

SHORTDANCE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2005

We have prepared the unaudited financial statements on pages 3 to 5 for the year ended 31st December 2005 as Directors of the Company from the information in our possession for the benefit of the Shareholders only. These financial statements should not be relied upon by any other person.

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SHORTDANCE LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the unaudited financial statements for the year ended 31st December 2005.

INCORPORATION

The Company is incorporated in England.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Principal activity

The principal activity of the Company is to participate in financing transactions related to ship building. The transactions entered into in the year are described in detail in 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 2005

The result for the year amounted to £ Nil (2004: £ Nil).

DIVIDENDS

The Directors do not recommend a dividend for the year (2004: £ Nil).

DIRECTORS AND SECRETARY

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

J.A.J. Chapman
G. Essex-Cater
D.J. Le Blancq

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

Jordans Company Secretaries Limited

REGISTERED OFFICE

21 St. Thomas's Street
Bristol
BS1 6JS

ON BEHALF OF THE BOARD

Director :

Date: 26 January 2007

SHORTDANCE 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 are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * 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.

SHORTDANCE LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS			
Cash at bank	2	2	2
TOTAL NET ASSETS		<u>£ 2</u>	<u>£ 2</u>
CAPITAL AND RESERVES			
Share capital	3	2	2
EQUITY SHAREHOLDERS' FUNDS	4	<u>£ 2</u>	<u>£ 2</u>

AUDIT EXEMPTION

- (a) For the year ended 31st December 2005 the Company was entitled to exemption under s.249A(1) of the Companies Act 1985.
- (b) No notice has been deposited under s.249B(2) of the Companies Act 1985 requiring audited financial statements to be prepared.
- (c) The directors recognise their responsibilities for:
- (i) ensuring the Company maintains accounting records in accordance with s.221 of the Companies Act 1985; and
 - (ii) preparing financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of any profit or loss in accordance with s.226 of the Companies Act 1985 and otherwise comply with the provisions of the Companies Act 1985 as they relate to financial statements.
- (d) Advantage has been taken of the exemptions conferred by Section A of Sch.8 of the Companies Act 1985.
- (e) In the opinion of the directors, the Company is entitled to those exemptions on the basis that it qualifies as a small Company.

The financial statements were approved by the Board of Directors on the 26TH day of JANUARY 2007 and were signed on its behalf by:

Director:



(The notes on pages 4 to 5 form part of these financial statements)

SHORTDANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2005

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom generally accepted accounting practice. 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. CASH AT BANK

	<u>2005</u>	<u>2004</u>
Mourant du Feu & Jeune - client account	£ 2	£ 2
	<u> </u>	<u> </u>

3. SHARE CAPITAL

	<u>2005</u>	<u>2004</u>
AUTHORISED:		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>
ISSUED AND FULLY PAID:		
2 ordinary shares of £1 each	£ 2	£ 2
	<u> </u>	<u> </u>

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2005</u>	<u>2004</u>
Opening shareholders' funds	2	2
	<u> </u>	<u> </u>
Closing shareholders' funds	£ 2	£ 2
	<u> </u>	<u> </u>

5. OPERATING EXPENSES

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

SHORTDANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2005

6. TRANSACTIONS

The Company enters into various transactions relating to the charter and conversion of ships, and sale of the conversion work. Each transaction consists of a contract to charter and to effect the conversion of a ship by a Shipbuilder (a "Conversion Contract") and to sell the conversion work to a Purchaser (a "Sales Contract"). In the event of the failure of a Purchaser to fulfil its obligations under a Sales Contract, or the failure to find a Purchaser to enter into a Sales Contract, the Company is indemnified by the Shipbuilder. To secure its obligations under each Sales Contract, the Company assigns all rights, title and interest in the Conversion Contract to the Purchaser.

Funds received under a Sales Contract are maintained on a secured deposit account held in the name of the Company with HSBC Bank Plc ("HSBC"). Amounts payable under the terms of a Conversion Contract are financed by a fixed rate loan from HSBC. The secured deposit and the fixed rate loan applicable to each transaction bear the same interest rate and repayment terms. The principal amount of the secured deposit is pledged to HSBC as security for the obligations of the Company to HSBC in connection with the fixed rate loan. Where amounts receivable under a Sales Contract are receivable in a currency different from the currency of the amounts payable under a Conversion Contract, the Company enters into a Swap Agreement with HSBC in order to match its receipts and payments.

As a result of the limited recourse and other provisions of each of the Conversion Contracts, Sales Contracts, and the various financing agreements, including where applicable the Loan Agreements, Deposit Agreements, Swap Transactions, Indemnity Letters 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.

There were no Conversion Contracts outstanding as at the balance sheet date.

7. RELATED PARTIES

J.A.J. Chapman is a supervisory board member and shareholder of Maurant Limited. G. Essex-Cater is a shareholder of Maurant Limited. Each of J.A.J. Chapman, G. Essex-Cater and D.J. Le Blancq is an employee of a subsidiary of Maurant Limited. Affiliates of Maurant Limited provide ongoing administrative services to the Company at commercial rates. J.A.J. Chapman is also a partner of Maurant du Feu & Jeune and should be regarded as interested in any contract in relation to the provision of legal services by Maurant du Feu & Jeune.

8. CONTROLLING PARTY

The Company is owned by Maurant & Co. Trustees Limited as Trustee of the Ultra Charitable Trust, which is a charitable trust constituted under the laws of Jersey, Channel Islands.