Registered No 5991

ANDREW WEIR SHIPPING LIMITED

REPORT AND ACCOUNTS

2003

The Directors present the audited accounts for the year ended 31 December 2003.

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

The remainder of the Company's liner services were sold during the course of the year, enabling the Group to concentrate its core activities of vessel ownership, ship management and related marine services.

A Group trading profit of £191k was recorded against a £1.9m loss in the prior year. The profit for the year includes losses on discontinued businesses of over £2.2m.

In accordance with FRS11, the value of our ships was re-assessed, resulting in a write back in their value of £1.35m, as opposed to the £24.1m impairment reflected in the prior year. The resulting profit on ordinary activities before interest and tax of just under £2.2m compares with the loss of £27.8m in the previous year.

Interest costs relating to our own businesses were down on the prior year, primarily as a result of the reduced gearing, and the currency effect of the depreciating US$ on the majority of our dollar denominated loans. After tax charges generated on profits from our associated undertaking, the Group was able to register a retained profit for the year of £414k.

The Group has amended the share capital and reserves of the Company as fully outlined in Note 21. The capital restructure was initiated in November 2003, and completed shortly after the year-end, with the called up share capital re-capitalised at £4m, and the brought forward accumulated deficit effectively cancelled, leaving positive reserves of £505k. Consequent with this action, the Group loan of £8.1m from its parent company was also capitalised, and is now reflected as Preference Share capital with a 6% coupon.

Excluding the impact of the share capital restructure, the Group's reserves year on year fell marginally, despite the profit for the year, primarily as a result of exchange losses emanating from the deteriorating US$. Net gearing, however, improved, due in part to the decline in Sterling terms of the US$ denominated loans. Cash inflows paid off over £3.6m of loans and finance lease obligations.

Profits from our continuing operations of £2,443k were up £1.6m on the previous year. Four vessels previously utilised in the discontinued liner services have now been time chartered out until 2005/06.

Charter rates across the industry continue to climb in most sectors, although all of our owned vessels were under previously agreed charter rates for most of 2003. The charter with P&O Nedlloyd of mv "City of London" expired in January 2004, and a three-year charter has subsequently been negotiated with Mitsui, commencing in February 2004, at an attractive rate.

The Ministry of Defence contract, in which we have a 25% investment and the technical management contract, performed particularly well during the year, and we have been pleased by the favourable comments which have been made to us by both the Ministry and the Admiralty. Four of the vessels are on charter with the MoD and two have been chartered out until mid 2005 on a commercial basis.

The improving charter market prompted the decision not to scrap the vessel mv "City of Manchester", which was instead put through a special survey. She has now been chartered out for the next 12months.

Sixteen vessels are currently under our management and the reputation of the Group in this regard remains high. Various new opportunities have been evaluated during the year, although it is too early to determine which, if any, of these will be progressed. The prospects for the business in 2004 are encouraging and should produce a further improvement in results.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2002 : £nil).

FIXED ASSETS AND FIXED ASSET INVESTMENTS

Details of fixed assets and fixed asset investments are shown in Notes 9 and 10 to the accounts.

The disposal of fixed assets and fixed asset investments arising from the sale of the businesses are disclosed in the relevant notes.

EMPLOYEES

Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The Company's policy is to provide equal employment opportunities to disabled people as to others.

CLOSE COMPANY

The Company is a close company as defined by the Income and Corporation Taxes Act 1988, as amended. No provision is deemed necessary under the appropriate sections of that Act.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year and as at the date of this report are set out below.

Viscount Runciman	
Mr M G Parker	
Mr S J Corkhill	
Mr G Hamilton	
Mr A J Ash	(retired 30 September 2003)
Mr A F Jones	(appointed 9 September 2003)
Mr R D McIntyre-Brown	(retired 31 December 2003)

Viscount Runciman, Mr M G Parker and Mr A F Jones are Directors of the ultimate holding company, Andrew Weir & Company Limited, at 31 December 2003 and, as such, are not required to notify their interests in that company.

According to the register required to be kept by Section 325 of the Companies Act 1985, no other Directors held any shares in the Company or any other company in the Group at any time during the year.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Company and the Group for that period. In preparing those accounts, the Directors are required to:-

* Select suitable accounting policies and then apply them consistently;
* Make judgments 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 accounts;
* Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

BY ORDER OF THE BOARD

G HAMILTON
COMPANY SECRETARY

Date : 27 April 2004

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 2003 set out on pages 6 to 27, except for the proforma Balance Sheets set out on pages 8 and 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 11.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is 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 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 accounts. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and 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 and Group's affairs at 31 December 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens

MOORE STEPHENS
Chartered Accountants and Registered Auditors
London

Dated : 13th May 2004

	Notes	Group 2003 £'000	Group 2002 £'000
Turnover – group and share of joint venture			
Continuing operations		18,916	6,259
Discontinued operations		19,348	182,252
	2	38,264	188,511
Less share of joint venture's turnover		(6,016)	(902)
		32,248	187,609
Cost of Sales	3	(27,757)	(170,945)
Gross profit		4,491	16,664
Operating expenses	3	(6,675)	(19,102)
		(2,184)	(2,438)
Share of profit of joint venture		2,122	324
Share of profit of associated undertakings		253	209
Group trading profit/(loss)		191	(1,905)
Continuing operations		2,443	832
Discontinued operations		(2,252)	(2,737)
		191	(1,905)
Write back/(impairment) in value of ships	4	1,350	(24,158)
Total operating profit/(loss)		1,541	(26,063)
Profit/(loss) on disposal of businesses	4	507	(1,758)
Exceptional items – discontinued operations	5	122	41
Profit/(loss) on ordinary activities before interest		2,170	(27,780)
Net interest and other income			
Group		(737)	(1,789)
Joint venture		(857)	(12)
Associated undertakings		(4)	(6)
	7	(1,598)	(1,807)
Profit/(loss) on ordinary activities before taxation		572	(29,587)
Taxation	8	(121)	(504)
Profit/(loss) on ordinary activities after taxation		451	(30,091)
Minority interests (all equity)		(37)	(60)
Profit/(loss) for the financial year		414	(30,151)

Group statement of total recognised gains and losses

	2003 £'000	2002 £'000
Profit/(loss) for the financial year	414	(30,151)
Currency translation differences on foreign net investments	(588)	(3,035)
	(174)	(33,186)

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

All activities are continuing except where indicated above.

Group Balance Sheet
As at 31 December 2003

	Notes	2003		2002		2003 Proforma
		£'000	£'000	£'000	£'000	£'000
Fixed Assets						
Tangible fixed assets	9	20,677		23,625		20,677
Investments	10	3,735		3,746		3,735
	10		24,412		27,371	24,412
Investment in Joint Venture						
Share of gross assets		53,969		32,556		53,969
Share of gross liabilities		(52,378)		(32,212)		(52,378)
		1,591		344		1,591
Loans due within one year		225		-		225
Loans due after one year		3,100		3,325		3,100
			4,916		3,669	4,916
			29,328		31,040	29,328
Current Assets						
Debtors	11	7,375		34,983		7,375
Stock	12	85		1,498		85
Cash at bank and in hand		2,920		15,094		2,920
		10,380		51,575		10,380
Creditors within one year	13	(18,456)		(43,225)		(10,356)
Net Current (Liabilities)/Assets			(8,076)		8,350	24
Total assets less current liabilities			21,252		39,390	29,352
***Creditors** after more than one year*	13	(15,591)		(30,129)		(15,591)
Provisions for liabilities and charges	14	(1,156)		(4,567)		(1,156)
			(16,747)		(34,696)	(16,747)
			4,505		4,694	12,605
Capital and Reserves						
Called up share capital	16/21		47,178		47,178	12,100
Reserves	15/21		(42,673)		(42,499)	505
Shareholders' funds	17/21		4,505		4,679	12,605
Minority Interest			-		15	-
			4,505		4,694	12,605
Shareholders' funds comprise-						
Non-equity shareholders' funds	16/21		8,518		8,518	8,100
Equity shareholders' funds			(4,013)		(3,839)	4,505
	17/21		4,505		4,679	12,605

The proforma reflects the changes in share capital detailed in Note 21.

The accounts on pages 6 to 27 were approved by the Board of Directors on 27 April 2004.

M G PARKER

A F JONES

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000	Proforma 2003 £'000
Fixed Assets						
Tangible fixed assets	9	19,902		21,969		19,902
Investments	10	27,637		29,113		27,637
			47,539		51,082	47,539
Current Assets						
Debtors	11	7,302		33,211		7,302
Stock	12	85		1,498		85
Cash at bank and in hand		2,808		13,736		2,808
		10,195		48,445		10,195
Creditors – amounts falling due within one year	13	(38,707)		(40,016)		(30,607)
Net Current (Liabilities)/Assets			(28,512)		8,429	(20,412)
Total assets less current liabilities			19,027		59,511	27,127
Creditors - amounts falling due after more than one year	13	(9,344)		(46,101)		(9,344)
Provisions for liabilities and charges	14	(1,156)		(4,273)		(1,156)
			(10,500)		(50,374)	(10,500)
			8,527		9,317	16,627
Capital and Reserves						
Called up share capital	16/21		47,178		47,178	12,100
Reserves	15/21		(38,651)		(38,041)	4,527
	17/21					
Shareholders' funds			8,527		9,137	16,627
Shareholders' funds comprise-						
Non-equity shareholders' funds	16/21		8,518		8,518	8,100
Equity shareholders' funds			9		619	8,517
Total shareholders' funds	17/21		8,527		9,137	16,627

The proforma reflects the changes in share capital detailed in Note 21.

The accounts on pages 6 to 27 were approved by the Board of Directors on 27 April 2004

M G PARKER

A R JONES

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of Preparation

As a result of the significance of the restructuring of the share capital and reserves of the Company (more fully outlined in Note 21) the Directors are of the opinion that the proforma columns reflected in the Group and Company Balance Sheets more appropriately reflect the presentation of the state of affairs going forward.

Basis of Accounting

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

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

In order to comply with the revised requirements of Financial Reporting Standard No. 5, the Group changed its accounting policy in respect of the recognition of voyage results during the year. Voyage results are now 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. Previously voyage results were computed to the end of the last completed voyage prior to the Balance Sheet date. There has been no impact on the Financial Statements as a result of this change in accounting policy.

The Company participates in certain pooling arrangements with other shipping lines. The pool results are accounted for on an accruals basis, estimates being used to the extent that financial information is not yet available

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.

Stock

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

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 and containers are recorded in the books of the Company in $US and are 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 to the Profit and Loss reserve.

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 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 gross retained freights (including in the case of pooling operations the appropriate proportion thereof), charter hire, goods supplied, commissions received and profits and losses realised on sale of ships and containers.

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. COST OF SALES AND OPERATING EXPENSES

Operating expenses are made up as follows:-

	2003 £'000	2002 £'000
Selling expenses	57	694
Administrative expenses	6,618	18,225
Reorganisation expenses	-	183
	6,675	19,102

Cost of sales includes discontinued operations of £19,522,000 (2002 : £170,189,000) and net operating expenses include discontinued operations of £2,078,000 (2002 : £14,800,000) comprising selling costs £nil (2002 : £694,000) and administration £2,078,000 (2002 : £14,106,000).

4. OPERATING PROFIT/(LOSS)

	2003 £'000	2002 £'000
Operating profit/(loss) is arrived at after crediting/(charging):		
Auditors' remuneration - audit services	(46)	(116)
- other services	(1)	(32)
Hire of ships	(13,901)	(14,076)
Property lease payments	(102)	(1,200)
Other operating lease payments	(752)	(5,298)
Depreciation	(1,407)	(6,808)
Open voyage provision	500	(352)
(Loss)/profit on disposal of ships and equipment	(21)	107
Directors' remuneration for management services	(309)	(425)
Exceptional items credited/(charged) to the Profit and Loss account:-		
Write back/(impairment) in value of ships	1,350	(24,158)
Operating expenses - reorganisation costs	-	(183)
Profit/(loss) on disposal of shipping businesses :		
Profit on disposal before costs	729	2,768
Expenses	(127)	(1,210)
Shipping restructuring provisions	(53)	(2,496)
Other costs	(42)	(820)
	507	(1,758)

The write back in the value of ships has been made to reflect higher estimated residual values. A discount rate of 5% (2002 : 3%) has been applied to cash flows to calculate the write back (impairment). No depreciation has been charged in 2003 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

5. EXCEPTIONAL ITEM - Discontinued Operations

Adjustments arising on prior year disposal of shipping businesses	122	-
Further consideration on sale of Spink & Son Limited	-	41
	122	41

There is no tax on the exceptional item (2002 : £nil).

6. DIRECTORS AND EMPLOYEES

Employees

The average number of persons employed, including Executive Directors, during the year was 71 (2002: 602).

	2003 £'000	2002 £'000
Aggregate gross wages and salaries paid to the company's employees	2,776	11,900
Employer's national insurance contributions	195	1,414
Other pension costs:		
Contribution to pension schemes	167	238
Ex gratia pensions	29	61
	3,167	13,613

Pension Costs

Andrew Weir Shipping Limited is a member of the Andrew Weir & Company Limited Group Pension Scheme, which is a closed, funded, defined benefits scheme with a defined contribution section. The ordinary contribution rate has been determined by the Trustees for the period from 1 July 2003 to 31 July 2008 at 21.3% (1 January 2002 to 30 June 2003 : £nil) based on an actuarial review as at 31 December 2002. The method used was the projected unit method. Under this method the current service cost of a closed scheme will increase as members approach retirement. The valuation assumed an investment return of 5.5% for bonds and 7.5% for equities, salary increases of 4.25%, pension increases of 2.25% and price inflation of 2.25%. The market value of the scheme's assets was £40,139,000, which represents a funding ratio of 98%.

The most recent actuarial valuation for SSAP24 was at 31 December 2003 using the projected unit method. The valuation assumed : investment returns of 5.5% for bonds and 7.5% for equities, salary increases of *4.75%, pension increases of 2.75% and price inflation of 2.75%. The market value of the Scheme's assets* was £46,719,000, which represents a funding ratio of 99%. A future service contribution rate of 24.1% for *the period 1 January 2004 to 31 December 2006 was recommended.*

The fund is contributed to by more than one employer, the assets and liabilities are not segregated and there is no provision for identifying each participating employer's share of the underlying assets and liabilities on a consistent and reasonable basis. Contributions to the fund are accounted for as if it were a defined contribution scheme. Particulars of the actuarial valuation for the Group's scheme for FRS 17 purposes are contained in the financial statements of Andrew Weir & Co Limited for the year ended 31 December 2003.

Following closure of the scheme to new entrants in late 2003, a defined contribution scheme commenced on 1 December 2003. The cost to Andrew Weir Shipping Limited for the period was nil and there were no outstanding or pre-paid contributions at 31 December 2003.

Directors

	2003	2002
Aggregate emoluments	309	425
Highest paid director		
Aggregate emoluments and benefits	106	89
Defined benefit pension schemes:		
Accrued pension at end of year	51	47

Directors for whom retirement benefits are accruing :

There are 3 Directors (2002 : six) for whom retirement benefits are accruing in defined benefit schemes.

7. NET INTEREST AND OTHER INCOME

	2003 £'000	2002 £'000
Payable		
Finance leases	(215)	(537)
Bank loans and overdrafts	(419)	(778)
Loans from parent company	(421)	(975)
Share of net interest of joint venture	(857)	(12)
Share of net interest of associated undertaking	(4)	(6)
	(1,916)	(2,308)
Interest receivable	269	192
Exchange gain on foreign currency loan	49	309
Net interest and other income	(1,598)	(1,807)

8. TAXATION ON PROFIT/(LOSS) FOR THE YEAR

Based on the results for the year :		
UK Corporation Tax : 30% (2002 : 30%)	(83)	(411)
Double taxation relief	83	411
Deferred taxation	-	1
Foreign taxation	(35)	(494)
Tax on results of associated undertaking	(122)	(60)
Tax on results of joint venture	(18)	(5)
	(175)	(558)
On prior year results:-		
UK Corporation Tax	54	54
	(121)	(504)

Tax Reconciliation

Tax (charge)/credit on profit/(loss) on ordinary activities at 30%	(172)	8,876
Tax effect of :		
Write back/(impairment) in value of ships	405	(7,247)
Sale of shipping businesses and exceptional items	189	(515)
Losses not utilised	(877)	(1,713)
Lower tax arising from joint venture's election to tonnage tax	362	89
Higher rates of tax on overseas earnings and associated company	(82)	1
Other	-	(49)
Relating to current year	(175)	(558)
Relating to prior year	54	54
	(121)	(504)

9. TANGIBLE FIXED ASSETS

Group	Ships and Equipment Owned £'000	Ships and Equipment Leased £'000	Land and Buildings Short Lease £'000	Total £'000
Cost				
At 1 January 2003	87,137	12,994	12	100,143
Currency adjustment	(8,974)	-	-	(8,974)
Additions	420	-	-	420
Disposals	(4,943)	-	-	(4,943)
Disposal of businesses	(1,959)	-	(12)	(1,971)
At 31 December 2003	71,681	12,994	-	84,675
Depreciation				
At 1 January 2003	64,840	11,672	6	76,518
Currency adjustment	(6,884)	-	-	(6,884)
Disposals	(4,780)	-	-	(4,780)
Disposal of businesses	(907)	-	(6)	(913)
Charge for the year	1,407	-	-	1,407
(Write back)/impairment in value of ships	(1,904)	554	-	(1,350)
At 31 December 2003	51,772	12,226	-	63,998
Net Book Value				
At 31 December 2003	19,909	768	-	20,677
At 31 December 2002	22,297	1,322	6	23,625

9. TANGIBLE FIXED ASSETS (Continued)

Company

	Ships and Equipment Owned £'000
Cost	
At 1 January 2003	48,798
Currency adjustment	(4,303)
Additions	221
Disposals	(3,633)
Disposal of business	(1,036)
At 31 December 2003	40,047
Depreciation	
At 1 January 2003	26,829
Currency adjustment	(2,219)
Disposals	(3,495)
Disposal of business	(435)
Charge for the year	1,369
Write-back of impairment in value of ships	(1,904)
At 31 December 2003	20,145
Net Book Value	
At 31 December 2003	19,902
At 31 December 2002	21,969

Dry-docking

Group and Company

Dry-docking costs have been capitalised, and are written-off over the period of the dry docking cycle or included in any impairment adjustment. Additions during the year include dry-docking costs of £103,000. Depreciation of £39,000 has been charged in the year and the net book value of dry docking costs at the Balance Sheet date is £91,000.

10. FIXED ASSET INVESTMENTS

Group	Associated Undertaking Equity £'000	Other Investments £'000	Joint Venture Equity £'000	Joint Venture Loans £'000	Total £'000
At 1 January 2003	451	3,295	344	3,325	7,415
Currency adjustments	49	-	-	-	49
Disposals in year	-	(6)	-	-	(6)
Share of profit for the year	126	-	1,247	-	1,373
Dividend	(180)	-	-	-	(180)
At 31 December 2003	446	3,289	1,591	3,325	8,651

The book value of the interest in an associated undertaking represents the Group's share of its net assets. The other investments are unlisted. The directors' valuation of other investments is £3,475,000.

Joint Venture –AWSR Holdings Limited	2003 £'000	2002 £'000
Share of assets		
Tangible fixed assets	14,713	5,594
Non-current assets – finance lease receivables	32,862	24,073
Current assets	6,394	2,889
	53,969	32,556
Share of liabilities		
Creditors falling due within one year	2,592	529
Creditors falling due after one year	49,786	31,683
	52,378	32,212
Share of net assets	1,591	344
Share of forward foreign currency contracts	2,624	9,485
Share of capital commitments	-	19,778
Share of results		
Turnover	6,016	902
Operating profit	2,122	324
Net interest	(857)	(12)
	1,265	312
Taxation	(18)	(5)
Share of profit after tax	1,247	307

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

10. FIXED ASSET INVESTMENTS (continued)

Company

	Other Investments	Subsidiary Undertakings	Joint Venture Equity	Joint Venture Loans	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2003	3,289	22,474	25	3,325	29,113
Written off in year	-	(1,476)	-	-	(1,476)
	3,289	20,998	25	3,325	27,637

The other investments are unlisted. The directors' valuation of other investments is £3,468,000.

Subsidiary and associated undertakings

The following are the principal subsidiary, associated and joint venture undertakings at 31 December 2003. Unless otherwise stated all are wholly-owned by the Company and incorporated in Great Britain. All are engaged in the 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

- **Associated Undertaking**

United Canal Agency GmbH 40%

- **Joint Venture**

AWSR Holdings Limited 25% (Ordinary Shares)

Note 21 *refers to changes in subsidiary undertakings since the Balance Sheet date.*

11. DEBTORS - falling due within one year

Group	2003 £'000	2002 £'000
Trade debtors	1,803	30,101
Parent	3,979	-
Other debtors	1,162	3,554
Prepayments and accrued income	431	1,328
	7,375	34,983

Company	2003 £'000	2002 £'000
Trade debtors	1,803	29,831
Parent	3,979	-
Other debtors	1,156	2,065
Prepayments and accrued income	364	1,315
	7,302	33,211

12. STOCKS AND WORK IN PROGRESS

Group and Company	2003 £'000	2002 £'000
Raw materials and consumables	85	1,498

13. CREDITORS

Group	2003 Amounts falling due within one year £'000	2003 Amounts falling due after one year £'000	2002 Amounts falling due within one year £'000	2002 Amounts falling due after one year £'000
Trade creditors	1,622	-	12,087	-
Ship financing loans	3,127	9,342	2,881	13,943
Bank overdrafts	715	-	1,087	-
Finance leases	777	6,247	737	7,024
Parent	8,100	-	-	8,924
Fellow subsidiary undertakings	-	2	-	238
Corporate taxation	-	-	5	-
Taxation and social security	89	-	246	-
Other creditors	1,998	-	5,811	-
Accruals and deferred income	2,028	-	20,371	-
	18,456	15,591	43,225	30,129
Company				
Trade creditors	1,501	-	11,460	-
Ship financing loans	3,127	9,342	2,880	13,943
Bank overdraft	715	-	912	-
Parent	8,100	-	-	8,924
Subsidiary undertakings	21,121	-	-	22,996
Fellow subsidiary undertakings	-	2	-	238
Taxation and social security	89	-	153	-
Other creditors	1,982	-	4,296	-
Accruals and deferred income	2,072	-	20,315	-
	38,707	9,344	40,016	46,101

The Parent Company loan had no specific repayment schedule and carried interest at 1.5% over LIBOR.

13. *CREDITORS (continued)*

Ship financing loans

Group and Company	2003 £'000	2002 £'000
Repayable in half-yearly instalments at 1.26% over US$ LIBOR	10,545	13,140
Repayable in March 2004 at 1.125% over LIBOR	1,924	3,684
	12,469	16,824

The loans are secured on ships. The £10,545,000 loan is guaranteed by Andrew Weir & Company Limited

Ship financing loans and finance leases

	Loans Group and Company £'000	Leases Group £'000
Amounts payable in:		
2004	3,127	777
2005/2008	4,809	3,576
2009 and later	4,533	2,671
	12,469	7,024

14. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Restructuring 2003 £'000	Onerous bareboat charter provision 2003 £'000	Other 2003 £'000	Total 2003 £'000
At 1 January 2003	2,496	1,777	294	4,567
Currency adjustments	-	-	(4)	(4)
Profit and loss account	255	-	124	379
Utilised in the year	(2,446)	(926)	(158)	(3,530)
Sale of Business	-	-	(256)	(256)
At 31 December 2003	305	851	-	1,156
Company				
At 1 January 2003	2,496	1,777	-	4,273
Profit and loss account	255	-	-	255
Utilised in the year	(2,446)	(926)	-	(3,372)
At 31 December 2003	305	851	-	1,156

The restructuring provision relates to the disposal of shipping businesses in 2002.

The onerous bareboat charter will expire in 2004.

Deferred taxation

Group and Company	2003 £'000	2002 £'000
	Asset not recognised	
Postponed capital allowances	15,700	14,300
Tax losses	1,900	2,700
Advance corporation tax	2,700	2,700
	20,300	19,700

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 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
At 1 January	(42,499)	(9,314)	(38,041)	(12,325)
Profit/(loss) for year	414	(30,151)	(1,429)	(24,077)
Currency translation differences on foreign currency net investments	(588)	(3,034)	819	(1,639)
	(42,673)	(42,499)	(38,651)	(38,041)

16. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	Number	£	Number	£
Preference Share Capital				
200,000 cumulative 'A' 6% preference shares of £1 each	200,000	200,000	200,000	200,000
150,000 cumulative 'B' 4% preference shares of £1 each	150,000	150,000	123,318	123,318
1,000,000 cumulative 'C' 10% preference shares of 25p each	1,000,000	250,000	777,800	194,450
10,000,000 cumulative "D" 6% preference shares of £1 each	10,000,000	10,000,000	8,000,000	8,000,000
	11,350,000	10,600,000	9,101,118	8,517,768
Ordinary Share Capital				
Ordinary shares of £1 each	40,000,000	40,000,000	38,660,000	38,660,000
At 1 January and 31 December 2003	51,350,000	50,600,000	47,761,118	47,177,768

The preference shares are non-voting. Under FRS 4 "Capital Instruments" these shares are classified as non-equity share capital. The parent company has waived its rights to dividends on the non-equity cumulative preference shares.

17. RECONCILIATION OF SHAREHOLDERS' FUNDS

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
At 1 January	4,679	29,864	9,137	26,853
Issue of share capital	-	8,000	-	8,000
Profit/(loss) for the year	414	(30,151)	(1,429)	(24,077)
Currency translation differences on foreign currency net investments	(588)	(3,034)	819	(1,639)
At 31 December	4,505	4,679	8,527	9,137

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

18. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Group and Company

Capital Expenditure

There were no commitments for capital expenditure.

Other financial commitments

Payments due during the next year under non-cancellable operating leases, which expire as indicated below :

	2003	2002
	£'000	£'000
Property rentals:-		
Within one year	-	14
Between two and five years	91	-
After five years	-	91
Plant and equipment:-		
Within one year	50	159
Between two and five years	8	98
After five years	-	66
Ship hire:-		
Within one year	1,581	1,734
	1,730	2,162

19. CONTINGENT LIABILITIES AND GUARANTEES

Group	2003 £'000	2002 £'000
Customs and Excise guarantees	-	782
Trade guarantees	615	579
	615	1,361

Company	2003 £'000	2002 £'000
Customs and Excise guarantees	-	782
Trade guarantees	615	579
Guarantee of finance lease in a subsidiary undertaking	7,024	7,761
	7,639	9,122

20. ULTIMATE PARENT COMPANY

The ultimate and immediate parent company is Andrew Weir & Company Limited, incorporated in Great Britain and registered in England and Wales.

Copies of the Andrew Weir & Company Limited Group Accounts are available from Dexter House, 2 Royal Mint Court, London EC3N 4XX.

21. POST BALANCE SHEET EVENTS

On 4 November 2003, the Company resolved to apply to the Court to cancel all its issued "A", "B", "C" and "D" preference shares amounting to £8,517,768 and also to cancel 34,660,000 of the authorised and issued ordinary shares of £1 each. The Order of the Court was filed with the Registrar of Companies on 15 January 2004. On 19 January 2004, the unissued "A", "B", "C" and "D" preference shares were cancelled.

On 19 January 2004, the authorised share capital was increased by the creation of 10,000,000 6% cumulative redeemable preference shares of £1 each. Of these, 8,100,000 were issued and allotted as fully paid to Andrew Weir & Company Limited in consideration of the discharge of the same amount of its inter company debt.

The profoma Balance Sheets of the Group and the Company reflect these changes, which are summarised below :

	Group		Company	
	Called Up Share Capital 2003 *£'000*	Reserves 2003 *£'000*	*Called Up* Share Capital 2003 *£'000*	Reserves 2003 *£'000*
At 31 December 2003	47,178	(42,673)	47,178	(38,651)
Cancellation of preference shares	(8,518)	8,518	(8,518)	8,518
Cancellation of ordinary shares	(34,660)	34,660	(34,660)	34,660
Issue of new non-equity 6% cumulative redeemable preference shares	8,100	-	8,100	-
	12,100	505	12,100	4,527

The called up share capital is represented by 4,000,000 ordinary shares of £1 each and 8,100,000 non-equity 6% cumulative redeemable preference shares of £1 each.

Since the Balance Sheet date, certain dormant subsidiaries have been placed into liquidation. When complete, the investment in subsidiary undertakings by the Company and the amounts due to subsidiary undertakings by the Company will both reduce by £12,962,000.