

Company No: 3298169

**AUTOSKIP LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST DECEMBER 1997**



## **AUTOSKIP LIMITED**

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### **REPORT OF THE DIRECTORS**

The Directors present their first report and the audited financial statements for the period from 31st December 1996 to 31st December 1997.

#### **INCORPORATION.**

The Company was incorporated in England on 31st December 1996.

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS.**

##### **Principal activities**

The principal activity of the Company is to participate in financing transactions related to ship building. The transactions entered into in the period are described in detail at Note 6 to these financial statements. The Directors expect that the present level of activity will be sustained for the foreseeable future.

#### **RESULTS FOR THE PERIOD AND STATE OF AFFAIRS AT 31ST DECEMBER 1997.**

The profit for the period amounts to £ nil.

#### **DIVIDENDS.**

The Directors are unable to recommend a dividend for the period.

#### **DIRECTORS AND SECRETARY.**

The Directors who held office during the period and subsequently were:-

J.A.J. Chapman	(appointed 22nd January 1997)
R.T. Gibson	(appointed 22nd January 1997)
S.B. De Carteret	(appointed 22nd January 1997)

The Secretary who held office during the period and subsequently is:-

Jordans Company Secretaries Limited

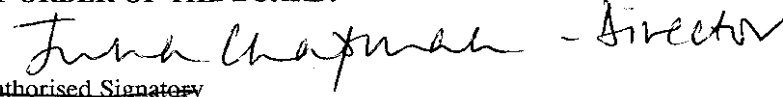
#### **AUDITORS.**

Ernst & Young were appointed as auditors by the Directors and they will be re-appointed at the Annual General Meeting.

#### **REGISTERED OFFICE.**

21 St. Thomas's Street  
Bristol  
BS1 6JS

#### **BY ORDER OF THE BOARD.**

 - Director  
~~Authorised Signatory~~  
Jordans Company Secretaries Limited  
~~Secretary~~

## **AUTOSKIP LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company Law requires the Directors to prepare financial statements which shall be in accordance with UK generally accepted accounting principles and show a true and fair view of the profit or loss of the Company for the period and of the state of the Company's affairs at the end of the period.

In preparing the financial statements the Directors should:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

#### **YEAR 2000 ISSUE**

Some computer systems express dates using only the last two digits of the year and require modification or replacement before the Year 2000 to avoid malfunctions.

The Directors are giving the Year 2000 issue the highest priority to ensure that their computer systems are being modified, enhanced or changed as necessary and tested so as to be Year 2000 compliant.

In instances where the Directors depend on third party suppliers, they are seeking to ensure that all such suppliers are Year 2000 compliant.

The Directors are satisfied that sufficient resources are being devoted to deal with Year 2000 problems in so far as the Company is concerned.

While the Directors believe that they will achieve an acceptable state of readiness, it is not possible, given the complexity of the problem for any organisation to guarantee Year 2000 compliance.

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF AUTOSKIP LIMITED**

We have audited the financial statements on pages 4 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

#### **Respective responsibilities of Directors and Auditors**

As described on page 2, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

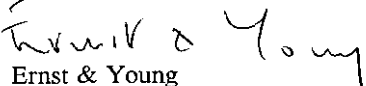
#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 1997 and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditor  
Chartered Accountants  
Le Gallais Chambers  
St Helier  
Jersey  
Channel Islands

Date: 19 August 1999

## AUTOSKIP LIMITED

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### BALANCE SHEET

AS AT 31ST DECEMBER 1997

	Notes	1997
<b>CURRENT ASSETS</b>		
Debtor	2	2
<b>TOTAL NET ASSETS</b>		<hr/> £ 2 <hr/>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	3	2
	5	<hr/> £ 2 <hr/>

Approved by the Directors on the 18<sup>TH</sup> day of AUGUST 1999.

Director: John Chapman

*(The notes on pages 5 to 7 form part of these financial statements)*

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## **AUTOSKIP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD 31ST DECEMBER 1996 TO 31ST DECEMBER 1997**

##### **1. ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The more significant accounting policies used are set out below:-

###### **Transaction reporting.**

The Company entered into the transactions described in Note 6 to these financial statements. The substance of such transactions are not, pursuant to the requirements of FRS 5, reflected in the balance sheet forming part of these financial statements as, in the Directors' view, no quantifiable financial benefits or risks accrue to the Company as a result of its participation in the said transactions.

###### **Cash flow statement.**

A cash flow statement has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of Financial Reporting Standard No.1 (Revised) "Cash Flow Statements".

##### **2. DEBTOR**

**1997**

Called up share capital unpaid	£	2
		<u>          </u>

##### **3. CALLED UP SHARE CAPITAL**

**1997**

###### **AUTHORISED:**

1,000 ordinary shares of £1 each	£	1,000
		<u>          </u>

###### **ISSUED AND UNPAID:**

2 ordinary shares of £1 each	£	2
		<u>          </u>

##### **4. OPERATING EXPENSES**

Operating expenses of the company have been settled by a third party.

## AUTOSKIP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD 31ST DECEMBER 1996 TO 31ST DECEMBER 1997

##### 5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

1997

New share capital subscribed  
and closing shareholders' funds

£ 2

##### 6. TRANSACTIONS

On 5th February, 1997 the Company entered into ship building contracts (the "Shipbuilding Contracts") relating to the construction and acquisition by the Company of two twin screw passenger ro ro ferries known as Hull 289 and Hull 290 (together, the "Vessels"). The Shipbuilding Contracts were amended and restated on 11th September, 1997 and further on 31st October 1997. The consideration payable in relation to Hull 289 totals PTA8,200,000,000 and in relation to Hull 290, PTA8,100,000,000. As at the balance sheet date payments under the terms of the Shipbuilding Contracts totalling PTA80,000,000 had been made, leaving an aggregate amount of PTA16,220,000,000 due upon the launching and delivery of the Vessels.

The Company has also entered into contracts dated 11th September, 1997 to sell the Vessels (the "Sales Contracts") to a commercial counterparty (the "Purchaser") for a consideration of US\$42,750,000 each. The Sales Contracts were amended on 31st October 1997. As at the balance sheet date amounts with a value equivalent to PTA80,000,000 had been invoiced by the Company under the terms of the Sales Contracts and received from the Purchaser. To secure its obligations under the Sales Contracts the Company has assigned to the Purchaser all of its rights, title and interest in and to the Shipbuilding Contracts.

The Company has instructed the Purchaser to pay US\$ amounts payable under the terms of the Sales Contracts to the Midland Bank plc (the "Bank"). The Bank has entered into the forward foreign exchange and interest rate swap transactions hereinafter referred to (the "Swap Transactions") and, inter alia, converted such US\$ amounts into amounts of PTA. The said PTA amounts are maintained on secured deposit accounts (the "Secured Deposits") in the name of the Company with the Bank. At the balance sheet date a total balance of PTA80,000,000 was maintained on the Secured Deposits. Each of the Secured Deposits bears interest fixed at 11.80% per annum payable annually in arrears. The principal amounts of the Secured Deposits have been pledged by the Company to the Bank as security for the obligations of the Company to the Bank arising in connection with the Loan Agreements (as hereinafter defined).

The PTA amounts payable by the Company under the terms of the Shipbuilding Contracts have been or will be financed in the following manner. First, the Company has entered into loan agreements (the "Loan Agreements") with the Bank dated 24th December, 1997. An aggregate advance of PTA13,797,950,000 (the "Loan") is available to the Company under the terms of the Loan Agreements drawable in five tranches during the construction of the Vessels. Amounts drawn down under the Loan Agreements bear interest at the fixed rate of 11.80% payable annually in arrears. All amounts drawn down under the Loan Agreements are repayable in full by ten annual installments commencing three years after the date of delivery of the Vessels.

The amount drawn down under the Loan Agreement at the balance sheet date was PTA80,000,000.

## **AUTOSKIP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD 31ST DECEMBER 1996 TO 31ST DECEMBER 1997**

##### **6. TRANSACTIONS - (continued)**

A shortfall arises when the aggregate advance available under the Loan Agreements is applied against the aggregate amounts payable by the Company pursuant to the Shipbuilding Contracts. The shortfall will be met by the payment by the Bank to the shipbuilder (upon delivery of the Vessels) of certain interest adjustment amounts receivable by the Bank in connection with the Loan Agreements in the manner set out in, and upon the terms of, financing agreements (the "Financing Agreements") made between the Company and, inter alia, the Bank on 11th September, 1997 in connection with the Vessels.

The Loans advanced to the Company by the Bank are denominated in PTA. Payments to the Company pursuant to the Sales Contracts are received in US\$. Any potential exposure of the Company to movements in interest and exchange rates arising therefrom has been hedged as a result of the Bank entering into the Swap Transactions.

Pursuant to deposit agreements (the "Deposit Agreements") made between the Company and the Bank and dated 24th December, 1997 the principal balances from time to time of the Secured Deposits and interest accruing thereon is and may be applied by the Bank to discharge the Company's obligations to the Bank arising under or in connection with the Loan Agreements. Interest received by the Company on the Secured Deposits is and will be applied to finance loan interest payable by the Company to the Bank. The principal amounts of the Secured Deposits will be the source of repayment of the principal amount of the Loan.

As a result of the limited recourse and other provisions of the Shipbuilding Contracts, the Sales Contracts, the Financing Agreements, the Deposit Agreements, the Swap Transactions and the other documents entered into by the Company in connection with the aforementioned transactions the said transactions are not considered to produce any inflow or outflow of benefit to, or risk or reward for, the Company. As a result, payments received and made, receivable and payable in respect of those transactions as well as any currency, interest or other exposures or benefits arising therefrom do not constitute new assets or liabilities, as defined under FRS5, and consequently are not recognised on the balance sheet.

##### **7. HOLDING COMPANY**

The Company is owned by Maurant & Co. Trustees Limited as trustees of the Ultra Charitable Trust. The Directors do not consider there to be a single ultimate controlling party under the definition of FRS 8.