Topaz Energy and Marine Limited and its subsidiaries

Condensed unaudited consolidated interim financial information
For the six month period ended 30 June 2014

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Topaz Energy and Marine Limited and its subsidiaries

Condensed unaudited consolidated interim statement of comprehensive income for the six month period ended 30 June 2014

	Notes	Six months ended 30 Jun 2014 US$'000	Six months ended 30 Jun 2013 US$'000
Revenue	7	**185,231**	185,399
Direct costs		**(102,082)**	(116,252)
GROSS PROFIT		**83,149**	69,147
Administrative expenses		**(20,621)**	(17,444)
Impairment losses on trade receivables	13	**(1,894)**	(731)
Other income		**269**	1,848
Other non-operating expenses		**-**	-
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		**60,903**	52,820
Finance costs	8	**(29,923)**	(20,528)
Finance income	8	**680**	898
Finance cost - net		**(29,243)**	(19,630)
PROFIT BEFORE INCOME TAX		**31,660**	33,190
Income tax expense	9	**(9,773)**	(9,276)
PROFIT FOR THE YEAR		**21,887**	23,914
OTHER COMPREHENSIVE INCOME			
Changes to cash flow hedges	9	**(109)**	1,015
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(109)**	1,015
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**21,778**	24,929
Income (Loss) attributable to:			
Owners		**12,706**	17,858
Non-controlling interest		**9,181**	6,056
INCOME (LOSS) FOR THE YEAR		**21,887**	23,914
Total comprehensive income (loss) attributable to:			
Owners		**12,597**	18,873
Non-controlling interest		**9,181**	6,056
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**21,778**	24,929

Topaz Energy and Marine Limited and its subsidiaries

Condensed unaudited consolidated interim statement of financial position as at 30 June 2014

	Notes	Six months ended 30 Jun 2014 US$'000	Year ended Dec 2013 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**1,256,970**	1,121,815
Intangible assets and goodwill	11	**26,726**	26,766
Long-term receivables and prepayments	13	**3,209**	7,546
Deferred tax asset		**2,256**	2,104
		1,289,161	1,158,231
Current assets			
Inventories	12	**3,691**	4,178
Accounts receivable and prepayments	13	**132,046**	107,433
Due from related parties	21	**17,245**	17,098
Bank balances and cash	14	**44,363**	169,297
		197,345	298,006
TOTAL ASSETS		**1,486,506**	1,456,237
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**256,818**	256,818
Statutory reserve		**38**	38
Hedging reserve	16	**49**	158
Retained earnings		**183,933**	191,227
Total equity attributable to equity holders of the Company		**440,838**	448,241
Non-controlling interest		**123,554**	92,673
Total equity		**564,392**	540,914
Non-current liabilities			
Term loans	17	**637,585**	619,753
Loan due to holding company	18	**106,000**	106,000
Employees' end of service benefits	19	**3,873**	3,072
Accounts payable and accruals	20	**4,516**	4,190
Fair value of derivatives		**518**	726
		752,492	733,741
Current liabilities			
Accounts payable and accruals	20	**59,638**	84,947
Bank overdraft	14	**-**	-
Term loans	17	**62,688**	51,136
Loan due to holding company	18	**28,000**	28,000
Due to related parties	21	**784**	1,045
Income tax payable	9	**16,802**	14,567
Fair value of derivatives		**1,710**	1,887
		169,622	181,582
Total liabilities		**922,114**	915,323
TOTAL EQUITY AND LIABILITIES		**1,486,506**	1,456,237

Topaz Energy and Marine Limited and its subsidiaries

Condensed unaudited consolidated interim statement of cash flows for the six month period ended 30 June 2014

	Six months ended 30 Jun 2014	Six months ended 30 Jun 2013
	US$'000	US$'000
Profit (loss) before income tax	**31,660**	33,190
Adjustments to reconcile profit (loss) before tax to net cash flows:		
Fair value changes of derivative financial instruments	**(593)**	(758)
Impairment loss on trade accounts receivables	**1,894**	731
Provision for employees end of service benefits	**871**	610
Loss (profit) on sale of property, plant and equipment	**-**	-
Finance income	**(87)**	(140)
Finance costs	**29,923**	20,528
Depreciation and amortisation	**30,317**	28,546
Amortisation of Mobilisation costs	**5,400**	5,548
Working capital adjustments:		
Inventories	**501**	3,616
Accounts receivables, prepayments and other assets	**(3,810)**	(19,706)
Accounts payable, accruals and other liabilities	**4,981**	(1,719)
Due from/to related parties	**(404)**	(3,470)
Net cash from operations	**100,653**	66,976
OPERATING ACTIVITIES		
Income tax paid	**(7,689)**	(6,091)
Interest paid	**(30,247)**	(19,884)
End of service benefits paid	**(70)**	(186)
Net cash flows generated from operating activities	**62,647**	40,815
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(192,908)**	(10,163)
Advance paid for vessels	**(1,115)**	(10,115)
Payments for intangible assets	**-**	-
Proceeds from disposal of property, plant and equipment	**-**	-
Change in LT receivable	**-**	-
Net movement in restricted cash	**(2,000)**	(2,030)
Net cash flows generated from (used) in investing activities	**(196,023)**	(22,308)
FINANCING ACTIVITIES		
Loans borrowed	**54,841**	130,633
Loans paid	**(28,399)**	(82,333)
Loan from Holding company - Renaissance	**-**	-
Repayment of loan due to holding company	**-**	(32,784)
Dividend paid to Owner	**(20,000)**	-
Dividend paid to non-controlling interests	**-**	-
Net cash flows generated from financing activities	**4,442**	15,516
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(126,934)**	34,023
Cash and cash equivalents at 1 January	**158,297**	15,096
CASH AND CASH EQUIVALENTS AT 30 JUNE	**31,363**	49,119

Topaz Energy and Marine Limited and its subsidiaries

Condensed unaudited consolidated interim statement of changes in equity for the six month period ended 30 June 2014

	Share capital US$' 000	*Statutory reserve US$' 000*	*Hedging reserve US$' 000*	*Retained earnings US$' 000*	*Total US$' 000*	*Non-controlling interests US$' 000*	*Total equity US$' 000*
Balance at 1 January 2014	256,818	38	158	191,227	448,241	92,673	540,914
Profit for the period	-	-	-	12,706	12,706	9,181	21,887
Net changes in fair value of cash flow hedges	-	-	(109)	-	(109)	-	(109)
Total comprehensive income for the period	-	-	(109)	12,706	12,597	9,181	21,778
Transactions with the Owners							
Dividend paid	-	-	-	(20,000)	(20,000)	-	(20,000)
Equity contribution	-	-	-	-	-	21,700	21,700
Total transactions with the Owners	-	-	-	(20,000)	(20,000)	21,700	1,700
Balance at 30 June 2014	256,818	38	49	183,933	440,838	123,554	564,392
Balance at 1 January 2013	256,818	38	(2,118)	165,664	420,402	73,449	493,851
Profit for the period	-	-	-	25,563	25,563	19,224	44,787
Net changes in fair value of cash flow hedges	-	-	2,276	-	2,276	-	2,276
Total comprehensive income for the period	-	-	2,276	25,563	27,839	19,224	47,063
Balance at 31 Dec 2013	256,818	38	158	191,227	448,241	92,673	540,914

1 GENERAL INFORMATION

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

The condensed consolidated interim financial information for the six month period ended 30 June 2014 ("the interim financial information") comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The principal activities of the Group are ship management and operations of marine vessels on charter primarily to the oil and gas industry.

2 BASIS OF PREPARATION

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 ESTIMATES

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

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

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

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

5.2 Liquity risk

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

5.3 Fair value estimation

Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

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

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

At 30 June 2014	Total US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Cost US$'000
Derivative financial instruments					
Derivative financial instruments	2,532	-	2,532	-	-
At 31 December 2013 (Audited)					
Derivative financial instruments					
Derivative financial instruments	2,613	-	2,613	-	-

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

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

The fair value of borrowings are as follows:

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Non-current	**637,585**	619,753
Current	**62,688**	51,136
	700,273	670,889

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

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

6 SEGMENT INFORMATION

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

Geographic segments

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

- MENA

- Global

- Caspian

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

The following table presents segmental information about these businesses:

Six months ended 30 Jun 2014	MENA US$'000	Global US$'000	Caspian US$'000	Corporate US$'000	Eliminations US$'000	Total US$'000
Revenue	43,169	36,722	106,755	-	(1,415)	185,231
Direct costs	(25,144)	(23,686)	(54,353)	-	1,101	(102,082)
Gross profit/segment results	18,025	13,036	52,402	-	(314)	83,149
Administrative expenses	(4,682)	(2,374)	(7,600)	(5,965)	-	(20,621)
Impairment loss on accounts receivable	(162)	(1,732)	-	-	-	(1,894)
Other income	-	80	170	19	-	269
Finance cost, net	(3,925)	(5,479)	(16,827)	(3,012)	-	(29,243)
Profit before income tax	9,256	3,531	28,145	(8,958)	(314)	31,660
Income tax expense	(2,031)	(1,218)	(6,675)	151	-	(9,773)
Profit for the period	7,225	2,313	21,470	(8,807)	(314)	21,887

6 SEGMENT INFORMATION (continued)

Six months ended 30 Jun 2013	MENA US$'000	Global US$'000	Caspian US$'000	Corporate US$'000	Eliminations US$'000	Total US$'000
Revenue	46,669	28,960	111,194	-	(1,424)	185,399
Direct costs	(27,525)	(22,267)	(67,518)	-	1,058	(116,252)
Gross profit/segment results	19,144	6,693	43,676	-	(366)	69,147
Administrative expenses	(4,419)	(1,714)	(7,173)	(4,138)	-	(17,444)
Impairment loss on accounts receivable	(731)	-	-	-	-	(731)
Other income	523	1,020	305	-	-	1,848
Finance cost, net	(5,108)	(3,285)	(7,265)	(3,972)	-	(19,630)
Profit before income tax	9,409	2,714	29,543	(8,110)	(366)	33,190
Income tax expense	(1,992)	(784)	(6,500)	-	-	(9,276)
Profit for the period	**7,417**	**1,930**	**23,043**	**(8,110)**	**(366)**	**23,914**

7 REVENUE

	Six months ended 30 June 2014 US$'000	Six months ended 30 June 2013 US$'000
Charter and other revenues from marine vessels	**178,806**	175,688
Income from mobilization of marine vessels	**6,425**	3,511
Sale of marine vessels	**-**	6,200
	185,231	185,399

8 FINANCE INCOME AND COSTS

	Six months ended 30 June 2014 US$'000	Six months ended 30 June 2013 US$'000
Recognised in profit or loss		
Interest expense	**29,486**	20,298
Exchange loss	**437**	230
Finance cost	**29,923**	20,528
Exchange gain	**-**	140
Fair value changes of derivative financial instruments	**593**	758
Interest income	**87**	-
Finance income	**680**	898
Recognized in other comprehensive income		
Gain/ (loss) changes in the fair value of cash flow hedges	**(109)**	1,015

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	**9,773**	9,276
Income tax payable	**16,802**	14,567

The Group's consolidated effective tax rate is 31% for six months ended June 2014 (June 2013: 28%).

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings US$'000	Plant, machinery furniture, fixtures and office equipment US$'000	Marine vessels US$'000	Motor vehicles US$'000	Capital work in progress US$'000	Total US$'000
Cost:						
At 1 January 2014	3,958	14,255	1,320,462	791	87,154	1,426,620
Additions	-	-	101,454	-	65,043	166,497
Transfer	-	-	117,271	-	(117,271)	-
Disposals / write offs	-	-	-	-	-	-
At 30 June 2014	3,958	14,255	1,539,187	791	34,926	1,593,117
Depreciation:						
At 1 January 2014	595	10,940	292,571	699	-	304,805
Charge for the year	80	385	29,826	29	-	30,320
Mobilisation charge for the year	-	-	1,022	-	-	1,022
Relating to disposals/write offs	-	-	-	-	-	-
At 30 June 2014	675	11,325	323,419	728	-	336,147
Net carrying amount						
At 30 June 2014	**3,283**	**2,930**	**1,215,768**	**63**	**34,926**	**1,256,970**

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

During the six months ended June 2014, the Group has capitalized borrowing cost amounting to US$ 3,589 thousand (Dec 2013: US$ 2,217 thousand). Borrowing costs were capitalised at the weighted average rate of 9.2%.

The depreciation charge has been allocated as follows:

	Six months ended 30 June 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Direct costs	**29,826**	54,770
Administrative expenses	**494**	916
	30,320	55,686

11 INTANGIBLE ASSETS AND GOODWILL

	June 2014			Dec 2013 (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**	**592**	**26,766**	26,174	672	26,846
Additions	**-**	**-**	**-**	-	-	-
Amortization	**-**	**(40)**	**(40)**	-	(80)	(80)
At 30 June/31 December	**26,174**	**552**	**26,726**	26,174	592	26,766
Cost (gross carrying amount)	**26,174**	**1,947**	**28,121**	26,174	1,947	28,121
Accumulated amortization	**-**	**(1,395)**	**(1,395)**	-	(1,355)	(1,355)
Net carrying amount	**26,174**	**552**	**26,726**	26,174	592	26,766

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

Goodwill comprises of the following:

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:

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
BUE Marine Limited Unit	**18,383**	18,383
Doha Marine Services Unit	**7,791**	7,791
	26,174	26,174

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

12 INVENTORIES

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Stores, spares and consumables	**3,793**	4,280
Provision for slow moving inventories	**(102)**	(102)
	3,691	4,178

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

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

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Trade accounts receivable	**90,450**	85,219
Allowance for impairment of receivable	**(6,069)**	(4,892)
	84,381	80,327
Deferred mobilisation costs	**10,585**	14,901
Advance to suppliers	**2,535**	1,944
Value added tax (VAT) recoverable	**3,624**	5,265
Prepaid expenses	**4,353**	2,941
Retention receivable	**1,998**	3,028
Receivable from joint venture partner	**21,700**	-
Other receivables	**6,079**	6,573
	135,255	114,979
Less: Non-current portion of deferred mobilisation costs	**(3,209)**	(7,546)
	132,046	107,433

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

At 30 June 2014, trade receivables with a nominal value of US$ 5,069 thousand (31 December 2013: US$ 4,892 thousand) were impaired. Movement in the allowance for impairment of receivables were as follows:

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
At 1 January	**4,892**	4,705
Charge for the year	**1,894**	4,839
Amounts written off	**(717)**	(4,652)
At the end of the period/year	**6,069**	4,892

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

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
MENA	**14,733**	13,847
Caspian	**50,228**	56,609
Others	**19,420**	9,871
At the end of the period/year	**84,381**	80,327

As at 30 June 2014 and 31 Dec 2013, the ageing of unimpaired trade receivables is as follows:

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

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

14 CASH AND CASH EQUIVALENTS

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

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Cash at bank		
- Deposits under lien (refer (i) below)	**13,000**	11,000
- Current accounts	**31,249**	158,188
	44,249	169,188
Cash in hand	**114**	109
Bank overdraft (refer to (ii) below)	**44,363**	169,297
	-	-
Cash and bank balances	**44,363**	169,297
Less: Deposits under lien	**(13,000)**	(11,000)
Cash and cash equivalents	**31,363**	158,297

(i) These represent deposits with a commercial bank held under lien against term loans obtained by the Group. (Note 17)

15 SHARE CAPITAL

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Authorised		
400,000,000 shares of US$ 1 each (2013: 400,000,000 shares of US$ 1 each)	**400,000**	400,000
Issued and fully paid		
256,817,094 shares of US$ 1 each (2013: 256,817,094 shares of US$ 1 each)	**256,818**	256,818

16 HEDGING RESERVE

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

17 TERM LOANS

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
$350M 8.625% Senior Notes due 2018	**339,209**	338,244
Term loan, at LIBOR plus 4.00% p.a. repayable by August 2017	**149,744**	162,595
Term loan at LIBOR plus 3.5% p.a repayable by June 2020	**48,782**	51,933
Term loan at LIBOR plus 3.75% p.a. repayable by June 2018	**100,059**	61,526
Term loan at LIBOR plus 2.65% p.a. repayable by July 2022	**17,636**	18,668
Term loan at LIBOR plus 3.95% p.a. repayable by Oct 2017	**9,586**	10,359
Term loan at LIBOR plus 3.95% p.a. repayable by May 2018	**9,369**	10,303
Term loan at 5.75% p.a. repayable by Oct 2017	**15,888**	17,261
Short term loan Libor + 3.187%	**10,000**	
	700,273	670,889
Current portion	**(62,688)**	(51,136)
Non-current portion	**637,585**	619,753

The term loans are repayable as follows:

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Due within one year	**62,688**	51,136
Due between two to five years	**612,512**	594,680
Due after five years	**25,073**	25,073
	700,273	670,889

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

18 LOAN DUE TO ULTIMATE HOLDING COMPANY

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

(i) This represents loan obtained from the Ultimate holding company in 2012 for the purpose of financing acquisition of certain vessels and working capital requirements.

(ii) This represents a subordinated loan payable in four equal installments of US$ 26 million, starting from November 2014 carrying mark up at the rate of 8.5% p.a. compounded on a quarterly basis.

19 EMPLOYEES' END OF SERVICE BENEFITS

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

Principal actuarial assumptions at the reporting date are as follows:

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

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

	Six months ended 30 June 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Provision as at 1 January	**3,072**	2,593
Provided during the period	**871**	870
End of service benefits paid	**(70)**	(442)
Transfer to a related party	**-**	51
Provision as at 30 June/ 31 Dec	**3,873**	3,072

20 ACCOUNTS PAYABLE AND ACCRUALS

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Current		
Trade accounts payables	**14,515**	44,577
Accrued expenses	**30,702**	26,065
Deferred income	**5,752**	6,251
Interest payable	**7,083**	6,974
Other payables	**1,586**	1,080
	59,638	84,947
Non-current		
Deferred income	**4,516**	4,190

21 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Due from related parties		
Directors	**68**	72
Topaz Engineering Ltd	**17,094**	16,943
Topaz Energy and Marine PLC,UK	**83**	83
	17,245	17,098
Due to related parties		
Rennaissance Services SAOG ("the Ultimate Holding Company")	**776**	750
Others	**8**	295
	784	1,045

22 CONTINGENCIES AND CLAIMS

Contingent liabilities

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Letters of credit	**-**	1,011
Letters of guarantee	**20,792**	16,854
	20,792	17,865

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

23 COMMITMENTS

	Six months ended 30 Jun 2014 US$'000	Year ended 31 Dec 2013 US$'000 (Audited)
Capital expenditure commitment:		
Purchase of marine vessels	**11,804**	134,592
	11,804	134,592