

REGISTRAR'S COPY

MARINEFORCE INTERNATIONAL LLP
IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

THURSDAY



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COMPANIES HOUSE

MARINEFORCE INTERNATIONAL LLP

COMPANY INFORMATION

Designated members

Howaldtswerke-Deutsche Werft GmbH
MAN Ferrostaal Aktiengesellschaft

Company number

OC307812

Registered office

3rd Floor
8 Waterloo Place
London
SW1Y 4BE

Auditors

Venthams
51 Lincoln's Inn Fields
London
WC2A 3NA

Bankers

Barclays Bank plc
Knightsbridge International Banking
London
SW1X 0LZ

Commerzbank AG
London Branch
Commerzbank House
23 Austin Friars
London
EC2J 2JD

MARINEFORCE INTERNATIONAL LLP

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MARINEFORCE INTERNATIONAL LLP

INDEPENDENT AUDITORS' REPORT TO

THE MEMBERS OF MARINEFORCE INTERNATIONAL LLP

We have audited the financial statements of Marineforce International LLP for the year ended 31 December 2006 on pages 4 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Section 235 of the Companies Act 1985, as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

As described in the statement of members' responsibilities on page 1, the LLP's members are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in 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 Limited Liability Partnerships Regulations 2001. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the LLP 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 members' remuneration and transactions with the LLP is not disclosed.

We read the other information contained in the Members' Report and consider whether it is consistent with the audited financial statements and the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership's circumstances, consistently applied and adequately disclosed.

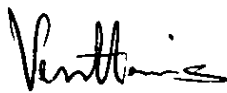
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**MARINEFORCE INTERNATIONAL LLP
INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF MARINEFORCE INTERNATIONAL LLP (CONTINUED)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Limited Liability Partnership Regulations 2001
- the information given in the Members Report is consistent with the financial statements



Venthams
Chartered Accountants
Registered Auditor

p/5p7

51 Lincoln's Inn Fields
London
WC2A 3NA

MARINEFORCE INTERNATIONAL LLP
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

Notes	2006 £	2005 £
Administrative expenses	(2,908,772)	(1,028,659)
Loss for the financial year before interest on members' loans	<u>(2,908,772)</u>	<u>(1,028,659)</u>
3 Finance cost	<u>(125,119)</u>	<u>(38,938)</u>
9 Loss for the year available for division among members	<u>(3,033,891)</u>	<u>(1,067,597)</u>

MARINEFORCE INTERNATIONAL LLP
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2006

Notes	2006	2005
	£	£
Non-current assets		
5 Property, plant and equipment	238,489	267,719
Current assets		
6 Trade and other receivables	4,563,730	1,478,151
10 Cash and cash equivalents	<u>681,363</u>	<u>2,264,447</u>
	5,245,093	3,742,598
Total assets	<u>5,483,582</u>	<u>4,010,317</u>
MEMBERS' INTERESTS AND LIABILITIES		
Members' other interests		
9 Members' capital	693,083	693,083
Non-current liabilities		
8 Loans and other debts due to members	<u>4,589,247</u>	<u>3,186,446</u>
Total non-current liabilities	4,589,247	3,186,446
Current liabilities		
7 Trade and other payables	<u>201,252</u>	<u>130,788</u>
Total current liabilities	201,252	130,788
Total liabilities	<u>4,790,499</u>	<u>3,317,234</u>
Total members' interests and liabilities	<u>5,483,582</u>	<u>4,010,317</u>
9 Total members' interests		
Loans and other debts due to members	4,589,247	3,186,446
Members' other interests	693,083	693,083
Amounts due from members	<u>(4,289,377)</u>	<u>(1,255,485)</u>
	<u>992,953</u>	<u>2,624,044</u>

The financial statements were approved by the Board on 10/5/07 and signed on its behalf by


Howaldtswerke-Deutsche Werft GmbH
Designated member


MAN Ferrostaal Aktiengesellschaft
Designated member

Date authorised by the Executive Board for issue 10/5/07

MARINEFORCE INTERNATIONAL LLP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
Cash flows from operating activities			
Net loss for period		(3,033,891)	(1,067,597)
Adjustments for			
Depreciation of property, plant and equipment	5	38,943	17,811
Finance costs	3	125,119	38,938
		<u>(2,869,829)</u>	<u>(1,010,848)</u>
Increase in trade and other receivables	6	(51,688)	(597,179)
Increase / (decrease) in trade and other payables	7	70,464	84,926
Net cash outflows from operating activities		<u>(2,851,053)</u>	<u>(1,523,101)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(9,712)	(285,530)
Net cash outflows from investing activities		<u>(9,712)</u>	<u>(285,530)</u>
Cash flows from financing activities			
Interest paid	3	(125,119)	(38,938)
Increase in members' loans	8	1,402,800	3,899,317
Net cash used in financing activities		<u>1,277,681</u>	<u>3,860,379</u>
Net (decrease)/ increase in cash and cash equivalents	10	(1,583,084)	2,051,748
Cash and cash equivalents at beginning of year	10	<u>2,264,447</u>	<u>212,699</u>
Cash and cash equivalents at end of year	10	<u>681,363</u>	<u>2,264,447</u>

MARINEFORCE INTERNATIONAL LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. Accounting Policies

a) Accounting convention

The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and under the historical cost convention. The accounts have been prepared on an accruals basis and on the basis that the company is a going concern.

b) Property, plant and equipment

Plant and equipment is carried at cost less provision for depreciation.

Any plant and equipment expected to be sold within 12 months of the decision to dispose of it is transferred into current assets under assets held for sale, carried at the lower of its carrying value at the date of the decision and fair value less costs to sell. Any write-down is shown as an impairment loss.

c) Depreciation

Depreciation is provided on tangible non-current assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Improvements to Leasehold	- 10% straight line
Plant and equipment	- 20% straight line

The depreciation methods and the useful lives and residual values on which depreciation is based are reviewed annually.

d) Leasing commitments

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term. Increase in annual rentals following rent reviews are recognised over the remaining lease term from the time they take effect. Lease incentives are recognised as a reduction of rental expense over the contracted lease term.

e) Foreign currency translation

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

f) Cash and cash equivalents

Cash and cash equivalents comprise current bank balances with banks. For the purpose of the cash flow statement, cash equivalents are as defined above, net of outstanding bank overdrafts.

2. Loss from operations

Loss from operations is shown after charging

	2006	2005
	£	£
Auditors' remuneration	6,000	4,500
Auditors' fees – non audit services	57,545	7,675
(Profit)/Loss on foreign currency	(35,503)	14,829
Depreciation of property, plant and equipment	38,943	17,811
	Note 5	

3. Finance costs

	2006	2005
	£	£
Interest on members' loans	125,119	38,938

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

4 Members' shares of profits and losses

Profit and losses are divided among the members, in accordance with the partnership agreement, after the end of the year

	2006	2005
Average number of members	2	2

	2006 £	2005 £
Average loss per member before interest on members' capital	1,454,386	514,330

5. Property, plant and equipment

	Improvements to leasehold £	Plant and equipment £	Total £
Cost			
At 1 1 06	189,725	95,805	285,530
Additions	-	9,712	9,712
Disposals	-	-	-
At 31 12 06	189,725	105,517	295,242
Depreciation			
At 1 1 06	9,691	8,120	17,811
Disposals	-	-	-
Charge for year	18,971	19,970	38,941
At 31 12 06	28,662	28,090	56,752
Net Book Value			
At 31 12 06	161,063	77,427	238,490
At 31 12 05	180,034	87,685	267,719

6. Trade and other receivables

		2006 £	2005 £
Receivables from members	Note 9	4,289,377	1,255,485
Other receivables		80,455	78,566
Prepayments		193,898	144,100
		4,563,730	1,478,151

7. Trade and other payables

	2006 £	2005 £
Trade payables	122,905	47,648
Social security and other taxes	47,746	
Accruals	78,347	83,140
	201,252	130,788

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

8. Loans and other debts due to members

	2006 £	2005 £
Members' loans	7,623,139	4,254,043
Amounts due from members in respect of losses	(3,033,891)	(1,067,597)
	<u>4,589,247</u>	<u>3,186,446</u>
 Falling due within one year	 4,589,247	 3,186,446
Falling due after more than one year	-	-
	<u>4,589,247</u>	<u>3,186,446</u>

9. Members' interests

	Losses to be divided £	Total Equity £	Members capital £	Amounts due to/(from) members £	Total members' interests
At 1 1 05	-	-	693,083	166,837	859,920
Recognised income & expense	(1,067,597)	(1,067,597)	-	-	(1,067,597)
Loss allocations	1,067,597	1,067,597	-	(1,067,597)	-
Loans introduced by members	-	-	-	2,831,721	2,831,721
	<u>-</u>	<u>-</u>	<u>693,083</u>	<u>1,930,961</u>	<u>2,624,044</u>
At 1 1 06	-	-	693,083	1,930,961	2,624,044
Recognised income & expense	(3,033,891)	(3,033,891)	-	-	(3,033,891)
Loss allocations	3,033,891	3,033,891	-	(3,033,891)	-
Loans introduced by members	-	-	-	1,402,801	1,402,801
	<u>-</u>	<u>-</u>	<u>693,083</u>	<u>299,871</u>	<u>992,954</u>
At 31 12 06	-	-	693,083	299,871	992,954
 Amounts due to members				4,589,247	
Amounts due from members				(4,289,376)	
				<u>299,871</u>	

10. Cash and cash equivalents

	At 1.5.05 £	Cash flow £	At 31.12.05/ At 1.01.06 £	Cash flow £	At 31.12.06 £
Cash at bank and in hand	212,699	2,051,748	2,264,447	(1,583,084)	681,363
	<u>212,699</u>	<u>2,051,748</u>	<u>2,264,447</u>	<u>(1,583,084)</u>	<u>681,363</u>

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

11. Financial assets and liabilities

The LLP's financial instruments comprise borrowing, cash and cash equivalents and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations

The main purpose of these financial instruments is to finance the LLP's operations

Extent and nature of financial instruments

The LLP held the following financial assets at 31 December 2006

	£
Trade and other receivables including amounts owned by members	4,563,730
Cash at bank and in hand	681,363
	<u>5,245,093</u>

Financial liabilities

Financial liabilities comprise amounts owed to members, employee costs, and other liabilities arising from trading operations

The LLP had the following financial liabilities at 31 December 2006

	£
Trade and other payables	201,252
Loans and other debts due to members	4,589,247
	<u>4,790,499</u>

Maturity of financial liabilities

The maturity of the above financial liabilities at 31 December 2006 is as follows

	£
Within one year	<u>210,252</u>

Borrowing facilities

At 31 December 2006, the LLP had no undrawn committed borrowing facilities

12. Employee staff costs

	2006	2005
	£	£
Wages and salaries	<u>1,192,562</u>	<u>2,790</u>

MARINEFORCE INTERNATIONAL LLP
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

13. Operating lease commitments

At the year end the LLP had commitments to make payments under non-cancellable operating leases, which fall due as follows

	£
Not later than 1 year	176,400
Later than 1 year, not later than 5 years	705,600
Later than 5 years	<u>573,300</u>
	<u>1,455,300</u>

14. Control

During the current and prior period the LLP was under the joint control of the two designated members, Howaldtswerke-Deutsche Werft GmbH and MAN Ferrostaal Aktiengesellschaft

In the opinion of the members there is no ultimate controlling party

15. Related party transactions

Included in creditors at the balance sheet date were amounts due to the designated members as follows

Howaldtswerke-Deutsche Werft GmbH £2,328,300 (2005 £1,632,333) and,
MAN Ferrostaal Aktiengesellschaft £2,260,947 (2005 £1,554,113)

This is due to be repaid in less than one year and will incur interest at 3.5%