

INTERNATIONAL SHIPHOLDING CORP
Form 10-K/A
December 11, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 10-K/A
(Amendment No. 3)**

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended **December 31, 2006**

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: **2-63322**

INTERNATIONAL SHIPHOLDING CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2989662
(I.R.S. Employer
Identification No.)

**11 North Water Street, Mobile,
Alabama** (Address of principal
executive offices)

36602
(Zip Code)

(251)-243-9100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class exchange on which registered</u>	<u>Name of each</u>
Common Stock, \$1 Par Value New York Stock Exchange	
6.0% Convertible Exchangeable Preferred Stock Stock Exchange	New York
7¾% Senior Notes Due 2007 Stock Exchange	New York

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

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Yes

No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2006, based upon the closing price of the common stock as reported by the New York Stock Exchange on such date, was approximately \$58,528,708.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 30, 2007
Common Stock, \$1 par value,	6,519,187 shares

EXPLANATORY NOTE

This Amendment No. 3 on Form 10-K/A amends only Item 15 of the Annual Report on Form 10-K of International Shipholding Corporation (“the Company”) for the fiscal year ended December 31, 2006, as originally filed with the Securities and Exchange Commission on March 9, 2007, and presents only the item of the report that is being amended. This Form 10-K/A does not reflect events occurring after the filing of the original report or modify or update disclosures affected by subsequent events. All disclosures in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 continues to speak only as of March 9, 2007.

In November of 2006, the Company sold its entire 26.1% equity interest in Belden Shipholding PTE LTD (“BSH”), an investment holding company, which through its subsidiaries managed a fleet of cement carriers. BSH was a newly-formed company, which acquired our previous interest in Belden Cement Holding, Inc. (“BCH”) in January of 2006. The sale generated a gain of \$22.1 million from the Company’s investment in BSH. Following the sale, the Company concluded that Regulation S-X promulgated under the Securities Exchange Act of 1934 did not require the Company to file BSH’s audited financial statements, which were unavailable to the Company after the sale.

Following discussions with SEC Staff, the Company is filing this amendment to report the unaudited financial statements of BSH for the nine months ended September 30, 2006. The unaudited financial statements were previously provided to us by the management of BSH and are prepared in accordance with Singapore Financial Reporting Standards, except that they do not include any footnote disclosures. They are not prepared in accordance with U.S. generally accepted accounting principles and as such should not be relied upon.

In addition, in accordance with Rule 3-09 of Regulation S-X of the Securities Exchange Act of 1934, the Company is providing audited financial statements for Belden BCH for 2005 (which were previously included in our 2005 Form 10-K/A filed on June 30, 2006), and unaudited financial statements of BCH for the year ended December 31, 2004. The unaudited financial statements were previously provided to us by the management of BCH and are prepared in accordance with Singapore Financial Reporting Standards, except that they do not include any footnote disclosures. They are not prepared in accordance with U.S. generally accepted accounting principles and as such should not be relied upon.

This Amendment No. 3 does not change any other information set forth in the original filing of the Company’s Form 10-K, including Amendments No. 1 and No. 2, for the year ended December 31, 2006. However, in accordance with Rule 12b-15, Amendment No. 1, filed on May 15, 2007, Amendment No. 2, filed on June 22, 2007, and Amendment No. 3, filed on December 11, 2007, includes new certifications filed under Rules 13a-14(a) and 13a-14(b), respectively, as Exhibits 31.1 and 31.2 and as Exhibits 32.1 and 32.2.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following financial statements, schedules and exhibits are filed as part of this report:

(a) 1. Financial Statements

The following financial statements and related notes of the Company were filed as a part of Amendment No. 1 to the Company's Annual Report filed on Form 10-K/A on May 15, 2007:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Income for the years ended December 31, 2005, 2004, and 2003

Consolidated Balance Sheets at December 31, 2005 and 2004

Consolidated Statements of Changes in Stockholders' Investment for the years ended December 31, 2005, 2004, and 2003

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004, and 2003

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

(i) The following financial statements of the Company were filed as a part of the Company's Annual Report on Form 10-K filed on March 9, 2007:

Report of Independent Registered Public Accounting Firm

Schedule II -- Valuation and Qualifying Accounts and Reserves

(ii) The following financial statements of Dry Bulk Cape Holding were filed as a part of the Company's Form 10-K/A No. 2 filed on June 27, 2007 pursuant to Rule 3-09 of Regulation S-X:

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets at December 31, 2006 and 2005

Consolidated Statements of Income for the years ended December 31, 2006, 2005, and 2004

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2006, 2005, and 2004

Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005, and 2004

Notes to the Consolidated Financial Statements

(iii) The following financial statements of BCH are included on pages A-1 through A-7 of this Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheet at December 31, 2005

Consolidated Statement of Income for the year ended December 31, 2005

Consolidated Statement of Changes in Stockholders' Investment for the year ended December 31, 2005

Consolidated Statement of Cash Flows for the year ended December 31, 2005

Notes to the Financial Statements

(iv) The following financial statements of BCH are included on pages B-1 through B-2 of this Form 10-K/A pursuant to Rule 3-09 of Regulation S-X: These statements are unaudited and do not comply with U.S. generally accepted accounting principles.

Consolidated Balance Sheets at December 31, 2004

Consolidated Profit and Loss Account Statement for the year ended December 31, 2004

- (v) The following financial statements of BSH are included on pages C-1 through C-2 of this Form 10-K/A based on discussions with the SEC Staff. These statements are unaudited and do not comply with U.S. generally accepted accounting principles.

Consolidated Balance Sheets at September 30, 2006

Consolidated Profit and Loss Account Statement for the nine months ended September 30, 2006

3. Exhibits

- (3.1) Restated Certificate of Incorporation of the Registrant (filed with the Securities and Exchange Commission as Exhibit 3.1 to the Registrant's Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference)
- (3.2) By-Laws of the Registrant (filed with the Securities and Exchange Commission as Exhibit 3.2 to the Registrant's Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference)
- (3.3) Certificate of Designations of the 6.0% Convertible Exchangeable Preferred Stock of the Registrant filed with the Delaware Secretary of State on January 5, 2005 (filed with the Securities and Exchange Commission as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated January 6, 2005 and filed with the Securities and Exchange Commission on January 7, 2005 and incorporated herein by reference)
- (4.1) Specimen of Common Stock Certificate (filed as an exhibit to the Registrant's Form 8-A filed with the Securities and Exchange Commission on April 25, 1980 and incorporated herein by reference)
- (4.2) Indenture between the Registrant and The Bank of New York, as Trustee, with respect to the 7¾% Senior Notes due October 15, 2007 (filed with the Securities and Exchange Commission as Exhibit 4.2 to the Registrant's Form 10-Q for the quarterly period ended September 30, 2004 and incorporated herein by reference)
- (4.3) Form of 7¾% Senior Note due October 15, 2007 (included in Exhibit 4.2 hereto and incorporated herein by reference)
- (4.4) Indenture, dated as of January 6, 2005, by and between the Registrant and The Bank of New York, as Trustee, with respect to the 6.0% Convertible Subordinated Notes due 2014 (filed with the Securities and Exchange Commission as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated January 6, 2005 and filed with the Securities and Exchange Commission on January 7, 2005 and incorporated herein by reference)
- (4.5) Form of 6.0% Convertible Subordinated Note due 2014 (included in Exhibit 4.4 hereto and incorporated herein by reference)
- (4.6) Specimen of 6.0% Convertible Exchangeable Preferred Stock Certificate (filed with the Securities and Exchange Commission as Exhibit 4.6 to Pre-Effective Amendment No. 3, dated December 23, 2004 and filed with the Securities and Exchange Commission on December 23, 2004, to the Registrant's Registration Statement on Form S-1 (Registration No. 333-120161) and incorporated herein by reference)
- (4.7) Certificate of Designations of the 6.0% Convertible Exchangeable Preferred Stock of the Registrant filed with the Delaware Secretary of State on January 5, 2005 (filed as Exhibit 3.3 hereto and incorporated herein by reference)
- (10.1) Credit Agreement, dated as of September 30, 2003, by and among LCI Shipholdings, Inc. and Central Gulf Lines, Inc., as Joint and Several Borrowers, the banks and financial institutions listed therein, as Lenders, HSBC Bank PLC, as Facility Agent, DnB NOR Bank ASA, as Documentation Agent, Deutsche Schiffsbank Aktiengesellschaft, as Security Trustee, and the Registrant, as Guarantor (filed with the Securities and Exchange Commission as Exhibit 10.2 to Pre-Effective Amendment No. 2, dated December 10, 2004 and filed with the Securities and Exchange Commission on December 10, 2004, to the Registrant's Registration Statement on Form S-1 (Registration No. 333-120161) and incorporated herein by reference)
- (10.2) Credit Agreement, dated as of December 6, 2004, by and among LCI Shipholdings, Inc., Central Gulf Lines, Inc. and Waterman Steamship Corporation, as Borrowers, the banks and financial institutions listed therein, as Lenders, Whitney National Bank, as Administrative Agent, Security Trustee and Arranger, and the Registrant, Enterprise Ship Company, Inc., Sulphur Carriers, Inc., Gulf South Shipping PTE Ltd. and CG Railway, Inc., as Guarantors (filed with the Securities and Exchange Commission as Exhibit 10.3 to Pre-Effective Amendment No. 2, dated December 10, 2004 and filed with the Securities and Exchange Commission on December 10, 2004, to the Registrant's Registration Statement on Form S-1 (Registration No. 333-120161) and incorporated herein by reference)
- (10.3) Credit Agreement, dated September 26, 2005, by and among Central Gulf Lines, Inc., as Borrower, the banks and financial institutions listed therein, as Lenders, DnB NOR Bank ASA, as Facility Agent and Arranger, and Deutsche Schiffsbank Aktiengesellschaft, as Security Trustee and Arranger, and the Registrant, as Guarantor (filed with the Securities and Exchange Commission as Exhibit 10.1 to the Registrant's Current Report on Form

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8-K dated September 30, 2005 and incorporated herein by reference)

- (10.4) Credit Agreement, dated December 13, 2005, by and among CG Railway, Inc., as Borrower, the investment company, Liberty Community Ventures III, L.L.C., as Lender, and the Registrant, as Guarantor*
- (10.5) Consulting Agreement, dated January 1, 2006, between the Registrant and Niels W. Johnsen*
- (10.6) Summary of Executive Officer's Salaries*
- (10.7) International Shipholding Corporation Stock Incentive Plan (filed with the Securities and Exchange Commission as Exhibit 10.5 to the Registrant's Form 10-K for the annual period ended December 31, 2004 and incorporated herein by reference)
- (10.8) Form of Stock Option Agreement for the Grant of Non-Qualified Stock Options under the International Shipholding Corporation Stock Incentive Plan (filed with the Securities and Exchange Commission as Exhibit 10.6 to the Registrant's Form 10-K for the annual period ended December 31, 2004 and incorporated herein by reference)
- (10.9) Description of Non-Management Director Compensation (filed with the Securities and Exchange Commission as Exhibit 10.7 to the Registrant's Form 10-K for the annual period ended December 31, 2004 and incorporated herein by reference)
- (10.10) Description of Life Insurance Benefits Provided by the Registrant to Niels W. Johnsen and Erik F. Johnsen Plan (filed with the Securities and Exchange Commission as Exhibit 10.8 to the Registrant's Form 10-K for the annual period ended December 31, 2004 and incorporated herein by reference)
 - (21.1) Subsidiaries of International Shipholding Corporation*
 - (31.1) Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **
 - (31.2) Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 **
- (32.1) Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
- (32.2) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **

*Previously filed as part of the Registrant's Form 10-K for the year ended December 31, 2006, filed with the Commission on March 9, 2007.

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Submitted electronically herewith.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Belden Cement Holding Inc.

We have audited the accompanying consolidated balance sheet of Belden Cement Holding Inc. (the "Group") as of December 31, 2005 and the related consolidated statements of income, changes in stockholders' investment, and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Group's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2005, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

New Orleans, Louisiana
June 2, 2006

BELDEN CEMENT HOLDING INC.
CONSOLIDATED BALANCE SHEET
As of December 31, 2005

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 610,517
Due from Related Parties	37,325
Prepaid Expenses	103,712
Total Current Assets	751,554

Investment in Unconsolidated Entity	45,124
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Property and Equipment, at Cost:

Machinery Equipment	305,287
Furniture and Equipment	57,723
	363,010
Less - Accumulated Depreciation	(169,431)
	193,579

Due from Related Parties	22,946,954
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\$ 23,937,211

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current Liabilities:

Accrued Liabilities	\$ 134,789
Due to Related Parties	496,737
Total Current Liabilities	631,526

Stockholders' Investment:

Common Stock, \$50.00 Par Value, 230 Shares	
Authorized at December 31, 2005	11,500
Additional Paid-In Capital	9,980,348
Retained Earnings	13,350,221
Accumulated Other Comprehensive Loss	(36,384)
	23,305,685

\$ 23,937,211

The accompanying notes are an integral part of these statements.

BELDEN CEMENT HOLDING INC.
CONSOLIDATED STATEMENT OF INCOME
For the Year Ended December 31, 2005

Revenues	\$ 13,252,759
Operating Expenses	(5,829,825)
Depreciation	(3,896,347)
Gross Profit	3,526,587
Administrative and General Expenses	(1,370,690)
Gain on Sale of Assets	6,186,552
Operating Income	8,342,449
Interest and Other:	
Interest Expense	(1,899,389)
Investment Income	105,423
Other Income	80,528
	(1,713,438)
Net Income	\$ 6,629,011

The accompanying notes are an integral part of these statements.

BELDEN CEMENT HOLDING INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' INVESTMENT
For the Year Ended December 31, 2005

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2004	\$ 11,500	\$ 9,980,348	\$ 6,721,210	\$ (31,053)	\$ 16,682,005
Comprehensive Income:					
Net Income for Year Ended December 31, 2005	-	-	6,629,011	-	6,629,011
Other Comprehensive Loss:					
Foreign Currency Translation Adjustments	-	-	-	(5,331)	(5,331)
Total Comprehensive Income					6,623,680
Balance at December 31, 2005	\$ 11,500	\$ 9,980,348	\$ 13,350,221	\$ (36,384)	\$ 23,305,685

The accompanying notes are an integral part of these statements.

BELDEN CEMENT HOLDING INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

Cash Flows from Operating Activities:	
Net Income	\$ 6,629,011
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation	3,896,347
Amortization of Deferred Charges	725,609
Gain on Sale of Assets	(6,186,552)
Translation Gain	(5,331)
Changes in:	
Accounts Receivable	227,590
Deferred Drydocking Charges	(962,180)
Due from Unconsolidated Entity	224,470
Due from Shareholders	2,010,000
Accrued Liabilities	(571,113)
Due to Related Parties	268,571
Net Cash Provided by Operating Activities	6,256,422
Cash Flows from Investing Activities:	
Purchase of Property and Equipment	(995,191)
Proceeds from Sale of Vessels	54,375,000
Cash Transfer on Disposal of Subsidiaries	(544,971)
Net Cash Provided by Investing Activities	52,834,838
Cash Flows from Financing Activities:	
Due from Related Parties	(7,357,321)
Repayment of Long-term Debt	(44,948,585)
Proceeds from Long-term Debt	2,087,504
Repayment of Loan from Shareholders	(11,110,585)
Dividends Paid	(801,905)
Net Cash Used by Financing Activities	(62,130,892)
Net Change in Cash and Cash Equivalents	(3,039,632)
Cash and Cash Equivalents at Beginning of Year	3,650,149
Cash and Cash Equivalents at End of Year	\$ 610,517

The accompanying notes are an integral part of these statements.

BELDEN CEMENT HOLDING INC.

Notes to the Financial Statements – December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying consolidated financial statements include the accounts of Belden Cement Holding Inc. (“BCHI”) (incorporated in the Republic of Panama) and its majority-owned subsidiaries. In this report, the terms “we,” “us,” “our,” and “the Company” refer to BCHI and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Our policy is to consolidate all subsidiaries in which we hold a greater than 50% voting interest or otherwise exercise significant influence over operating and financial activities. We use the equity method to account for investments in entities in which we hold a 20% to 50% voting interest and the cost method to account for investments in entities in which we hold less than 20% voting interest and in which we cannot exercise significant influence over operating and financial activities.

The financial statements are presented in United States dollars, which is also the measurement currency of the Company and its subsidiary. The financial statements are not presented in the currency of the country in which the holding company is domiciled as most of our transactions are denominated in US dollar.

Nature of Operations

The principal activity of BCHI is that of an investment holding company. The principal activities of the subsidiaries of BCHI include ship ownership and commercial ship management and brokering.

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Foreign Currency Transactions

Certain of our revenues and expenses are converted into or denominated in foreign currencies. All exchange adjustments are charged or credited to income in the year incurred.

Property

For financial reporting purposes, our property and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 18 years. The cost of an asset comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to working condition for its intended use. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore future depreciation expense could be revised.

Costs of all major property additions and betterments are capitalized. Ordinary maintenance and repair costs are expensed as incurred. Interest and finance costs relating to property and equipment under construction are capitalized to properly reflect the cost of assets acquired. No interest was capitalized in 2005.

During 2005, we recognized a net gain of \$6,186,552 from the sale of all of our vessels.

We monitor all of our fixed assets for impairment and perform an impairment analysis in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” when triggering events or circumstances indicate a fixed asset may be impaired.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

BELDEN CEMENT HOLDING INC.

Notes to the Financial Statements – December 31, 2005

Revenue Recognition

Revenue from charter of vessels is recognized on a straight-line basis over the year of the charter and after providing for off-service days. Revenue from management and technical consultancy service is recognized upon completion of services rendered.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes." Provisions for income taxes include deferred income taxes that are provided on items of income and expense, which affect taxable income in one period and financial statement income in another.

Deferred Charges

We defer certain costs related to the drydocking of our vessels. Deferred drydocking costs are capitalized as incurred and amortized on a straight-line basis over the period between drydockings.

NOTE 2 – UNCONSOLIDATED ENTITIES

We have a 40% interest in Belden Ship Management Inc., which manages our vessels.

NOTE 3 – TRANSACTIONS WITH RELATED PARTIES

We sold certain of our vessels to Belden Shipholding Pte Ltd for \$39.9 million in 2005, resulting in a gain of \$1.2 million. We also sold certain of our subsidiaries to Belden Shipholding Pte Ltd for \$9.7 million. We have a receivable due from Belden Shipholding Pte Ltd for \$22.9 million as of December 31, 2005. The receivable is unsecured and interest free. Belden Shipholding Pte Ltd has the option at any time to repay the full amount or in part. We do not expect to be repaid this amount in the next twelve months.

NOTE 4 – INCOME TAX

The Company is not liable for income tax in the countries that it operates in. As of December 31, 2005, we had unutilized tax losses of approximately \$145,000 available to offset against future taxable profits subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Income Tax Act. The potential deferred tax asset arising from these unutilized tax losses has not been recognized in the financial statements.

NOTE 5 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest Paid

During 2005, we paid \$1,268,137 of interest.

Notes Receivable

During 2005, we sold certain vessels to a related party for \$39.9 million in the form of a receivable. We also sold certain of our subsidiaries to the same related party for \$9.7 million in the form of a receivable.

NOTE 6 – SUBSEQUENT EVENTS

In January of 2006, Belden Shipholding Pte Ltd acquired all of the shares of the Company for \$12 million.

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Belden Cement Holding Inc.
Balance Sheet at 31 December 2004
Unaudited

	US\$
Non-current assets	
Property, plant and equipment	\$ 67,204,876
Deferred expenses	1,326,243
Investment in an associate company	45,124
Loan to an affiliated company	7,032,800
Current assets	
Trade receivables, less provision for doubtful debts of \$Nil	208,189
Other receivables and prepayments	213,806
Loan to an employee	53,114
Amount due from shareholders (non-trade)	2,010,000
Amount due from an affiliated company (non-trade)	1,641
Amount due from an associated company (trade)	58,470
Cash and bank balances	3,650,149
	6,195,369
Current liabilities	
Other creditors and accruals	632,381
Charter hire income received in advance	408,275
Amount due to an affiliated company (trade)	169,779
Dividend payable	801,905
Bank loans (secured)	17,240,869
Loan from shareholders	9,200,000
Fair value of interest rate swap	592,828
	29,046,037
Net current assets/(liabilities)	(22,850,668)
Non-current liabilities	
Bank Loans (secured)	(34,758,613)
Loans from shareholders	(1,910,585)
Net assets	16,089,177
Capital and reserves	
Share capital	11,500
Reserves	16,077,677
	\$ 16,089,177

Belden Cement Holding Inc.
Consolidated Profit and Loss Account
For the Year Ended December 31, 2004
Unaudited

	US\$
Revenue	\$ 27,179,361
Other income	211,670
Gain on disposal of property, plant and equipment	821,012
Depreciation of property, plant and equipment	(7,266,257)
Amortization of deferred expenses	(1,052,004)
Management fees	(155,000)
Vessel operating costs	(8,917,897)
Legal fees and consultation fees	(364,768)
Commission expenses	(443,654)
Bad debts written off	(270,000)
Office rental	(68,010)
Staff costs	(449,406)
Communication expenses	(134,826)
Other operating expenses	(865,663)
Profit from operations	8,224,558
Finance costs	(3,131,421)
Share results of associated company	4,396
Profit before taxation	5,097,533
Taxation	(132,913)
Profit after taxation	\$ 4,964,620

Belden Shipholding PTE LTD and its Subsidiaries
Balance Sheet at 30 September 2006
Unaudited

	US\$
Non-current assets	
Property, plant and equipment	\$ 91,764,168
Investment in an associate company	45,124
Loan to an affiliated company	12,366
Current assets	
Other receivables and prepayments	3,250,484
Loan to an employee	16,828
Cash and bank balances	1,858,173
	5,125,485
Current liabilities	
Other creditors and accruals	277,081
Charter hire income received in advance	1,262,139
Bank loans (secured)	2,500,000
	4,039,220
Net current assets/(liabilities)	1,086,265
Non-current liabilities	
Bank Loans (secured)	(103,796,356)
Net assets	17,557,943
Capital and reserves	
Share capital	230,000
Reserves	17,327,943
	\$ 17,557,943

Belden Shipholding PTE LTD and its Subsidiaries
Consolidated Profit and Loss Account
For the nine months ended September 30th, 2006
Unaudited

	US\$
Revenue	\$ 24,498,804
Other income	1,442,886
Depreciation of property, plant and equipment	(4,940,637)
Amortization of deferred expenses	(775,480)
Vessel operating costs	(10,359,676)
Legal fees and consultation fees	(80,521)
Commision expenses	(299,357)
Office rental	(39,756)
Staff costs	(687,628)
Communication expenses	(185,386)
Other operating expenses	(873,039)
Profit from operations	7,700,210
Finance costs	(4,422,951)
Profit before taxation	3,277,259
Taxation	-
Profit after taxation	\$ 3,277,259

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