

Roosalka Shipping Limited

FINANCIAL STATEMENTS

31 DECEMBER 2007



ROOSALKA SHIPPING LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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ROOSALKA SHIPPING LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J A Adams
C G Rolaston
W A Mills (resigned on 1/5/08)
S R Thomas
FA Fazelbhoy (appointed on 1/5/08)

SECRETARY

HBJGW Secretarial Limited

REGISTERED OFFICE

Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

BANKERS

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

SOLICITORS

Henderson Boyd Jackson
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

INDEPENDENT AUDITORS

Keen Phillips
21/23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

ROOSALKA SHIPPING LIMITED
(Registered No. 297846)
ANNUAL REPORT AND ACCOUNTS – 2007

REPORT OF THE DIRECTORS

The directors present their report and the accounts for the period ended 31 December 2007

Principal activities

The Company's principal activity during the period was the provision of charter vessels

Review of activities and future development

The directors are satisfied with the results for the period and will continue to seek appropriate trading opportunities to improve performance and the net asset position of the Company in the coming year

Results and dividends

The loss for the period after taxation was USD 125,967. No dividend was paid during the period. The loss of USD 125,967 has been transferred to reserves

Going Concern

The Company incurred a loss of USD 125,967 for the period ended 31 December 2007 and, as of that date, the Company had net current liabilities of USD 7,189,211 and a deficiency of assets amounting to USD 8,977. This indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis as management believes that, in the foreseeable future, the Company will be able to generate profitable business and the shareholder has resolved to provide the necessary financial support to the Company to enable it to continue its operations and meet its obligations as and when they fall due.

Directors and Their interests

The directors who held office during the period were as follows:

J Adams
C G Rolaston
W A Mills (resigned on 1/5/08)
S R Thomas

The Directors held no interests in the shares of the Company at 31 December 2007

The interests of the Directors in the shares of the Company's parent undertaking, BUE Marine Limited, are disclosed in the financial statements of that company. The interests of the Directors in the shares of the ultimate parent company, Renaissance Services SAOG, are not disclosed in these financial statements, as the disclosure exemption under SI 1985 No 802 2(a) has been availed of where a reporting Company is a wholly owned subsidiary of a body corporate incorporated outside Great Britain.

Financial Instruments

The Company's principal financial assets are intercompany debtors. The Company's credit risk is primarily attributable to its intercompany debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The Company does not enter into any derivative financial instruments. The Company's financial liabilities comprise bank loans and intercompany creditor. Intercompany creditor is paid on the standard terms of payment. Bank loans are subject to variable interest rates. Operations are financed by a combination of intercompany loans and bank borrowings. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the Company.

REPORT OF THE DIRECTORS

Employee Involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and that are of interest to them as employees.

Employment of disabled persons

Full and fair consideration is given to application for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who became disabled, to promote their career development within the organisation.

Supplier payment policy

The Company's policy, which is also applied by the group, is to settle terms of payments when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Auditors

Keen Phillips will continue in office as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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

The directors confirm that they have complied with these requirements and having a reasonable expectation that the Company has, or has access within the BUE Marine Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

REPORT OF THE DIRECTORS

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Approved by the Board of Directors
and signed on behalf of the Board



Director

Date 20/07/2008

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ROOSALKA SHIPPING LIMITED

We have audited the financial statements of Roosalka Shipping Limited for the period ended 31 December 2007 set out on pages 7 to 21. 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit 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 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDER OF ROOSALKA SHIPPING LIMITED**

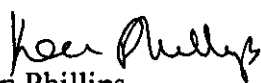
Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with IFRSs adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its loss for the period then ended and 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

Emphasis of matter - Going concern

Without qualifying our opinion we draw attention to note 2 to the financial statements. The Company incurred a loss of USD 125,967 during the period ended 31 December 2007 and, as of that date, the Company had net current liabilities of USD 7,189,211 and a deficiency of assets amounting to USD 8,977. This indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Notwithstanding this fact, the financial statements of the Company have been prepared on a going concern basis as the shareholder has resolved to provide the necessary financial support to the Company to enable it to continue its operations and meet its obligations as they fall due


Keen Phillips
Chartered Accountants
Registered Auditor

30/7/08
21/23 Station Road
Gerrards Cross
Buckinghamshire
SL9 8ES

Roosalka Shipping Limited

INCOME STATEMENT

Period ended 31 December 2007

		<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
	<i>Notes</i>		
Revenue	14	3,289,500	1,945,750
Cost of sales	8	(1,318,948)	(793,590)
GROSS PROFIT		1,970,552	1,152,160
Administrative expenses		(231,488)	(352,488)
Finance costs	4	(913,557)	(613,754)
PROFIT BEFORE TAX		825,507	185,918
Income tax expense	7	(951,474)	(68,930)
(LOSS) PROFIT FOR THE PERIOD	6	(125,967)	116,988

The attached notes 1 to 19 form part of these financial statements

Roosalka Shipping Limited

BALANCE SHEET

At 31 December 2007

	<i>Notes</i>	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
ASSETS			
Non current assets			
Property, plant and equipment	8	20,867,750	22,186,698
Deferred tax asset	9	1,424,477	2,151,951
		<u>22,292,227</u>	<u>24,338,649</u>
Current assets			
Accounts receivable and prepayments	10	17,867,995	15,314,443
		<u>17,867,995</u>	<u>15,314,443</u>
TOTAL ASSETS		<u>40,160,222</u>	<u>39,653,092</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2	2
(Accumulated losses)/ retained earnings		(8,979)	116,988
(Deficiency of assets)/total equity		<u>(8,977)</u>	<u>116,990</u>
Non current liabilities			
Accounts payable and accruals	12	3,904,113	4,737,446
Term loans	13	11,207,880	13,531,291
		<u>15,111,993</u>	<u>18,268,737</u>
Current liabilities			
Accounts payable and accruals	12	22,324,206	18,719,465
Term loans	13	2,733,000	2,547,900
		<u>25,057,206</u>	<u>21,267,365</u>
Total liabilities		<u>40,169,199</u>	<u>39,536,102</u>
TOTAL EQUITY AND LIABILITIES		<u>40,160,222</u>	<u>39,653,092</u>

Director

20th July 2008

Director

20th July 2008

The attached notes 1 to 19 form part of these financial statements

Roosalka Shipping Limited

CASH FLOW STATEMENT

Period ended 31 December 2007

		<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
(Loss) profit before tax		825,507	185,918
Adjustment for			
Depreciation	8	1,318,948	793,590
Finance cost	4	913,557	613,754
		<u>3,058,012</u>	<u>1,593,262</u>
Working capital changes			
Accounts receivable and prepayments		(2,553,552)	(496,709)
Deferred tax asset			(194,425)
Accounts payables and accruals		2,771,408	3,803,412
		<u>3,275,868</u>	<u>4,705,540</u>
Cash from operations		(913,557)	(613,754)
Interest paid		(224,000)	
Income tax paid			
		<u>2,138,311</u>	<u>4,091,786</u>
INVESTING ACTIVITY			
Acquisition of Roosalka Shipping Limited (Cayman Island)	15		(3,088,366)
			<u>(3,088,366)</u>
Net cash used in investing activity			
			<u>(3,088,366)</u>
FINANCING ACTIVITIES			
Capital introduced			2
Term loans		(2,138,311)	(1,030,064)
		<u>(2,138,311)</u>	<u>(1,030,062)</u>
Net cash used in financing activities			
			<u>(26,642)</u>
DECREASE IN CASH AND CASH EQUIVALENTS			
			(26,642)
Cash and cash equivalents acquired on 1 September 2006	15		26,642
Cash and cash equivalents at the beginning of the period			
		<u></u>	<u></u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u></u>	<u></u>

The attached notes 1 to 19 form part of these financial statements

Roosalka Shipping Limited

STATEMENT OF CHANGES IN EQUITY

Period ended 31 December 2007

	<i>Share capital USD</i>	<i>Retained earnings/ accumulated losses USD</i>	<i>Total USD</i>
Capital introduced	2		2
Profit for the period		116,988	116,988
Balance at 28 February 2007	2	116,988	116,990
Loss for the period		(125,967)	(125,967)
Balance at 31 December 2007	2	(8,979)	(8,977)

The attached notes 1 to 19 form part of these financial statements

Roosalka Shipping Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

1 ACTIVITIES

Roosalka Shipping Limited (formerly HBJ 756 Limited) ("the Company") was incorporated in the United Kingdom on 27 February 2006 under the Companies Act 1985. Effective 21 March 2006, the Company changed its name from HBJ 756 Limited to Roosalka Shipping Limited. The address of the registered office is Exchange Tower, 19 Canning Street, Edinburgh EH3 8EH. The principal activity of the Company is the provision of charter vessels.

The Company started its operations on 1 September 2006, being the effective date of its acquisition of the operations, assets and liabilities of the related party namely, Roosalka Shipping Limited, registered in the Cayman Island (see note 15).

The Company does not operate a bank account. All transactions are done through related parties.

In order to bring it into line with other companies in the Group, the Company has resolved to change its financial year end from 28 February to 31 December. Accordingly, these financial statements have been prepared for the ten months period ended 31 December 2007.

2 FUNDAMENTAL UNCERTAINTY

The Company incurred a loss of USD 125,967 for the period ended 31 December 2007 and, as of that date, the Company had net current liabilities of USD 7,189,211 and a deficiency of assets amounting to USD 8,977. This indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis as management believes that, in the foreseeable future, the Company will be able to generate profitable business and the shareholder has resolved to provide the necessary financial support to the Company to enable it to continue its operations and meet its obligations as and when they fall due.

3 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union.

Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been presented in US Dollars because that is the currency of the primary economic environment in which the BUE Marine Group, of which Roosalka Shipping Limited is a subsidiary, operates.

Changes in accounting policies

The accounting policies are consistent with those used in the previous year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures:

- IFRS 7 Financial Instruments Disclosures
- IAS 1 Amendment Presentation of financial statements

IFRS 7 Financial Instruments Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements.

IAS 1 Amendment Presentation of financial statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures are shown in note 17.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IASB Standards and Interpretations issued but not adopted

The Company has not adopted the new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations except for revised IAS 1 and revised IAS 23, are not likely to have any significant impact on the financial statements of the Company in the period of their initial application.

The Company has not adopted the revised IAS 1 "Presentation of Financial Statements" which will be effective for the year ending 31 December 2009. The application of this standard will result in amendments to the presentation of the financial statements.

The Company has also not adopted the revised IAS 23 "Borrowing costs" which will be effective for the year ending 31 December 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue comprises operating lease rental from the charter of marine vessels.

Lease rent income is recognised on a straight line basis over the period of the lease.

Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost of marine vessels includes registration costs and major maintenance and dry docking costs incurred at the time of acquisition and significant rebuild expenditure incurred during the life of the asset.

Capital work in progress is not depreciated. Assets in the course of construction are depreciated from the date that the related assets are ready for commercial use.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows

Marine vessels	over 20 years
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The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Dry docking costs

The expenditure incurred on vessel dry docking, a component of property, plant and equipment, is amortised over the period from the date of dry docking, to the date on which the management estimates that the next dry docking is due.

Vessel refurbishment costs

Owned assets

Cost incurred to refurbish owned assets are capitalised within property, plant and equipment and then depreciated over the shorter of the estimated economic life of the related refurbishment or the remaining life of the vessel.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement,
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset,
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Leases

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Term loans

Term loans are carried on the balance sheet at the fair value of the consideration received plus directly attributable transaction costs. Instalments due within one year are shown as a current liability. Interest expense is accrued on a time proportion basis with unpaid amounts included in accounts payable and accruals.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, as described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements:

Assessment of Vessel Useful Life for Depreciation Purposes

IAS 16 specifies that the useful life of an asset is the period for which the asset is available for use by the entity, taking into account the expected usage of the asset including its intentions/asset management policies. The useful life should be reviewed at each reporting date. The depreciation period commences when the asset is ready for its intended use. Depreciation ceases when the asset reaches the end of its useful life, i.e. when it is sold or derecognised.

Management believes that the intended use of the vessels is restricted to operations in the Caspian region. As such, Management considers that the useful economic life of the vessel does not commence until it is delivered to the Caspian Sea and is in a location/condition to commence operations.

Management has also considered the useful life and the residual value of the vessels of Roosalka Shipping Limited on a vessel by vessel basis.

4 FINANCE COSTS

	<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
Term loans interest	913,557	605,998
Bank charges		7,756
	<u>913,557</u>	<u>613,754</u>

5 STAFF COSTS

The Company has no employees other than directors. The directors received no emoluments from the Company during the current year. All emoluments paid to directors in respect of their services to the group are disclosed in the financial statements of BUE Marine Limited.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

6 PROFIT FROM OPERATIONS

	<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
Profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	1,318,948	793,590
Auditors' remuneration – for audit services	5,000	4,500
	<u>1,323,948</u>	<u>798,090</u>

7 TAXATION

	<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
<i>Current taxation</i>		
Foreign tax	224,000	194,425
	<u>224,000</u>	<u>194,425</u>
<i>Deferred tax</i>		
Current period	125,564	(125,495)
Prior period	601,910	
	<u>727,474</u>	<u>(125,495)</u>
Total deferred tax	727,474	(125,495)
Tax charge for the period	<u>951,474</u>	<u>68,930</u>

UK corporation tax is calculated at 30% of the estimated assessable profit for the financial period

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

The relationship between the tax expense and the accounting profit can be explained as follows

	<i>Period from 1 March 2007 to 31 December 2007 USD</i>	<i>Period from 1 September 2006 to 28 February 2007 USD</i>
Profit before tax	<u>825,507</u>	<u>185,918</u>
Tax at the UK corporation tax rate of 30%	247,652	55,775
Tax effect of expenses that are not deductible in determining taxable profit		13,155
Deferred tax	601,910	
Difference in UK tax rate	101,912	
	<u>951,474</u>	<u>68,930</u>
Tax charge for the period	<u>951,474</u>	<u>68,930</u>

Roosalka Shipping Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Marine vessels USD</i>
Cost	
At 1 March 2007 and 31 December 2007	<u>31,654,742</u>
Depreciation	
At 1 March 2007	9,468,044
Depreciation charge for the period	<u>1,318,948</u>
At 31 December 2007	<u>10,786,992</u>
Net carrying amount	
At 31 December 2007	<u><u>20,867,750</u></u>

	<i>Marine vessels USD</i>
Cost	
Transferred from a related party (note 15)	<u>31,654,742</u>
At 28 February 2007	<u>31,654,742</u>
Depreciation	
Transferred from a related party (note 15)	8,674,454
Depreciation charge for the period	<u>793,590</u>
At 28 February 2007	<u>9,468,044</u>
Net carrying amount	
At 28 February 2007	<u><u>22,186,698</u></u>

The depreciation charge has been allocated to cost of sales in the income statement

9 DEFERRED TAX ASSET

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
Balance at the beginning of the period	2,151,951	
Profit and loss account (charge) credit	(601,910)	125,495
Prior period adjustment	(125,564)	
Transferred from a related party (note 15)		2,026,456
	<u>1,424,477</u>	<u>2,151,951</u>

Roosalka Shipping Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
Amounts due from related parties (note 14)	17,445,626	14,815,048
Prepayments	422,369	499,395
	<u>17,867,995</u>	<u>15,314,443</u>

11 SHARE CAPITAL

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,750</u>	<u>1,750</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 ACCOUNTS PAYABLE AND ACCRUALS

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
<i>Current</i>		
Amounts due to related parties (note 14)	18,805,844	13,858,852
Amounts due to parent company (note 14)	2,510,340	3,725,694
Accrued expenses	8,022	134,919
Deferred income	1,000,000	1,000,000
	<u>22,324,206</u>	<u>18,719,465</u>
<i>Non current</i>		
Deferred income	<u>3,904,113</u>	<u>4,737,446</u>

13 TERM LOANS

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
Amounts falling due (all by instalments)		
Due within one year	2,733,000	2,547,900
Due between one and two years	2,892,597	2,692,594
Due between two and five years	8,315,283	9,081,045
Due after five years	-	1,757,652
	<u>13,940,880</u>	<u>16,079,191</u>
Current portion	<u>(2,733,000)</u>	<u>(2,547,900)</u>
Non current portion	<u>11,207,880</u>	<u>13,531,291</u>

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

13 TERM LOANS (continued)

A related party availed term loans from a bank in the U K to finance the purchase of a marine vessel. The initial loan was drawn in September 2002 and is repayable in 40 quarterly installments of USD 509,400 with a final payment in September 2012. The loan carries an average interest rate of 5.76% p.a. An additional loan was drawn in July 2004 and is repayable in 32 equal quarterly installments of USD 156,250 with a final payment in July 2012. The loan carries an average interest rate of 7.38% p.a. During the previous period, these loans were transferred by the related party to the Company.

Term loans are secured by:

- First preferred security mortgage over the vessel,
- Collateral deed of covenants guarantee and indemnity of guarantor,
- Vessels' existing charter rights and assignment in respect of insurances, marine vessel charter lease income and requisition compensation,
- Parent company guarantee by the shareholder in favour of the bank,
- Pledge over the entire issued share capital of the borrower

14 RELATED PARTY TRANSACTIONS

Related parties represent the shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the income statement are as follows:

	<i>Period from 1 March 2007 to 31 December 2007</i>		<i>Period from 1 September 2006 to 28 February 2007</i>	
	<i>Revenue USD</i>	<i>Fees for management services USD</i>	<i>Revenue USD</i>	<i>Fees for management services USD</i>
Other related parties	3,289,500		1,945,750	
Shareholder		40,000		139,530
	<u>3,289,500</u>	<u>40,000</u>	<u>1,945,750</u>	<u>139,530</u>

Amounts due from and due to related parties are disclosed in notes 10 and 12, respectively.

Outstanding balances at the year end arise in the normal course of business. For the period ended 31 December 2007, the Company has not recorded any impairment of amounts owed by related parties (2006: nil).

Roosalka Shipping Limited

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

15 ACQUISITION

As at 1 September 2006, the Company acquired, at book value, the assets, liabilities and operations of a related party namely, Roosalka Shipping Limited, registered in the Cayman Island (see note 1) The book values of assets acquired and liabilities assumed were as follows.

Net book value of property, plant and equipment	22,980,288
Deferred tax asset	2,026,456
Account receivable and prepayments	14,817,734
Bank balances	26,642
Accounts payable and accruals	(19,653,499)
Term loans	(17,109,255)
Net assets acquired	<u>3,088,366</u>

16 NON CANCELLABLE LEASES

Operating leases – receivable

The Company leases its marine vessels under operating lease arrangements. The leases typically run for a period of one to five years and are renewable for a similar period after the expiry date. The lease rental is usually reviewed to reflect market rentals. Future minimum lease rentals receivable under non cancellable operating leases are as follows as of 31 December 2007

	<i>31 December 2007 USD</i>	<i>28 February 2007 USD</i>
Within one year	3,923,750	3,923,750
After one year but not more than five years	15,179,000	15,695,000
	<u>19,102,750</u>	<u>19,618,750</u>

17 RISK MANAGEMENT

Interest rate risk

The Company is exposed to interest rate risk on term loans, which carry interest at fixed rates

Credit risk

The Company charters marine vessels to related parties only

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

17 RISK MANAGEMENT (continued)

Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities and funding from related parties are available. The Company's term of services require amounts to be paid within 30 days of the date of invoice.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2007, based on contractual payment dates and current market interest rates.

At 31 December 2007

	<i>Less than 3 months USD</i>	<i>3 to 12 months USD</i>	<i>1 to 5 years USD</i>	<i>>5 years USD</i>	<i>Total USD</i>
Due to immediate parent company	2,510,340				2,510,340
Due to related parties	18,805,844				18,805,844
Term loans	911,537	2,721,375	12,721,089		16,354,001
Total	22,227,721	2,721,375	12,721,089		37,670,185

At 28 February 2007

	<i>Less than 3 months USD</i>	<i>3 to 12 months USD</i>	<i>1 to 5 years USD</i>	<i>>5 years USD</i>	<i>Total USD</i>
Due to immediate parent company	3,725,694				3,725,694
Due to related parties	13,858,852				13,858,852
Term loans	931,307	2,709,816	14,144,521	1,799,782	19,585,426
Total	18,515,853	2,709,816	14,144,521	1,799,782	37,169,972

Currency risk

The Company is not exposed to any significant currency risk.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the period ended 31 December 2007 and 28 February 2007. Capital comprises share capital and retained earnings and is measured at USD 1,669,057 as at 31 December 2007 (28 February 2007: USD 116,900).

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of receivables. Financial liabilities consist of term loans and payables.

The fair values of financial instruments are not materially different from their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2007

19 ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is BUE Marine Limited, a company registered in Scotland, for which consolidated financial statements are prepared. Copies of the financial statements are available from BUE Marine Limited, P O Box 12068, 101 Al Kuthban Bldg, Sheikh Zayed Road, Al Quoz, Dubai, UAE.

The Company's ultimate parent undertaking is Renaissance Services SAOG, a company registered in the Sultanate of Oman, for which consolidated financial statements are available from Renaissance Services SAOG, PO Box 1676, Muttrah, Postal Code 114, Sultanate of Oman.