

Company No: 3298169

AUTOSKIP LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1999



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AUTOSKIP LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31st December 1999.

INCORPORATION.

The Company is incorporated in England.

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 year and prior 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.

The Company is a non-trading company.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31ST DECEMBER 1999.

The profit for the year amounts to £ nil.

DIVIDENDS.

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

DIRECTORS AND SECRETARY.

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

J.A.J. Chapman
R.T. Gibson
S.B. De Carteret

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

Jordans Company Secretaries Limited

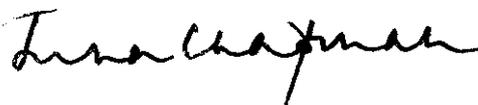
AUDITORS.

A resolution to reappoint Ernst & young as auditors will be put to the members at the Annual General Meeting.

REGISTERED OFFICE.

21 St. Thomas's Street
Bristol
BS1 6JS

SIGNED ON BEHALF OF THE BOARD.

J.A.J. Chapman 
Director

AUTOSKIP LIMITED

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 year and of the state of the Company's affairs at the end of the year.

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.

REPORT OF THE AUDITORS
to the members of Autoskip Limited

We have audited the accounts on pages 4 to 9, 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 in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 affairs of the company as at 31st December 1999 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Ernst & Young
Registered Auditor
Jersey, Channel Islands

Date: 20 December 2000

AUTOSKIP LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
CURRENT ASSETS			
Debtor	2	2	2
TOTAL NET ASSETS	£	<u>2</u>	£ <u>2</u>
SHAREHOLDERS' FUNDS			
Called up share capital	3	2	2
	5	£ <u>2</u>	£ <u>2</u>

Approved by the Directors on the 20th day of December 2000.

Director: 

(The notes on pages 5 to 9 form part of these financial statements)

AUTOSKIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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

	<u>1999</u>	<u>1998</u>
Called up share capital unpaid	£ 2	£ 2

3. CALLED UP SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
AUTHORISED:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
ISSUED AND UNPAID:		
2 ordinary shares of £1 each	£ 2	£ 2

4. OPERATING EXPENSES

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

AUTOSKIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1999

5. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999	1998
Opening shareholders' funds	2	-
New share capital subscribed	-	2
Closing shareholders' funds	£ 2	£ 2

6. TRANSACTIONS

On 5th February, 1997 the Company entered into ship building contracts (the "Shipbuilding Contracts for Hulls 289 and 290") relating to the construction and acquisition by the Company of two twin screw passenger ro ro ferries known as Hull 289 and Hull 290. The Shipbuilding Contracts for Hulls 289 and 290 were amended and restated on 11th September, 1997 and further amended 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 for Hulls 289 and 290 totaling PTA10,822,530,512 had been made, leaving an aggregate of PTA5,477,469,488 due upon the launching and delivery of the Hulls.

The Company has also entered into contracts dated 11th September, 1997 to sell Hulls 289 and 290 (the "Sales Contracts for Hulls 289 and 290") to a commercial counterparty (the "Purchaser for Hulls 289 and 290") for a consideration of US\$42,750,000 each. The Sales Contracts for Hulls 289 and 290 were amended on 31st October 1997. As at the balance sheet date amounts with a value equivalent to PTA10,822,530,512 had been invoiced by the Company under the terms of the Sales Contracts for Hulls 289 and 290 and received from the Purchaser for Hulls 289 and 290. To secure its obligations under the Sales Contracts for Hulls 289 and 290 the Company has assigned to the Purchaser for Hulls 289 and 290 all of its rights, title and interest in and to the Shipbuilding Contracts for Hulls 289 and 290.

The Company has instructed the Purchaser for Hulls 289 and 290 to pay US\$ amounts payable under the terms of the Sales Contracts for Hulls 289 and 290 to HSBC Bank plc (the "Bank"). The Bank has entered into the forward foreign exchange and interest rate swap transactions hereinafter referred to (the "Swap Transactions for Hulls 289 and 290") and, inter alia, converted such US\$ amounts into amounts of PTA. The said PTA amounts are maintained on secured deposit accounts (the "Secured Deposits for Hulls 289 and 290") in the name of the Company with the Bank. At the balance sheet date a total balance of PTA10,822,530,512 was maintained on the Secured Deposits for Hulls 289 and 290. Each of the Secured Deposits for Hulls 289 and 290 bears interest fixed at 11.80% per annum payable annually in arrears. The principal amounts of the Secured Deposits for Hulls 289 and 290 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).

AUTOSKIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1999

6. TRANSACTIONS - (continued)

The PTA amounts payable by the Company under the terms of the Shipbuilding Contracts for Hulls 289 and 290 have been or will be financed in the following manner. First, the Company has entered into loan agreements (the "Loan Agreements for Hulls 289 and 290") 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 for Hulls 289 and 290 drawable in five tranches during the construction of Hulls 289 and 290. Amounts drawn down under the Loan Agreements for Hulls 289 and 290 bear interest at the fixed rate of 11.80% payable annually in arrears. All amounts drawn down under the Loan Agreements for Hulls 289 and 290 are repayable in full by ten annual installments commencing three years after the date of delivery of Hulls 289 and 290.

The amount drawn down under the Loan Agreements for Hulls 289 and 290 at the balance sheet date was PTA10,822,530,512.

On 30th September 1999 the Company entered into novation agreements and accepted the obligations and rights in connection with shipbuilding contracts (the "Shipbuilding Contracts for Hulls 287, 288, 309 and 360") relating to the construction of two twin screw passenger ro ro ferries known as Hull 287 and Hull 288 (both dated 15th March 1996 and subject to various amendments) and two chemical and oil products parcel tankers known as Hull 309 and Hull 360 (both dated 11th July 1996 and subject to various amendments) for a total consideration of PTA 27,350,000,000.

As at the balance sheet date the commitments under the terms of the Shipbuilding Contracts in respect of Hulls 287, 288, 309 and 360 had been fulfilled by the Company, and a total of PTA 27,843,359,194 had been paid.

The Company has also entered into contracts dated 15th March 1996 in respect of Hull numbers 287 and 288 and dated 11th July 1996 in respect of Hull numbers 309 and 360 to sell the vessels (the contracts subject to various amendments, the "Sales Contracts for Hulls 287, 288, 309 and 360") to various counterparties (the "Purchasers for Hulls 287, 288, 309 and 360") for a total consideration of US\$ 186,200,000.

As at the balance sheet date the full commitment of the Purchasers in respect of Hull numbers 287, 288, 209 and 360 totalling PTA 23,923,080,247 had been invoiced and received by the Company under the terms of the various Sales Contracts.

AUTOSKIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1999

6. TRANSACTIONS - (continued)

The Company has instructed the Purchaser for Hulls 287, 288, 309 and 360 to pay US\$ amounts payable under the terms of the Sales Contracts for Hulls 287, 288, 309 and 360 to the Bank. The Bank (initially with the shipbuilder) has entered into the forward foreign exchange and interest rate swap transactions hereinafter referred to (the "Swap Transactions for Hulls 287, 288, 309 and 360") and, inter alia, converted such US\$ amounts into amounts of PTA. The said PTA amounts are maintained on secured deposit accounts (the "Secured Deposits for Hulls 287, 288, 309 and 360") in the name of the Company with the Bank.

At the balance sheet date a total aggregate balance of PTA 21,775,192,292 was maintained on the Secured Deposits for Hulls 287, 288, 309 and 360. Each of the Secured Deposits for Hulls 287, 288, 309 and 360 bears interest currently at 12.13% per annum payable quarterly in arrears up to the delivery date of Hulls 287, 288, 309 and 360 and annually thereafter. The principal amounts of the Secured Deposits for Hulls 287, 288, 309 and 360 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 for Hulls 287, 288, 309 and 360 have been or will be financed in the following manner:

In respect of Hull numbers 287 and 288, the Company has entered into loan agreements (the "Loan Agreements for Hulls 287 and 288") with the Bank dated 14th May 1996. An aggregate advance of PTA 10,440,000,000 (the "Loan for Hulls 287 and 288") is available to the Company under the terms of the Loan Agreements for Hulls 287 and 288 drawable in four tranches during the construction of the said vessels. Amounts drawn down under the Loan Agreements for Hulls 287 and 288 bear interest at the fixed rate of 12.13% payable quarterly in arrears. All amounts drawn down under the Loan Agreements for Hulls 287 and 288 are repayable in full by ten annual installments commencing three years after the date of delivery of those vessels.

In respect of Hull numbers 309 and 360, the Company has entered into loan agreements (the "Loan Agreements for Hulls 309 and 360") with the Bank dated 20th March 1997 (and subsequently amended and supplemented). An aggregate advance of PTA 11,440,000,000 (the "Loan for Hulls 309 and 360") is available to the Company under the terms of the Loan Agreements for Hulls 309 and 360 drawable in six tranches during the construction of the vessels. Amounts drawn down under the Loan Agreements for Hulls 309 and 360 bear interest at the fixed rate of 12.13% payable quarterly in arrears up to the date of delivery of those vessels and annually thereafter. All amounts drawn down under the Loan Agreements for Hulls 309 and 360 are repayable in full by ten annual installments commencing three years after the date of delivery of those vessels.

The aggregate amount drawn down under the Loan Agreements for Hulls 287, 288, 309 and 360 at the balance sheet date was PTA 21,775,192,292.

AUTOSKIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1999

6. TRANSACTIONS - (continued)

In each case a shortfall arises when the aggregate advance available under each Loan Agreement is applied against the aggregate amounts payable by the Company pursuant to each Shipbuilding Contract. 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 each of the Loan Agreements in the manner set out in, and upon the terms of, each of the financing agreements (the "Financing Agreements") made between the Company and, inter alia, the Bank on 11th September, 1997 in connection with Hull numbers 289 and 290, 14th May 1996 in connection with Hull numbers 287 and 288 and 11th July 1996 (and amended in July 1996) in connection with Hull numbers 309 and 360.

The Loans advanced to the Company by the Bank are denominated in PTA. Payments to the Company pursuant to each of 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 each of the Swap Transactions. Pursuant to the terms of the Financing Agreements the Company has assumed joint and several liability for each of the Swap Transactions.

Pursuant to deposit agreements (the "Deposit Agreements") made between the Company and the Bank dated 24th December, 1997 in connection with Hull numbers 289 and 290, dated 14th May 1996 in connection with Hull numbers 287 and 288 and dated 20th March 1997 in connection with Hull numbers 309 and 360, the principal balances from time to time of each of the Secured Deposits and interest accruing thereon are, and may be applied by the Bank, to discharge the Company's obligations to the Bank arising under or in connection with each of the Loan Agreements. Interest received by the Company on each of the Secured Deposits is and will be applied to finance loan interest payable by the Company to the Bank. The principal amounts of each of the Secured Deposits will be the source of repayment of the principal amount of the Loans.

As a result of the limited recourse and other provisions of each of the Shipbuilding Contracts, the Sales Contracts, the Financing Agreement, 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 Mourant & 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.