments**	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Cost US$'000
Derivative financial instruments	-	-	-	-	-
At 31 December 2015 (Audited) **Derivative financial instruments**					
Derivative financial instruments	-	-	-	-	-

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

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

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Non-current	**684,562**	717,314
Current	**58,000**	58,000
	742,562	775,314

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

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

6 SEGMENT INFORMATION

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

Geographic segments

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

- Caspian

- MENA

- Africa

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

The following table presents segmental information about these businesses:

Nine months ended 30 Sep 2016	Caspian US$'000	MENA US$'000	Africa US$'000	Corporate US$'000	Eliminations US$'000	Total US$'000
Revenue	**155,481**	**49,157**	**11,443**	**-**	**-**	**216,081**
Direct costs	(72,087)	(51,043)	(11,912)	(173)	(409)	(135,624)
Gross profit/segment results	**83,394**	**(1,886)**	**(469)**	**(173)**	**(409)**	**80,457**
Administrative expenses	(8,805)	(6,242)	(3,512)	(5,244)	-	(23,803)
Impairment loss on accounts receivable		(900)	(98)	(1,000)	-	(1,998)
Other income		29	422		-	451
Finance cost, net	(19,642)	(6,641)	(8,271)	(10,752)	-	(45,306)
Profit before income tax	**54,947**	**(15,640)**	**(11,928)**	**(17,169)**	**(409)**	**9,801**
Income tax expense	(11,058)	(1,781)	(1,122)	(45)	-	(14,006)
Profit for the period	**43,889**	**(17,421)**	**(13,050)**	**(17,214)**	**(409)**	**(4,205)**

Nine months ended 30 Sep 2015	Caspian US$'000	MENA US$'000	Africa US$'000	Corporate US$'000	Eliminations US$'000	Total US$'000
Revenue	173,424	78,963	21,836	-	-	274,223
Direct costs	(84,319)	(53,625)	(27,170)	-	(1,800)	(166,914)
Gross profit/segment results	89,105	25,338	(5,334)	-	(1,800)	107,309
Administrative expenses	(10,254)	(7,111)	(3,986)	(7,375)	-	(28,726)
Impairment loss on accounts receivable	(63)	(82)	(100)	(2,000)	-	(2,245)
Other income	19	12	62	-	-	93
Finance cost, net	(25,497)	(10,721)	(7,620)	(10,637)	-	(54,475)
Profit before income tax	53,310	7,436	(16,978)	(20,012)	(1,800)	21,956
Income tax expense	(10,017)	(2,824)	(3,284)			(16,125)
Profit for the period	43,293	4,612	(20,262)	(20,012)	(1,800)	5,831

7 REVENUE

	Nine months ended 30 Sep 2016 US$'000	Nine months ended 30 Sep 2015 US$'000
Charter and other revenues from marine vessels	**212,707**	267,166
Income from mobilization of marine vessels	**3,374**	7,057
Sale of marine vessels	**-**	-
	216,081	274,223

8 FINANCE INCOME AND COSTS

	Six months ended 30 Sep 2016 US$'000	Nine months ended 30 Sep 2015 US$'000
Recognised in profit or loss		
Interest expense	**44,670**	55,073
Exchange loss	**1,101**	-
Fair value changes of derivative financial instruments	**-**	-
Finance cost	**45,771**	55,073
Exchange gain	**465**	239
Fair value changes of derivative financial instruments	**-**	359
Interest income	**-**	-
Finance income	**465**	598
Recognized in other comprehensive income		
Gain/ (loss) changes in the fair value of cash flow hedges	**-**	-

9 INCOME TAX

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

Tax expense	**14,006**	16,125
Income tax payable	**20,477**	20,370

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings US$'000	Plant, machinery furniture, fixtures and office equipment US$'000	Marine vessels US$'000	Motor vehicles US$'000	Capital work in progress US$'000	Total US$'000
Cost:						
At 1 January 2016	3,958	14,050	1,683,298	989	26,654	1,728,949
Additions	-	288	27,200	-	82,794	110,282
Transfer	-	-	15,718	-	(15,718)	-
Disposals / write offs	-	-	-	-	-	-
At 30 Sep 2016	3,958	14,338	1,726,216	989	93,730	1,839,231
Depreciation:						
At 1 January 2016	913	11,027	493,711	859	-	506,510
Charge for the year	120	541	55,077	75	-	55,813
Mobilisation charge for the year	-	-	1,663	-	-	1,663
Relating to disposals/write offs	-	-	-	-	-	-
At 30 Sep 2016	1,033	11,568	550,451	934	-	563,986
Net carrying amount						
At 30 Sep 2016	**2,925**	**2,770**	**1,175,765**	**55**	**93,730**	**1,275,245**

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

During the nine months ended Sep 2016, the Group has capitalized borrowing cost amounting to Nil (9 months ended Sep 2015: US$ 210 thousand). Borrowing costs were capitalised at the weighted average rate of Nil (2015: 4.5%).

The depreciation charge has been allocated as follows:

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Direct costs	**55,077**	69,429
Administrative expenses	**736**	1,075
	55,813	70,504

11 INTANGIBLE ASSETS AND GOODWILL

	Sep 2016			Dec 2015 (Audited)		
	Goodwill US$'000	**Computer Software US$'000**	**Total US$'000**	Goodwill US$'000	Computer Software US$'000	Total US$'000
At 1 January	**26,174**	**1,069**	**27,243**	26,174	514	26,688
Additions	**-**	**1,198**	**1,198**	**-**	621	621
Amortization	**-**	**(38)**	**(38)**	**-**	(66)	(66)
At 30 Sep/31 December	**26,174**	**2,229**	**28,403**	26,174	1,069	27,243
Cost (gross carrying amount)	**26,174**	**3,766**	**29,940**	26,174	2,568	28,742
Accumulated amortization	**-**	**(1,537)**	**(1,537)**	**-**	(1,499)	(1,499)
Net carrying amount	**26,174**	**2,229**	**28,403**	26,174	1,069	27,243

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

Goodwill comprises of the following:

a) Goodwill arising from the acquisition of BUE Marine Limited with effect from 1 July 2005.
b) Goodwill arising from the acquisition of Doha Marine Services WLL with effect from 8 May 2008.

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

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

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
BUE Marine Limited Unit	**18,383**	18,383
Doha Marine Services Unit	**7,791**	7,791
	26,174	26,174

The recoverable amount of each cash-generating unit is determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management. The date of the last impairment testing was 31 December 2015.

12 INVENTORIES

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Stores, spares and consumables	**5,174**	3,326
Provision for slow moving inventories	**-**	-
	5,174	3,326

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Trade accounts receivable	**88,705**	93,168
Allowance for impairment of receivable	**(10,956)**	(8,627)
	77,749	84,541
Deferred mobilisation costs		970
Advance to suppliers	**2,394**	5,197
Value added tax (VAT) recoverable	**286**	199
Prepaid expenses	**3,323**	2,941
Retention receivable	**1,504**	1,934
Other receivables	**7,288**	5,773
	92,544	101,555
Less: Non-current portion of deferred mobilisation costs	-	(1,397)
	92,544	100,158

At 30 Sep 2016, trade receivables with a nominal value of US$ 10,956 thousand (31 December 2015: US$ 8,627 thousand) were impaired. Movement in the allowance for impairment of receivables were as follows:

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
At 1 January	**8,627**	8,668
Charge for the year	**1,998**	226
Amounts written off	**-**	(309)
Transfer	**331**	42
At the end of the period/year	**10,956**	8,627

13. ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
MENA	**8,668**	18,754
Caspian	**63,057**	55,484
Others	**6,024**	10,303
At the end of the period/year	**77,749**	84,541

As at 30 Sep 2016 and 31 Dec 2015, the ageing of unimpaired trade receivables is as follows:

		Neither past due nor impaired US$'000	**Past due but not impaired**				
			<30 days US$'000	30-60 days US$'000	60-90 days US$'000	90-120 days US$'000	>120 days US$'000
2016	**77,749**	**59,431**	**4,218**	**5,749**	**1,673**	**3,451**	**3,227**
2015	84,541	52,009	14,393	6,362	4,109	1,051	6,617

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

14 CASH AND CASH EQUIVALENTS

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Cash at bank		
- Deposits under lien	**-**	-
- Current accounts	**69,934**	55,037
	69,934	55,037
Cash in hand	**61**	32
Cash and bank balances	**69,995**	55,069
Less: Deposits under lien	**-**	-
Cash and cash equivalents	**69,995**	55,069

15 SHARE CAPITAL

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Authorised		
400,000,000 shares of US$1 each (2015: 400,000,000 shares of US$ 1 each)	400,000	400,000
Issued and fully paid		
284,719,616 shares of US$ 1 each (2015: 284,719,616 shares of US$ 1 each)	284,720	284,720

16 HEDGING RESERVE

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

17 TERM LOANS

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
$350M 8.625% Senior Notes due 2018	**344,261**	342,462
Term loan, at LIBOR plus 2.75% p.a. repayable by April 2022	**307,301**	328,852
	651,562	671,314
Current portion	**30,000**	30,000
Non-current portion	**621,562**	641,314

The term loans are repayable as follows:

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Due within one year	**30,000**	30,000
Due between two to five years	**473,139**	466,317
Due after five years	**148,423**	174,997
	651,562	671,314

18 LOAN DUE TO ULTIMATE HOLDING COMPANY

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Term loan at 7% p.a. repayable by November 2019 (refer (i) below)	**26,000**	26,000
Term loan at 8.50% p.a. repayable by September 2017 (refer (ii) below)	**65,000**	78,000
	91,000	104,000
Current portion	**28,000**	28,000
Non-current portion	**63,000**	76,000

(i) This represents loan obtained from the Ultimate holding company for the purpose of financing acquisition of certain vessels and is subordinated to other indebtedness.

(ii) This represents a subordinated loan payable in four equal installments of USD 26 million, started from November 2014.

19 EMPLOYEES' END OF SERVICE BENEFITS

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

Principal actuarial assumptions at the reporting date are as follows:

- Normal retirement age: 60-65 years
- Mortality, withdrawal and retirement: 5% turnover rate. Due to the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used for maturity, withdrawal and retirement.
- Discount rate: 4.27% p.a.
- Salary increases: 3% - 5% p.a.

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Provision as at 1 January	**3,868**	4,079
Provided during the period	**240**	302
End of service benefits paid	**(568)**	(513)
Transfer	**(25)**	-
Provision as at 30 Sep/ 31 Dec	**3,515**	3,868

20 ACCOUNTS PAYABLE AND ACCRUALS

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Current		
Trade accounts payables	**25,840**	6,675
Accrued expenses	**29,614**	33,840
Deferred income	**366**	1,920
Interest payable	**16,416**	8,205
Other payables	**2,824**	2,379
	75,060	53,019
Non-current		
Deferred income	**353**	574
Advance from customers	**76,997**	-
	77,350	574

21 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Due from related parties		
Topaz Engineering Ltd	**16,597**	16,481
Tawoos	**-**	4
Topaz Energy and Marine PLC, UK	**83**	83
	16,680	16,568
Due to related parties		
Renaissance Services SAOG ("the Ultimate Holding Company")	**1,821**	564
Tawoos	**-**	-
	1,821	564

22 CONTINGENCIES AND CLAIMS

Contingent liabilities

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Letters of credit	**-**	9,000
Letters of guarantee	**20,419**	22,243
	20,419	31,243

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

23 COMMITMENTS

	Nine months ended 30 Sep 2016 US$'000	Year ended 31 Dec 2015 US$'000 (Audited)
Capital expenditure commitment:		
Purchase of marine vessels	**122,000**	141,300
	122,000	141,300