Registered No 5991

ANDREW WEIR SHIPPING LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 2006

The Directors present the audited accounts for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The Company's shipping activities include the ownership and operation of vessels The Company provides ship management services both for its own vessels and for related or third party companies Andrew Weir Shipping and its subsidiaries provide a range of shipping related services including travel, tours, agency services, technical support and supervision for vessel repairs and newbuilding contracts

RESULTS, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A Group trading profit of £6,430k was recorded (2005 £4,499k), which included the one off benefit of the sale of the Group's shares in The Baltic Exchange amounting to £576k

In accordance with FRS11, the value of our ships was re assessed, resulting in a write back in value of £494k (2005 £849k) The resulting profit on ordinary activities before interest and tax of £6,924k compares favourably with the profit of £5,348k in the previous year

Group interest costs were lower than in the prior year due to lower financing debt levels After tax charges generated on profits of our associated undertakings and an ordinary dividend of £500k paid to the Parent Company, the Group generated a retained profit for the year of £3,099k

Excluding the impact of the pension matters referred to in Note 5, the Group's reserves rose year on year by £2,287k with the profit for the year, partly offset by exchange losses resulting from the weakening US$ Cash inflows paid off £2,176k of loans and finance lease obligations

As a result of revised calculations completed by the MNOPF Trustees, the liability of the Group has increased by £4,789k This increase has been recorded in the statement of total recognised gains and losses for the year ended 31 December 2006 The total revised liability as at 31 December 2006, including accrued interest, amounted to £9,322k

The Group has continued to build on the initiatives of the prior years Several new ship management contracts were acquired in the year, as well as the winning of the re tender for a further four years of the technical and passenger management contracts for the RMS St Helena

Four of our owned vessels were successfully dry docked during the year, along with four vessels under management contracts During the year a major cargo fire occurred on one of our vessels, which was handled with great professionalism The vessel was subsequently dry docked for repair and returned to service before the end of the year

A 25% investment was made in Moor Maritime Limited, a company owning a 950 teu container ship Our other investments, Foreland Shipping Limited and United Canal Agency GmbH ("UCA") both reported excellent results for the year

During early January 2007, the sale of a small container vessel was completed generating proceeds of approximately £400k In addition, another owned vessel was re chartered for a further period of one year from April 2007

DIVIDENDS

A dividend of 12 13p per share was authorised and paid during 2006 The total dividend paid was £500,000 (2005 £nil)

The Directors do not recommend the payment of any further dividends for 2006

FIXED ASSETS AND FIXED ASSET INVESTMENTS

Detaıls of fixed assets and fixed asset ınvestments are shown ın Notes 8 and 9 to the accounts

EMPLOYEES

Informatıon on matters of concern to employees ıs gıven through ınformatıon bulletıns and reports, whıch seek to achıeve a common awareness on the part of all employees of the financıal and economıc factors affectıng the Company's performance

The Company's polıcy ıs to provıde equal employment opportunıtıes to all

DIRECTORS AND DIRECTORS' INTERESTS

The Dırectors of the Company durıng the year and as at the date of thıs report are set out below

Mr M G Parker
Mr S J Corkhıll
Mr G Hamılton
Mr A F Jones

Mr M G Parker and Mr A F Jones are Dırectors of the ultımate holdıng company, Andrew Weır & Company Lımıted, at 31 December 2006 and, as such, are not requıred to notıfy theır ınterests ın that company

Accordıng to the regıster requıred to be kept by Sectıon 325 of the Companıes Act 1985, no other Dırectors held any shares ın the Company or any other company ın the Group at any tıme durıng the year

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ACCOUNTS

Company law requıres the Dırectors to prepare accounts for each financıal year, whıch gıve a true and faır vıew of the state of affaırs of the Company and the Group, and of the profit or loss of the Company and the Group for that perıod In preparıng those accounts, the Dırectors are requıred to

* Select suıtable accountıng polıcıes and then apply them consıstently,
* Make ȷudgments and estımates that are reasonable and prudent,
* State whether applıcable accountıng standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the accounts,
* Prepare the accounts on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The Dırectors are responsıble for keepıng proper accountıng records whıch dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the Company and the Group and to enable them to ensure that the accounts comply wıth the Companıes Act 1985 They are also responsıble for safeguardıng the assets of the Company and the Group and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

RISK MANAGEMENT AND CONTROL

The management of rısk – operatıonal, market, ınterest rate, lıquıdıty, credıt, current and reputatıonal – ıs fundamental to the Group, wıth the Board of Dırectors (together wıth the Board of Dırectors of the Holdıng Company) havıng responsıbılıty for the over all system of ınternal control and for revıewıng ıts effectıveness

The key areas of risk in relation to the use of financial instruments comprise credit risk (losses due to the inability or unwillingness of a client or other counterparty to meet its obligations), interest risk (fluctuations in the prevailing levels of market rates of interest on its financial position and cash flows), liquidity risk (failure to meet financial obligations in a timely and cost effective manner due to mismatches in the maturity profile of assets and liabilities) and currency risk (adverse movements in exchange rates that will result in a decrease in the value of foreign exchange assets or an increase in the value of foreign currency liabilities)

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors confirm at the time when this report is approved

- So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and

- The Directors have taken all steps that ought to have been taken as Directors, including making appropriate enquiries of the Company's Auditors for that purpose, in order to be aware of any information needed by the Company's Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information

AUDITORS

A resolution to re appoint Moore Stephens LLP as the Company's Auditors will be proposed at the Annual General Meeting

BY ORDER OF THE BOARD

G HAMILTON
COMPANY SECRETARY

Date 21 May 2007

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ANDREW WEIR SHIPPING LIMITED

We have audited the financial statements of Andrew Weir Shipping Limited for the year ended 31 December 2006 set out on pages 5 to 24 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions are not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's and Group's affairs at 31 December 2006 and of the profit of the Group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Moore Stephens LLP

MOORE STEPHENS LLP
Registered Auditors
London EC4M 7BP

Dated 25 May 2007

	Notes	Group 2006 £'000	Group 2005 £'000
Turnover – group and share of joint venture			
Continuing operations	2	24,874	22,640
Less share of joint venture's turnover		(8,533)	(8,239)
		16,341	14,401
Cost of Sales	4	(12,191)	(11,140)
Gross profit		4,150	3,261
Operating expenses	3/4	(2,969)	(3,234)
		1,181	27
Share of profit of joint venture		4,135	3,855
Share of profit of associated undertakings		538	463
Profit on disposal of investment	4	576	154
Group trading profit		6,430	4,499
Write back in value of ships	4	494	849
Profit on ordinary activities before interest and tax		6,924	5,348
Net interest and other income			
Group		(432)	(574)
Joint venture		(2,329)	(2,449)
Associated undertakings		(27)	(16)
	6	(2,788)	(3,039)
Profit on ordinary activities before taxation		4,136	2,309
Taxation	7	(51)	(235)
Profit on ordinary activities after taxation		4,085	2,074
Dividends paid on ordinary shares	8	(500)	
Dividends paid on preference shares		(486)	(486)
Retained profit		3,099	1,588

Group statement of total recognised gains and losses

	2006 £'000	2005 £'000
Retained profit for the financial year	3,099	1,588
Currency translation differences on foreign net investments	(812)	660
Actuarial loss in current year (Note 5(c) – Pensions)	(4,789)	(1,277)
	(2,502)	971

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year and their historical cost equivalents

All activities are continuing

ANDREW WEIR SHIPPING LIMITED

Group Balance Sheet
As at 31 December 2006

	Notes	2006		2005	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible fixed assets	9	19,386		20,083	
Investments	10	1,448		579	
			20,834		20,662
Investment in Joint Venture	10				
Share of gross assets		45,874		49,362	
Share of gross liabilities		(42,982)		(47,218)	
		2,892		2,144	
Loans due within one year		151		151	
Loans due after one year		2,571		2,722	
			5,614		5,017
			26,448		25,679
Current Assets					
Debtors	11	3,516		1,903	
Stock	12	109		77	
Cash at bank and in hand		2,752		6,010	
		6,377		7,990	
Creditors due within one year	13	(6,744)		(6,619)	
Net Current (Liabilities)/Assets			(367)		1,371
Total assets			26,081		27,050
Creditors due after more than one year	13		(8,034)		(10,815)
Pension liability	5(c)		(9,322)		(5,008)
			8,725		11,227
Capital and Reserves					
Called up share capital	16		12,100		12,100
Reserves	15		(3,375)		(873)
Shareholder's funds	17		8,725		11,227
Shareholder's funds comprise					
Non equity shareholder's funds	16		8,100		8,100
Equity shareholder's funds			625		3,127
Total shareholder's funds	17		8,725		11,227

The accounts on pages 5 to 24 were approved by the Board of Directors on 21 May 2007

M G PARKER [signature]

A F JONES [signature]

Company Balance Sheet
As at 31 December 2006

	Notes	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed Assets					
Tangible fixed assets	9	17,722		18,922	
Investments	10	11,626		10,950	
			29,348		29,872
Current Assets					
Debtors	11	6,002		3,122	
Stock	12	109		77	
Cash at bank and in hand		2,687		5,939	
		8,798		9,138	
Creditors – amounts falling due within one year	13	(14,365)		(14,070)	
Net Current Liabilities			(5,567)		(4,932)
Total assets			23,781		24,940
Creditors amounts falling due after more than one year	13		(4,394)		(6,257)
Pension liability	5(c)		(9,322)		(5,008)
			10,065		13,675
Capital and Reserves					
Called up share capital	16		12,100		12,100
Reserves	15		(2,035)		1,575
Shareholder's funds	17		10,065		13,675
Shareholder's funds comprise					
Non equity shareholder's funds	16		8,100		8,100
Equity shareholder's funds			1,965		5,575
Total shareholder's funds	17		10,065		13,675

The accounts on pages 5 to 24 were approved by the Board of Directors on 21 May 2007

M G PARKER

A F JONES

1 PRINCIPAL ACCOUNTING POLICIES

A summary of the more important accounting policies is set out below These policies have been consistently applied during the years ended 31 December 2006 and 2005

Basis of Accounting

The accounts are prepared on a basis consistent with prior years, in accordance with applicable accounting standards in the United Kingdom

Andrew Weir & Company Limited produces Consolidated Group Accounts and the cash flows of the Company are included in the Consolidated Group Cash Flow Statement Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 from publishing its own cash flow statement

Basis of Consolidation

The Group Accounts comprise a consolidation of the audited accounts of the Company and all its subsidiary undertakings, together with the Group's share of the post acquisition results of all joint ventures and associated undertakings The results of subsidiary, joint ventures and associated undertakings are consolidated from the date of acquisition or to the date of disposal

Shipping Results

Voyage results are computed on an accruals basis, and income and direct expenses relating to voyages in progress at the Balance Sheet date are accounted for on a pro rata basis

Tangible Fixed Assets

These are stated at cost less depreciation provided

The capital cost of ships includes costs of supervision during building or major modification together with any interest payable during the construction and pre delivery period Also included in cost is the amount spent on the last cyclical dry dock of ships and special surveys

Depreciation

Ships and equipment, both wholly-owned and lease financed, are depreciated from the time of entering into service on a straight line basis over their estimated useful lives, being 20 years for ships and 12 or 5 years for other equipment Where expenditure is incurred to prolong the useful service life of a ship, which is more than twenty years old, this expenditure is written off over the life extension period Depreciation is based on cost and, in the case of ships, a residual value based on their estimated scrap value at the end of their estimated useful lives All cyclical dry dock costs are capitalised and written off over the dry docking cycle of 3 or 5 years

Impairment

The group reviews all fixed assets for impairment whenever events or circumstances indicate that the carrying value of the assets may not be fully recoverable based upon estimated future cash flows Provision for impairment in the value of fixed assets is made in the profit and loss account

Stock

Stocks are valued at the lower of cost and net estimated realisable value

Pensions

The group participates in a number of pension schemes for the benefit of its employees The funds of the schemes are administered by trustees and are separate from the group In accordance with the recommendations of independent actuaries, the group makes contributions to the schemes so as to secure the benefits set out in the rules of the schemes The cost of such contributions is charged to the profit and loss account on a systematic basis over the service lives of the employees

In accordance with Financial Reporting Standard 17 – Retirement Benefits (FRS17), pension scheme deficits, which can be attributed to the group, are recognised on the balance sheet The increases during the year in the present value of the schemes' liabilities arising from the passage of time are included in interest payable Actuarial gains and losses are recognised in the statement of total recognised gains and losses

Currencies

Revenue transactions in foreign currency are translated into sterling at the rates of exchange ruling at the dates of the transaction and current assets and liabilities are translated into sterling at the rates of exchange ruling at the Balance Sheet date Forward foreign exchange contracts are translated into sterling at the contracted rate at the date of maturity These contracts are used to hedge future cash flows in foreign currencies The resultant differences arising on exchange are included in the result before taxation

Certain ships are recorded in the books of the Company in US$ Where matched against US$ loans and finance leases which were effected to finance the acquisition of the assets, the currency balances are translated into sterling at the year end rate and the net difference is taken directly to reserves

The Profit and Loss Accounts and Balance Sheets of overseas subsidiary and related companies are translated into sterling at the rates of exchange ruling at 31 December Differences on the translation of net assets arising from exchange fluctuations are taken directly to reserves

Finance and Operating Leases

Where assets are financed by leasing agreements that approximate to the loan of money, 'finance leases', the assets are treated as if they had been purchased outright and the corresponding capital cost is shown as an obligation to the lessor Leasing payments are treated as consisting of a capital element and finance charges, the capital element reducing the obligation to the lessor and the finance charges being written off to the Profit and Loss Account over the period of the lease All other leasing agreements are 'operating leases' and the relevant annual rentals are charged wholly to the Profit and Loss Account

Deferred Taxation

Deferred tax is provided in respect of all timing differences, which will reverse subsequent to the balance sheet date at the rates expected at the time of reversal Deferred tax assets are recognised to the extent they are regarded as recoverable

Related Party Transactions

The Company has taken advantage of the exemption not to disclose transactions with related parties allowed under Financial Reporting Standard No 8 Related Parties, as it is a wholly owned subsidiary of Andrew Weir & Company Limited and all the relevant transactions are disclosed in the parent company's consolidated financial statements

2 TURNOVER

Turnover represents the amounts invoiced for charter hire, management fees, goods supplied and commissions received

As permitted by Schedule 4 Section 55 (5) of the Companies Act 1985, no geographical analysis of turnover is shown as, in the opinion of the directors, to do so would be prejudicial to the interests of the company

3 OPERATING EXPENSES

Operating expenses are made up as follows

	2006 £'000	2005 £'000
Selling expenses	41	39
Administrative expenses	2,928	3,195
	2,969	3,234

4 PROFIT FOR THE FINANCIAL YEAR

	2006 £'000	2005 £'000
Group trading profit is arrived at after crediting/(charging):		
Auditors' remuneration audit services	(36)	(35)
Property lease payments	(80)	(80)
Other operating lease payments	(8)	(12)
Depreciation	(1,796)	(1,219)
Directors' remuneration	(265)	(236)
Profit on disposal of investments	576	154
Exceptional items credited to the Profit and Loss account.		
Write back in value of ships	494	849

The write back in the value of ships has been made to reflect higher estimated residual values, together with an extension of the charters A discount rate of 5% (2005 5%) has been applied to cash flows to calculate the write back Depreciation has only been charged on the cyclical dry docking costs No depreciation has been charged on the original asset value in 2006 and no future increase in the annual charge for depreciation will arise from the fixed asset write back, because the net book value equals the estimated residual value

During the course of the year, the Group sold its shares in The Baltic Exchange for £589,000

5 DIRECTORS AND EMPLOYEES

(a) Employees

The average number of persons employed, including Executive Directors, during the year was 49 (2005 46)

	2006 £'000	2005 £'000
Aggregate gross wages and salaries paid to the Group's employees	1,562	1,483
Employer's national insurance contributions	148	131
Other pension costs		
Contribution to pension schemes	237	228
Ex gratia pensions	24	24
	1,971	1,866

(b) Directors

Aggregate emoluments	265	236
Highest paid director		
Aggregate emoluments and benefits	146	130
Defined benefit pension schemes		
Accrued pension at end of year	46	44

There are 2 Directors (2005 2) for whom retirement benefits are accruing in defined benefit schemes

A season ticket advance was made to Stephen J Corkhill of £3,504 during the year, of which £2,669 was still outstanding at 31 December 2006

(c) Pension Costs

(i) Andrew Weir & Company Limited Staff Pension and Life Assurance Plan

Andrew Weir Shipping Limited ("AWSL") is a member of the Andrew Weir & Company Limited Staff Pension and Life Assurance Plan ("AWPP"), which is a closed, funded, defined benefits scheme with a defined contribution section

A full actuarial valuation was carried out as at 31 December 2003 and updated to 31 December 2006 by a qualified independent actuary, using the projected unit method Under this method the current service cost of a closed scheme will increase as members approach retirement The main assumptions used by the actuary were

	2006		2005		2004	
	%	£'000	%	£'000	%	£'000
Inflation	2 90		2 60		2 60	
Rate of increase in salaries	3 90		3 60		3 60	
Rate of increase in pension in payment and deferred pensions	2 80		2 60		2 60	
Rate to discount liabilities	5 20		4 75		5 30	
Fair value of assets and liabilities and long term expected rates of return						
Equities	7 80	30,967	8 00	35,222	8 00	48,090
Bonds	4 50	29,664	4 00	22,472		
Cash and net current assets	5 00	717	4 50	1,570	4 75	3,091
Insurance policies	5 20	53,239	4 75	43,878	5 25	43,613
		114,587		103,142		94,794
Present value of liabilities		(119,164)		(104,034)		(97,321)
Net pension liabilities		(4,577)		(892)		(2,527)

	2006	2005	2004	2003
	£'000	£'000	£'000	£'000
History of experience gains and losses				
Experience gains and losses	221	5,822	2,076	5,171
Difference between the expected and actual return on Scheme assets	0%	6%	2%	6%
Experience (losses)/gains on Scheme liabilities				(782)
Percentage of liabilities	0%	0%	0%	1%
Total amount recognised in the statement of total recognised gains and losses	(4,463)	622	1,672	644
Percentage of liabilities	4%	1%	2%	1%

The Trustees determined the ordinary contribution rate for year ended 31 December 2006 at 27% (2005 21 3%) Group contributions during the accounting period amounted to £195,000

(ii) Merchant Navy Officers Pension Fund

The Group has participated in an industry wide pension scheme – the Merchant Navy Officers' Pensions Fund ("MNOPF") The scheme is split into two sections with the pre 1978 section having a surplus of £210m as per the 31 March 2006 actuarial report The post 1978 section financial position is detailed below AWSL is a participating employer in the scheme

Based upon the shortfall of £194m identified at the actuarial valuation at 31 March 2003, the Group was required to contribute £648,000 per annum for a period of ten years, commencing September 2005 Subsequently, the Group is required to contribute a further £110,000 per annum for a period of 8 years, commencing March 2007, in order to fund the shortfall, which occurred based upon the original funding requests sent to all Employers

Based on the actuarial valuation carried out at 31 March 2006, the MNOPF Trustees have determined a further additional deficit of £151m requiring funding As a result of these calculations, additional contributions of £649,000 per annum will be due over the next eight years

Interest charged during the year ended 31 December 2006 amounted to £173,000 (2005 £203,000)

In accordance with FRS 17 (Retirement Benefits) a provision has been made in the financial statements for the obligation allocated to the Group At 31 December 2005 this amounted to £5,008,000 The revised calculations subsequently issued by the MNOPF Trustees have resulted in an increase in the Group's liability of £4,789,000 This amount has been taken to Reserves as an actuarial loss and recorded in the Statement of Recognised Gains and Losses At 31 December 2006, the liability (including accrued interest) amounted to £9,322,000

Included within the liability of AWSL at 31 December 2006 is £2,235,000 (2005 £1,214,000) relating to a subsidiary's debt to the MNOPF, which has been assumed by AWSL as part of a previous transfer of business Detailed information in respect of assumptions and historic gains and losses has not been disclosed in respect of the MNOPF, as this information has not been provided by the actuary of the scheme

(iii) Summary of movement in deficit in Schemes during the year

	2006		2005	
	AWPP £'000	MNOPF £'000	AWPP £'000	MNOPF £'000
Deficit at 1 January	(892)	(5,008)	(2,527)	(4,176)
Current service cost	(354)		(372)	
Contributions	231	648	276	648
Other finance income/(cost)	901	(173)	1,109	(203)
Actuarial gain/(loss)	(4,463)	(4,789)	622	(1,277)
Deficit at 31 December	(4,577)	(9,322)	(892)	(5,008)

The AWPP covers several companies and it is not possible to identify the share of assets and liabilities relating to individual companies Consequently, in AWSL's financial statements the above AWPP liability is not recorded and contributions are accounted for as a defined contribution scheme

Deferred tax on the pension liabilities has not been taken into account because of the amount of unrecognised deferred tax assets

6 NET INTEREST AND OTHER INCOME

	2006 £'000	2005 £'000
Interest payable		
Finance leases	(240)	(281)
Bank loans and overdrafts	(316)	(334)
Interest on MNOPF liability (note 5 (c))	(173)	(203)
Share of net interest of joint venture	(2,329)	(2,449)
Share of net interest of associated undertakings	(27)	(16)
	(3,085)	(3,283)
Interest receivable	297	244
Net interest and other income	(2,788)	(3,039)

7. TAXATION ON PROFIT FOR THE YEAR

	2006 £'000	2005 £'000
Based on the results for the year		
UK Corporation Tax 30% (2005 30%)	(464)	(71)
Double taxation relief	130	71
Capital losses utilised	173	
Trading losses utilised	161	
Tax on results of associated undertaking	(193)	(163)
Tax on results of joint venture	142	(72)
	(51)	(235)

Tax Reconciliation

	2006	2005
Tax (charge) on profit on ordinary activities at 30%	(1,240)	(693)
Tax effect of		
Reversal of impairment to the value of ships	148	255
Losses utilised	151	
Losses not utilised		(164)
Profit on sale of investment	173	46
Lower tax arising from joint venture's election to tonnage tax	684	350
Higher rates of tax on overseas earnings and associated company	(40)	(31)
Other	73	2
Relating to current year	(51)	(235)

8 DIVIDENDS

A dividend of 12 3p per ordinary share was authorised and paid during 2006 The total dividend paid was £500,000 (2005 £nil)

9 TANGIBLE FIXED ASSETS

Group

	Ships and Equipment Owned £'000	Leased £'000	Total £'000
Cost			
At 1 January 2006	69,036	12,994	82,030
Currency adjustment	(2,484)		(2,484)
Capitalised dry docking costs	1,680	600	2,280
Disposals	(647)	(330)	(977)
At 31 December 2006	67,585	13,264	80,849
Depreciation			
At 1 January 2006	50,107	11,840	61,947
Currency adjustment	(809)		(809)
Charge for the year	1,646	150	1,796
Write back in value of ships (note 4)	(440)	(54)	(494)
Disposals	(647)	(330)	(977)
At 31 December 2006	49,857	11,606	61,463
Net Book Value			
At 31 December 2006	17,728	1,658	19,386
At 31 December 2005	18,929	1,154	20,083

Dry docking

Dry docking costs have been capitalised and are written off over the period of the dry docking cycle or included within any impairment adjustment There were £2,280,000 dry docking additions during the year The previous dry docking costs and accumulated depreciation have been treated as a disposal from fixed assets

Depreciation of £674,000 has been charged in the year and the net book value of dry docking costs at the Balance Sheet date is £1,619,000

9 TANGIBLE FIXED ASSETS (Continued)

Company	Ships and Equipment Owned £'000
Cost	
At 1 January 2006	39,533
Currency adjustment	(2,482)
Capitalised dry docking costs	1,680
Disposal	(647)
At 31 December 2006	38,084
Depreciation	
At 1 January 2006	20,611
Currency adjustment	(807)
Charge for the year	1,645
Disposal	(647)
Write back in value of ships (note 4)	(440)
At 31 December 2006	20,362
Net Book Value	
At 31 December 2006	17,722
At 31 December 2005	18,922

Dry docking

Dry docking costs have been capitalised and are written off over the period of the dry docking cycle or included in any impairment adjustment There were £1,680,000 dry docking additions during the year The previous dry docking costs and accumulated depreciation have been treated as a disposal from fixed assets

Depreciation of £524,000 has been charged in the year and the net book value of dry docking costs at the Balance Sheet date is £1,169,000

10 FIXED ASSET INVESTMENTS

Group

	Associated Undertakings Equity £'000	Loan £'000	Other Investments £'000	Joint Venture Equity £'000	Joint Venture Loans £'000
At 1 January 2006	452	111	16	2,144	2,873
Currency adjustments	(4)	(3)			
Disposals in year			(14)		
Additions in year	3	838			
Repaid in year					(151)
Share of profit for the year	318			1,948	
Dividend	(269)			(1,200)	
At 31 December 2006	500	946	2	2,892	2,722

The book value of the interests in the associated undertakings represents the Group's share of its net assets
The other investments are unlisted The directors' valuation of other investments is £2,000

Joint Venture – Foreland Holdings Limited	2006 £'000	2005 £'000
Share of assets		
Tangible fixed assets	12,186	13,044
Non current assets – finance lease receivable	29,805	30,874
Current assets	3,883	5,444
	45,874	49,362
Share of liabilities		
Creditors falling due within one year	2,149	2,300
Creditors falling due after one year	40,833	44,918
	42,982	47,218
Share of net assets	2,892	2,144
Share of forward foreign currency contracts	3,690	3,519
Share of results		
Turnover	8,533	8,239
Operating profit	4,135	3,855
Net interest	(2,329)	(2,449)
	1,806	1,406
Taxation	142	(72)
Share of profit after tax	1,948	1,334

The audited financial statements of Foreland Holdings Limited have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2006 Amounts have been restated to conform with Generally Accepted Accounting Policies within the United Kingdom

The borrowings of Foreland Holdings Limited are without recourse to Andrew Weir Shipping Limited or its subsidiaries

10 FIXED ASSET INVESTMENTS (continued)

Company

	Other Investments £'000	Subsidiary Undertakings £'000	Joint Venture Equity £'000	Joint Venture Loans £'000	Associated Undertakings Equity £'000	Associated Undertakings Loans £'000
At 1 January 2006	16	8,036	25	2,873		
Disposals in year	(14)					
Additions in year					3	838
Repaid in year				(151)		
	2	8,036	25	2,722	3	838

The other investments are unlisted The directors' valuation of other investments is £2,000

Subsidiary, joint venture and associated undertakings

The following are the principal subsidiary, joint venture and associated undertakings at 31 December 2006 Unless otherwise stated all are wholly owned by the Company and incorporated in Great Britain All are engaged in shipping and ancillary industries either as ship owners or shipping agents, except for United Baltic Corporation Limited which is a holding company for overseas investments United Canal Agency GmbH is held by a subsidiary undertaking of the Company

- **Subsidiary Undertakings**

Teignbank Shipping Limited
United Baltic Corporation Limited
Andrew Weir Shipping (SA) Pty Limited (incorporated in South Africa)

- **Associated Undertakings**

United Canal Agency GmbH (incorporated in Germany)	40% (Ordinary Shares)
Moor Maritime Limited	25% (Ordinary Shares)

- **Joint Venture**

Foreland Holdings Limited	25% (Ordinary Shares)

During the year, the Company purchased 25% of the ordinary share capital of Moor Maritime Limited A non interest bearing loan of US$1 6m was also provided in order for Moor Maritime Limited to pursue investment opportunities within shipping

11 DEBTORS falling due within one year

	2006 £'000	2005 £'000
Group		
Trade debtors	625	319
Parent company	1,164	644
Other debtors	1,274	618
Prepayments and accrued income	453	322
	3,516	1,903
Company		
Trade debtors	625	317
Parent company	1,164	644
Subsidiary undertakings	2,550	1,305
Other debtors	1,255	586
Prepayments and accrued income	408	270
	6,002	3,122

12 STOCKS

	2006 £'000	2005 £'000
Group and Company		
Raw materials and consumables	109	77

13 CREDITORS

Group	2006 Amounts falling due within one year £'000	2006 Amounts falling due after one year £'000	2005 Amounts falling due within one year £'000	2005 Amounts falling due after one year £'000
Trade creditors	636		483	
Ship financing loans	1,098	4,394	1,343	6,257
Finance leases	917	3,640	868	4,558
Taxation and social security	80		66	
Other creditors	1,675		1,247	
Accruals and deferred income	2,338		2,612	
	6,744	8,034	6,619	10,815

Company	2006 within one year £'000	2006 after one year £'000	2005 within one year £'000	2005 after one year £'000
Trade creditors	636		483	
Ship financing loans	1,098	4,394	1,343	6,257
Subsidiary undertakings	8,675		8,402	
Taxation and social security	80		66	
Other creditors	1,538		1,164	
Accruals and deferred income	2,338		2,612	
	14,365	4,394	14,070	6,257

Ship financing loans

Group and Company	2006 £'000	2005 £'000
Repayable in half yearly instalments at 1% over US$ LIBOR	5,492	7,600

The £5,492,000 loan is secured on the relevant vessel, and by a guarantee from Andrew Weir & Company Limited

Ship financing loans and finance leases

	Loans Group and Company £'000	Finance Leases Group £'000
Amounts payable in		
2007	1,098	917
2008 to 2011	4,394	3,640
	5,492	4,557

14 DEFERRED TAXATION

Assets not recognised	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Postponed capital allowances	18,000	17,500	16,600	16,000
Tax losses	2,000	2,200	1,300	1,600
Capital losses	3,200	3,400	3,200	3,400
Advance corporation tax	2,700	2,800	2,700	2,700
Pension schemes	3,100	1,500	3,100	1,500
At 31 December	29,000	27,400	26,900	25,200

Deferred tax assets not recognised have been calculated at 30% Relief may be obtained against any future UK corporation tax liability at the corporation tax rates then prevailing

15 RECONCILIATION OF RESERVES

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
At 1 January	(873)	(1,844)	1,575	1,580
Retained profit for year	3,099	1,588	1,986	599
Currency translation differences on foreign currency net investments	(812)	660	(807)	673
Actuarial loss in current year (note 5)	(4,789)	(1,277)	(4,789)	(1,277)
At 31 December	(3,375)	(873)	(2,035)	1,575

16 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
Ordinary Share Capital				
Ordinary shares of £1 each				
At 31 December 2006	5,340,000	5,340,000	4,000,000	4,000,000
At 31 December 2005	5,340,000	5,340,000	4,000,000	4,000,000
Preference Share Capital				
10,000,000 cumulative 6% preference shares of £1each				
At 31 December 2006	10,000,000	10,000,000	8,100,000	8,100,000
At 31 December 2005	10,000,000	10,000,000	8,100,000	8,100,000

The preference shares are non voting Under FRS 4 "Capital Instruments" these shares are classified as non equity share capital

17 RECONCILIATION OF SHAREHOLDER'S FUNDS

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
At 1 January	11,227	10,256	13,675	13,680
Retained profit for the year	3,099	1,588	1,986	599
Currency translation differences on foreign currency net investments	(812)	660	(807)	673
Actuarial loss in current year (note 5)	(4,789)	(1,277)	(4,789)	(1,277)
At 31 December	8,725	11,227	10,065	13,675

The parent company has taken advantage of the exemption available under the Companies Act 1985 (s 230) not to show its individual profit and loss account

18 CAPITAL AND OTHER FINANCIAL COMMITMENTS

Group and Company

Capıtal Expendıture

At 31 December capıtal commıtments for whıch no provısıon has been made ın these accounts amounted to

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Dry dockıng costs		2,325		2,325

Other financıal commıtments

Payments due durıng the next year under non cancellable operatıng leases, whıch expıre as ındıcated below

	2006	2005
	£'000	£'000
Plant and equıpment		
Wıthın one year	2	7

As at 31 December 2006, the Company had entered ınto forward exchange contracts to convert US$ to Sterlıng throughout 2007 totallıng £1m and to convert Sterlıng to Euros throughout 2007 totallıng £1 1m

19 CONTINGENT LIABILITIES AND GUARANTEES

	2006	2005
	£'000	£'000
Company		
Guarantee of finance lease ın a subsıdıary undertakıng	4,557	5,426

20 ULTIMATE PARENT COMPANY

The ultımate and ımmedıate parent company ıs Andrew Weır & Company Lımıted, ıncorporated ın Great Brıtaın and regıstered ın England and Wales

Copıes of the Andrew Weır & Company Lımıted Group Accounts are avaılable from Dexter House, 2 Royal Mınt Court, London EC3N 4XX