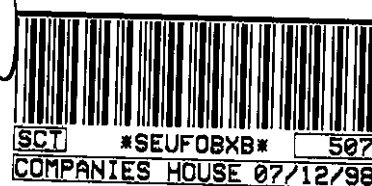


SCOT TRADER SHIPPING LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 MARCH 1998

Registered number: 166821

ANDREW DUNCAN & CO
Chartered Accountants
Inverness



SCOT TRADER SHIPPING LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31 March 1998

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SCOT TRADER SHIPPING LIMITED**AUDITORS' REPORT TO
SCOT TRADER SHIPPING LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements set out on pages 2 to 5, together with the financial statements of the company for the year ended 31 March 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

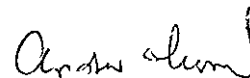
We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.

23 November 1998

Inverness



Andrew Duncan & Co
Registered Auditor &
Chartered Accountants

SCOT TRADER SHIPPING LIMITED

ABBREVIATED BALANCE SHEET

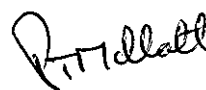
at 31 March 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	2		1,241,258		1,385,384
Current assets					
Debtors		15,511		44,347	
Cash at bank and in hand		7,611		-	
		23,122		44,347	
Creditors: amounts falling due within one year		(308,718)		(405,779)	
Net current liabilities			(285,596)		(361,432)
Total assets less current liabilities			955,662		1,023,952
Creditors: amounts falling due after more than one year			(374,592)		(602,597)
Provision for liabilities and charges			(127,596)		(82,000)
			453,474		339,355
Capital and reserves					
Called up share capital	3		200,000		200,000
Profit and loss account			253,474		139,355
Total shareholders' funds			453,474		339,355

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements on pages 2 to 5 were approved by the board of directors on 28 July 1998 and signed on its behalf by:


A G M Catto
Director


P T Millatt
Director

SCOT TRADER SHIPPING LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of services falling within the company's activities.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Ship	- 10% per annum straight line
Plant and machinery	- 20% per annum straight line

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred repairs

As a condition of its registration the company's ship has to undergo an extensive survey and overhaul every five years. The company makes provision for the cost of each survey over the period leading up to that survey in relation to the number of days spent at sea in each financial year in order to match these costs with the revenue generated in each period.

2 Fixed assets

Cost	Tangible fixed assets £
1 April 1997	1,463,562
Additions	12,234
31 March 1998	<u>1,475,796</u>

SCOT TRADER SHIPPING LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

2 Fixed assets (contd.)

	Tangible fixed assets £
Depreciation	
1 April 1997	78,178
Charge for year	156,360
31 March 1998	<u>234,538</u>
Net book amount	
31 March 1998	<u>1,241,258</u>
1 April 1997	<u>1,385,384</u>

3 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

4 Secured creditors

Included in creditors falling due within one year are secured bank loans and overdrafts of £149,837 (1997 - £184,747). Included in creditors falling due after more than one year are secured bank loans of £374,592 (1997 - £602,597).

5 Ultimate parent undertaking

The company's ultimate parent undertaking is Scotline Marine Holdings Limited, a non-trading company registered in Scotland.

SCOT TRADER SHIPPING LIMITED**NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31 March 1998****6 Related parties**

During the year the company charged ship hire of £617,594 to Scotline Limited, a company in which P T Millatt is a director. The hire rates are set under a five year time charter agreement between the companies. Scotline Limited had overpaid by £24,000 at 31 March 1998 and this amount is included in creditors falling due within one year.

During the year the company was charged management fees of £20,000 by Intrada Chartering Limited, a company in which P T Millatt is a director. The fees cover ship and technical management and are charged on a monthly basis. £3,334 was outstanding at 31 March 1998 and is included in creditors falling due within one year.

During the year the company incurred £104,851 of ships expenses which were met by related companies acting as ships agents. Expenses totalling £26,905 were due to related companies at 31 March 1998 and are included in creditors falling due within one year.

During the year the company repaid £115,000 of its short term, interest-free loan from the parent undertaking Scotline Marine Holdings Limited. The balance at 31 March 1998 of £29,500 is included within creditors falling due within one year. The company has also received a loan of £15,000 from its fellow subsidiary undertaking Scot Ranger Shipping Limited. This amount is also included in creditors falling due within one year at 31 March 1998.