Company Registration Number: 00857789

MAERSK LINE UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

TABLE OF CONTENT

STRATEGIC REPORT

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2014.

Review of the business

The Company showed a loss before income taxation of USD 62,961k in 2014 compared to USD 8,521k in 2013. This increase is largely attributable to a USD 13,792k increase in depreciation, a USD 28,209k increase in impairment of non-current assets and a USD 17,324k increase in net financing costs.

The gross profit for 2014 was USD 6,925k more than 2013 and the gross profit margin increased from 43.9% in 2013 to 47.0% in 2014. This was as a result of the composition of the vessel fleet changing following vessel additions at the beginning of 2014.

Administrative expenses for 2014 were USD 27,965k lower than 2013 due to movements in provisions following the partial release of Indian Tax provision.

Impairment of investments resulted in losses of USD 20,843k in 2014 compared with no impairment loss in 2013 causing a significant increase in other operating expenses. Additionally net currency losses in 2014 were USD 1,958k compared to a net currency gain of USD 16,951k in 2013.

Net financing costs increased by USD 17,324k in 2014, this was primarily as a result of the full year effect of interest charges on the loan received from Nedlloyd Container Line Limited.

At the end of the year the Company had total equity of USD 847,899k (2013: USD 873,423k).

Total assets are USD 2,688,368k (2013: USD 2,720,151k) of which vessels and equipment total USD 740,506k (2013: USD 754,411k).

During 2014 the Company acquired two vessels from The Maersk Company Limited and returned one vessel to the lessor following the expiration of the lease agreement.

The Company utilises 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, 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, at www.maersk.com.

The operating margin for the Company decreased from 22.7% in 2013 to 7.9% in 2014. Return on equity decreased from -0.1% to -6.6% in 2014. There were 7 lost-time incidents in 2014, compared to 2 in 2013. The Company continues to focus on improving safety levels to ensure these incidents are kept to a minimum.

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, shipping and oil markets and movements exchange rates. The Company's risk management includes entering into long-term agreements where possible, avoiding spot rate market deals and applying hedging techniques to mitigate significant financial exposures. Further information on the Company's financial risk management policies can be found in Note 18 of these Financial Statements.

By order of the Board

J. L. Clby

John Kilby
Company Secretary
7 May 2015

Maersk House
Braham Street
London
E1 8EP

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2014.

Principal activities
The principal activities of the Company during the year continue to be that of ship owning and operations.

Future developments
The Directors consider that the Company's activities will continue for the foreseeable future.

Dividends
The Directors do not recommend the payment of a final dividend (2013: USD nil). Transfers to reserves are shown in the reconciliation of movements in shareholders' funds within Statement of Changes in Equity on page 10 of these financial statements.

Review of the business
The results for the year are shown in the Income Statement on page 7. For analysis of the results and performance of the Company's business in the year refer to the Strategic Report on page 1.

The Company continues to positively manage Maersk's name and interests in the United Kingdom. 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
For the principal risks and uncertainties refer to the Strategic Report on page 1.

Directors
The Directors in office during the year ended 31 December 2014 and to the date of approval of these financial statements were:

John Kilby
David Jeffrey Harris
Casper Munch (appointed: 1 January 2014)
Nigel Edmund Lehmann-Taylor (appointed 30 March 2014)
Jakob Stausholm (resigned: 1 January 2014)
Desmond Paul Hedges (resigned: 30 March 2014)
Terence Eric Cornick (resigned: 7 May 2014)

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)

Statement of Disclosure of Information to Auditors
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 Auditors
Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

J. L. Kilby

John Kilby
Company Secretary
7 May 2015

Maersk House
Braham Street
London
E1 8EP

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
• state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements;
• 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

John Kilby
Company Secretary
7 May 2015

Maersk House
Braham Street
London
E1 8EP

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MAERSK LINE UK LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion
In our opinion, Maersk Line UK Limited's financial statements (the "financial statements"):
• give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
• have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited
Maersk Line UK Limited's financial statements comprise:
• the Statement of Financial Position as at 31 December 2014;
• the Income Statement and Statement of Comprehensive Income for the year then ended;
• the Statement of Cash Flows for the year then ended;
• the Statement of Changes in Equity for the year then ended; and
• the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.
The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

OTHER REQUIRED REPORTING

Consistency of other information
Companies Act 2006 opinion
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:
• we have not received all the information and explanations we require for our audit; or
• 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.
We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDITS

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MAERSK LINE UK LIMITED (continued)

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:
• whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
• the reasonableness of significant accounting estimates made by the directors; and
• the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Reports and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Tony Nicol (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 May 2015

1 Embankment Place
London
WC2N 6RH

INCOME STATEMENT
for the year ended 31 December 2014

	Note	2014 $000	2013 $000
Continuing operations			
Revenue		247,800	249,996
Cost of sales	2	(131,226)	(140,347)
GROSS PROFIT		**116,574**	**109,649**
Depreciation and impairment losses	2/8/9	(91,377)	(68,594)
Administrative expenses	2	16,742	(10,953)
Gain on sale of non-current assets		-	6,781
Other operating income	4	684	20,055
Other operating expenses	4	(22,801)	-
OPERATING PROFIT BEFORE FINANCING COSTS		**19,822**	**56,938**
Financial income	5	1,177	5,578
Financial expense	5	(83,960)	(71,037)
LOSS BEFORE INCOME TAXATION		**(62,961)**	**(8,521)**
Income tax benefit	6	7,208	7,313
LOSS FOR THE YEAR		**(55,753)**	**(1,208)**
Loss attributable to:			
Owners of the parent		**(55,753)**	**(1,208)**

There is no material difference between the result shown in the Income Statement and that on a historical cost basis.

The notes on pages 12 to 34 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Note	2014 $000	2013 $000
Loss for the year		(55,753)	(1,208)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Transfer of defined benefit pension liability with fellow subsidiary	**20**	-	16,014
Transfer of defined benefit pension asset with fellow subsidiary	**20**	-	8,415
Defined benefit plan actuarial gains	**20**	30,229	12,312
Other comprehensive income for the year		**30,229**	**36,741**
Total comprehensive (expense)/income for the year		**(25,524)**	**35,533**
Total comprehensive (expense)/income attributable to :			
Owners of the parent		**(25,524)**	**35,533**

The notes on pages 12 to 34 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	2014 $000	2013 $000
ASSETS			
Non-current assets			
Vessels and dry-dockings	8	740,506	754,411
Investment in subsidiaries	10	1,567,914	1,648,255
Employee benefits	20	109,254	64,226
		2,417,674	**2,466,892**
Current assets			
Derivatives	18	-	8,621
Tax receivable	7	15,542	20,772
Trade and other receivables	12	219,148	189,071
Cash and cash equivalents	13	36,004	34,795
		270,694	**253,259**
TOTAL ASSETS		**2,688,368**	**2,720,151**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	14	475,548	475,548
Share premium		46,526	46,526
Retained earnings		325,825	351,349
Total Equity		**847,899**	**873,423**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	15	1,459,244	784,421
Provisions	17	158,571	178,763
Employee benefits	20	56,727	64,484
		1,674,542	**1,027,668**
Current liabilities			
Interest-bearing loans and borrowings	15	58,251	43,797
Provisions	17	1,774	2,340
Derivatives	18	8,472	-
Tax payable	7	732	957
Trade and other payables	16	96,698	771,966
		165,927	**819,060**
Total liabilities		**1,840,469**	**1,846,728**
TOTAL EQUITY AND LIABILITIES		**2,688,368**	**2,720,151**

The notes on pages 12 to 34 form part of these financial statements.

These financial statements on pages 7 - 34 were approved by the Board of Directors on 7 May 2015 and were signed on its behalf by:

J. L. Kilby

John Kilby
Director
Company Registration Number: 00857789

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Note	Attributable to owners of the parent			
		Share capital $000	Share premium $000	Retained earnings $000	Total Equity $000
Balance at 1 January 2013		475,548	46,526	315,816	837,890
Loss for the year		-	-	(1,208)	(1,208)
Other comprehensive income:					
Defined benefit plan actuarial gain	20	-	-	12,312	12,312
Transfer of defined benefit pension liability and assets with fellow subsidiaries	20	-	-	24,429	24,429
Total comprehensive income/ (expense) for the year		-	-	35,533	35,533
Balance at 31 December 2013		**475,548**	**46,526**	**351,349**	**873,423**
Balance at 1 January 2014		475,548	46,526	351,349	873,423
Loss for the year		-	-	(55,753)	(55,753)
Other comprehensive income:					
Defined benefit plan actuarial gain	20	-	-	30,229	30,229
Total comprehensive income/ (expense) for the year		-	-	(25,524)	(25,524)
Balance at 31 December 2014		**475,548**	**46,526**	**325,825**	**847,899**

The notes on pages 12 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Note	2014 $000	2013 $000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		(55,753)	(1,208)
Adjustments for:			
Depreciation	10/11	83,562	69,770
Impairment of vessels	8	7,815	449
Impairment of investments	10	20,843	-
Result on sale of vessels		-	(6,781)
Net financing costs	5	83,205	65,077
Fair value movement on derivative financial instruments		1,536	(16,569)
Dividend income	4	-	(2,327)
Income tax benefit	6	(7,208)	(7,313)
Operating profit before changes in working capital and provisions		**134,000**	**101,098**
Increase in trade and other receivables		(29,890)	(333)
(Decrease)/Increase in provisions		(10,331)	10,092
Decrease in trade and other payables		(721)	(9,673)
Cash generated from operations		**93,058**	**101,184**
Payments to defined benefit pension schemes		(33,020)	(17,932)
Interest paid		(65,716)	(67,350)
Net hedge receipts/(payments)		15,376	1,977
Income taxes		12,214	27,996
Net cash generated from operating activities		**21,912**	**45,875**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of vessels	8	(29,803)	(7,147)
Sale of investments	10	59,498	-
Interest received		533	5,682
Dividends received	4	-	2,327
Net cash from investing activities		**30,228**	**862**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease liabilities		(49,422)	(39,457)
Net cash used in financing activities		**(49,422)**	**(39,457)**
Net increase in cash and cash equivalents		2,718	7,280
Cash and cash equivalents at 1 January		34,795	26,603
Effect of exchange rate fluctuations on cash held		(1,509)	912
Cash and cash equivalents at 31 December		**36,004**	**34,795**

The notes on pages 12 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

General information
Maersk Line UK Limited ("the Company") is a private Company incorporated in England and Wales and domiciled in the United Kingdom. The principal activities of the Company during the year continue to be that of ship owning and operations. The registered office and principal place of business is Maersk House, Braham Street, London E1 8EP.

Basis of preparation
The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS interpretations committee (IFRS IC), as adopted by the European Union and in accordance with Companies Act 2006.

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 Income Statement 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.

Presentation
The presentation of depreciation and impairment has been reviewed during the year. Changes have been made to the classification between administrative expenses and a separate depreciation and impairment classification. These changes have been reflected in the prior year comparatives but have not impacted the net result

Consolidated group financial statements
The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated 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-Mærsk A/S (a Company incorporated in Denmark), prepares and publishes consolidated financial statements that comply with IFRS. These financial statements can be obtained from A.P.Møller-Mærsk A/S, Esplanaden 50, DK-1098, Copenhagen.

Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS 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 year in which the estimates are revised and in any future years 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
All assets are reviewed to assess their recoverable value. Where the book value of the asset is believed to be higher than the recoverable value, an impairment of the asset is immediately recognised and a charge made to the Income Statement.

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.

Finance and operating leases:
Each lease, when entered into, is assessed using the guidelines in IAS 17 'Leases', to determine whether the lease is a finance or operating lease. The lease is then accounted for in the appropriate manner.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

The Company is expected to generate positive operating cash flows for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent. The Directors, having assessed the responses of the Directors of the Company's ultimate parent, A.P.Møller-Mærsk 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. The Company therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Functional and presentational currency

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

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 currency 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.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'Financial income or Financial expenses'. All other foreign exchange gains and losses are presented in the Income Statement within 'Other operating income or Other operating expenses'.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Income Statement for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

Derivative financial instruments and hedging

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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently, there are no items that have been hedge accounted.

The fair values of various derivative instruments are disclosed in Note 18. The full fair value of a derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, dry-dockings, property, plant and equipment

Vessels, dry-dockings, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Certain vessels, dry-dockings, property, plant and equipment that had been revalued to fair value on or before 1 January 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation.

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. Borrowing costs related to the acquisition, construction or production of qualifying assets is recognised in the Income Statement as incurred.

Where parts of vessels, property, plant and equipment have different useful lives, they are accounted for as separate items of vessels, property, plant and equipment. Dry-docking costs are recognised in the carrying value of vessels when incurred and depreciated over the period until the next assumed dry-docking.

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-dockings	3 - 20 years
Containers	10-15 years

Depreciation periods and residual values are reassessed at the end of each reporting period.

Leases

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 a 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.

Assets acquired under finance leases, being leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee, are capitalised and the outstanding future lease obligations are shown in liabilities. Operating lease rentals are charged to the Income Statement on a straight-line basis over the period of the lease.

Vessels acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Impairment charges

The carrying amounts of the Company's assets, other than inventories and deferred tax assets, 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.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

Recoverable amount

The recoverable amount is the higher of fair value less costs to sell and estimated value in use.

Fair value less costs to sell 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment charges (continued)

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.

Reversal of impairments

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 amounts. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments in subsidiaries

Investments in subsidiaries are carried at cost, less impairment losses.

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 when the sale is considered highly probably. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured and held 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 or employee benefit assets and liabilities 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.

Deposits

Deposits with group companies are held at amortised cost.

Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the year. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Cash and cash equivalents

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

Loans and 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 the Income Statement 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. An asset or liability may result from advance payments or payments due, respectively, to a defined contribution fund.

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 other comprehensive income.

The Company is a contributing member to multi-employer pension schemes. Provision, on the basis of actuarial estimates and in accordance with IFRIC14, is made for the Company's exposure should other contributing members of the schemes be unable to meet their liabilities. Where insufficient information is available about a multi-employer plan, such that the Company is not able to identify its share of the underlying financial position and performance of the plan, the Company accounts for the plan as if it were a defined contribution plan.

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.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from vendors. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

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. Revenue is measured at the fair value of the consideration received or receivable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other operating income
Dividend income is recognised in the Income Statement on the date the entity's right to receive payments is established.

Gain/loss on disposal of non-current assets
Gains and losses on disposal of non-current assets are determined by comparing the proceeds from disposal with the carrying amount of the non-current asset and are recognised net within the Income Statement.

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 and foreign exchange gains and losses on loans, borrowing, financial assets and associated hedging instruments that are recognised in the Income Statement.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

Interest payable in respect to borrowings to finance construction of qualifying assets is capitalised, until such time as the assets are ready for their intended use or sold.

Income tax and tonnage tax
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. Certain activities of the Company qualify for UK tonnage tax, where tax payable is calculated with reference to net tonnage of qualifying vessels. Tonnage tax is recognised within 'Administrative expenses' within the Income Statement due to the tax charge not being proportionate to the profit before tax.

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 paid
Dividends are recognised as a liability in the Statement of Financial Position in the year in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

New Standards, amendments and interpretations
No new standards or amendments to published standards have had a material impact on the financial statements for the financial year beginning 1 January 2014.

New standards and interpretations not yet adopted
The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2015, and have not been early adopted:

- IFRS 15 Revenue from contracts with customers - This new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for periods beginning on or after 1 January 2017. The Company has yet to assess IFRS 15's full impact.
- IFRS 9 Financial Instruments - This new accounting standard introduces a new classification approach for financial assets and liabilities. The previous four categories for financial assets will be reduced to three, being fair value through profit and loss, fair value through other comprehensive income and amortised cost, and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard is effective for periods beginning on or after 1 January 2015. The Company has yet to assess IFRS 9's full impact.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 EXPENSES

Expenses by nature

The operating profit before financing costs is stated after charging;	2014 $'000	2013 $'000
Depreciation	83,562	69,770
Impairment of vessels	7,815	449
Operating lease costs	41,196	49,638
(Release)/Increase in provisions	(30,554)	5,114
Vessel daily running costs	85,714	86,697
Other expenses	18,128	8,226
	205,861	219,894

Auditors Remuneration

	2014 $'000	2013 $'000
Included within administration expenses are the following:		
Audit of these financial statements	201	155

3 STAFF NUMBERS AND COSTS

The average number of persons employed by the Company, including executive directors, was as follows:

	2014	2013
In the United Kingdom	306	291

All employment costs (excluding provision for the deficit on defined benefit pension plans) are borne by either the parent or the fellow subsidiary on behalf of which the employee undertakes their duties.

Of the 306 persons employed 207 (2013: 213) undertook their duties for A.P.Møller-Mærsk A/S, 96 (2013: 30) for Damco UK Limited and 3 (2013: 48) for the Maersk Company Limited.

In 2014 and 2015 no Directors' remuneration was paid in respect of services to the Company. The Directors were remunerated by a fellow A.P.Møller-Mærsk subsidiary.

4 OTHER OPERATING INCOME AND EXPENSES

Other operating income	2014 $'000	2013 $'000
Gain on non-hedge derivatives	-	1,825
Foreign exchange gain	-	15,126
Dividend income	-	2,327
Other income	684	777
	684	20,055

Other operating expense	2014 $'000	2013 $'000
Loss on non-hedge derivatives	1,717	-
Foreign exchange loss	241	-
Impairment of investments	20,843	-
	22,801	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 FINANCIAL INCOME AND EXPENSES

	2014 $'000	2013 $'000
Interest income	755	5,578
Foreign exchange gain on borrowings	422	-
Financial income	1,177	5,578
Interest expense	(83,960)	(70,655)
Foreign exchange loss on borrowings	-	(382)
Financial expense	(83,960)	(71,037)
Net financing cost	(82,783)	(65,459)

6 INCOME TAX BENEFIT

Recognised in the income statement	2014 $'000	2013 $'000
Current tax benefit:		
Current year	6,451	7,570
Adjustments in respect of prior years	373	4,209
Total income tax benefit in income statement	6,824	11,779
Deferred tax benefit/(expense):		
Adjustments in respect of prior periods	-	(4,843)
Total tax benefit in income statement	6,824	6,936
Of which relates to : tonnage tax (included in administration expenses)	(384)	(377)
: income taxes	7,208	7,313
Total income tax benefit in income statement	6,824	6,936

Reconciliation of effective tax rate	2014 $'000	2013 $'000
Loss before income taxation	(62,961)	(8,521)
Loss taxed under the tonnage tax regime	(36,965)	(33,236)
Other loss before tax	(99,926)	(41,757)
Theoretical tax thereon at 21.5% (2013: 23.25%)	(21,484)	(9,709)
Expenses not deductible for tax purposes	9,178	1,762
Deferred Tax not provided in current year	5,089	-
Effect of changes in tax rate	382	-
Adjustments in respect of prior periods	(373)	634
Income tax benefit for the year	(7,208)	(7,313)

The prior year adjustment of USD 373k relates to a net increase in tax losses surrendered to other group companies in prior years and adjustment for prior years tonnage tax.

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the company's profits for this year are taxed at a composite rate of 21.5%. A further decrease of the main rate of corporation tax to 20% has already been enacted and will be effective from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 CURRENT TAX ASSETS AND LIABILITIES

The Company has a net current tax asset of USD 14,810k (2013: USD 19,815k current tax asset). These balances relate to Group relief receivable or payable and amounts due to/from HMRC in respect of current and prior years.

8 VESSELS AND DRY-DOCKINGS

	Owned $'000	Finance Leases $'000	Total $'000
Cost			
At 1 January 2013	152,719	1,088,864	1,241,583
Additions	2,797	4,350	7,147
Disposals	(1,153)	(4,884)	(6,037)
At 31 December 2013	**154,363**	**1,088,330**	**1,242,693**
At 1 January 2014	154,363	1,088,330	1,242,693
Additions	23,949	53,523	77,472
Disposals	(633)	(5,561)	(6,194)
At 31 December 2014	**177,679**	**1,136,292**	**1,313,971**
Accumulated depreciation and impairment losses			
At 1 January 2013	46,522	379,203	425,725
Depreciation for the year	16,792	51,353	68,145
Impairment loss	449	-	449
Disposals	(1,153)	(4,884)	(6,037)
At 31 December 2013	**62,610**	**425,672**	**488,282**
At 1 January 2014	62,610	425,672	488,282
Depreciation for the year	19,476	64,086	83,562
Impairment loss	7,815	-	7,815
Disposals	(633)	(5,561)	(6,194)
At 31 December 2014	**89,268**	**484,197**	**573,465**
Carrying amounts			
At 1 January 2013	106,197	709,661	815,858
At 31 December 2013 / 1 January 2014	91,753	662,658	754,411
At 31 December 2014	**88,411**	**652,095**	**740,506**

The impairment loss is recognised in 'Depreciation and impairment losses' within the Income Statement. Three vessels have been impaired in 2014 (one vessel in 2013) and recognised at their recoverable amounts which has been identified as the value in use. The pre tax discount rate applied to the value in use calculation was 9.0% (2013: 10.0%). Impairments have resulted largely from the significant reduction in market charter rates.

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 19 for further information.

As a lessee

At 31 December 2014 the net carrying amount of the leased vessels was USD 652,095k (2013: USD 662,658k). Depreciation for the year for leased vessels was USD 64,086k (2013: USD 51,353k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 PROPERTY, PLANT AND EQUIPMENT

	Containers & Other Plant & Equipment 2014 $'000	Containers & Other Plant & Equipment 2013 $'000
Cost or Valuation		
At 1 January	-	33,070
Disposals	-	(33,070)
At 31 December	-	-
Accumulated depreciation		
At 1 January	-	28,130
Charged for the year	-	1,625
Disposals	-	(29,755)
At 31 December	-	-
Carrying amounts		
At 1 January	-	4,940
At 31 December	-	-

As of 31 December 2013 all owned property plant and equipment had been sold to a fellow subsidiary.

10 INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries	2014 $'000	2013 $'000
Balance at 1 January	1,648,255	81,854
Additions	-	1,566,401
Disposals	(59,498)	-
Impairment charge for the year	(20,843)	-
Balance at 31 December	**1,567,914**	**1,648,255**

On 2 June 2014 the Company sold its investment in Pentalver Transport Limited to Inland Services B.V. a fellow subsidiary of the A.P.Møller-Mærsk group for USD 59,498k which represented the carrying value of the investment held in the Company.

The investments in Nedlloyd Genoa Limited and Nedlloyd Marseille Limited were impaired to zero.

11 UNRECOGNISED DEFERRED TAX ASSET

Deferred tax assets have not been recognised in respect of the following items:

	2014 $'000	2013 $'000
Tax losses	7,535	1,662
	7,535	1,662

Unrecognised deferred tax relates to losses carried forward from prior years. Tax losses do not expire under the current legislation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 TRADE AND OTHER RECEIVEABLES

	2014 $'000	2013 $'000
External deposits	24,010	26,111
Amounts owed by related parties	194,545	162,410
Prepayments	-	427
Other receivables	593	123
	219,148	**189,071**

Included within amounts owed by related parties are deposits made with the parent company A.P.Møller-Mærsk A/S. At 31 December 2014 the value of the deposit included in amounts owed by group undertakings was USD 186,724k (2013: USD 148,896k).

The Company's exposure to credit and currency risks related to trade and other receivables are discussed in Note 18.

13 CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Bank balance	36,004	34,795
	36,004	**34,795**

The bank balance forms part of a cash pooling arrangement with a fellow A.P.Møller-Mærsk A/S group entity and is aimed at concentration and management of liquidity at group level, supplying entities with liquid funds to cover daily payments.

The Company's exposure to interest rate risks and sensitivity analysis for financial assets are disclosed in Note 18.

14 SHARE CAPITAL

	2014	2013
Allotted, called up and fully paid	$'000	$'000
42,554,772 ordinary shares of $10 each	425,548	425,548
500,000 redeemable preference shares of $100 each	50,000	50,000
	475,548	**475,548**

Redeemable preference shares: in addition to full voting rights, the holders have the right to receive out of the profits available for distribution and from time to time determined to be distributed by way of dividend an amount per share equal to the dividends declared and payable (preference dividend). No dividends shall be paid on any ordinary shares in respect of any financial year until the preference dividends have been actually paid in full in respect of that financial year. The holders shall, in the event of a winding up of the Company or other return of capital assets receive the amounts paid up or credited as paid up on the preference shares together with any premiums paid in priority to the holders of any other class of shares. The preference shares may be redeemed at par, in part or wholly, at the option of the Company by giving one month's notice in writing to the holders of the preference shares to be redeemed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 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 18.

	2014 $'000	2013 $'000
Non-current		
Obligations under finance leases and hire purchase contracts	759,244	784,421
Amounts owed to related parties	700,000	-
	1,459,244	784,421

	2014 $'000	2013 $'000
Current		
Obligations under finance leases and hire purchase contracts	58,251	43,797

Finance lease and hire purchase liabilities

	Minimum lease payments 2014 $'000	Interest 2014 $'000	Principal 2014 $'000
Within one year	120,735	62,484	58,251
In the second to fifth years	461,806	189,517	272,289
Over five years	554,520	67,565	486,955
	1,137,061	319,566	817,495

	Minimum lease payments 2013 $'000	Interest 2013 $'000	Principal 2013 $'000
Within one year	109,345	65,548	43,797
In the second to fifth years	445,751	220,672	225,079
Over five years	657,358	98,016	559,342
	1,212,454	384,236	828,218

16 TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Amounts due to related parties	55,370	753,197
Accruals	41,238	18,621
Prepayments received	90	148
	96,698	771,966

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 PROVISIONS

	2014 $'000	2013 $'000
Balance at 1 January	181,103	191,857
Provided during the year	22,022	5,706
Utilised during the year	(2,060)	(1,114)
Reversed during the year	(37,598)	(2,022)
Foreign exchange gain	(3,122)	(13,324)
Balance at 31 December	**160,345**	**181,103**
Non-current	158,571	178,763
Current	1,774	2,340
	160,345	**181,103**

The provisions are in respect of restructuring costs, claims and onerous contracts. The amount and timing of the settlement of the claims provisions are dependent on the outcome of on going legal cases which can last for several years. The onerous contract provisions are expected to be settled within the next 6 years.

18 FINANCIAL INSTRUMENTS

Financial Instruments held by the Company comprise of loan receivable, trade and other receivables, derivative financial instruments, cash, finance lease liabilities, loan payable and trade and other payables. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange and interest rate. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The A.P.Møller-Mærsk A/S group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

MARKET RISK

Foreign exchange risk

The Company operates internationally and is exposed to currency risk on sales and purchases, and deposits that are in currencies other than the functional currency. The currencies in which these transactions occur predominantly include GBP, EUR and DKK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The principal amounts of the Company's GBP bank loans, have been fully hedged using forward contracts that mature on the same dates that the loans are due for repayment.

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

Cash and cash equivalents	2014 $'000	2013 $'000
EUR	1,368	1,882
GBP	7,648	5,943
	9,016	**7,825**

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 FINANCIAL INSTRUMENTS (continued)

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

Forward exchange contracts
As at the balance sheet date, the Company had entered into forward exchange 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 contracts are as follows:

	Principal Purchase/(sale), net	
	2014	2013
	$'000	$'000
GBP denominated	131,344	176,431
USD denominated	(139,750)	(167,723)
	(8,406)	**8,708**
Fair value	(8,472)	8,621
Of which recognised	8,472	(8,621)
For future recognition	-	-

Cash flow and fair value interest rate risk
The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.
At the year end all borrowings are fixed interest rate bearing and therefore the risk to the Company is consider minimal.

CREDIT RISK

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

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.

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. There were no assets past due at the balance sheet date and therefore no aged analysis has been presented.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 FINANCIAL INSTRUMENTS (continued)

CREDIT RISK (continued)

Cash and cash equivalents
The Company's credit risk attributed to amounts deposited with A.P.Møller-Mærsk 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.Møller-Mærsk A/S' financial position.

LIQUIDITY RISK

Cash flow forecasting is performed by the Company and aggregated by group finance. The Company monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the Company over and above the balance required for working capital management is transferred to the group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2014	Note	Effective interest rate %	Less than 1 year $'000	2-5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	16	nil	(41,328)	-	-	(41,328)
Amount due to related parties	15/16	nil	(34,187)	-	-	(34,187)
Interest bearing borrowings	15/16	2.60	-	(812,486)	-	(812,486)
Finance lease liabilities	15	7.66	(120,735)	(461,806)	(554,520)	(1,137,061)

2013	Note	Effective interest rate	Less than 12 months $'000	2-5 years $'000	Over 5 years $'000	Total $'000
Trade and other payables	16	nil	(18,769)	-	-	(18,769)
Amount due to related parties	16	2.5	(770,639)	-	-	(770,639)
Finance lease liabilities	15	7.88	(109,345)	(445,751)	(657,358)	(1,212,454)

Fair value
The carrying amount of financial assets and liabilities of the Company at balance sheet date approximate their fair value with the exception of the following:

		Carrying amount		Fair value	
		2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000
Amount owed to related parties	15/16	(755,370)	(753,197)	(755,370)	(753,197)
Finance lease	15	(817,495)	(828,218)	(1,052,186)	(1,089,116)
Derivatives	16/12	(8,472)	8,621	(8,472)	8,621

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 FINANCIAL INSTRUMENTS (continued)

LIQUIDITY RISK (continued)

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.

Finance lease liabilities	Carrying amount $000	Level 1 $000	Level 2 $000	Level 3 $000
2014	(817,495)	-	(817,495)	-
2013	(828,218)	-	(828,218)	-
Derivatives				
2014	(8,472)	-	(8,472)	-
2013	8,621	-	8,621	-

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3

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. Forward exchange contracts are recognised at fair value at each reporting date with gains or losses recognised within the Income Statement as they are treated as assets / liabilities at fair value through profit and loss. All other financial instruments are treated as loans and receivables.

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 at current market rates.

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 changes 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 FINANCIAL INSTRUMENTS (continued)

LIQUIDITY RISK (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future operations of the business. Capital consists of share capital and retained earnings. The Company regularly reviews its capital structure and is not subject to external controls on its capital structure. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital to shareholders, issue new shares or sell assets to reduce debt. The board monitors the return on capital as well as the level of dividends to ordinary shareholders.

19 OPERATING LEASE COMMINTMENTS

	Vessels	
As a Lessee	**2014**	**2013**
	$'000	**$'000**
Non-cancellable operating lease rentals:		
Within one year	16,760	50,140
In the second to fifth years inclusive	-	59,349
	16,760	**109,489**

	2014	2013
	$'000	**$'000**
Recognised expense in the year (within cost of sales)	**41,196**	**49,638**

As a Lessor	**2014**	**2013**
	$'000	**$'000**
Operating lease income from time charter of vessels:		
Within one year	114,645	243,125
In the second to fifth years	59,570	168,728
	174,215	**411,853**
Recognised income in the year	**247,800**	**245,102**

20 EMPLOYEE BENEFITS

Defined benefit plans

The Company makes contributions to a multi-employer plan, the Merchant Navy Officers Pension Fund (MNOPF). The Company also makes contributions to a defined benefit plan, Maersk RBS Pension Scheme (MRBS).

MNRPF

The Company is a former employer of the Merchant Navy Ratings Pension Fund (MNRPF) an industry wide pension scheme. Currently the Company is not required to contribute towards any funding deficits. As a result of a court case brought be Stena Line in 2009 the trustee is seeking Court approval to amend the rules so that it can spread deficit contributions across all employers associated with the scheme since its inception in 1978. The Company may therefore be required to contribute to the MNRPF in the future.

MNOPF

The MNOPF 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 MNOPF are in respect of a past service deficit.

During the prior year a net pension liability for the MNOPF of USD 8,415k was transferred from the Company to it's then parent The Maersk Company Limited. This net liability comprised of assets of USD 31,930k and liabilities of USD 40,344k and relates to the compliance with a deed of novation on the liquidation of several companies who had employees in the scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 EMPLOYEE BENEFITS (continued)

PONL and MRBS Pension Schemes

The PONL Pension Scheme merged with the Maersk Oil North Sea UK Limited Pension Scheme on 31 March 2013 with USD 16,014k being transferred into the merged scheme and changed its name to Maersk Retirement Benefit Scheme (MRBS). The scheme is a defined benefit scheme with assets held in separate trustee administered funds. There is no contractual agreement or stated policy for charging net defined benefit costs to the Company. As there is no contractual agreement, the Company recognises a cost equal to its contributions payable for the period. The details below relate to the plan as a whole, rather than the obligations of the Company.

Maersk RBS was closed to new members effective January 2001, but remains open to future pension accruals. It provides pensions to members on retirement and holds deferred pensions for former members who have left service and not yet reached retirement age. The scheme provides a contingent spouse's pension on the death of a member. Pensions in payment and the deferred pensions of former members are subject to an annual increase in line with RPI subject to a maximum of 3%.

	2014 $000	2013 $000	2012 $000	2011 $000	2010 $000
Present value of funded obligations	1,521,297	1,441,037	1,237,881	1,107,778	1,001,563
Present value of unfunded obligations	-	11,439	138	57,587	29,513
Fair value of plan assets	(1,573,824)	(1,452,218)	(1,189,527)	(1,102,039)	(976,274)
Total net employee benefits	(52,527)	258	48,492	63,326	54,802
This net balance is included in the statement of financial position as:					
Non current asset	(109,254)	(64,226)	(17,767)	(13,504)	(23,576)
Non current liabilities	56,727	64,484	66,259	76,830	78,378
	(52,527)	258	48,492	63,326	54,802

Movements in the net liability for defined benefit obligations recognised in the Statement of Financial Position	2014 $000	2013 $000
Net liability for defined benefit obligations at 1 January	258	48,492
Contributions made	(33,019)	(17,932)
Expense recognised in the Income Statement (see below)	7,305	7,395
Liability recognised directly to reserves	(30,229)	(12,312)
Transfers in	-	(16,014)
Transfers out	-	(8,415)
Foreign exchange loss/(gain)	3,158	(956)
Net liability/(asset) for defined benefit obligations at 31 December	**(52,527)**	**258**

Movements in the gross liability for defined benefit obligations recognised in the Statement of Financial Position	2014 $000	2013 $000
Liability for defined benefit obligations at 1 January	1,452,476	1,238,019
Net current service costs	5,842	5,350
Contributions by members	845	734
Interest costs	62,483	55,843
Net benefit payments	(56,481)	(50,713)
Actuarial loss	159,350	70,294
Unfunded obligations	(11,712)	10,728
Transfers in	-	130,931
Transfers out	-	(40,344)
Foreign exchange (gain)/loss	(91,506)	31,634
Liability for defined benefit obligations at 31 December	**1,521,297**	**1,452,476**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 EMPLOYEE BENEFITS (continued)

Movements in fair value of plan assets for defined benefit obligations recognised in the Statement of Financial Position	**2014 $000**	**2013 $000**
Net plan assets for defined benefit obligations at 1 January	1,452,218	1,189,527
Interest income on plan assets	63,667	54,925
Actuarial gain	177,867	93,334
Contributions by employers	33,019	17,932
Contributions by members	845	734
Net benefit payments	(56,480)	(50,713)
Administration expenses paid	(2,648)	(1,127)
Transfers in	-	146,945
Transfers out	-	(31,930)
Foreign exchange (gain)/loss	(94,664)	32,591
Net plan assets for defined benefit obligations at 31 December	1,573,824	1,452,218

The allocation of the plan assets is as follows:		
Equities	342,250	437,708
Government bonds	424,536	633,500
Corporate bonds	288,153	305,198
Property	101,615	7,245
Insurance contracts	2,642	824
Repurchase agreements	78,341	-
Derivatives	(79,584)	-
Cash and cash instruments	140,672	-
Emerging market debt	74,766	-
High yield debt	66,061	-
Hedge funds	97,304	-
Other	37,068	67,743
	1,573,824	1,452,218

Actuarial return on plan assets	241,534	148,259
Actual return on plan assets percentage	15.48%	11.71%

The return on plan assets is calculated using the underlying GBP figures.

Expense recognised in the Income Statement		
Net current service cost	5,842	5,350
Net interest on the net defined benefit asset/liability	(1,185)	918
Administration expenses recognised in profit and loss	2,648	1,127
Interest on additional liability	273	-
Foreign exchange loss/(gain)	3,158	(1,458)
	10,736	5,937

The expense is recognised in the following line items in the Income Statement		
Administrative expenses	7,578	7,395
Other operating expense/(income)	3,158	(1,458)
	10,736	5,937

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 EMPLOYEE BENEFITS (continued)

Principal actuarial assumptions (weighted averages):

	2014	2013
Discount rate	3.5%	4.4%
Inflation rate	3.2%	3.6%
Future salary increases	3.4%	4.6%
Future pension increases	2.9%	3.3%

Contributions to be paid to the plans during 2015

Employer contributions to the MNOPF and PONL defined benefit schemes are intended to cover any deficit on the Actual Return on Assets. Scheduled employer contributions to MNOPF and PONL in 2015 are USD 14.1m (2014 projection: USD 24.3m).

Mortality assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2014 Years	2013 Years
Retiring at the end of the reporting year:		
Male	22	23
Female	25	-
Retiring 20 years after the end of the reporting year:		
Male	24	24
Female	26	-

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
	2014	2014	2014
Discount rate	0.10%	Decrease by 1.6%	Increase by 1.7%
Inflation	0.10%	Increase by 01.1%	Decrease by 1.1%
Life expectancy	1 Year	Increase 3.9%	Decrease 3.7%
	2013	2013	2013
Discount rate	0.10%	Decrease by 1.6%	Increase by 1.6%
Inflation	0.10%	Increase by 0.9%	Decrease by 1.0%
Life expectancy	1 Year	Increase 3.7%	Decrease 3.6%

Defined contribution plans	2014 $000	2013 $000
Total expenses relating to these plans were:	14,439	203

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 *CONTINGENT LIABILITIES*

Guarantees

The Company has given unsecured operational guarantees to third parties amounting to USD700k (2013: USD 5,858k).

The Company is involved in a number of legal disputes, some of which involve significant amounts. None of these disputes are expected to have a material impact on earnings in future periods.

22 CONTROLLING PARTIES

The Company's ultimate and immediate parent Company for the year was A.P.Møller-Mærsk A/S a Company incorporated in Denmark. The registered address for A.P.Møller-Mærsk A/S, is 50 Esplanaden, 1098 Copenhagen.

The only group in which the results of the Company are consolidated is A.P.Møller-Mærsk A/S. Copies of the consolidated financial statements can be obtained from the Company's website www.maersk.com.

On 2 June 2014 the Company sold Pentalver Transport Ltd to a fellow group subsidiary (Inland Services B.V.) for the carrying value of the investment held (USD 59,498k).

The following information relates to those significant companies that, in the opinion of the Directors, principally affect the profits or assets of the Company. Except where indicated the holdings are of ordinary shares and the country of registration or incorporation is England & Wales.

Name of subsidiary	**Activity**	**% of ordinary sharecapital held**
Nedlloyd Genoa Limited	Container Ship Operators	100%
Nedlloyd Marseille Limited	Container Ship Operators	100%
Nedlloyd Container Line Limited	Container Ship Operators	100%
Maersk Holdings Limited	Holding Company	100%

23 RELATED PARTY TRANSACTIONS

Identity of related parties

The Company has a related party relationship with its parent and ultimate holding Company (see Note 22), its subsidiaries (see Note 10), fellow A.P.Møller-Mærsk A/S group entities and with its Directors and executive officers (see note 3).

Other related party transactions

Transactions with related parties were as follows:

	2014	**2013**
	$'000	**$'000**
Transaction values		
Sales of goods & services - fellow A.P.Møller-Mærsk group subsidiaries	248,484	250,682
Administrative expenses - fellow A.P.Møller-Mærsk group subsidiaries	(6,700)	(6,184)
Interest income - ultimate & immediate parent	492	-
Interest income - fellow A.P.Møller-Mærsk group subsidiaries	46	5,308
Interest expense - fellow A.P.Møller-Mærsk group subsidiaries	(7)	-
Interest expense - subsidiaries	(18,453)	(2,733)

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 RELATED PARTY TRANSACTIONS (continued)

	2014 $'000	2013 $'000
Balances outstanding		
Current derivatives receivable from ultimate & immediate parent	-	5,874
Current derivatives receivable from fellow A.P.Møller-Mærsk group subsidiaries	-	2,746
Current tax receivable from fellow A.P.Møller-Mærsk group subsidiaries	8,707	-
Current trade and other receivables from ultimate & immediate parent	186,920	148,896
Current trade and other receivables from subsidiaries	7,501	-
Current trade and other receivables from fellow A.P.Møller-Mærsk group subsidiaries	123	3,796
Non-current interest bearing borrowings from subsidiaries	(700,000)	-
Current derivatives payable from ultimate & immediate parent	(6,417)	-
Current derivatives payable from fellow A.P.Møller-Mærsk group subsidiaries	(2,055)	-
Current tax payables from fellow A.P.Møller-Mærsk group subsidiaries	(371)	(588)
Current trade and other payables from ultimate & immediate parent	-	(10,342)
Current trade and other payables from subsidiaries	(76,553)	(6,958)
Current trade and other payables from fellow A.P.Møller-Mærsk group subsidiaries	(6,508)	(746,808)

Included within current trade and other receivables from the ultimate & immediate parent is USD 186,724k relating to current loans. Included within current trade and other receivables from subsidiaries is USD 7,501k relating to current loans.

Included within non-current trade and other payables to subsidiaries is USD 700,000k relating to non-current loans.

Included within current trade and other payables to subsidiaries is USD 55,370k relating to current loans and USD 21,183k relating to interest.

All outstanding balances with related parties are non-secured.

24 POST BALANCE SHEET EVENTS

The Nedlloyd Mercator and Nedlloyd Hudson, which were previously bareboat chartered in by the Company, were returned to their owners in March and April 2015 respectively.