

BUE VIKING HOLDINGS LIMITED

Formerly Bue Viking Limited

formerly HBJ 601 Limited

Report and Financial Statements

31 December 2002

**Deloitte & Touche LLP
Aberdeen**



SCT S05CHQ8C 0289
COMPANIES HOUSE 21/11/03

REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
<i>Independent auditors' report</i>	5
<i>Consolidated profit and loss account</i>	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the accounts	9

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Hekelaar
J Adams
C Rolaston
P Hingston
G Udnaes
A Korsvold

SECRETARY

M Butchart

REGISTERED OFFICE

11th Floor
Salvesen Tower
Blaikies Quay
Aberdeen
AB11 5PB

BANKERS

Bank of Scotland
PO Box 10
38 St Andrew Square
Edinburgh
EH2 2YR

Lloyds TSB Bank plc
4th Floor
St George's House
6-8 East Cheap
London
EC3M 1AE

SOLICITORS

Paull & Williamsons
Investment House
6 Union Row
Aberdeen
AB10 1DQ

AUDITORS

Deloitte & Touche LLP
Aberdeen

DIRECTORS' REPORT

The Directors submit their report and the consolidated accounts of the company and its subsidiary undertakings for the period from 26 February 2002 (date of incorporation) to 31 December 2002. The company was incorporated as HBJ 601 Limited and a change of name to BUE Viking Limited was registered on 5 April 2002. A subsequent name change to BUE Viking Holdings Limited was registered on 23 September 2002. The company commenced trading on 23 September 2002.

ACTIVITY

The principal activity of the company and the group is the operation of safety standby vessels for platforms and rigs within the UK Continental Shelf.

REVIEW OF DEVELOPMENTS, RESULTS AND FUTURE PROSPECTS

The group was established through the merger of the undertakings of Viking Standby (Holdings) Limited and BUE North Sea Limited on 23 September 2002.

The group is established as the largest operator of standby vessels in the UK North Sea and is well placed to capitalise on its market position.

The group profit after tax for the period amounted to £329,000. The directors do not propose payment of a dividend and recommend that the retained profit of £329,000 is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period were:

D Hekelaar (appointed 23 September 2002)

J Adams (appointed 23 September 2002)

C Rolaston (appointed 23 September 2002)

P Hingston (appointed 23 September 2002)

G Udnaes (appointed 23 September 2002)

A Korsvold (appointed 23 September 2002)

Henderson Boyd Jackson Limited (appointed 26 February 2002, resigned 23 September 2002)

None of the directors had a direct interest in the share capital of the company at 31 December 2002. The interests of directors who are also directors of Kistefos AS and BUE Marine Limited are disclosed in the financial statements of those companies.

DONATIONS

No charitable donations were made during the period.

EMPLOYEE INVOLVEMENT

The group places value on the involvement of its employees and keeps them fully informed on matters affecting them as employees. This is achieved through formal and informal meetings and staff bulletins.

DIRECTORS' REPORT (Continued)

DISABLED EMPLOYEES

Disabled persons are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain the employee in employment. Where appropriate assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitation of their disability.

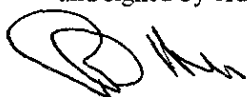
SUPPLIER PAYMENT POLICY

It is the policy of the group that payments are made to suppliers on a regular basis in accordance with normal commercial terms and conditions.

AUDITORS

Deloitte & Touche were appointed as first auditors. On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

 14.11.07

P Hingston

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and company as at the end of the financial period and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BUE VIKING HOLDINGS LIMITED (formerly BUE Viking Limited, formerly
HBJ 601 Limited)**

We have audited the financial statements of BUE Viking Holdings Limited for the period ended 31 December 2002 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 31. 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 auditors' 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements of material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 circumstances of the company and the group, 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 affairs of the company and the group at 31 December 2002 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Aberdeen

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period ended 31 December 2002

	Note	Period from incorpor- ation to 31 Dec 2002 £'000
TURNOVER: acquisitions	3	10,869
Cost of sales		(9,002)
Gross profit		<u>1,867</u>
Administrative expenses		(649)
OPERATING PROFIT: acquisitions	4	1,218
Interest payable and similar charges	6	(684)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>534</u>
Tax on profit on ordinary activities	7	(205)
RETAINED PROFIT FOR THE PERIOD	20	<u><u>329</u></u>

All activities relate to continuing operations.

There are no recognised gains and losses attributable to the shareholders other than the profit for the financial period and, accordingly, no statement of total recognised gains and losses is shown.

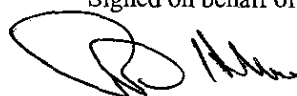
As this is the first period since incorporation, there are no comparative figures.

BALANCE SHEETS
At 31 December 2002

	Note	Group £'000	Company £'000
FIXED ASSETS			
Goodwill	9	512	-
Negative goodwill	9	(512)	-
Intangible Assets		-	-
Tangible assets	10	46,940	-
Investments	11	-	10,369
		46,940	10,369
CURRENT ASSETS			
Stocks	12	651	-
Debtors	13	7,354	36,763
Cash at bank and in hand		353	-
		8,358	36,763
CREDITORS: amounts falling due within one year	14	(8,938)	(4,148)
NET CURRENT (LIABILITIES)/ASSETS		(580)	32,615
TOTAL ASSETS LESS CURRENT LIABILITIES		46,360	42,984
CREDITORS: amounts falling due after more than one year	15	(33,427)	(33,427)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(2,325)	-
NET ASSETS		10,608	9,557
CAPITAL AND RESERVES			
Called up share capital	18	4,000	4,000
Share premium account	19	6,279	6,279
Profit and loss account	19	329	(722)
TOTAL EQUITY SHAREHOLDERS' FUNDS	20	10,608	9,557

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

 14.11.02.

P Hingston

CONSOLIDATED CASH FLOW STATEMENT
Period ended 31 December 2002

		Period from incorpor- ation to 31 Dec 2002 £'000
Net cash inflow from operating activities	21	2,254
Returns on investments and servicing of finance	22(i)	(684)
Taxation		118
Capital expenditure	22(ii)	(417)
Acquisitions	22(iii)	484
Net cash outflow before financing		1,755
Financing	22(iv)	(1,925)
Decrease in cash	23	(171)

NOTES TO THE ACCOUNTS

Period ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all subsidiaries using the acquisition method of accounting, for the financial period ended 31 December 2002.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Negative goodwill is similarly included on the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit, which is 10 years.

Tangible fixed assets

Depreciation of tangible fixed assets is charged by equal annual instalments at rates estimated to write off the cost less residual value over their expected useful lives which are as follows:

Vessels	Up to 32 years (or end of remaining working life)
Plant and equipment	5 years
Motor vehicles	1-5 years

Chartered vessels

The costs of chartering vessels on standard bareboat charters are charged to the profit and loss account in the period they fall due.

Vessel refurbishment costs

Leased assets

Costs incurred in advance of charter to refurbish vessels leased over long term charter agreements are included within prepayments and released to the profit and loss account in line with the related charter payments and use of the refurbished vessel. Where there is an obligation to incur future restoration costs under charter agreements, the costs are accrued over the period to the next vessel refit to match the use of the vessel and the period over which the economic benefits of its use are realised.

Owned assets

Cost incurred to refurbish owned assets are amortised over the shorter of the estimated economic life of the related refurbishment or remaining life of the vessel.

Periodic survey costs

The costs of periodic vessel surveys are charged to the profit and loss account as incurred.

Fixed Asset Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002**1. ACCOUNTING POLICIES (CONTINUED)****Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets, where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal.

Pensions

The company operates a defined contribution scheme for eligible employees. Contributions are charged to the profit and loss account as they become payable under the rules of the scheme.

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 exchange differences arising are dealt with through the profit and loss account.

2. ACQUISITIONS

BUE Viking Limited and subsidiary companies, and BUE North Sea Limited and its subsidiary company, were all acquired on 23 September 2002. The following table summarises the major categories of assets and liabilities acquired and the provisional fair values as included in the consolidated financial statements at the date of acquisition. These fair values are to be finalised for the 31 December 2003 financial statements as permitted by FRS 7 "Acquisition Accounting".

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

2. ACQUISITIONS (continued)

BUE Viking Limited

	Book value £'000	Vessel Re-valuations £'000	Alignment of accounting policies £'000	Total £'000	Total consideration £'000	Goodwill £'000
Fixed assets	21,032	2,276	2,054	25,362		
Current assets						
Stock	296	-	-	296		
Debtors	4,367	-	-	4,367		
Cash	204	-	-	204		
	<u>4,867</u>			<u>4,867</u>		
Current liabilities						
Creditors and Provisions	24,564	-	-	24,564		
	<u>24,564</u>			<u>24,564</u>		
Net current liabilities	<u>(19,697)</u>	<u>-</u>	<u>-</u>	<u>(19,697)</u>		
Net assets	<u>1,335</u>	<u>2,276</u>	<u>2,054</u>	<u>5,665</u>	<u>5,140</u>	<u>(525)</u>

BUE North Sea Limited

	Book value £'000	Vessel Re-valuations £'000	Alignment of accounting policies £'000	Total £'000	Total consideration £'000	Goodwill £'000
Fixed assets	20,248	1,962		22,210		
Current assets						
Stocks	371	-	-	371		
Debtors	3,671	-	-	3,671		
Cash	280	-	-	280		
	<u>4,322</u>			<u>4,322</u>		
Current liabilities						
Creditors and provisions	21,917	-	-	21,917		
	<u>21,917</u>	<u>-</u>	<u>-</u>	<u>21,917</u>		
Net current liabilities	<u>(17,595)</u>	<u>-</u>	<u>-</u>	<u>(17,595)</u>		
Net assets	<u>2,653</u>	<u>1,962</u>	<u>-</u>	<u>4,615</u>	<u>5,140</u>	<u>525</u>

The consideration was settled through the issuance of share capital in the company.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

2. ACQUISITIONS (CONTINUED)

Results prior to acquisition

The results of the acquired groups for their financial years ended 31 December 2001 were:

	(Loss)/Profit before tax
	£'000
BUE Viking Limited	(404)
BUE North Sea Limited	328

The unaudited profits before tax for the period from 1 January 2002 to the date of acquisition were:

	£'000
BUE Viking Limited	372
BUE North Sea Limited	(270)

3. TURNOVER

Turnover, all of which arises in the United Kingdom, comprises the value of goods and services supplied exclusive of VAT derived from the group's principal activity. Turnover and the profit on ordinary activities are attributable to continuing activities.

4. OPERATING PROFIT

	Period from incorporation to 31 Dec 2002 £'000
Operating profit is after charging/(crediting):	
Depreciation of tangible fixed assets	
Owned assets	1,049
Auditors' remuneration	
Audit fees	48
Other services	70
Rentals under operating leases	
Hire of plant and machinery	-
Other	5
	<u> </u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Period from incorporation to 31 Dec 2002 £'000
Directors' remuneration	
Emoluments	96
Pension	9
	105
	No
One director is accruing benefits in respect of money purchase schemes	1
	Period from incorporation to 31 Dec 2002 £'000
Staff costs during the period (including directors)	
Wages and salaries	904
Social security costs	97
Pension costs	48
	1,049
The average number of employees (including directors) during the period was as follows:	
	No.
Average number employees	32

The group does not employ the crews operating the vessels, these are provided by an agency.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>Period from incorporation to 31 Dec 2002 £'000</i>
Bank loan	684
	<u>684</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>Period from incorporation to 31 Dec 2002 £'000</i>
Current taxation	
UK corporation tax at 30% (2001: 30%)	-
	<u>-</u>
Deferred taxation	
Timing differences origination and reversal	205
	<u>205</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year is less than the standard rate for the reasons set out in the following reconciliation.

	<i>2002 £'000</i>
Profit on ordinary activities before tax	534
Tax on profit on ordinary activities at standard rate	160
Factors affecting charge for the period:	
Capital allowances for period in excess of depreciation	(115)
Other deferred tax movements	(80)
Expenses not deductible for tax purposes	35
	<u>-</u>

8. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act, the result of the parent company is not presented as part of these accounts. The parent company's loss for the period amounted to £722,000.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

9. INTANGIBLE FIXED ASSETS - GOODWILL

Group	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost			
At 26 February 2002			
Additions	525	(525)	-
At 31 December 2002	525	(525)	-
Amortisation			
At 26 February 2002	-	-	-
Charge for the period	13	(13)	-
At 31 December 2002	13	(13)	-
Net book value			
At 31 December 2002	512	(512)	-

Negative goodwill is written back on a straight line basis over a period of 10 years which is equal to the period over which the related non-monetary assets of the acquired businesses are being depreciated.

10. TANGIBLE FIXED ASSETS

	Vessels £'000	Plant & Equipment £'000	Motor Vehicles £'000	Total £'000
The Group				
Cost				
At 26 February 2002	-	-	-	-
Acquisition of subsidiary undertakings	41,198	52	30	41,280
Additions	397	20	-	417
Fair value adjustments	6,292	-	-	6,292
At 31 December 2002	47,887	72	30	47,989
Depreciation				
At 26 February 2002	-	-	-	-
Charge for the period and at 31 December 2002	1,037	8	4	1,049
	1,037	8	4	1,049
Net book value				
At 31 December 2002	46,850	64	26	46,940

The company has no tangible fixed assets.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

11. INVESTMENTS HELD AS FIXED ASSETS

GROUP

Investment in
subsidiary
undertakings
£'000

Company

Cost and net book value at 26 February 2002

Additions

-

10,369

At 31 December 2002

10,369

Details of the subsidiary undertakings at the balance sheet date are as follows:

Name of company	Country of Registration and operation	Nature of business	Proportion of shares held
BUE Viking Limited	Scotland	Operation of standby vessels	100%
Viking Standby Limited	Scotland	Operation of standby vessels	100%
Viking Standby 1 Limited	Scotland	Dormant	100%
Viking Standby 2 Limited	Scotland	Operation of standby vessels	100%
Viking Standby 4 Limited *	Scotland	Dormant	100%
Britannia Marine Limited	England	Dormant	100%
Suffolk Marine Limited **	England	Dormant	100%
Linegift Limited **	England	Operation of standby vessels	100%
BUE North Sea Limited	Scotland	Operation of standby vessels	100%
BUE Raasay Limited ***	Scotland	Operation of standby vessels	100%
* held by Viking Standby 1 Limited			
** held by Britannia Marine Limited			
*** held by BUE North Sea Limited			

12. STOCKS

	Group 2002 £'000	Company 2002 £'000
Raw materials and consumables	651	-

13. DEBTORS

Amounts falling due within one year

	Group 2002 £'000	Company 2002 £'000
Trade debtors	6,140	-
Amounts due from subsidiary undertakings	-	36,763
Prepayments and accrued income	110	-
Other debtors	1,104	-
	7,354	36,763

NOTES TO THE ACCOUNTS**Period ended 31 December 2002****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2002 £'000	Company 2002 £'000
Bank loans and overdraft (note 16)	4,673	4,148
Trade creditors	909	-
Other taxes and social security	207	-
Amounts due to parent undertakings	191	-
Accruals and deferred income	2,958	-
	<u>8,938</u>	<u>4,148</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2002 £'000	Company 2002 £'000
Bank loan (note 16)	<u>33,427</u>	<u>33,427</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

16. BORROWINGS

Total borrowings are:

	Group 2002 £'000	Company 2002 £'000
Bank loans and overdraft	38,100	37,575

	Group 2002 £'000	Company 2002 £'000
--	---------------------------------	-----------------------------------

The total borrowings above are repayable as follows:

Within one year	4,775	4,250
Between one and two years	5,000	10,750
Between two and five years	29,250	23,500

	39,025	38,500
Less: Unamortised finance costs	(925)	(925)

	38,100	37,575
--	---------------	---------------

The bank loan, which bears interest at the aggregate of the margin, Libor and mandatory cost, is repayable in 28 quarterly instalments and is secured over the vessels of the group. The overdraft is secured over the vessels of the group.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £'000	Future Lease obligations £'000	Total £'000
At 1 January 2002	-	-	-
Transferred from subsidiaries	315	1,805	2,120
Charge to profit and loss account	205	-	205
	<u>520</u>	<u>1,805</u>	<u>2,325</u>
Deferred taxation			2002 £'000
Corporation tax deferred by			
Capital allowances			219
Other timing differences			238
Adjustments in respect of prior years			63
			<u>520</u>

18. CALLED UP SHARE CAPITAL

	2002 £'000
Authorised	
4,000,000 Ordinary Shares of £1 each	<u>4,000</u>
Called up, allotted and fully paid	
4,000,000 Ordinary Shares of £1 each	<u>4,000</u>

On incorporation of the company one ordinary share of £1 was issued. On 23 September 2002 a further 3,999,999 ordinary shares of £1 each were issued for a consideration of £10,279,000 resulting in a share premium of £6,279,999. The consideration took the form of a share for share exchange.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

19. RESERVES

	Share Premium £'000	Profit & Loss £'000
Group		
Profit for the period	-	329
Premium on issue of shares	6,279	-
	<u>6,279</u>	<u>-</u>
At 31 Dec 2002	<u>6,279</u>	<u>329</u>
	Share Premium £'000	Profit & Loss £'000
Company		
Loss for the period	-	(722)
Premium on issue of shares	6,279	-
	<u>6,279</u>	<u>-</u>
At 31 Dec 2002	<u>6,279</u>	<u>(722)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2002 £'000	Company 2002 £'000
Profit /(loss) for the period	329	(722)
Issue of ordinary shares	10,279	10,279
	<u>10,608</u>	<u>9,557</u>
Closing shareholders' funds		

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Period from incorporation to 31 Dec 2002 £'000
Operating profit	1,218
Depreciation	1,049
Decrease in stock	16
Decrease in debtors	706
Decrease in creditors	(735)
	<u>2,254</u>
Net cash inflow from operating activities	

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

22. GROSS CASH FLOWS

i) Returns on Investments and Servicing of Finance

Period
from
incorporation
to 31 Dec
2002
£'000

Interest paid	(684)
	<u>(684)</u>

ii) Capital Expenditure

2002
£'000

Payments to acquire tangible fixed assets	(417)
	<u>(417)</u>

iii) Acquisitions

2002
£'000

Cash acquired	484
	<u>484</u>

iv) Financing

2002
£'000

Repayment of loans	(2,748)
Deal fees	823
	<u>(1,925)</u>

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

2002
£'000

Decrease in cash in the period	(171)
Cash outflow from debt and financing	2,748
Changes in net debt resulting from cash flows	2,577
Loans acquired with subsidiary	(39,500)
Amortisation of deal costs	(823)
Closing net debt	<u>(37,746)</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 2002

24. NON CASH TRANSACTIONS

During the period the company acquired BUE Viking Limited and subsidiaries and BUE North Sea Limited and subsidiary for a consideration of £10,279,000. This consideration was settled through the issuance of share capital in the company.

25. ANALYSIS OF CHANGES IN NET DEBT

	Net debt at 26 February 2002 £'000	Cashflow £'000	Acquisition (excl. cash and overdrafts) £'000	Other non cash move- ments £'000	Net debt at 31 Dec 2002 £'000
Cash at bank and in hand	-	(171)	-	-	(171)
Debt due within one year	-	2,748	(4,250)	(823)	(2,325)
Debt due after more than one year	-	-	(35,250)	-	(35,250)
		2,748	(39,500)	(823)	(37,575)
	-	2,577	(39,500)	(823)	(37,746)

26. PURCHASE OF SUBSIDIARY UNDERTAKINGS - NON CASH TRANSACTIONS

	Fair value at acquisition		Total £'000
	BUE Viking Limited £'000	Bue North Sea Limited £'000	
Net assets acquired:			
Tangible fixed assets	25,362	22,210	47,572
Stocks	296	371	667
Debtors	4,367	3,671	8,038
Cash at bank and in hand	204	280	484
Creditors and Provisions	(24,564)	(21,918)	(46,482)
	5,665	4,614	10,279
Goodwill	(525)	525	-
	5,140	5,139	10,279
Satisfied by:			
Shares	5,140	5,139	10,279

The subsidiary undertakings acquired during the period contributed £2,778,000 of the group's net operating cash flows, paid £684,000 in respect of net returns on investments and servicing of finance, and utilised £417,000 for capital expenditure.

NOTES TO THE ACCOUNTS
Period ended 31 December 2002**27. FINANCIAL COMMITMENTS UNDER OPERATING LEASES**

At 31 Dec 2002, the group had annual commitments under non-cancellable operating leases as follows:

Group	Land & Buildings	Vessels
	2002 £'000	2002 £'000
Operating leases which expire:		
Within one year	-	1,132
In two to five years	22	-
In more than five years	70	-
	92	1,132

28. PENSION COMMITMENTS

The group operates defined contribution pension schemes for eligible employees. The assets of the schemes are administered by trustees in funds independent to those from the group. The total contributions paid in the period amounted to £48,000. At 31 December 2002 there are accrued contributions of £nil.

29. CONTINGENT LIABILITIES

The company has entered into cross guarantees with the Group's bankers in respect of the borrowings of BUE Viking Holdings Limited and its subsidiaries. At 31 December 2002 the total contingent liability in respect of these guarantees was £354,000 secured by a bond and floating charge over the assets of the Group.

30. RELATED PARTY TRANSACTIONS

The directors have taken advantage of the exemptions conferred by Financial Reporting Standard 8 "Related Party Transactions", paragraph 3(c) and not disclosed transactions with fellow members of the BUE Viking Holdings Limited Group.

During the period from incorporation to 23 September 2002 there were no transactions with entities which subsequently formed the BUE Viking Holdings Limited Group.

31. ULTIMATE PARENT COMPANIES

BUE Viking Holdings Limited is owned equally by Viking Supply Ships AS, a company registered in Norway, which is 100% owned by Kistefos AS, a company registered in Norway and BUE Marine Limited, a company registered in Scotland. Copies of these companies accounts may be obtained from the Company Secretary of BUE Viking Holdings Limited.