

Arafura Shipping Limited

(Company No 971548)

Directors' Report and
Financial Statements
for the year ended 31 December 2009



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Directors' Report

The directors present herewith their annual report and the audited financial statements of Arafura Shipping Limited ("the Company") for the year ended 31 December 2009

Results of the year

The statement of comprehensive income for the year is set out on page 6

Dividends

The directors proposed and paid a dividend of US\$ 890 35 per share during 2009 (2008 nil)

Principal activities of the Company

The principal activity of the Company is to provide assets for use in the container transport shipping industry

Review of the business

The trading performance during the year was as expected

Directors

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

P Shaw	Resigned 27 th September 2009
J Kjaedegaard	Resigned 13 th February 2009
B O'Brien	Resigned 27 th February 2009
J Kilby	Appointed 27 th February 2009
J Burrige	Appointed 27 th February 2009

Creditor payment policy

It is not the Company'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

Statement of disclosure of information to auditors

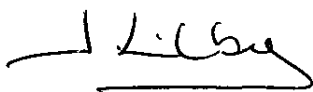
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he might have taken as a director to make himself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

Directors' Report (continued)

Auditors

In accordance with Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office

By order of the Board



Mr J Kilby
Secretary
21st JUNE 2010

Maersk House
Braham Street
London
E1 8EP

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

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

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

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

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ARAFURA SHIPPING LIMITED

We have audited the financial statements of Arafura Shipping Limited for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Andrew Marshall (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

24 June 2010

Statement of Comprehensive Income
for the year ended 31 December 2009
(Expressed in United States dollars)

	<u>Note</u>	2009 \$000	2008 \$000
Revenue		-	-
Cost of sales		<u>14</u>	<u>(115)</u>
Gross profit / (loss)		14	(115)
Administrative expenses		<u>-</u>	<u>-</u>
Operating profit / (loss)		14	(115)
Other operating income	5	<u>-</u>	<u>282</u>
Operating profit before financing costs		14	167
Realised exchange loss		<u>(41)</u>	<u>-</u>
(Loss) / Profit before taxation	3	(27)	167
Tax (expense) / credit	6	<u>(351)</u>	<u>470</u>
(Loss) / Profit for the year		<u>(378)</u>	<u>637</u>
 Attributable to shareholders of the company		 <u>(378)</u>	 <u>637</u>

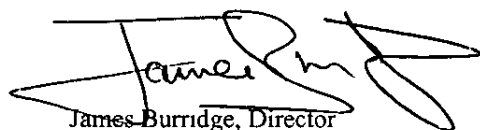
There was no other comprehensive income other than the loss / profit for the year

The notes on pages 10 to 18 form part of these financial statements

Balance Sheet
as at 31 December 2009
(Expressed in United States dollars)

	<u>Note</u>	2009 \$000	2008 \$000
Assets			
Property, plant and equipment	7	-	-
Investments in subsidiaries	8	<u>1,250</u>	<u>1,250</u>
Total non-current assets		<u>1,250</u>	<u>1,250</u>
Trade and other receivables	9	<u>1,984</u>	<u>51,876</u>
Total current assets		<u>1,984</u>	<u>51,876</u>
Total assets		<u>3,234</u>	<u>53,126</u>
Equity			
Called up share capital	12	96	96
Share premium account	13	849	849
Retained earnings	13	<u>683</u>	<u>50,561</u>
Total equity		<u>1,628</u>	<u>51,506</u>
Liabilities			
Trade and other payables	10	356	370
Loans from subsidiaries	11	<u>1,250</u>	<u>1,250</u>
Total current liabilities		<u>1,606</u>	<u>1,620</u>
Total equity and liabilities		<u>3,234</u>	<u>53,126</u>

These financial statements were approved by the Board of Directors on 21st June 2010 and were signed on its behalf by


James Burridge, Director

The notes on pages 10 to 18 form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2009
(Expressed in United States dollars)

	Share capital \$000	Share premium \$000	Retained earnings \$000	Total equity \$000
At 1 January 2008	96	849	49,924	50,869
Profit for the year	-	-	637	637
At 31 December 2008	<u>96</u>	<u>849</u>	<u>50,561</u>	<u>51,506</u>
At 1 January 2009	96	849	50,561	51,506
Dividend paid	-	-	(49,500)	(49,500)
Loss for the year	-	-	(378)	(378)
At 31 December 2009	<u>96</u>	<u>849</u>	<u>683</u>	<u>1,628</u>

The notes on pages 10 to 18 form part of these financial statements

Cash Flow Statement
for the year ended 31 December 2009
(Expressed in United States dollars)

	2009 \$000	2008 \$000
(Loss)/Profit before taxation	(27)	637
Adjustments for		
Profit on sale of property, plant and equipment	-	(282)
Exchange losses	41	-
	<hr/>	<hr/>
Operating profit before changes in working capital	14	355
Decrease/(increase) in trade and other receivables	49,893	(345)
Decrease in trade and other payables	-	(547)
	<hr/>	<hr/>
Cash generated from/(used in) operations	49,907	(537)
Tax paid	(407)	(18)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	49,500	(555)
	<hr/>	<hr/>
Cash flow from financing activities		
Dividend paid	(49,500)	-
	<hr/>	<hr/>
Net cash generated from investing activities	(49,500)	-
	<hr/>	<hr/>
Cash flow from investing activities		
Proceeds of property, plant and equipment	-	555
	<hr/>	<hr/>
Net cash generated from investing activities	-	555
Decrease in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-
	<hr/>	<hr/>

Notes to the financial statements (Expressed in United States dollars)

Arafura Shipping Limited (the "Company") is a Company incorporated in the UK. The Company's registered office and principal place of business is Maersk House, Braham Street, London E1 8EP

1 Accounting policies

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

(a) Basis of preparation

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

The financial statements were approved by the Board of Directors on

These financial statements are separate financial statements. The Company is exempt from preparing consolidated financial statements as its ultimate parent undertaking, A P Moller Maersk A/S (a company incorporated in Denmark), prepares and publishes consolidated financial statements that comply with IFRSs. These accounts can be obtained from A P Moller Maersk A/S, Esplanaden 50, DK-1098, Copenhagen

The Company's intermediate holding company, the Maersk Company Limited also prepares consolidated financial statements under IFRS. These accounts can be obtained from Company House, Crown Way, Maundy, Cardiff

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

Measurement convention

The financial statements are prepared on the historical cost basis

(b) 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

(c) Foreign currencies

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rate ruling on the date on which each transaction occurs

At each balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. All exchange differences arising from these transactions are included in the income statement

1 Accounting policies (continued)

(d) Trade and other receivables

Trade and other receivables are stated at their amortised cost using the effective interest rate method less impairment losses. The directors' believe that this gives a close approximation to fair value.

(e) Property, plant and equipment

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

(i) Depreciation

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	20 years
Containers and trailers	10 - 15 years

(ii) 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.

(f) Taxation

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

(g) Investments in subsidiaries

The investments in subsidiaries are stated at cost less impairment losses.

1 Accounting policies (continued)

(1) Impairment

The carrying amounts of the Company's assets, other than inventories 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 statement of comprehensive income.

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 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.

2. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these financial statements.

- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009). The company has not completed any business combinations in the year so the adoption of this standard is not expected to have a material impact.
- Amendments to IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1 July 2009). The adoption of this standard is not expected to have a material impact.
- IFRIC 12 'Service Concession Arrangements' (Mandatory for EU adopters for years beginning on or after 29 March 2009). The adoption of this standard is not expected to have a material impact.

2. New standards and interpretations not yet adopted (continued)

- IFRIC 15 'Agreements for the Construction of Real Estate' (mandatory for year commencing on or after 1 January 2010) The adoption of this standard is not expected to have a material impact
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (mandatory for EU adopters for the year commencing on or after 30 June 2009) The adoption of this standard is not expected to have a material impact
- Amendments to IAS 39 'Financial Instruments Recognition and Measurement Eligible Hedged Items' (mandatory for year commencing on or after 1 July 2009) The adoption of this standard is not expected to have a material impact
- Amendments to IAS 39 'Reclassification of Financial Assets Effective Date and Transition' (mandatory for year commencing on or after 1 July 2009) The adoption of this standard is not expected to have a material impact
- IFRIC 17 'Distributions of Non-cash Assets to Owners' (mandatory for year commencing on or after 1 November 2009) The adoption of this standard is not expected to have a material impact
- IFRIC 18 'Transfer of Assets from Customers' (mandatory for year commencing on or after 1 November 2009) The adoption of this standard is not expected to have a material impact
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (mandatory for year commencing on or after 1 July 2010) The adoption of this standard is not expected to have a material impact
- Amendments to IAS 32 'Financial Instruments Presentation – Classification of rights issue' (mandatory for year commencing on or after 1 February 2010) The adoption of this standard is not expected to have a material impact

3 Profit before taxation

Audit fees are borne by the Company's parent company and are estimated at £ 1,527 for the Company (2008 £ 1,397)

4 Remuneration of directors and employees

No remuneration was paid or is payable for duties performed by the Directors of the Company (2008 \$Nil) The company had no employees in the current or preceding year

5 Other operating income

	2009	2008
	\$000	\$000
Profit on sale of containers	<u>-</u>	<u>282</u>

6 Tax expense

(a) Analysis of charge for the year

	2009 \$000	2008 \$000
UK Corporation tax charge		
Current year charge	-	-
Adjustments in respect of prior periods	(351)	470
Tax (charge)/credit	<u>(351)</u>	<u>470</u>

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

(b) Factors affecting the tax charge 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

	2009 \$000	2008 \$000
(Loss) / Profit before tax	(27)	167
Tax at 28.0% (2008: 28.5%)	8	(182)
Effects of		
Tonnage tax charge	-	-
Corporation tax (under)/overprovided in prior years	(351)	470
Income not taxable for tax purposes	(8)	182
Current year (charge)/credit	<u>(351)</u>	<u>470</u>

7 Property, plant and equipment

	Ships owned \$000	Plant and equipment owned \$000	Total \$000
Cost:			
At 1 January 2009	-	-	-
Addition	-	-	-
Disposals	-	-	-
Impairment	-	-	-
	-	-	-
At 31 December 2009	-	-	-
Accumulated Depreciation:			
At 1 January 2009	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
Impairment	-	-	-
	-	-	-
At 31 December 2009	-	-	-
Net book value:			
At 31 December 2009	-	-	-

	Ships owned \$000	Plant and equipment owned \$000	Total \$000
Cost:			
At 1 January 2008	-	2,782	2,782
Addition	-	-	-
Disposals	-	2,782	2,782
Impairment	-	-	-
	-	-	-
At 31 December 2008	-	-	-
Accumulated Depreciation:			
At 1 January 2008	-	2,509	2,509
Charge for the year	-	-	-
Disposals	-	(2,509)	(2,509)
Impairment	-	-	-
	-	-	-
At 31 December 2008	-	-	-
Net book value:			
At 31 December 2008	-	-	-

8 Investments in subsidiaries

	2009 \$000	2008 \$000
At 31 December	<u>1,250</u>	<u>1,250</u>

The following information is given in respect of all subsidiary undertakings at 31 December 2009

	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class of issued capital</i>	<i>Proportion applicable to the Company</i>
Arafura Shipping (Australia) Limited (in liquidation)	England & Wales	Dormant	Ordinary £1 each Deferred £1 each	100 0% 96 7%
Eastern & Australian Steamship Company Limited (in liquidation)	England & Wales	Dormant	Ordinary £1 each	100 0%

Both subsidiary undertakings are currently undergoing liquidation

9 Trade and other receivables

	2009 \$000	2008 \$000
Amounts owing from other group companies	<u>1,984</u>	<u>51,876</u>

10 Trade and other payables

	2009 \$000	2008 \$000
UK Corporation tax payable	<u>356</u>	<u>370</u>

The current tax liability represents the amount of tax payable in respect of current and prior periods

11 Loans from subsidiaries

All loans are unsecured and interest free, and are repayable on demand

12 Share capital

	Authorised £000	Allotted, called up and fully paid £000 \$000
<i>At 31 December 2009 and 31 December 2008</i>		
Ordinary £1 shares	44	- -
Ordinary "A" shares of £1 each	54	54 93
Ordinary "B" shares of £1 each	2	2 3
	<u>100</u>	<u>56 96</u>

The only differences between the ordinary "A" and "B" shares relate to dividends and rights in winding up the Company "B" class shareholders can only participate in

- i) dividends once each of the "A" class shareholders has received a dividend of UK£500
- ii) any surplus on a winding up of the Company once the "A" class shareholders had each received nominal value plus UK£1,000

Thereafter and in all other respects, the two classes of shares are pari passu

13 Capital and reserves

	Share capital \$000	Share premium \$000	Retained earnings \$000	Total \$000
At 1 January 2008	96	849	49,924	50,869
Profit for the year	-	-	637	637
At 31 December 2008	<u>96</u>	<u>849</u>	<u>50,561</u>	<u>51,506</u>
At 1 January 2009	96	849	50,561	51,506
Dividend paid	-	-	(49,500)	(49,500)
Loss for the year	-	-	(378)	(378)
At 31 December 2009	<u>96</u>	<u>849</u>	<u>683</u>	<u>1,628</u>

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

14 **Related party transactions**

The Company has a related party relationship with A P Moller Maersk A/S (its ultimate holding company) and its subsidiaries

Transactions with related parties are priced on an arm's lengths basis and are as follows

	2009 \$000	2008 \$000
Amounts owed from fellow subsidiaries	1,984	51,876

15 **Financial instruments**

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

(a) Credit risk

The Company'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 if any, in the balance sheet.

(b) Liquidity risk

The Company'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.

16 **Immediate and ultimate parent company**

The Company's parent undertaking is Maersk Line UK Limited which is incorporated in Great Britain and registered in England and Wales.

The Company's ultimate holding company is A P Møller Mærsk A/S, a company incorporated in Denmark. The financial statements of A P Møller Mærsk A/S can be obtained from A P Møller Mærsk A/S, Esplanaden 50, DK-1098, Copenhagen.