

GEOSEA HOLDINGS LIMITED

Consolidated Financial Statements

Year Ended December 31, 2003



BDO Patel & Al Saleh
Chartered Accountants

GEOSEA HOLDING LIMITED

Consolidated financial statements for the year ended December 31, 2003

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Report of the auditors to the shareholders of Geosea Holdings Limited

We have audited the accompanying consolidated financial statements of Geosea Holdings Limited ("the Company") for the year ended December 31, 2003 set out on pages 3 to 12. These financial statements consolidate the assets, liabilities and operations of the Company and its subsidiaries of which the following are audited by other auditors:

SeaBird Management AS, Norway
GeoBird Management AS, Norway

Responsibilities of management and auditors

The consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management in the preparation of the consolidated financial statements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Geosea Holdings Limited and its subsidiaries at December 31, 2003, the results of its operations, the changes in shareholders' funds and its cash flows for the year then ended, in accordance with accounting standards issued by the International Accounting Standards Board, except that comparative figures are not available.

Our original report dated February 12, 2006 has been reissued with this addendum to take into account adjustments relating to property plant and equipment which came to light in 2005.

BDO PATEL & AL SALEH
Chartered Accountants
Dubai
Brace Roger Bengé
Reg. No. 390

March 22, 2006

GEOSEA HOLDING LIMITED**Consolidated balance sheet at December 31, 2003**

	Note	USD
Non current assets		
Property, plant and equipment	4	4,538,309
		<u>4,538,309</u>
Current assets		
Trade and other receivables	5	1,995,736
Due from related parties	6	5,753,286
Bank balances and cash	7	232,751
		<u>7,981,773</u>
Current liabilities		
Trade and other payables	8	4,984,057
Loans and overdrafts	9	4,775,140
		<u>9,759,197</u>
Net current assets		(1,777,424)
Non current liabilities		
Other loans	9	(990,523)
		<u>1,770,362</u>
Net assets		1,770,362
		<u><u>1,770,362</u></u>
Shareholders' funds		
Share capital	10	50,000
Shareholders' current accounts		(20,125)
Retained earnings		1,740,594
Currency translation reserve		(107)
		<u>1,770,362</u>
		<u><u>1,770,362</u></u>

The combined financial statements have been approved by the Directors on March 22, 2006 and signed by

Tim Isden
Director

The notes on pages 7 to 12 form part of these financial statements.

GEOSEA HOLDING LIMITED

Consolidated statement of income for the year ended December 31, 2003

	Note	USD
Charter hire		9,903,698
Charter hire and operating expenses		(3,904,123)
Depreciation		(3,204,527)
		<hr/>
Gross profit		2,795,048
Other operating income	11	1,262,041
		<hr/>
		4,057,089
Administration, selling and general expenses	12	6,103,785
Finance cost	13	388,560
		<hr/>
		6,492,345
		<hr/>
Loss from operations		(2,435,256)
		<hr/> <hr/>

The notes on pages 7 to 12 form part of these financial statements.

GEOSEA HOLDING LIMITED

Consolidated statement of changes in shareholders' funds for the year ended December 31, 2003

	Share capital	Shareholders' current accounts	Retained earnings	Currency translation reserve	Total
	USD	USD	USD	USD	USD
Balance at January 1, 2003 (Unaudited)	50,000	(20,125)	4,175,850	-	4,205,725
Net loss for the year	-	-	(2,435,256)	(107)	(2,435,363)
Balance at December 31, 2003	50,000	(20,125)	1,740,594	(107)	1,770,362

The notes on pages 7 to 12 form part of these financial statements.

GEOSEA HOLDING LIMITED**Consolidated statement of cash flows for the year ended December 31, 2003**

	USD
Cash flows from operating activities	
Net loss for the year	(2,435,256)
Adjustments for :	
Depreciation	3,204,527
Interest expense	388,560
	<hr/>
Operating profit before working capital changes	1,157,831
Decrease in long term receivables	212,653
Decrease in trade and other receivables	426,610
Increase in due from related parties	(3,167,408)
Increase in trade and other payables	864,773
Increase in due to related parties	2,732,922
	<hr/>
Cash generated from operations	2,227,381
Interest paid	(388,560)
	<hr/>
<i>Net cash from operating activities</i>	1,838,821
	<hr/>
Cash flows from investing activities	
Purchase of property, plant and equipment	(1,013,010)
	<hr/>
<i>Net cash used in investing activities</i>	(1,013,010)
	<hr/>
Cash flows from financing activities	
Net repayments of loan	(543,685)
	<hr/>
<i>Net cash from/(used in) financing activities</i>	(543,685)
	<hr/>
Net increase in cash and cash equivalents	282,126
Cash and cash equivalents at beginning of the year	(49,375)
	<hr/>
Cash and cash equivalents at end of the year	232,751
	<hr/> <hr/>

The notes on pages 7 to 12 form part of these financial statements.

GEOSEA HOLDINGS LIMITED

Notes forming part of the consolidated financial statements for the year ended December 31, 2003

1 Status and activity

Geosea Holdings Limited ("the Company") is a limited liability company incorporated in British Virgin Islands.

The Company is the holding company and through its subsidiaries the Company is chartering seismic exploration vessels. The principal place of business of the Company is located at Road Town Tortola, British Virgin Islands. The Company is a subsidiary of Bartica Company Limited, registered in Cyprus.

The accompanying financial statements represent the activities of Geosea Holdings Limited and its subsidiaries for the year ended December 31, 2003. These financial statements were authorised for issue by the Board of Directors on March 22, 2006.

These financial statements are presented in US Dollars (USD).

2 Basis for consolidation

These financial statements consolidate the assets, liabilities and operations of the Company and the following group units in which the Company has an investing/controlling interest:

Company	Country of incorporation	% of shareholding
Arna Shipping Limited	Cyprus	100%
Velodyne Shipping Limited	Cyprus	100%
Dimas Navigation Company Limited	Cyprus	100%
Silver Queen Maritime Limited.	Malta	100%
SeaBird Management AS	Norway	100%
GeoBird Management AS	Norway	100%

3 Significant accounting policies

These consolidated financial statements are prepared under the historical cost convention, except for the revaluation of a vessel and related equipment and in accordance with accounting standards and interpretations issued by the International Accounting Standards Board. The independent financial statements of SeaBird Management AS and GeoBird Management AS are prepared in accordance with the accounting standards of the relevant countries of registration of the units. The significant accounting policies adopted are as follows:

Revenue recognition

Charter revenue represents the invoiced value of the charter of the vessel, under the related agreements.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

GEOSEA HOLDINGS LIMITED

Notes forming part of the consolidated financial statements for the year ended December 31, 2003 (Continued)

3 Significant accounting policies (continued)

Depreciation

Depreciation was provided consistently on the straight line basis so as to write off the cost of the vessel over four years. On board equipment on the chartered vessel is written off over a period of 8 years. Office equipment is written off over a period of 4 years.

Impairments

The carrying amounts of the Company's assets are reviewed annually at each balance sheet date to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the income statement.

Financial assets

The Company's financial assets consist of cash, due from related parties, trade and other receivables. Cash consists of cash on hand and cash held on current account. Due from related parties, trade and other receivables are stated at cost less impairment losses.

Financial liabilities

The Company's financial liabilities consist of trade and other payables, loans and overdrafts. The trade and other payables are stated at their cost and the loans and overdrafts are recorded at the proceeds received, less repayments. All interest and borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in the income statement.

Foreign currency transactions

Transactions entered into in foreign currencies during the year by all group units except SeaBird Management AS and GeoBird Management AS are converted into US Dollars at approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollars at approximate rates of exchange ruling at the balance sheet date. All gains and losses on exchange are taken to the income statement.

The books of account of SeaBird AS and GeoBird AS are maintained in Norwegian Kroners. For the purpose of the consolidation, the financial statements of these units are translated into US Dollars using the current rate method. Under this method, all the assets, liabilities, income and expense items are translated at rates prevailing at the balance sheet date and the resulting exchange differences are classified as currency translation reserve.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash and bank balances excluding margin deposits under lien.

GEOSEA HOLDINGS LIMITED

Notes forming part of the consolidated financial statements for the year ended December 31, 2003 (Continued)

4 Property, plant and equipment

Property, plant and equipment represent the cost and revaluation of the vessel and seismic equipment on board the vessel. Movements in property, plant and equipment are given on page 12.

5 Trade and other receivables

	USD
Trade receivables	1,358,059
Prepayments and other receivables	637,677
	<u>1,995,736</u>

The carrying amount of trade and other receivables approximates to its fair value.

6 Related party transactions

The Company has, in the ordinary course of business, entered into financial transactions with concerns, which fall within the definition of "related parties" as defined in International Accounting Standard No. 24. These related parties are under common control of the directors of the Company. The balances due from such parties, which have been disclosed separately in the financial statements, are unsecured, interest free and are repayable on demand.

The significant related party transactions during the year are as follows:

	USD
Service charges	876,000
	<u>876,000</u>

7 Bank balances and cash

	USD
Bank balances and cash	232,751
	<u>232,751</u>

8 Trade and other payables

	USD
Trade payables	4,069,160
Accruals and other payables	914,897
	<u>4,984,057</u>

GEOSEA HOLDINGS LIMITEDNotes forming part of the consolidated financial statements for the year ended December 31, 2003 *(Continued)***9 Loans**

These represent loans obtained from customers to upgrade a vessel and against future charter income. The installments due within twelve months from the balance sheet date have been classified as current liabilities. The Company repaid the bank loan during 2004.

10 Share capital

USD

Authorised, issued and paid up capital : 50,000
50000 shares of USD 1 each

11 Other income

USD

Service income 858,302
Exchange gain 311,551
Other 92,188

1,262,041

12 Administration and general expenses

USD

Staff salaries and benefits 4,492,987
Rent and licence fee 876,000
Electricity and water 37,374
Communication 118,727
Printing and stationery 8,754
Transport and conveyance 75,537
Professional fee 494,406

6,103,785

13 Finance costs

USD

Interest on bank loans 280,512
Other interest 108,048

388,560

GEOSEA HOLDINGS LIMITED

Notes forming part of the consolidated financial statements for the year ended December 31, 2003 *(Continued)*

14 Financial instruments

Fair value

The management believes that the fair values of the financial assets and liabilities are not significantly different from their carrying amounts at the balance sheet date.

Interest rate risk

The Company is exposed to interest rate risk from its interest-bearing liabilities. The effective interest rates on loans vary with the market funds rate at LIBOR plus fixed margin.

Credit risk

The Company is exposed to credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables and amounts due from related parties. The credit risk on trade receivables and related parties is subjected to credit evaluations. The maximum amount of credit risk which the Company is exposed to at the balance sheet date is USD 7,981,773 which represents the carrying amounts of the Company's financial assets.

15 Comparative figures

Previous year's figures are not available.

GEOSEA HOLDINGS LIMITED

Notes forming part of the financial statements for the year ended December 31, 2005 (Continued)

Schedule of Property, plant & equipment

	Seismic vessel Owned	Seismic vessel Chartered	Mechanical & Navigation	Data Equipment	Seismic and office equipment	Total
	USD		USD	USD	USD	USD
Cost						
At January 1, 2003 and Additions	13,233,823	1,024,049	-	-	213,285	14,471,157
Disposals	-	83,325	88,250	101,041	630,386	903,002
At December 31, 2003	13,233,823	1,107,374	88,250	101,041	843,671	15,374,159
Depreciation						
At January 1, 2003	6,740,563	770,980	-	-	119,780	7,631,323
Charge for the year On Disposals	2,956,081	128,389	5,516	6,315	108,226	3,204,527
At December 31, 2003	9,696,644	899,369	5,516	6,315	228,006	10,835,850
Net Book Value						
At December 31, 2003	3,537,179	208,005	82,734	94,726	615,665	4,538,309
At December 31, 2002 (Unaudited)	6,493,260	253,069	-	-	93,505	6,839,834