

Auckland Shipping Limited

Report and Financial Statements

31 January 2010



Contents

	Page
Directors' report	3
Statement of directors' responsibilities	4
Independent auditor's report	5
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to financial statements	8

Auckland Shipping Limited

Registered No 04046314

Director

Alan Bekhor

Secretary

Harsh Chikhlia

Auditors

Ernst & Young LLP
Registered Auditors
1 More London Place
London
SE1 2AF

Registered Office

11 Manchester Square
London
W1U 3PW

Director's report

The director presents his report and the audited financial statements of the Company for the year ended 31 January 2010. The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime as set out in the Companies Act 2006. All amounts are shown in U S dollars, unless otherwise stated.

Results and dividends

The Company made a profit on ordinary activities before taxation of \$22,099 for the year (2009 \$23,494,824).

The directors approved an interim dividend of \$200,000 during the year but do not recommend the payment of a final dividend (2009 \$Nil).

Principal activities and review of the business

The principal activity of the Company during the year was an investment holding company.

Existing investments in unlisted companies were added to during the year. Further investment opportunities are being sought.

Principal risks and uncertainties

The director has identified the need to manage the Company's material financial risks, including foreign exchange, liquidity and credit risks. These risks are monitored by the director on a continuous basis.

Going Concern

The directors confirm, after making appropriate enquiries, they have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors of the company

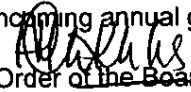
Mr Alan Bekhor served as a director throughout the year.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming annual general meeting.


By Order of the Board
H CHIKHLIA
Secretary
Date 28 October 2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 are also responsible for safeguarding the assets of the Company and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Auckland Shipping Limited

We have audited the financial statements of Auckland Shipping Limited for the year ended 31 January 2010 which comprise the Profit and Loss account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the financial reporting standard for smaller entities (United Kingdom Generally Accepted Accounting Policies applicable to Smaller Entities).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on the 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 January 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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, or
- the directors were not entitled to prepare the financial statements and the director's report in accordance with the small companies regime.



David Wilkinson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 29 October 2010

Profit and loss account
for the year ended 31 January 2010

	<i>Note</i>	<i>2010</i> \$	<i>2009</i> \$
Turnover	1(b)	-	9,257,035
Cost of sales		-	(4,893,903)
Gross profit		-	4,363,132
Administrative expenses		335,509	(1,162,275)
Operating profit	2	335,509	3,200,857
Profit on disposal of tangible fixed asset		-	20,283,538
Profit on ordinary activities before interest and taxation		335,509	23,484,395
Interest receivable		28,880	10,429
Profit on ordinary activities before taxation		364,389	23,494,824
Taxation on profit on ordinary activities	4	(102,029)	(4,337)
Profit on ordinary activities after taxation	10,11	262,360	23,490,487

The Company discontinued its shipping activities in the prior year and now holds an investment

Statement of total recognised gains and losses for the year ended 31 January 2010.

There are no recognised gains and losses other than those shown in the profit and loss account above

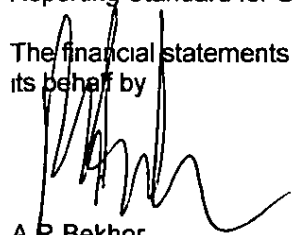
Balance sheet

at 31 January 2010

	Note	2010 \$	2009 \$
Fixed assets			
Investments	5	6,200,000	4,200,000
Current assets			
Debtors	6	6,065,216	25,593,164
Cash at bank and in hand	7	2,076,505	1,386,886
		8,141,721	26,980,050
Creditors , amounts falling due within one year	8	(971,029)	(17,871,718)
Net current assets		7,170,692	9,108,332
Net assets		13,370,692	13,308,332
Capital and reserves			
Called up share capital	9	6,484,201	6,484,201
Profit and loss account	10	6,886,491	6,824,131
Shareholders' funds	11	13,370,692	13,308,332

The financial statements have been prepared in accordance with the special provisions under section 415(A) of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities

The financial statements were approved by the Board on 28 October 2010 and signed on its behalf by



A R Bekhor
Director

Notes to financial statements

at 31 January 2010

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements are stated in US Dollars, being the functional and presentational currency of the Company.

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime as set out in the Companies Act 2006.

The directors confirm, after making appropriate enquiries, they have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

(b) Turnover

During the prior year the Company was a vessel owner and operator to which period this policy applied.

Revenues are recorded when services are rendered, the Company has a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. The Company primarily generates revenues from the transportation of cargo and the time charter of vessels. Estimated losses on voyages are provided for in full at the time such losses become evident.

Deferred voyage or charter revenues relate to amounts received prior to being earned. These amounts are recognised as revenues over the related voyage or charter period and include both amounts received from charterers and compensation for acquiring a vessel with an existing charter at below market rate.

Where the Company employs its vessels on time charters, for which it receives a fixed hire per day, the hire income is recognised on an accruals basis in line with the provision of the vessel to the charterer. Due allowance is made for off-hire when the vessel is unavailable to the charterer.

(c) Investments

Investments are accounted for at the lower of cost or net realisable value.

The investments are subject of an impairment review at the balance sheet date.

(d) Foreign currencies

Transactions in foreign currencies are converted into US Dollars at the rates ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are converted into US Dollars at the rate of exchange ruling at the balance sheet date. All exchange differences have been dealt with in the profit and loss account.

Notes to financial statements

at 31 January 2010

1. Accounting policies (continued)

(e) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Operating profit

Operating profit is stated after charging	2010 \$	2009 \$
Depreciation of tangible fixed assets	-	507,486
Auditor's remuneration – Audit Service	8,000	10,000
Release of accruals not required *	(350,290)	-
Realised losses on derivatives	-	3,364,656

* Certain accruals relating to the former shipping business are no longer required and were therefore released during the year.

3. Directors and staff costs

The directors received no remuneration in respect of their services as directors of the Company during the year (2009 Nil).

Staff costs during the year were as follows

	2010 \$	2009 \$
Wages and salaries	-	383,939

There are no social security costs. The average monthly number of employees during the year was nil (2009 12), all employed in an operations capacity.

Notes to financial statements

at 31 January 2010

4. Taxation on profit on ordinary activities

During the year ended 31 January 2009, until its vessel was sold, the Company operated within the U K tonnage tax regime under which its vessel owning and operating activities were taxed based on the net tonnage of the vessel. Any income and profits outside the tonnage tax regime are taxed under the normal U K corporation tax rules.

	2010 \$	2009 \$
UK corporation tax	102,029	4,337
Adjustments in respect of prior periods	-	-
Total tax charge	102,029	4,337

Factors affecting the taxation charge for the year

	2010 \$	2009 \$
Profit on ordinary activities before tax	364,389	23,494,824
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	102,029	6,578,551
Loss attributable to tonnage tax	-	(6,574,214)
Current tax charge	102,029	4,337

5. Investments

Shares in unlisted companies

	2010 \$	2009 \$
Cost		
At 1 February	4,200,000	4,200,000
Additions	2,000,000	-
At 31 January	6,200,000	4,200,000

The Company holds 405,131 B ordinary shares of US\$ 0.0001 each in the capital of Britmar (UK) Limited, a company registered in England. This holding represents 1.5% of the issued share capital of Britmar (UK) Limited.

Notes to financial statements

at 31 January 2010

5. Investments (continued)

On 2 September 2009, the Company agreed with Mr Malhotra to purchase of 2,245,318 B ordinary shares of US\$ 0.0001 each in the capital of Britmar (Asia) Pte Limited for the initial purchase consideration of \$2,000,000. It was agreed that further consideration may become payable at the sole discretion of the Company. The amount of any further consideration has not yet been determined. This holding represents 9% of the issued share capital of Britmar (Asia) Pte Limited.

6. Debtors

	2010 \$	2009 \$
Amount owed by related undertakings (Note 13)	6,065,216	25,593,164

7. Cash and short-term deposits

	2010 \$	2009 \$
Cash at bank	2,076,505	1,386,886

8. Creditors: amounts falling due within one year

	2010 \$	2009 \$
Trade creditors	-	209,846
Amount owed to related undertakings (Note 13)	661,000	17,394,342
Corporation tax	102,029	-
Accruals and other creditors	208,000	267,530
	971,029	17,871,718

Notes to financial statements

at 31 January 2010

9. Issued share capital

Allotted, called-up and fully paid	2010 \$	2009 \$
4,410,393 ordinary 'A' shares of £1 each	6,483,760	6,483,760
4,410,393 ordinary 'B' shares of \$0 0001 each	441	441
	<u>6,484,201</u>	<u>6,484,201</u>

There are no differences between the rights attaching to the classes of share capital

10. Profit and loss account

	2010 \$	2009 \$
At 1 February	6,824,131	(16,666,356)
Profit for the year	262,360	23,490,487
Interim dividend paid	(200,000)	-
At 31 January	<u>6,886,491</u>	<u>6,824,131</u>

11. Movement in shareholder's funds

	2010 \$	2009 \$
At 1 February	13,308,332	(10,182,155)
Profit for the year	262,360	23,490,487
Interim dividend paid	(200,000)	-
At 31 January	<u>13,370,692</u>	<u>13,308,332</u>

Notes to financial statements

at 31 January 2010

12. Provision for liabilities

	2010 \$	2009 \$
At 1 February	-	11,635,000
Utilised during the year	-	(11,635,000)
At 31 January	-	-

The Company used derivatives in prior years and at 31 January 2008 the unrealised losses of \$11,635,000 were fully provided for. The provision was fully utilised during the course of the year ended 31 January 2009. The Company no longer uses derivatives.

13. Related party transactions

Related parties comprise the principal direct and indirect owner of the Company and companies controlled by him.

On 2 September 2009, Auckland Shipping Limited acquired 2,245,318 Ordinary B shares in Britmar (Asia) from Mr Sunil Malhotra representing 16.5% of the Ordinary B shares and 9.0% of the total share capital, being its only holding in the Company (Note 5). The \$2,000,000 consideration was paid on behalf of Auckland Shipping Limited by Britmar (UK) Limited but has subsequently been repaid by Auckland Shipping Limited to Britmar (UK) Limited.

At 31 January 2010 the Company was due \$6,065,218 from Britmar (UK) Limited, a related party, which had assumed by agreement all amounts due to or from other related parties. This balance relates to the amount outstanding from the original sale of the Company's vessel.

The prior year related party debtor balance of \$25.6m relates to the outstanding payment due from Britmar (Asia) Pte Limited to the Company in respect of the sale of its vessel. The prior year related party creditor balance of \$17.4m relates to certain other payments made on behalf of the Company by Britmar (UK) Limited in the normal course of business.

The creditor balance of \$661,000 relates to funds paid by Ocean Bulk Carriers Limited ("OBC") on behalf of Auckland Shipping Limited, in respect of a dispute which has now been settled. As part of a group reorganisation, OBC's business was taken over by British Marine plc ("BMplc") and any amounts due to or from OBC were assumed by BMplc. During the year ended 31 January 2010, Britmar (UK) Limited assumed all related party balances on behalf of the British Marine plc group. At 31 January 2010 the balance of \$661,000 due from Auckland Shipping Limited to OBC was included in the balance between Britmar (UK) Limited and Auckland Shipping Limited.

An interim dividend of \$200,000 was approved but was unpaid at the year end (2009: \$Nil).

14. Ultimate controlling party

Mr Alan Bekhor is the ultimate controlling party of the Company.