

BLUE STAR SHIP MANAGEMENT LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

31 DECEMBER 2002

Company Registration Number: 1185932



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BLUE STAR SHIP MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company has not traded during the year under review.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £460 (2001: profit of £4,083). The directors do not recommend a dividend (2001: £nil).

DIRECTORS

The directors who held office during the year were as follows:

R.P.M. Van Slobbe

P.A. Walker (Resigned 1 July 2002)

N.S. Pusey (Appointed 1 July 2002)

DIRECTORS' INTERESTS

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the group companies.

AUDITORS

On 2 February 1999 elective resolutions of the Company were passed to dispense with the holding of Annual General Meetings, the laying of accounts before the members in General Meeting and the appointment of auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 applicable accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board by:



G.R. Cheeseman

28 Oct 2003

Beagle House
Braham Street
London E1 8EP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLUE STAR SHIP MANAGEMENT LIMITED

We have audited the financial statements on pages 3 to 7.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards 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 company's circumstances, consistently applied and adequately disclosed.

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 of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

28 October 2003

BLUE STAR SHIP MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
TURNOVER	2	-	-
Cost of sales		-	4042
		<hr/>	<hr/>
OPERATING PROFIT	3	-	4042
Other interest receivable and similar income	4	460	41
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		460	4,083
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	8	460 =====	4,083 =====

The company had no recognised gains or losses in either of the years other than those shown above.

The results arise from discontinued activities.

BLUE STAR SHIP MANAGEMENT LIMITED
BALANCE SHEET
31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
CURRENT ASSETS			
Debtors	5	310,330	301,606
Cash at bank and in hand		-	8,264
		<u>310,330</u>	<u>309,870</u>
CREDITORS: amounts falling due within one year	6	(10,263)	(10,263)
		<u>300,067</u>	<u>299,607</u>
NET ASSETS			
		<u>300,067</u>	<u>299,607</u>
CAPITAL AND RESERVES			
Called up share capital	7	1,000	1,000
Profit and loss account	8	299,067	298,607
EQUITY SHAREHOLDERS' FUNDS	9	<u>300,607</u>	<u>299,607</u>

The financial statements on pages 3 to 7 were approved by the Board of Directors on 28 October 2003 and signed on behalf of the Board by: **N.S. PUSEY**



Director

BLUE STAR SHIP MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002

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.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is possible that an actual liability will crystallise.

RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of P&O Nedlloyd Container Line Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2. TURNOVER

Turnover represents fees receivable, excluding value added tax, in respect of services rendered and is substantially intra-group.

The company operates in one activity, that of ship managers. The entire turnover of the company is generated in the United Kingdom.

BLUE STAR SHIP MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002

3. OPERATING PROFIT

The company's audit fee for the year has been borne by a fellow subsidiary undertaking.

No director received any remuneration from the company in the year ended 31 December 2002 (2001: nil). There were no employees of the company and therefore no staff costs during the year (2001: nil).

**4. OTHER INTEREST RECEIVABLE
AND SIMILAR INCOME**

	<u>2002</u> £	<u>2001</u> £
Interest receivable	460	41
	=====	=====

5. DEBTORS

	<u>2002</u> £	<u>2001</u> £
Amounts owed by group undertakings	310,330	301,606
	310,330 =====	301,606 =====

6. CREDITORS: amounts falling due within one year

	<u>2002</u> £	<u>2001</u> £
Other creditors and accruals	10,263	10,263
	=====	=====

7. CALLED UP SHARE CAPITAL

	<u>2002</u> £	<u>2001</u> £
Authorised:		
10,000 ordinary shares of £1 each	10,000	10,000
	=====	=====
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
	=====	=====
All share capital is equity share capital.		

BLUE STAR SHIP MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002

8. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2002	298,607
Profit for the financial year	460
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At 31 December 2002	299,067
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9. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>2002</u>	<u>2001</u>
	£	£
Equity shareholders' funds at 1 January	299,607	295,524
Profit for the financial year	460	4,083
	<hr/>	<hr/>
Equity shareholders' funds at 31 December	300,067	299,607
	<hr/> <hr/>	<hr/> <hr/>

10. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The immediate parent undertaking is Blue Star Line Limited. The ultimate parent company throughout the year was P&O Nedlloyd Container Line Limited, incorporated in United Kingdom. The consolidated financial statements of P&O Nedlloyd Container Line Limited, within which this company is included, can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.