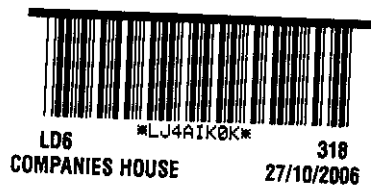




Arafura Shipping Limited
(Formerly P&O Swire Containers Limited)
(Company No: 971548)

Directors' Report and
Consolidated Financial Statements
for the year ended 31 December 2005



Report of the directors

The directors present herewith their annual report and the audited consolidated financial statements of Arafura Shipping Limited (formerly P&O Swire Containers Limited) ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2005.

Group results

The consolidated income statement for the year is set out on page 7.

Dividends

The directors do not recommend the payment of dividend for the year (2004: US\$467.76 per "A" ordinary share).

Principal activities of the Group and review of the year

The principal activity of the Group is the operation of container transport shipping services between Australia, New Zealand and the Far East.

On 11 August 2005, Nedlloyd Holding B.V. (formerly Royal P&O Nedlloyd N.V.) (the Company's ultimate parent undertaking) was acquired by A P Moller Maersk A/S, a company incorporated in Denmark.

On 27 March 2006 the Company's name was changed from P&O Swire Containers Limited to Arafura Shipping Limited.

International Financial Reporting Standards

The Company has voluntarily adopted International Financial Reporting Standards ("IFRS") for the preparation of these financial statements. A reconciliation of the effect of the conversion from UK GAAP to IFRS is shown in note 20.

Directors

The directors who held office during the year and up to the date of this report were as follows:

P Shaw	(appointed on 20 December 2005)
J Nielsen	(appointed on 1 January 2006 and resigned on 1 June 2006)
J Kjaedegaard	(appointed on 1 January 2006)
B O'Brien	(appointed on 1 June 2006)
FJ Thorogood	(appointed on 1 March 2005 and resigned on 1 January 2006)

Directors (continued)

AJ Mason	(resigned on 1 March 2005)
BN Swire	(resigned on 1 March 2005)
DA Robbie	(resigned on 1 March 2005)
JWJ Hughes-Hallett	(resigned on 1 March 2005)
PN Green	(resigned on 1 March 2005)
RPM van Slobbe	(resigned on 23 December 2005)
HF Meurs	(resigned on 8 December 2005)
G Cundle	(resigned on 1 January 2006)

Directors' interests in group companies

According to the register of directors' interests kept under section 325 of the Companies Act 1985, no director had a disclosable interest in either the shares of the Company or of any other Group company at the end of 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 sex. 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.

Creditor payment policy

It is not the Group's policy to follow any published code or standard on payment practice in respect of its suppliers. The Company has a policy to pay all suppliers for approved purchases according to credit terms agreed with individual suppliers.

Auditors

In accordance with Section 385A of the Companies Act 1985 KPMG Audit Plc will continue in office as auditor of the Company.

By order of the board

A handwritten signature in black ink, appearing to read 'J Kilby', with a stylized flourish at the end.

J Kilby
Secretary

Registered Office

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 Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements are required by law and International Financial Reporting Standards as adopted by the EU to present fairly the financial position and the performance of the Group and the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Arafura Shipping Limited (Formerly P&O Swire Containers Limited)

We have audited the financial statements of Arafura Shipping Limited for the year ended 31 December 2005 which comprise the consolidated income statement, the consolidated balance sheet, the Company balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 4, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.



Independent auditors' report to the members of
Arafura Shipping Limited
(Formerly P&O Swire Containers Limited) (continued)

Basis of audit opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the EU, of the state of the Group's and the Company's affairs as at 31 December 2005 and of the Group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

KPMG Audit Plc

Chartered Accountants and Registered Auditor

8 Salisbury Square
London
EC4Y 8BB

24 Oct 2006

Consolidated income statement
for the year ended 31 December 2005
(Expressed in United States dollars)

	<i>Note</i>	2005 '000	2004 '000
Revenue	2	\$ 140,491	\$ 119,313
Cost of sales		<u>(135,901)</u>	<u>(106,958)</u>
Gross profit		\$ 4,590	\$ 12,355
Administrative expenses		<u>(5,588)</u>	<u>(4,654)</u>
Operating (loss)/profit		\$ (998)	\$ 7,701
Other net income	6	1,256	938
Loss on sale of fixed assets		<u>(113)</u>	<u>(407)</u>
Profit before taxation	3	\$ 145	\$ 8,232
Income tax	7	<u>(34)</u>	<u>767</u>
Profit for the year		<u><u>\$ 111</u></u>	<u><u>\$ 8,999</u></u>

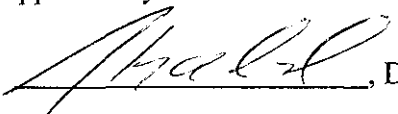
The notes on pages 12 to 25 form part of these financial statements.

Consolidated and company balance sheets
as at 31 December 2005
(Expressed in United States dollars)

	Note	Group		Company	
		2005 '000	2004 '000	2005 '000	2004 '000
Non-current assets					
Property, plant and equipment	9	\$ 30,834	\$ 34,503	\$ 30,834	\$ 34,503
Investments in subsidiaries	10	—	—	1,250	1,677
		<u>\$ 30,834</u>	<u>\$ 34,503</u>	<u>\$ 32,084</u>	<u>\$ 36,180</u>
Current assets					
Inventories	11	\$ 3,940	\$ 1,604	\$ 3,940	\$ 1,604
Trade and other receivables	12	17,125	39,367	17,125	39,367
Cash at bank and in hand		<u>6</u>	<u>7</u>	<u>6</u>	<u>7</u>
Total current assets		<u>\$ 21,071</u>	<u>\$ 40,978</u>	<u>\$ 21,071</u>	<u>\$ 40,978</u>
Current liabilities					
Interest bearing loans and liabilities		\$ —	\$ (10)	\$ —	\$ (10)
Trade and other payables	13	(3,978)	(3,011)	(3,978)	(3,011)
Deferred income		(12,781)	(12,425)	(12,781)	(12,425)
Loans to subsidiaries	14	<u>—</u>	<u>—</u>	<u>(1,250)</u>	<u>(1,677)</u>
Total current liabilities		<u>\$ (16,759)</u>	<u>\$ (15,446)</u>	<u>\$ (18,009)</u>	<u>\$ (17,123)</u>
Net current assets		<u>\$ 4,312</u>	<u>\$ 25,532</u>	<u>\$ 3,062</u>	<u>\$ 23,855</u>
NET ASSETS		<u><u>\$ 35,146</u></u>	<u><u>\$ 60,035</u></u>	<u><u>\$ 35,146</u></u>	<u><u>\$ 60,035</u></u>

**Consolidated and company balance sheets
as at 31 December 2005 (continued)**
(Expressed in United States dollars)

	Note	Group		Company	
		2005 '000	2004 '000	2005 '000	2004 '000
CAPITAL AND RESERVES					
Called up share capital	15, 16	\$ 96	\$ 96	\$ 96	\$ 96
Share premium account	16	849	849	849	849
Retained earnings	16	<u>34,201</u>	<u>59,090</u>	<u>34,201</u>	<u>59,090</u>
TOTAL EQUITY	16	<u>\$ 35,146</u>	<u>\$ 60,035</u>	<u>\$ 35,146</u>	<u>\$ 60,035</u>

These financial statements were approved by the Board of Directors on 24 October 2006
and were signed on its behalf by , Director.

The notes on pages 12 to 25 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2005
(Expressed in United States dollars)

	<i>Note</i>	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>
Total equity at 1 January		\$ 60,035	\$ 51,036
Net profit for the year		111	8,999
Dividends approved and paid during the year	8	<u>(25,000)</u>	<u>-</u>
Total equity at 31 December		<u>\$ 35,146</u>	<u>\$ 60,035</u>

The notes on pages 12 to 25 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2005 (Expressed in United States dollars)

	Group 2005 '000	2004 '000
Profit before taxation	\$ 145	\$ 8,232
Adjustments for:		
- Foreign exchange	(4)	(80)
- Depreciation charges	3,386	3,898
- Loss on sale of property, plant and equipment	<u>113</u>	<u>407</u>
Operating profit before changes in working capital	\$ 3,640	\$ 12,457
(Increase)/decrease in inventories	(2,336)	1,548
Decrease/(increase) in trade and other receivables	22,242	(18,812)
Increase in trade and other payables	979	484
Increase in deferred income	<u>356</u>	<u>3,407</u>
Cash generated from/(used in) operations	\$ 24,881	\$ (916)
UK tax paid	<u>(42)</u>	<u>(373)</u>
Net cash generated from/(used in) operating activities	\$ 24,839	\$ (1,289)
	-----	-----
Purchase of property, plant and equipment	\$ (9)	\$ -
Sale of property, plant and equipment	<u>179</u>	<u>1,279</u>
Net cash inflow from investing activities	\$ 170	\$ 1,279
	-----	-----
Net cash inflow/(outflow) before financing	\$ 25,009	\$ (10)
	-----	-----
(Repayment of)/increase in interest bearing loans and liabilities	\$ (10)	\$ 10
Dividend paid	<u>(25,000)</u>	<u>-</u>
Net cash outflow from financing	\$ (25,010)	\$ 10
	-----	-----
Decrease in cash and cash equivalents	\$ (1)	\$ -
Cash and cash equivalents at 1 January	<u>7</u>	<u>7</u>
Cash and cash equivalents at 31 December	<u>\$ 6</u>	<u>\$ 7</u>
	=====	=====
Cash at bank and in hand	\$ 6	\$ 7
	=====	=====

Notes to the financial statements

(Expressed in United States dollars)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Basis of preparation

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2004 for the purposes of the transition to adopted IFRSs. The principal exception is that, accounting for financial instruments is determined on different bases in 2005 and 2004 due to the transitional provisions of IAS 32 and IAS 39 (see below).

Transition to adopted IFRSs

The Company is preparing its financial statements in accordance with adopted IFRSs for the first time and consequently has applied IFRS 1. An explanation of how the transition to adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 20.

In addition to exempting companies from the requirement to restate comparatives for IAS 32 and IAS 39, IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The following exemption has been taken in these financial statements:

- IFRS 3 - Business combinations - Business combinations that took place prior to transition date have not been restated.

Measurement convention

The financial statements are prepared on the historical cost basis.

(b) Basis of consolidation

The consolidated financial statements for the year ended 31 December 2005 include the financial statements of the Company and its subsidiaries.

1 Accounting policies (continued)

(c) Revenue

Revenue represents the amounts, excluding VAT and similar sales taxes, invoiced to customers in respect of shipping and transport operations completed during the accounting period.

(d) Operating profit

Operating profit includes the results of all shipping and transport operations completed during the period. Revenue and costs in respect of such operations which were not completed at the end of the period are carried forward as "Deferred revenue" and within "Inventories" respectively.

The Group participates in certain operating arrangements with other lines. The results thereof are accounted for on an accruals basis, estimates being used to the extent that final information is not available.

(e) Foreign currencies

The Company's functional currency is the US dollar. At 31 December 2005, the US dollar: Sterling exchange rate was 1:0.582 (2004: 1:0.521). Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the rate specified in any related forward exchange contract. Profits and losses of subsidiaries which have currencies of operation other than US dollars are translated into US dollars at average rates of exchange except for material exceptional items which are translated at the rate ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates.

Exchange differences arising from the translation of the opening net assets of subsidiaries which have currencies of operation other than US dollars, and any related loans, are taken to reserves together with the differences arising when the income statements are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the income statement.

(f) Depreciation

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their expected lives as follows:

Container ships	25 years
Containers and trailers	10 - 15 years

1 Accounting policies (continued)

(g) Ship dry dock expenditure

An element of the cost of an acquired ship is attributed at acquisition to its service potential reflecting its maintenance condition. This cost is amortised over the period to the next dry docking or the remaining life of the ship. Costs incurred on subsequent dry docking of ships are capitalised within property, plant and equipment and amortised over the period to the next dry docking.

(h) Pensions

The Group and Company participates in a defined contribution pension scheme for its employees. Contributions, based on a fixed percentage of employees' salaries, are determined by both the Australian government and unions. The assets of the scheme are held separately from those of the Group and Company in an independently administered fund. Obligations for contributions payable by the Group and Company to the pension scheme are recognised as an expense as incurred.

(i) Taxation

The charge for taxation is based on the net tonnage of the vessels operated.

(j) Investments in subsidiaries

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment losses.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

(l) Cash

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

(m) Impairment

The carrying amounts of the Group's and 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 or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1 Accounting policies (continued)

(m) Impairment (continued)

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

- Calculation of recoverable amount

The recoverable amount of the Group's and Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

- 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.

An impairment loss is reversed only to the extent that the asset's 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.

(n) Profit of the Company

No separate income statement is presented for the Company as provided by S228(7) of the Companies Act 1985. The profit of the Company for the year is shown in note 16.

2 Geographical analysis of revenue

	<i>Group</i>	
	<i>2005</i>	<i>2004</i>
	<i>'000</i>	<i>'000</i>
Australia and Pacific	\$ 43,463	\$ 39,630
Far East	<u>97,028</u>	<u>79,683</u>
	<u>\$ 140,491</u>	<u>\$ 119,313</u>

3 Profit before taxation

The profit before taxation is stated after charging:

	<i>Group</i>	
	2005 '000	2004 '000
Depreciation	\$ 3,386	\$ 3,898
Auditors' remuneration for audit services		
- Group	5	8
- Parent	5	7
Loss on sale of containers	113	407
	<u>=====</u>	<u>=====</u>

4 Staff numbers and costs

The average number of persons employed by the Group during the year was as follows:

	2005 Number	2004 Number
Overseas staff - Seafarers	16	19
	<u>=====</u>	<u>=====</u>

	<i>Group</i>	
	2005 '000	2004 '000
Salaries and wages paid to company employees	\$ 1,978	\$ 1,498
Contributions to pension fund	<u>200</u>	<u>109</u>
	<u>\$ 2,178</u>	<u>\$ 1,607</u>

The employees of the Group are members of independently managed Australian pension funds. The Group does not operate an internally managed scheme on behalf of its employees.

5 Remuneration of directors

No remuneration was paid or is payable for duties performed (2004: \$Nil).

6 Other net income

	<i>Group</i>	
	2005 '000	2004 '000
Realised foreign exchange gain	\$ 1,256	\$ 938
	<u>=====</u>	<u>=====</u>

7 Income tax

(a) Analysis of (charge)/credit for the year

	<i>Group</i>	
	2005 '000	2004 '000
UK Corporation tax charge (2004: 30%)		
- Prior year credit	\$ -	\$ 801
- Current year charge	<u>(34)</u>	<u>(34)</u>
Tax (charge)/credit	<u>\$ (34)</u>	<u>\$ 767</u>

The Company has entered into the tonnage tax regime with effect from 1 January 2001.

(b) Factors affecting the tax (charge)/credit for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	<i>Group</i>	
	2005 '000	2004 '000
Profit before tax	\$ 145	\$ 8,232
	<u>=====</u>	<u>=====</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	\$ (44)	\$ (2,470)
Effects of:		
- Tonnage tax charge	10	2,436
- Adjustments made to the current tax charge in respect of the previous period	<u>-</u>	<u>801</u>
Current year (charge)/credit	<u>\$ (34)</u>	<u>\$ 767</u>

8 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	<i>Group</i>	
	2005	2004
	'000	'000
Proposed dividend (2004: \$467.76 per "A" ordinary share)	\$ -	\$ 25,000
	=====	=====

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<i>Group</i>	
	2005	2004
	'000	'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$467.76 per "A" ordinary share (2004: \$Nil per share)	\$ 25,000	\$ -
	=====	=====

9 Property, plant and equipment

Group and Company

	<i>Ships owned '000</i>	<i>Plant and equipment owned '000</i>	<i>Total '000</i>
Cost:			
At 1 January 2005	\$ 58,941	\$ 17,886	\$ 76,827
Addition	-	9	9
Disposals	-	(1,320)	(1,320)
At 31 December 2005	\$ 58,941	\$ 16,575	\$ 75,516
Depreciation:			
At 1 January 2005	\$ 29,023	\$ 13,301	\$ 42,324
Charge for the year	2,237	1,149	3,386
Disposals	-	(1,028)	(1,028)
At 31 December 2005	\$ 31,260	\$ 13,422	\$ 44,682
Net book value:			
At 31 December 2005	\$ 27,681	\$ 3,153	\$ 30,834

	<i>Ships owned '000</i>	<i>Plant and equipment owned '000</i>	<i>Total '000</i>
Cost:			
At 1 January 2004	\$ 58,941	\$ 34,640	\$ 93,581
Disposals	-	(16,754)	(16,754)
At 31 December 2004	\$ 58,941	\$ 17,886	\$ 76,827
Depreciation:			
At 1 January 2004	\$ 26,787	\$ 26,707	\$ 53,494
Charge for the year	2,236	1,662	3,898
Disposals	-	(15,068)	(15,068)
At 31 December 2004	\$ 29,023	\$ 13,301	\$ 42,324
Net book value:			
At 31 December 2004	\$ 29,918	\$ 4,585	\$ 34,503

10 Investments in subsidiaries

	<i>Company</i>	
	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>
At 31 December	\$ 1,250	\$ 1,677

The following information is given in respect of all subsidiary undertakings at 31 December 2005:

	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class of issued capital</i>	<i>Proportion applicable to the Company</i>
P&O Swire Containers (Aust) Limited	England	Dormant	Ordinary £1 each Deferred £1 each	100.0% 96.7%
Eastern & Australian Steamship Company Limited	England	Dormant	Ordinary £1 each	100.0%

During 2005 P&O Swire Containers (NZ) Limited, a wholly owned subsidiary undertaking as at 31 December 2004, was liquidated.

11 Inventories

	<i>Group</i>		<i>Company</i>	
	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>
Transformer	\$ -	\$ 153	\$ -	\$ 153
Work in progress	3,940	1,451	3,940	1,451
	<u>\$ 3,940</u>	<u>\$ 1,604</u>	<u>\$ 3,940</u>	<u>\$ 1,604</u>

12 Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>	<i>2005</i> <i>'000</i>	<i>2004</i> <i>'000</i>
<i>Amounts receivable within one year:</i>				
Trade debtors	\$ 6,102	\$ 4,768	\$ 6,102	\$ 4,768
Amounts owing from other group companies	10,932	34,505	10,932	34,505
Prepayments and accrued income	<u>91</u>	<u>94</u>	<u>91</u>	<u>94</u>
	<u>\$ 17,125</u>	<u>\$ 39,367</u>	<u>\$ 17,125</u>	<u>\$ 39,367</u>

13 Trade and other payables

	<i>Group</i>		<i>Company</i>	
	2005	2004	2005	2004
	'000	'000	'000	'000
Trade creditors and accruals	\$ 3,949	\$ 2,970	\$ 3,949	\$ 2,970
UK Corporation tax payable	<u>29</u>	<u>41</u>	<u>29</u>	<u>41</u>
	<u>\$ 3,978</u>	<u>\$ 3,011</u>	<u>\$ 3,978</u>	<u>\$ 3,011</u>

14 Loans to subsidiaries

All loans are unsecured and interest free, and are repayable on demand in whole or part within 2 - 5 years.

15 Share capital

	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	£'000	£'000	USD'000
<i>At 31 December 2004 and 31 December 2005</i>			
Ordinary £1 shares	£ 44	£ -	\$ -
Ordinary "A" shares of £1 each	54	54	93
Ordinary "B" shares of £1 each	<u>2</u>	<u>2</u>	<u>3</u>
	<u>£ 100</u>	<u>£ 56</u>	<u>\$ 96</u>

16 Capital and reserves

	<i>Group</i>			
	<i>Share capital '000</i>	<i>Share premium '000</i>	<i>Retained earnings '000</i>	<i>Total '000</i>
At 1 January 2004	\$ 96	\$ 849	\$ 50,091	\$ 51,036
Profit for the year	-	-	8,999	8,999
At 31 December 2004	<u>\$ 96</u>	<u>\$ 849</u>	<u>\$ 59,090</u>	<u>\$ 60,035</u>
At 1 January 2005	\$ 96	\$ 849	\$ 59,090	\$ 60,035
Profit for the year	-	-	111	111
Dividends approved in respect of the previous year (note 8)	-	-	(25,000)	(25,000)
At 31 December 2005	<u>\$ 96</u>	<u>\$ 849</u>	<u>\$ 34,201</u>	<u>\$ 35,146</u>

	<i>Company</i>			
	<i>Share capital '000</i>	<i>Share premium '000</i>	<i>Retained earnings '000</i>	<i>Total '000</i>
At 1 January 2004	\$ 96	\$ 849	\$ 50,091	\$ 51,036
Profit for the year	-	-	8,999	8,999
At 31 December 2004	<u>\$ 96</u>	<u>\$ 849</u>	<u>\$ 59,090</u>	<u>\$ 60,035</u>
At 1 January 2005	\$ 96	\$ 849	\$ 59,090	\$ 60,035
Profit for the year	-	-	111	111
Dividends approved in respect of the previous year (note 8)	-	-	(25,000)	(25,000)
At 31 December 2005	<u>\$ 96</u>	<u>\$ 849</u>	<u>\$ 34,201</u>	<u>\$ 35,146</u>

There is no current or deferred tax relating to items that are charged or credited to equity.

17 Related party transactions

The Company is dependant upon the Nedlloyd Container Line Limited (formerly P&O Nedlloyd Container Line Limited) group for the provision and administration of a significant proportion of the Company's operating and administration expenditure. Transactions between the Company and its related parties are conducted on an arms length basis.

	2005 '000	2004 '000
Charges for container provision	\$ 27,647	\$ 26,598
Charges for commission and administration	20,547	17,341
	<u> </u>	<u> </u>

18 Financial instruments

Exposure to credit and liquidity risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade debtors. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2005 and 2004.

19 Ultimate parent

The Company's parent undertaking throughout the year was Maersk Line UK Limited (formerly P&O Nedlloyd Limited), which is incorporated in Great Britain and registered in England and Wales.

The Company's ultimate holding company for the period to 11 August 2005 was Nedlloyd Holding B.V. (formerly Royal P&O Nedlloyd N.V.), a company incorporated in the Netherlands. On 11 August 2005 Nedlloyd Holding B.V. was acquired by A P Moller Maersk A/S, a company incorporated in Denmark. The financial statements of A P Moller Maersk A/S can be obtained from A P Moller Maersk A/S, Esplanaden 50, DK-1098, Copenhagen.

20 Explanation of transition to IFRSs

As stated in note 1(a), these are the Group's first financial statements prepared in accordance with adopted IFRSs. In prior years the financial statements were prepared in accordance with UK Generally Accepted Accounting Practice.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements for the year ended 31 December 2004 and in the preparation of an opening IFRS balance sheet at 1 January 2004 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out below:

	<i>Group</i>					
	<i>1 January 2004</i>			<i>31 December 2004</i>		
	<i>UK GAAP</i>	<i>Effect of</i>	<i>IFRSs</i>	<i>UK GAAP</i>	<i>Effect of</i>	<i>IFRSs</i>
	<i>'000</i>	<i>to IFRSs</i>	<i>'000</i>	<i>'000</i>	<i>to IFRSs</i>	<i>'000</i>
		<i>'000</i>			<i>'000</i>	
Non-current assets	\$ 40,087	\$ -	\$ 40,087	\$ 34,503	\$ -	\$ 34,503
Current assets	23,714	-	23,714	40,978	-	40,978
Current liabilities						
Creditors (Note a)	(12,765)	-	(12,765)	(40,446)	25,000	(15,446)
Net assets	<u>\$ 51,036</u>	<u>\$ -</u>	<u>\$ 51,036</u>	<u>\$ 35,035</u>	<u>\$ 25,000</u>	<u>\$ 60,035</u>
Total equity (Note a)	<u>\$ 51,036</u>	<u>\$ -</u>	<u>\$ 51,036</u>	<u>\$ 35,035</u>	<u>\$ 25,000</u>	<u>\$ 60,035</u>

20 Explanation of transition to IFRSs (continued)

	Company					
	1 January 2004			31 December 2004		
	UK GAAP '000	Effect of transition to IFRSs '000	IFRSs '000	UK GAAP '000	Effect of transition to IFRSs '000	IFRSs '000
Non-current assets	\$ 41,764	\$ -	\$ 41,764	\$ 36,180	\$ -	\$ 36,180
Current assets	23,714	-	23,714	40,978	-	40,978
Current liabilities						
Creditors (Note a, b)	(12,765)	(1,677)	(14,442)	(40,446)	23,323	(17,123)
Non-current liabilities (Note b)	<u>(1,677)</u>	<u>1,677</u>	<u>-</u>	<u>(1,677)</u>	<u>1,677</u>	<u>-</u>
Net assets	<u>\$ 51,036</u>	<u>\$ -</u>	<u>\$ 51,036</u>	<u>\$ 35,035</u>	<u>\$ 25,000</u>	<u>\$ 60,035</u>
Total equity (Note a)	<u>\$ 51,036</u>	<u>\$ -</u>	<u>\$ 51,036</u>	<u>\$ 35,035</u>	<u>\$ 25,000</u>	<u>\$ 60,035</u>

Notes:

- (a) Under previous UK GAAP proposed dividends payable were accounted for in the year to which they were attributable. Under IFRSs the final dividend proposed is not recognised as a liability at the balance sheet date.
- (b) The loans to subsidiaries, which are repayable on demand in whole or part within 2 - 5 years, have been reclassified as current liabilities under IFRSs.

The transition to IFRSs has no impact on the profit or the cash flow statement for 2004.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 31 December 2005

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 December 2005 and which have not been adopted in these financial statements.

Of these developments, the following relate to matters that may be relevant to the Company's operations and financial statements:

		<i>Effective for accounting periods beginning on or after</i>
IFRS 7	Financial instruments: disclosures	1 January 2007
Amendments to IAS 1	Presentation of financial statements: capital disclosures	1 January 2007

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's or Company's results of operations and financial position.