

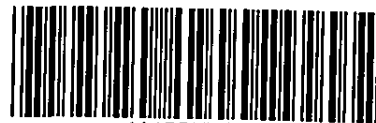
THE MAERSK COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011

Registration Number: 493147

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DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the Company during the year continued to be ship owning and operations, with a major focus on container ships. Offshore oil industry activities have mostly been transferred to a new group company, Maersk FPSOs UK Ltd.

Results and dividends

The results for the year are shown in the income statement on page 7. The Directors do not recommend the payment of a final dividend (2010: \$Nil). Transfers to reserves are shown in the reconciliation of movements in shareholders' funds within Statement of Changes in Equity.

Review of the business

Development and performance of the company's business

Overall performance of the Company continues to be positive. Net profit for the year was USD 41 million compared to USD 136 million in the previous year. This reduction in profitability was expected as the results for 2010 were influenced by exceptionally high dividend income from subsidiaries, partly offset by impairment charges on owned vessels.

The owned fleet at 2011 consisted of eight container vessels, one tanker and one RoRo vessel (2010: ten vessels, nine container vessels, one tanker). These vessels are on Time charter arrangements made between 2008 and 2010, and which expire at varying dates between 2013 and 2016. Current and projected market conditions are challenging, and if these Time charter arrangements were to be renegotiated at current rates then the company would be significantly less profitable. The Directors believe that market conditions in the medium to longer term will recover.

The company's exposure to the offshore oil industry continues to be reduced. Remaining activities produced an expected small profit in 2011.

Shareholder equity has increased during the year from USD 1,458m to USD 1,500m.

Total assets are USD 3,293m (2010: USD 3,567m) of which vessels and equipment total USD 515m (2010: USD 634m). 4 vessels classified as held for sale in 2010 were sold in May-June 2011.

Corporate governance

The company continues to positively manage Maersk's name and interests in the UK. This is done by thorough and professional management of vessels and crew, by the provision of corporate services to the Maersk group, and by careful attention to corporate governance and legal compliance. Group initiatives in sustainability, human resource development and technology continue to be fully supported.

Corporate governance is enhanced by a combination of regular management and Board meetings, through risk assessment and management, by following documented control procedures, and by regular internal and external audit.

Principal risks and uncertainties

The company actively reviews and manages risk.

The main risks facing the company are related to cyclical fluctuations in the freight and shipping markets and movements in exchange rates. The company's risk management includes entering into medium-term agreements where possible, avoiding spot market deals, and by applying hedging techniques to mitigate significant financial exposures.

DIRECTORS' REPORT (continued)

Position of the company's business at the end of the year

At the end of the year the company had equity of USD 1,500m (2010 USD 1,458m) and assets of USD 3,293m (2010 USD 3,567m)

Key performance indicators

The Company covers a number of businesses each utilising specific key performance indicators for monitoring and measuring performance. The key factors by which management monitors overall performance are operating margin and return on equity. The company is committed to conducting its activities in a manner that protects the health and safety of all personnel working under its direction. Performance is measured based on lost-time incidents and a number of other parameters and in line with the industry norm in the particular market. These measures permit a focus on reduction and mitigation of health and safety risks at work. Preserving the environment is an important factor in the way the company operates, with high priority placed on environmental considerations in the way the business is managed. Further details on how environmental issues are addressed can be obtained from the website of the ultimate parent company, A P Moller-Maersk A/S, on www.maersk.com

The operating margin for the Company increased from -56% in 2010 to 42% in 2011, mainly as a result of lower impairment losses on vessel sales and investments. Return on equity has decreased from 7.1% to 2.8% in 2011. There was 1 lost-time incident in 2011 (1 incident in 2010). The company continues to focus on improving safety levels to ensure these incidents are kept to a minimum.

Directors

The Directors in office during the year ended 31 December 2011 and to the date of approval of these financial statements, were

P R Andersen
T E Cornick
J Kilby
S N Christensen (appointed 1 January 2011)
D P Hedges (appointed 1 December 2011)
M Malone (appointed 1 January 2011 , resigned 15 July 2011)

No Director had a beneficial interest in the shares of the Company at any time during the year.

Employment policies

The Company is committed to ensuring that no discrimination is practised against any employee or prospective employee on the grounds of colour, race, creed or gender. In particular the Company employs disabled persons and has a policy of giving full and fair consideration to applications for employment from registered disabled people. In cases where disablement occurs whilst in service, Company policy is, as far as possible, to continue employment and to arrange for any necessary re-training facilities. Opportunities for training, career development and promotion apply equally across the Company to disabled and non-disabled alike.

The Company has developed harmonised arrangements for communication and consultation with employees including an intranet web site, electronic mail for the announcement of key issues, staff newsletters and magazines and senior management briefings to staff.

DIRECTORS' REPORT (continued)

Creditor Payment Policy

The Company's policy is to pay suppliers in accordance with terms and conditions agreed when the orders are placed. Where payment terms have not been specifically agreed, the invoices dated in one calendar month are paid close to the end of the following month. Creditor payment period in 2011 totalled 66 days (2010: 185 days).


Charitable donations

The Company made donations of £14,201 (2010: £72,745) to UK charities during the year. These principally comprised cash donations, which included £6,600 to support Seafarers UK. No political donations were made during 2011 (2010: £Nil).

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Mr J Kilby
Secretary
27th March 2012

Maersk House
Braham Street
London
E1 8EP

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MAERSK COMPANY LIMITED

We have audited the financial statements of The Maersk Company Limited (the "financial statements") for the year ended 31 December 2011 set out on pages 7 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

27 March 2012

THE MAERSK COMPANY LIMITED
Directors' report and financial statements

INCOME STATEMENT

for the year ended 31 December 2011

	<u>Note</u>	<u>2011</u> \$000	<u>2010</u> \$000
Continuing operations			
Revenue		161,529	235,871
Cost of sales		<u>(58,906)</u>	<u>(68,934)</u>
GROSS PROFIT		<u>102,623</u>	<u>166,937</u>
Depreciation and impairment losses		(34,459)	(263,432)
Gain/(Loss) on sale of non-current assets		7,485	(30,271)
Other operating income		11,659	21,924
Administrative expenses	4	(15,215)	(20,954)
Operating costs		<u>(3,469)</u>	<u>(6,315)</u>
OPERATING PROFIT/(LOSS) BEFORE FINANCING COSTS		68,624	(132,111)
Financial income		12,430	10,558
Financial expenses		<u>(26,313)</u>	<u>(37,697)</u>
Net financing costs	6	<u>(13,883)</u>	<u>(27,139)</u>
Dividend income		<u>888</u>	<u>297,432</u>
PROFIT BEFORE TAX		55,629	138,182
Income tax (charge)/benefit	7	<u>(14,841)</u>	<u>5,751</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		40,788	143,933
Discontinued operations			
(Loss)/Profit for the period from discontinued operations	3	-	(7,964)
PROFIT FOR THE YEAR		<u>40,788</u>	<u>135,969</u>
Attributable to			
Equity holders of the parent		<u>40,788</u>	<u>135,969</u>

The notes on pages 12 to 38 form part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME (SOCI)
for the year ended 31 December 2011

	<u>Note</u>	<u>2011</u> \$000	<u>2010</u> \$000
Profit for the year		40,788	135,969
Other comprehensive income			
Defined benefit plan actuarial gains	19	1,257	1,430
Other comprehensive income for the period		<u>1,257</u>	<u>1,430</u>
Total comprehensive income for the period		<u><u>42,045</u></u>	<u><u>137,399</u></u>
Attributable to			
Equity holders of the parent		<u><u>42,045</u></u>	<u><u>137,399</u></u>

The notes on pages 12 to 38 form part of the financial statements

THE MAERSK COMPANY LIMITED
Directors' report and financial statements

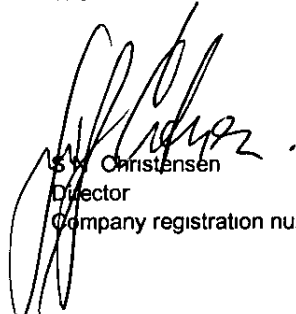
STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Note	2011 \$000	2010 \$000
ASSETS			
Vessels	9	514,594	456,784
Property, plant and equipment	10	67	6,735
Trade and other receivables	13	128,342	56,731
Other financial assets	11	2,268,301	2,268,982
Deferred tax assets	12	218	225
Total non-current assets		2,911,522	2,789,457
Trade and other receivables	13	344,500	553,177
Cash and cash equivalents	14	36,953	54,834
Assets classified as held for sale	2	-	170,000
Total current assets		381,453	778,011
TOTAL ASSETS		3,292,975	3,567,468
EQUITY			
Issued capital		282,315	282,315
Reserves		(6,920)	(8,177)
Retained earnings		1,224,826	1,184,038
Total Equity attributable to equity holders of the parent		1,500,221	1,458,176
LIABILITIES			
Interest-bearing loans and borrowings	16	688,341	970,801
Provisions	17	2,616	1,606
Employee benefits	19	19,539	22,518
Total non current liabilities		710,496	994,925
Interest-bearing loans and borrowings	16	1,010,871	1,041,589
Provisions	17	127	449
Trade and other payables	18	71,260	72,329
Total current liabilities		1,082,258	1,114,367
Total liabilities		1,792,754	2,109,292
TOTAL EQUITY AND LIABILITIES		3,292,975	3,567,468

The notes on pages 12 to 38 form part of the financial statements

These financial statements were approved by the Board of Directors on 27 March 2012 and were signed on its behalf by


S. M. Christensen
Director
Company registration number 493147

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended 31 December 2011

	<u>Notes</u>	<u>Share capital</u> \$000	<u>Trans- lation reserve</u> \$000	<u>Pensions reserve</u> \$000	<u>Retained earnings</u> \$000	<u>Total equity</u> \$000
Balance at 1 January 2010		282,315	(17,609)	(9,607)	1,665,678	1,920,777
Profit for the period		-	-	-	135,969	135,969
Transfer		-	17,609	-	(17,609)	-
Other comprehensive income						
Defined benefit plan actuarial gains	19	-	-	1,430	-	1,430
Total comprehensive income for the period		-	17,609	1,430	118,360	137,399
Dividends paid to equity holder		-	-	-	(600,000)	(600,000)
Balance at 31 December 2010		282,315	-	(8,177)	1,184,038	1,458,176
Balance at 1 January 2011		282,315	-	(8,177)	1,184,038	1,458,176
Profit for the period		-	-	-	40,788	40,788
Other comprehensive income						
Defined benefit plan actuarial gains	19	-	-	1,257	-	1,257
Total comprehensive income for the period		-	-	1,257	40,788	42,045
Balance at 31 December 2011		282,315	-	(6,920)	1,224,826	1,500,221

The notes on pages 12 to 38 form part of the financial statements

THE MAERSK COMPANY LIMITED
Directors' report and financial statements

STATEMENT OF CASHFLOWS

for the year ended 31 December 2011

	<u>Note</u>	<u>2011</u> \$000	<u>2010</u> \$000
CASHFLOW FROM OPERATING ACTIVITIES			
Profit for the year		40,788	135,969
Adjustments for			
Depreciation, amortisation and impairment		34,459	263,432
(Gain)/Loss on disposal of vessels, property, plant and equipment		(7,485)	30,271
Dividend income		(888)	(297,432)
Pension costs	19	545	299
Net financing costs	6	13,883	27,139
Income tax expense	7	14,841	(8,848)
<i>Operating profit before changes in working capital and provisions</i>		<u>96,143</u>	<u>150,830</u>
(Increase)/Decrease in trade and other receivables		(13,849)	18,842
(Decrease)/Increase in trade and other payables		(22,023)	3,332
Increase/(Decrease) in provisions		626	(1,006)
<i>Cash generated from operations</i>		<u>60,897</u>	<u>171,998</u>
Payment to defined benefit pension schemes		(2,451)	(2,179)
Interest paid		(20,400)	(31,575)
Interest received		4,503	6,633
Income taxes (paid)/received		(5,537)	5,245
Net cash from operating activities		<u>37,012</u>	<u>150,122</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of vessels, property, plant and equipment		24,973	181,888
Dividends received		158	297,432
Capital increase in subsidiary		-	(7,720)
Acquisition of vessels	9	(106,407)	(3,199)
Net cash from investing activities		<u>(81,276)</u>	<u>468,401</u>
CASHFLOW FROM FINANCING ACTIVITIES			
Dividends paid		-	(600,000)
Repayment on joint venture loan		-	555
Proceeds from loans		177,593	144,449
Net cash from financing activities in discontinued operations		-	76,777
Repayment of borrowings		(145,863)	(194,095)
Repayment of finance lease liabilities		(4,326)	(3,906)
Net cash from financing activities		<u>27,404</u>	<u>(576,220)</u>
Net increase in cash and cash equivalents		(16,860)	42,303
Cash and cash equivalents at 1 January		54,834	12,162
Effect of exchange rate fluctuations on cash held		(1,021)	369
Cash and cash equivalents at 31 December	14	<u><u>36,953</u></u>	<u><u>54,834</u></u>

The notes on pages 12 to 38 form part of the financial statements

NOTES

(forming part of the financial statements)

1 SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Maersk Company Limited (the "Company") is a Company incorporated and domiciled in the England and Wales. The registered office and principal place of business is Maersk House, Braham Street, London, E1 8EP.

Basis of preparation

Statement of Compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs).

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not as a group. The company's ultimate parent undertaking, A.P. Møller-Maersk A/S (a company incorporated in Denmark), prepares and publishes consolidated financial statements that comply with IFRSs. These accounts can be obtained from A.P. Møller-Maersk A/S, Esplanaden 50, DK-1098, Copenhagen.

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 2.

The company is expected to continue to generate positive operating cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's parent, A.P. Møller-Maersk A/S, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Functional and presentation currency

These financial statements are presented in US dollar, which is the Company's functional currency. All financial information presented in US dollar has been rounded to the nearest thousand.

NOTES (continued)

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period.

Exchange differences arising on the monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Investments in debt and equity securities

Investments in associates and subsidiaries are carried at cost, except for impairment losses.

Derivative financial instruments and hedging

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

NOTES (continued)

Vessels, property, plant and equipment

Items of vessels, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are treated as operating leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets is recognised in profit or loss as incurred.

Where parts of an item of vessels, property, plant and equipment have different useful lives, they are accounted for as separate items of vessels, property, plant and equipment.

The costs of periodic dry-docking are taken to the balance sheet as incurred and then charged to the profit and loss account evenly over the period until the next expected dry-docking.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Depreciation is provided on a straight line basis to depreciate each asset over its estimated useful economic life after making allowance for any estimated residual value as follows:

Vessels and dry-docking	3-20 years
Freehold and long leasehold property	40-65 years
Short leasehold property	Life of lease
Leasehold improvements	5 years
Plant, equipment and other fixed assets	3-15 years

Depreciation periods and residual values are reassessed on a regular basis.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill (negative goodwill) arises on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

When the net fair value of assets and liabilities acquired is greater than the cost (negative goodwill), the excess is recognised immediately in the income statement.

NOTES (continued)

Trade and other receivables

Trade and other receivables are stated at cost less impairment losses

Amounts due from affiliated companies

Amounts due from affiliated companies are stated at cost less impairment losses

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Overdrafts are reported in current liabilities. For the purposes of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledge deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Impairment

The carrying amounts of the Company's assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

NOTES (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised directly in equity.

The Company is a contributing member of two multi-employer pension schemes, the Merchant Navy Officers Pension Fund (MNOFF) and the Merchant Navy Ratings Pension Fund (MNRPF). Provision, on the basis of actuarial estimates and in accordance with IFRIC 14, is made for the Company's exposure should other contributing members of the schemes be unable to meet their liabilities.

Revenue

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement when the service has been provided. The earnings of vessels are recognised in revenue based on time charter agreements.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses and gains and losses on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Interest payable in respect to borrowings to finance construction of qualifying assets is capitalised.

NOTES (continued)

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are detailed below.

Recoverability of certain assets/impairment calculations

Vessels, property, plant and equipment are tested for impairment, if there is an indication of potential impairment. Impairment losses are recognised when the carrying amount exceeds the higher of fair value less costs to sell and estimated value in use.

Fair value is sought to be obtained for active markets for corresponding assets or determined on the basis of other observable inputs. As far as possible, the estimated value of vessels is obtained using acknowledged brokers. However, it is not possible to determine reliable fair value for certain types of vessels in the current market with continued low trading activity.

The estimated value in use is derived on the basis of the expected free cash flow from the relevant asset based on updated business plans for the next five years or the remaining useful lives for assets operating under contracts. The calculated value in use is based on a number of assumptions and subject to uncertainty in respect of the global economy's impact on the Company's business in the short term as well as in the long term.

Pension Assumptions

For all pension funds designated as 'defined benefit' funds, a full actuarial valuation is conducted every three years and this is updated at the end of each interim year.

NOTES (continued)

Finance and Operating Leases

Each lease, when entered into, is assessed using the guidelines in IAS 17, to determine whether the lease is a financial or operating lease. The lease is then accounted for in the appropriate manner.

New Standards, Amendments and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011. These have not been applied in preparing these financial statements and none of these are expected to have a significant effect on the financial statements of the Company.

NOTES (continued)

2 NON-CURRENT ASSETS HELD FOR SALE

The 4 B-Class Container vessels were held for sale for \$170,000,000 as at 31 December 2010 and were sold in May-June 2011. The impairment loss on these vessels (total \$80,699,000) was recognised in Depreciation and Impairment Losses within the Income Statement in 2010 due to the carrying value being greater than the recoverable amount (calculated as fair value less cost to sell).

	<u>2011</u> \$000	<u>2010</u> \$000
Assets classified as held for sale		
Vessels	-	170,000
Liabilities classified as held for sale		
Long-term loans	-	-

NOTES (continued)

3 DISCONTINUED OPERATIONS

The Maersk Company's Floating Production, Storage and Offloading business (FPSOs) was sold to Maersk FPSOs UK Ltd on the 1st July 2010 for \$76,777,000. The net assets at the time of sale were \$76,777,000. The activity was classified as discontinued operations.

The financial effects of discontinued operations to the Company are shown below.

Results of discontinued operations	<u>2011</u> \$000	<u>2010</u> \$000
Revenue	-	15,160
Cost of sales	-	(19,766)
Gross profit	<u>-</u>	<u>(4,606)</u>
Other operating income	-	723
Administrative expenses	-	(3,204)
Operating costs	-	(3,974)
Operating profit before financing costs	<u>-</u>	<u>(11,061)</u>
Financial income	-	-
Financial expenses	-	-
Net financing costs	<u>-</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAX	<u>-</u>	<u>(11,061)</u>
Income tax benefit	-	3,097
(LOSS)/PROFIT FOR THE YEAR	<u>-</u>	<u>(7,964)</u>
Cash flows from discontinued operation		
Net cash from operating activities	-	-
Net cash from financing activities	-	76,777
Net cash from discontinued operation	<u>-</u>	<u>76,777</u>
Effect of disposals during 2010 on the financial position of the Company		<u>2010</u> \$000
Property, plant and equipment		-
Trade and other receivables		76,777
Cash and cash equivalents		-
Net identifiable assets and liabilities		<u>76,777</u>
Consideration received, satisfied in cash (net of costs)		76,777
Cash disposed of		-
Net cash inflow		<u>76,777</u>

NOTES (continued)

4 AUDITORS' REMUNERATION

	2011 \$000	2010 \$000
Included in administrative expenses are the following		
Audit of these financial statements	236	339
Other audit related services	24	38
	<u>260</u>	<u>377</u>

5 STAFF NUMBERS AND COSTS

	No	No
Average number of employees	381	465
	<u>381</u>	<u>465</u>
Payroll costs		
Salaries	7,048	10,470
Compulsory social security costs	634	1,323
Contributions to defined contribution plans	2,878	1,290
Expense recognised in Income Statement in relation to defined benefit plans	545	299
	<u>11,105</u>	<u>13,382</u>

Some of the employment costs are borne by fellow A P Moller-Maersk Group subsidiaries on behalf of which employees undertake their duties

Directors' emoluments	<u>711</u>	<u>1,361</u>
The emoluments of the highest paid director	<u>282</u>	<u>607</u>

There were no accrued pension contributions for directors as at 31 December 2011 (2010 \$Nil)

Fees to non-executive directors' were \$2,000 (2010 \$62,000)

6 NET FINANCING COSTS

Interest income	4,357	5,915
Foreign exchange gains on derivatives, loans and borrowings and working capital	8,073	4,643
Financial income	<u>12,430</u>	<u>10,558</u>
Interest expense	(23,458)	(29,816)
Foreign exchange losses on derivatives, loans and borrowings and liquid funds	(2,855)	(7,881)
Financial expense	<u>(26,313)</u>	<u>(37,697)</u>
Net financing costs	<u>(13,883)</u>	<u>(27,139)</u>

NOTES (continued)

7 INCOME TAX EXPENSE / (BENEFIT)	<u>2011</u> \$000	<u>2010</u> \$000
Recognised in the income statement		
<i>Current tax expense/(benefit)</i>		
Current year	349	(10,190)
Adjustments for prior years	14,485	1,328
	<u>14,834</u>	<u>(8,862)</u>
<i>Deferred tax expense/(benefit)</i>		
Origination and reversal of temporary differences	15	(9)
Adjustments in respect of prior periods	(8)	22
	<u>7</u>	<u>13</u>
Total income tax expense/(benefit) in income statement	<u>14,841</u>	<u>(8,849)</u>
Total income tax expense/(benefit) from continuing operations	14,841	(5,751)
Total income tax expense/(benefit) from discontinued operations (note 3)	-	(3,097)
Total income tax expense/(benefit) in income statement	<u>14,841</u>	<u>(8,848)</u>
Of which relates to corporation tax on tonnage tax profits	(163)	(220)
Total for tax reconciliation	<u><u>14,678</u></u>	<u><u>(9,068)</u></u>
	<u>2011</u>	<u>2011</u>
	\$000	\$000
<i>Reconciliation of effective tax rate</i>		
Profit before tax	55,629	127,120
Profit taxed under the tonnage tax regime	(70,924)	(1,332)
Other profit/(loss) before tax	<u>(15,295)</u>	<u>125,788</u>
Theoretical tax thereon	26.5% (4,053)	28.0% 35,221
<i>Effects of</i>		
Expenses/(income) not deductible/taxable	2,959	(46,487)
Unrecognised tax losses	1,122	-
Difference in group relief payment rate	173	847
Adjustments in respect of prior periods	14,477	1,351
Total	<u><u>14,678</u></u>	<u><u>(9,068)</u></u>

There is an unprovided deferred tax asset of \$1,115,000 (2010 \$Nil)

8 CURRENT TAX ASSETS AND LIABILITIES

The company has a net current tax liability of \$1,294k (2010 tax asset of \$8,003k), which represents the net amount of income taxes payable in respect of current and prior periods

This balance is recognised within Note 13 'Trade and other receivables' (2011 \$40,368k, 2010 \$29,391k) and Note 18 'Trade and other payables' (2011 \$41,662k, 2010 \$21,388k)

These balances relate to Group relief receivable or payable and amounts due to/from HMRC

NOTES (continued)

9 VESSELS

	<u>Total</u> \$000
<u>Cost</u>	
Balance at 1 January 2010	1,073,626
Additions	3,199
Transfer to assets held for sale	(322,368)
Disposals	(122,392)
Balance at 31 December 2010	<u>632,065</u>
Balance at 1 January 2011	632,065
Additions	106,407
Disposals	(44,513)
Balance at 31 December 2011	<u>693,959</u>
<u>Depreciation and impairment losses</u>	
Balance at 1 January 2010	(220,574)
Charge for the period	(47,002)
Impairment for the period	(80,699)
Transfer to assets held for sale	152,368
Disposals	20,626
Balance at 31 December 2010	<u>(175,281)</u>
Balance at 1 January 2011	(175,281)
Charge for the period	(31,750)
Disposals	27,666
Balance at 31 December 2011	<u>(179,365)</u>
<u>Carrying amounts</u>	
At 1 January 2010	<u>853,052</u>
At 31 December 2010 / 1 January 2011	<u>456,784</u>
At 31 December 2011	<u>514,594</u>

No impairment of vessels has been recognised in the year as the value in use of the assets is greater than the carrying value (2010 impairment charge \$80,699,000)

Leased vessels

As a Lessor

The Company's vessels are leased to third parties. Each of the leases contains a fixed rate rental income. Renewals are negotiated with the lessee and generally renewal periods are between 3 and 8 years. No contingent rents are charged. See note 21 for further information.

As a Lessee

At 31 December 2011 the net carrying amount of leased vessels was \$86,582,000 (2010 \$94,176,000). Depreciation for the year for leased vessels was \$7,597,000 (2010 \$7,605,000).

NOTES (continued)

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Land and buildings</u> \$000	<u>Leasehold improvements</u> \$000	<u>Total</u> \$000
<u>Cost</u>			
Balance at 1 January 2010	5,442	14,869	20,311
Balance at 31 December 2010	<u>5,442</u>	<u>14,869</u>	<u>20,311</u>
Balance at 1 January 2011	5,442	14,869	20,311
Disposals	<u>(5,442)</u>	<u>-</u>	<u>(5,442)</u>
Balance at 31 December 2011	<u>-</u>	<u>14,869</u>	<u>14,869</u>
<u>Depreciation and impairment losses</u>			
Balance at 1 January 2010	(477)	(9,598)	(10,075)
Charge for the period	<u>(165)</u>	<u>(3,336)</u>	<u>(3,501)</u>
Balance at 31 December 2010	<u>(642)</u>	<u>(12,934)</u>	<u>(13,576)</u>
Balance at 1 January 2011	(642)	(12,934)	(13,576)
Charge for the period	<u>(160)</u>	<u>(1,868)</u>	<u>(2,028)</u>
Disposals	<u>802</u>	<u>-</u>	<u>802</u>
Balance at 31 December 2011	<u>-</u>	<u>(14,802)</u>	<u>(14,802)</u>
<u>Carrying amounts</u>			
At 1 January 2010	<u>4,965</u>	<u>5,271</u>	<u>10,236</u>
At 31 December 2010 / 1 January 2011	<u>4,800</u>	<u>1,935</u>	<u>6,735</u>
At 31 December 2011	<u>-</u>	<u>67</u>	<u>67</u>

Leased property, plant and equipment

At 31 December 2011, the net carrying amount of leased property, plant and equipment was \$Nil (2010 \$Nil)

NOTES (continued)

11 OTHER FINANCIAL ASSETS

	<u>Investments in subsidiaries and joint ventures</u>	
	<u>\$000</u>	
<u>Cost</u>		
Balance at 1 January 2011		2,268,982
Impairment		(681)
Balance at 31 December 2011		<u>2,268,301</u>
	<u>2011</u>	<u>2010</u>
	<u>\$000</u>	<u>\$000</u>
<i>Non-current other financial assets</i>		
Shares in Group undertakings	<u>2,268,301</u>	<u>2,268,982</u>
	<u>2,268,301</u>	<u>2,268,982</u>

The Company's exposure to credit, currency and interest rate risks related to other financial assets is disclosed in note 20

Significant subsidiaries and joint ventures are listed in note 23

NOTES (continued)

12 RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities		Net	
	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000
Property, plant and equipment	218	225	-	-	218	225
Provisions	-	-	-	-	-	-
Tax assets	218	225	-	-	218	225
Set off of tax	-	-	-	-	-	-
Net tax assets	218	225	-	-	218	225

Movement in temporary differences during the year

	Balance	Recognised	Balance
	1 Jan 11	in income	31 Dec 11
	\$000	statement	\$000
Property, plant and equipment	225	(7)	218
	225	(7)	218

	Balance	Recognised	Balance
	1 Jan 10	in income	31 Dec 10
	\$000	statement	\$000
Property, plant and equipment	224	1	225
Provisions	14	(14)	-
	238	(13)	225

NOTES (continued)

13 TRADE AND OTHER RECEIVABLES

	<u>2011</u>	<u>2010</u>
	\$000	\$000
<i>Current</i>		
Trade receivables	2,894	3,536
Amounts owed by ultimate parent undertaking	265,332	412,654
Amounts owed by subsidiaries	1,194	69,752
Amounts owed from fellow A P Moller-Maersk Group subsidiaries	26,623	23,781
Other receivables	1,875	1,657
Prepayments and accrued income	2,109	7,694
Fair value derivatives	4,105	4,712
Current tax asset	40,368	29,391
	<u>344,500</u>	<u>553,177</u>
<i>Non Current</i>		
Amounts owed by fellow subsidiaries	81,943	15,747
Fair value derivatives	46,399	40,984
	<u>128,342</u>	<u>56,731</u>

There are no impairment losses in trade receivables and no receivables have passed due date

Trade receivables are stated net of \$95,000 (2010 \$108,000) provision for bad and doubtful debts

The Company's exposure to credit and currency risks related to trade and other receivables are disclosed in note 20

14 CASH AND CASH EQUIVALENTS

	<u>2011</u>	<u>2010</u>
	\$000	\$000
Bank balances	<u>36,953</u>	<u>54,834</u>

15 CAPITAL AND RESERVES

<i>Share capital and premium</i>	<u>2011</u>	<u>2010</u>
	£000	£000
<i>Allotted, called up and fully paid</i>		
164,000,000 ordinary shares of £1 each	<u>164,000</u>	<u>164,000</u>

All shares rank pari passu with all holders having full voting rights, as well as right to dividends and to participate in a distribution (not liable to redemption)

NOTES (continued)

16 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings

For more information about the Company's exposure to interest rate and foreign currency risk, see note 20

	<u>2011</u> \$000	<u>2010</u> \$000
<i>Non-current liabilities</i>		
Secured bank loans	150,198	328,647
Amounts owed to subsidiaries	400,000	500,000
Obligations under finance leases and hire purchase contracts	138,143	142,154
	<u>688,341</u>	<u>970,801</u>

The amount owed to subsidiaries is repayable in January 2013 (2010 repayable in January 2012)

<i>Current liabilities</i>		
Secured bank loans	22,510	34,836
Amounts owed to fellow A P Moller-Maersk Group subsidiaries	983,871	1,002,622
Obligations under finance leases and hire purchase contracts	4,490	4,131
	<u>1,010,871</u>	<u>1,041,589</u>

Terms and debt repayment schedule

The bank loans are secured over 5 vessels with a net book value of \$328,806,000 (2010 9 vessels with a net book value of \$518,461,000)

	<u>2011</u> \$000	<u>2010</u> \$000
Within one year	22,510	34,836
In the second to fifth years	86,065	137,357
Over five years	64,133	191,289
	<u>172,708</u>	<u>363,482</u>

Finance lease and hire purchase liabilities

	<u>Minimum lease payments</u>	<u>Interest</u>	<u>Principal</u>
	<u>2011</u>	<u>2011</u>	<u>2011</u>
	\$000	\$000	\$000
Within one year	6,866	2,376	4,490
In the second to fifth years	31,063	8,903	22,160
Over five years	129,784	13,801	115,983
	<u>167,713</u>	<u>25,080</u>	<u>142,633</u>
	<u>2010</u>	<u>2010</u>	<u>2010</u>
	\$000	\$000	\$000
Within one year	12,333	8,202	4,131
In the second to fifth years	50,578	30,207	20,371
Over five years	171,839	50,055	121,784
	<u>234,750</u>	<u>88,464</u>	<u>146,286</u>

NOTES (continued)

17 PROVISIONS

	<u>2011</u>	<u>2010</u>
	\$000	\$000
Balance at 1 January	2,055	3,061
Provisions made during the year	1,268	775
Provisions used during the year	(298)	(320)
Provisions reversed during the year	(343)	(1,279)
Exchange difference	61	(182)
Balance at 31 December	<u>2,743</u>	<u>2,055</u>
Non-current	2,616	1,606
Current	<u>127</u>	<u>449</u>
	<u>2,743</u>	<u>2,055</u>

The provisions are for the expected reorganisation of premises and for potential employee tax liabilities. It is considered probable that these provisions will be utilised within six years.

18 TRADE AND OTHER PAYABLES

	<u>2011</u>	<u>2010</u>
	\$000	\$000
Trade payables	597	7,526
Amounts owed to ultimate parent undertaking	3,581	7,503
Amounts owed to subsidiaries	4,826	979
Amounts owed from fellow A.P. Moller-Maersk Group subsidiaries	1,710	19,009
Current tax liability	41,662	21,388
Non-trade payables and accrued expenses	18,794	13,546
Fair value derivatives	90	2,378
	<u>71,260</u>	<u>72,329</u>

NOTES (continued)

19 EMPLOYEE BENEFITS

The Company funds contributions to two multi-employer plans, the Merchant Navy Officers Pension Fund (MNOFF) and Merchant Navy Ratings Pension Fund (MNRPF). The Company also guarantees contributions to a defined benefit plan, The P&O Nedlloyd Pension Scheme, on behalf of a major subsidiary, Maersk Line UK Ltd. Finally, the Company operates its own defined contribution plan. These plans are explained below.

Defined benefit plans

MNOFF

The MNOFF is an industry wide defined benefit scheme. It closed to new employees in October 1996, but remains open to future pension accruals. Benefits are based on re-valued career average earnings with benefits accrued post 1997 subject to annual statutory revaluation.

The scheme provides spouse's / dependant's pensions at the rate of 50% of the member's pension.

Contributions to the MNOFF are in respect of a past service deficit.

MNRPF

The MNRPF is a closed industry wide defined benefit scheme with benefits based on a re-valued career average salary. It provides defined pension benefits to its pensioner members and holds deferred pensions for those who are yet to reach normal retirement age. Pensions earned after April 1997 are subject to an annual increase in line with statutory requirements.

Contributions to the MNRPF are in respect of a past service deficit.

	2011 \$000	2010 \$000	2009 \$000	2008 \$000	2007 \$000
Present value of funded obligations	81,958	77,967	73,683	58,336	84,345
Adjustment for minimum funding requirement (IFRIC 14)	11,718	7,082	14,751	-	-
Fair value of plan assets	(74,137)	(62,531)	(61,995)	(42,314)	(71,002)
Total employee benefits	<u>19,539</u>	<u>22,518</u>	<u>26,439</u>	<u>16,022</u>	<u>13,343</u>

	2011 \$000	2010 \$000
<i>Movements in the net liability for defined benefit obligations recognised in the balance sheet</i>		
Net liability for defined benefit obligations at 1 January	22,518	26,439
Contributions made	(2,451)	(2,179)
Expense recognised in the income statement (see below)	545	299
Liability recognised directly to reserves	(1,257)	(1,430)
Foreign exchange (loss)/gain	184	(611)
Net liability for defined benefit obligations at 31 December	<u>19,539</u>	<u>22,518</u>

Movements in the gross liability for defined benefit obligations recognised in the balance sheet

Liability for defined benefit obligations at 1 January	85,049	88,434
Net service costs	405	474
Contribution by members	230	158
Interest costs	4,378	4,107
Benefits paid	(4,482)	(3,722)
Actuarial loss	699	5,235
Unfunded obligations	7,408	(7,284)
Foreign exchange (gain)	(11)	(2,353)
Liability for defined benefit obligations at 31 December	<u>93,676</u>	<u>85,049</u>

NOTES (continued)

19 EMPLOYEE BENEFITS (continued)

Defined benefit plans (continued)

	<u>2011</u>	<u>2010</u>
	\$000	\$000

Movements in fair value of plan assets for defined benefit obligations recognised in the balance sheet

Net plan assets for defined benefit obligations at 1 January	62,531	61,995
Expected return on plan assets	4,238	4,282
Actuarial gain/(loss)	9,363	(709)
Contribution by employers	2,451	2,179
Contribution by members	230	158
Benefits paid	(4,482)	(3,722)
Foreign exchange (loss)	(194)	(1,652)
Net plan assets for defined benefit obligations at 31 December	<u>74,137</u>	<u>62,531</u>

The fair value of the plan assets and the return were as follows

Equities	14,901	51,901
Government Bonds	6,821	-
Corporate bonds	8,377	6,253
Property	3,633	3,127
Other	40,405	1,250
	<u>74,137</u>	<u>62,531</u>

Actuarial return/(loss) on plan assets	<u>9,363</u>	<u>(709)</u>
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Expense/(income) recognised in the income statement

Current service costs	635	632
Interest cost on obligation	4,378	4,107
Expected return on plan assets	(4,238)	(4,282)
Employee contributions	(230)	(158)
Foreign exchange loss/(gain)	184	(611)
	<u>729</u>	<u>(312)</u>

The (income)/expense is recognised in the following line item in the income statement

Administration expense	545	299
Financial expense/(income)	184	(611)
	<u>729</u>	<u>(312)</u>

Total cumulative actuarial gains/losses reported in the statement of changes in equity since 1 January 2004, the transition date to IFRS

Balance at 1 January	(7,997)	(9,592)
Gain in the period	1,257	1,430
Foreign exchange (gain)/loss	(71)	165
Balance at 31 December	<u>(6,811)</u>	<u>(7,997)</u>

Actual return on plan assets	<u>19.2%</u>	<u>5.8%</u>
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NOTES (continued)

19 EMPLOYEE BENEFITS (continued)

Defined benefit plans (continued)

Basis to determine Expected Return on Assets

For all plans the Expected Return on Assets is determined based on the risk-free interest rate of government bonds (2.8%) plus a premium corresponding to the long term risk profile for each asset category. The Expected Return on Assets for Equities is 6.8%, Corporate Bonds is 4.3%, and Property is 5.3%.

Principal actuarial assumptions (weighted averages)	<u>2011</u>	<u>2010</u>
Discount rate	4.6%	5.5%
Expected return on plan assets	3.8%	6.6%
Future salary increases	4.6%	4.9%
Future pension increases	3.1%	3.2%

Contributions to be paid to the plans during 2012

Employer contributions to the MNPOF and MNRPF are intended to cover any deficit on the Actual Return on Assets. Scheduled employer contributions to MNOPF and MNRPF in 2012 are USD 1,539m (2011 projection: USD 1,418m).

Defined contribution plans

Company contributions to this scheme are recognised in the Income Statement in the period in which they are made. The Company has no further liability.

	<u>2011</u>	<u>2010</u>
	\$000	\$000
Total expense relating to these plans was	<u>2,878</u>	<u>1,290</u>

NOTES (continued)

20 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arise in the normal course of the Company's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange and interest rate.

(a) CREDIT RISK

The Company's principal financial assets are bank and cash balances, and trade and other receivables. These represent the Company's maximum exposure to credit risk in relation to financial assets.

Trade and other Receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The company does not require collateral in respect of financial assets.

Transactions involving derivative financial instruments are with counterparties with whom the company has signed a netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments in the balance sheet.

Trade receivables and provision for bad debt are presented as a net figure in the balance sheet. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash and Bank

The Company's credit risk attributed to amounts deposited with AP Moller-Maersk in Copenhagen is managed by assessing the nature of the funds and by ensuring that no restrictions are applicable on any monies deposited. The Directors are of the view that such credit risk is minimal in view of A P Moller Maersk A/S' financial position.

(b) INTEREST RATE RISK

Interest rate exposure arises from the Company's borrowings and deposits, and is managed through the use of fixed and floating rate debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Interest rate swaps

Interest rate swaps are used to hedge interest rate exposure on loans. The fair value of interest rate swaps is Nil (2010 Nil).

The net exposure of financial assets and liabilities of the Company to interest rate cash flow risk and the periods in which the borrowings mature or are repriced are as follows:

		Effective interest rate	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
	Note	%	\$000	\$000	\$000	\$000	\$000
2011							
Cash and cash equivalents	14	-	36,953	-	-	-	36,953
Secured Bank Loans - fixed rate	16	6.40%	-	-	-	(166,746)	(166,746)
Secured Bank Loans - floating rate	16	0.81% to 0.91%	(5,962)	-	-	-	(5,962)
Finance Lease Liabilities	16	1.44% to 1.57%	(142,633)	-	-	-	(142,633)
2010							
Cash and cash equivalents	14	-	54,834	-	-	-	54,834
Secured Bank Loans - fixed rate	16	6.40%	-	-	-	(187,269)	(187,269)
Secured Bank Loans - floating rate	16	0.81% to 0.91%	(176,213)	-	-	-	(176,213)
Finance Lease Liabilities	16	1.44% to 1.57%	(146,286)	-	-	-	(146,286)

NOTES (continued)

20 FINANCIAL INSTRUMENTS (continued)

(c) CURRENCY RISK

The Company is exposed to currency risk on sales and purchases, and deposits that are in a currency other than the functional currency. The currencies in which these transactions occur predominantly include USD, GBP, EUR, and DKK.

The unhedged financial assets of the company that are not denominated in the functional currency are as follows:

Cash and cash equivalents	2011	2010
	\$000	\$000
GBP	35,308	110,089
USD	(518)	(49,331)
DKK	-	1,771
EUR	2,163	(7,695)
	<u>36,953</u>	<u>54,834</u>

In addition, the Company has the following lease/loan exposures:

Loans and borrowings

Loans and borrowings		2011			Total
		Interest spread			
		0-3%	3-6%	>6%	
	\$000	\$000	\$000	\$000	
GBP	142,633	-	-	-	142,633
USD	5,962	-	166,746	-	172,708
	<u>148,595</u>	<u>-</u>	<u>166,746</u>	<u>-</u>	<u>315,341</u>
		2010			Total
		Interest spread			
		0-3%	3-6%	>6%	
	\$000	\$000	\$000	\$000	
GBP	146,286	-	-	-	146,286
USD	176,213	-	187,269	-	363,482
	<u>322,499</u>	<u>-</u>	<u>187,269</u>	<u>-</u>	<u>509,768</u>

Hedging

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Forward exchange contracts and option contracts

As at the balance sheet date, the Company had entered into forward exchange and option contracts, which are used to hedge the currency risk related to recognised and unrecognised transactions. The net principal amount for purchase/sale and fair value of forward exchange and option contracts can be specified as follows:

	Principal	
	Purchase/sale(-), net	
	2011	2010
	\$000	\$000
GBP denominated	69,161	147,260
USD denominated	(20,330)	(110,435)
	<u>48,831</u>	<u>36,825</u>
Fair value	50,414	43,318
Of which recognised	<u>50,414</u>	<u>43,318</u>
For future recognition	<u>-</u>	<u>-</u>

NOTES (continued)

20 FINANCIAL INSTRUMENTS (continued)

Fair Values

The carrying amount of financial assets and liabilities of the Company at the balance sheet date approximate their fair value

	Note	Carrying amount		Fair value	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Secured bank loans	16	(172,708)	(363,482)	(209,677)	(399,747)
Amount owed to fellow A P Moller-Maersk Group subsidiaries	16	(983,871)	(1,002,622)	(983,871)	(1,002,622)
Amount owed to subsidiaries	16	(400,000)	(500,000)	(400,000)	(500,000)
Finance lease obligation	16	(142,633)	(146,285)	(142,633)	(146,285)
Derivatives		50,414	43,318	50,414	43,318

Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),

Level 3 - Inputs for the asset or liability that are not based on observable market data

	Carrying amount \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
Derivatives				
2011	50,414	-	50,414	-
2010	43,318	-	43,318	-

Fair values versus carrying amounts

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table

Derivatives

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for similar instrument at balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows

Finance lease liabilities

The fair value is estimated as present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates

Current financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, deposits and prepayments, trade and other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments

Capital management

The Company regularly review its capital structure and is not subject to external controls on its capital structure

NOTES (continued)

21 OPERATING LEASES

	2011		
	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>
As a Lessee	\$000	\$000	\$000
Non-cancellable operating lease rentals are payable as follows			
Within one year	6,206	1,440	7,646
In the second to fifth years	22,862	1,750	24,612
Over five years	5,645	-	5,645
	<u>34,713</u>	<u>3,190</u>	<u>37,903</u>

Recognised cost in the year 9,071

	2010		
	<u>Land and buildings</u>	<u>Other</u>	<u>Total</u>
	\$000	\$000	\$000
Non-cancellable operating lease rentals are payable as follows			
Within one year	7,769	201	7,970
In the second to fifth years	25,069	376	25,445
Over five years	13,990	-	13,990
	<u>46,828</u>	<u>577</u>	<u>47,405</u>

Recognised cost in the year 7,587

	2011		
	<u>Vessels</u>	<u>Land and buildings</u>	<u>Total</u>
As a Lessor	\$000	\$000	\$000
Operating lease income from time charter of vessels is receivable as follows			
Within one year	116,142	1,669	117,811
In the second to fifth years	247,143	5,740	252,883
Over five years	-	406	406
	<u>363,285</u>	<u>7,815</u>	<u>371,100</u>

Recognised income in the year 130,094

	2010		
	<u>Vessels</u>	<u>Land and buildings</u>	<u>Total</u>
	\$000	\$000	\$000
Operating lease income from time charter of vessels is receivable as follows			
Within one year	116,966	-	116,966
In the second to fifth years	257,044	-	257,044
Over five years	1,256	-	1,256
	<u>375,266</u>	<u>-</u>	<u>375,266</u>

Recognised income in the year 195,781

Vessels are on time charter agreements of length between 3 and 8 years

Included in the future lease income are amounts totalling to \$Nil (2010 \$38,080,000) on vessels classified as held for sale

NOTES (continued)

22 RELATED PARTIES

Identity of related parties

The Company has a related party relationship with its subsidiaries and joint ventures (see note 23), its directors and executive officers

Transactions with related parties are priced on an arm's length basis

Transaction with key management personnel

There were no transactions with key management other than those in note 5

Other related party transactions

Transaction with related parties were as follows

	<u>2011</u>	<u>2010</u>
	\$'000	\$'000
Transaction values		
Sales of Goods & Services - subsidiaries	3,431	2,929
Sales of Goods & Services - fellow A P Moller-Maersk Group subsidiaries	146,821	225,337
Sales of Goods & Services - joint venture	-	723
Purchases of Goods & Services - subsidiaries	(2,169)	(8,081)
Purchases of Goods & Services - fellow A P Moller-Maersk Group subsidiaries	(28,601)	(35,443)
Administrative expenses - subsidiaries	(56)	(449)
Administrative expenses - fellow A P Moller-Maersk Group subsidiaries	(4,054)	(10,626)
Interest income - subsidiaries	156	88
Interest income - fellow A P Moller-Maersk Group subsidiaries	4,180	5,646
Interest income - joint venture	-	11
Interest expense - subsidiaries	(9,972)	(12,532)
Interest expense - fellow A P Moller-Maersk Group subsidiaries	(817)	(1,411)
Balances outstanding		
Amounts owed to subsidiaries	(1,355,251)	(1,248,468)
Amounts owed from subsidiaries	1,528	69,752
Amounts owed to fellow A P Moller-Maersk Group subsidiaries	(40,387)	(283,295)
Amounts owed from fellow A P Moller-Maersk Group subsidiaries	373,563	453,572

All outstanding balances with related parties are non-secured and there is no provision for bad debts relating to the parent, subsidiaries, fellow subsidiaries and joint venture

NOTES (continued)

23 GROUP ENTITIES

Control of the Company

The Maersk Company Limited's immediate holding company is A P Moller-Maersk A/S, a company incorporated in Denmark

The registered address for A P Moller-Maersk A/S is 50 Esplanaden, 1098 Copenhagen. Copies of the consolidated accounts can be obtained from that company's website at www.maersk.com

Subsidiaries and Joint Ventures

Name	Country of registration and operation	Principal activity	Class of shares	Percentage of shares held directly
Subsidiary undertakings				
Maersk Line UK Limited	England	Vessel ownership	Ordinary US\$10	100%
			Redeemable Preference US\$100	100%
Nedlloyd Container Line Limited	England	Investment company	Ordinary \$1	100%
Maersk Holdings Limited	England	Holding company	Ordinary £1	100%
Safmarine UK Limited	England	Liner agency	Ordinary £1	100%
Maersk Offshore (Guernsey) Limited	Guernsey	Crewing	Ordinary £1	100%
Maersk Company (Isle of Man) Limited	Isle of Man	Seafarer payroll administration	Ordinary £1	100%
Maersk Crewing Limited	England	Vessel management	Ordinary £1	100%
Maersk Pension Trustee Limited	England	Pensions administration	Ordinary £1	100%
Maersk Humber Limited	England	Dormant	Ordinary £1	100%
Joint ventures				
North Sea Production Company Limited	England	Offshore services	Ordinary A £1 Ordinary B £1	100% * -

* The Company owns 50% of the voting rights of North Sea Production Company Limited through its holding of Ordinary A shares. The other 50% of voting rights are held by Odebrecht Oil Services Ltd, through its 100% holding of issued Ordinary B shares.