

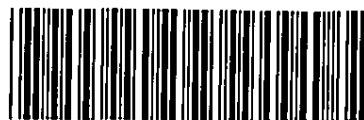
Maersk FPSOS UK Limited

**Directors' report and financial
statements**

Registered number 7211722

31 December 2011

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Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2011

Principal activity

The principal activity of the Company is to operate a floating production storage and offloading facility (FPSO')

Business review

The Company has been engaged in the management and operation of the FPSO *Maersk Curlew* and associated subsea facilities on behalf of Shell for the full year of 2011. The comparative period reported on is the nine months ended 31 December 2010. The Company started to trade on 1 July 2011.

The Company achieved an operating loss for the year to 31 December 2011 of \$4.0m (2010: \$8.8m profit before exceptional operating income of \$22.1m).

Exceptional other operating income in the prior period of \$22.1m arose as a result of adjustments receivable by the Company to bareboat charter rates relating to the Curlew FPSO (Note 2).

The operating loss for the year includes exchange losses of \$5.4m (2010: exchange gain \$4.2m).

Proposed dividend

No dividends were paid in the year (2010: £nil). The directors do not recommend the payment of a final dividend (2010: £nil).

Principal risks and uncertainties

Customers the Company is reliant on one principal long term contractual arrangement for its revenues and profits which periodically is subject to renegotiation and extension. The Company's current contractual arrangement extends to 2017.

Environmental the Company places considerable emphasis upon environmental compliance and seeks to ensure ongoing compliance with relevant legislation and strives to ensure that environmental best practice is incorporated into its key processes.

Production production downtime or interruption can significantly impact income.

Key performance indicators

Health and safety operations for the year were performed in a very safe manner with incidents during the year being confined to minor events.

Productivity uptime the unit operated at an acceptable uptime during the year that was within expectations.

Environmental there were no environmental issues during the year.

Directors

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

M Sorensen Henriksen
S J Hoffmeyer
D McLean
T R Sanders (appointed 1 October 2011)

The following directors also served during the period:

R J Watkins (resigned 4 January 2011)

Directors' report (continued)

Political and charitable donations

The Company made no political or charitable donations during the year (2010 \$nil)

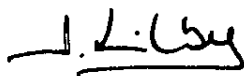
Disclosure of information to auditor

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 auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

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

By order of the board



John Kilby
Secretary

Maersk House
Braham Street
London
E1 8EP

24th SEPTEMBER 2012

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper 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 its 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



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Maersk FPSOS UK Limited

We have audited the financial statements of Maersk FPSOS UK Limited for the year ended 31 December 2011 set out in pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor

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, and express an opinion on, 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 the audit of the financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private/cfm.

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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 period 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.

David Derbyshire
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

27 September 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
Turnover		55,370	26 696
Operating costs		(49,682)	(17,170)
Gross profit		5,688	9,526
Administrative expenses		(9,701)	(4 897)
Other operating income	2	-	26 297
Operating (loss) profit		(4,013)	30,926
Interest receivable and similar income	4	372	132
Interest payable and similar charges	5	(16)	(4)
(Loss) profit on ordinary activities before taxation	2-3	(3,657)	31 054
Tax on (loss) profit on ordinary activities	6	1,804	(8 691)
(Loss) profit for the financial year	13	(1,853)	22 363

Turnover and operating (loss) / profit arises wholly from continuing activities

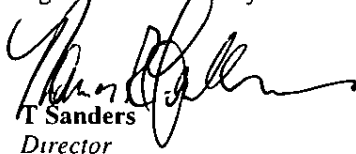
There were no recognised gains or losses in either the current year or prior period other than the profit for the financial year/period

Other operating income in the prior period includes an exceptional gain of £22,138,000. Further details are in Note 2

Balance sheet
at 31 December 2011

	<i>Note</i>	2011	2010
		\$000	\$000
Fixed assets			
Tangible assets	7	422	533
Current assets			
Debtors	8	205,045	88,492
Cash at bank and in hand		2	37,434
		<u>205,047</u>	<u>125,926</u>
Creditors amounts falling due within one year	10	(184,959)	(104,089)
		<u>20,088</u>	<u>21,837</u>
Net current assets		20,088	21,837
Total assets less current liabilities		<u>20,510</u>	<u>22,370</u>
Provisions for liabilities	11	-	(7)
Net assets		<u>20,510</u>	<u>22,363</u>
Capital and reserves			
Called up share capital	12	1,558	-
Profit and loss account	13	18,952	22,363
		<u>20,510</u>	<u>22,363</u>
Shareholders' funds	14	<u>20,510</u>	<u>22,363</u>

These financial statements were approved by the board of directors on Monday 24th September 2012 and were signed on its behalf by


T Sanders
Director

Notes

(forming part of the financial statements)

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

Based on the Company's projections, and taking account of reasonably possible changes in trading performance and contractual agreements, the directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months after the date of approval of these financial statements. Accordingly, the directors have adopted the going concern basis in preparing the financial statements.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of A P Møller - Mærsk A/S, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group headed by A P Møller - Mærsk A/S.

Turnover

Turnover represents the amount receivable in respect of day rate and tariff from vessel operations and management and is recognised on an accruals basis on delivery of the related goods and services.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is provided by the Company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives from the date of being brought into use, as follows:

Leasehold improvements and fittings - 5 years

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

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 results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 (Loss) profit on ordinary activities before taxation

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
<i>(Loss) profit on ordinary activities before taxation is stated after charging / (crediting)</i>		
<i>Auditors remuneration</i>		
Audit of these financial statements	36	47
Depreciation	111	-
Net loss / (gain) on foreign exchange transactions	5,442	(4 159)
Operating leases – bareboat charter	9,954	637
	<u>9,954</u>	<u>637</u>

2010 other operating income comprises the net gain on foreign exchange transactions above together with an exceptional amount of \$22,138,000 receivable by the Company relating to adjustments to bareboat charter hire costs for the period 2005 to 2010. A tax charge of 28% has been recorded on this income.

3 Employees and directors

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2011 Number	1 April 2010 to 31 December 2010 Number
Operations	29	34
Administration	22	15
	<u>51</u>	<u>49</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
Wages and salaries	1,344	1 253
Social security costs	713	225
Other pension costs	495	216
	<u>2,552</u>	<u>1 694</u>

The remuneration paid to Directors was as follows:

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
Directors' emoluments	27	121
Company contributions to money purchase pension schemes	9	5
	<u>36</u>	<u>126</u>

1 Director (2010: 1) is accruing benefits under the defined contribution pension schemes.

Notes (continued)

4 Interest receivable and similar income

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
Interest receivable on cash at bank	311	132
Interest on VAT overpaid	61	-
	<u>372</u>	<u>132</u>

5 Interest payable and similar charges

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
Bank charges	15	4
Interest payable on cash at bank	1	-
	<u>16</u>	<u>4</u>

6 Taxation

Analysis of (credit)/charge in the year / period

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
<i>Current tax</i>		
Current tax on income for the year / period	(9)	8,684
Adjustments in respect of the prior period	(833)	-
	<u>(842)</u>	<u>8 684</u>
<i>Deferred tax</i>		
Origination of timing differences	(943)	7
Effect of change in tax rates	53	-
Adjustments in respect of the prior period	(72)	-
	<u>(962)</u>	<u>7</u>
Total deferred tax		
	<u>(1,804)</u>	<u>8,691</u>
Tax on (loss)/profit on ordinary activities		

Notes (continued)

6 Taxation (continued)

Factors affecting the tax (credit) / charge for the current period

The current tax (credit) / charge for the year/period is lower than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below

	Year ended 31 December 2011 \$000	1 April 2010 to 31 December 2010 \$000
<i>Current tax reconciliation</i>		
(Loss) profit on ordinary activities before taxation	(3,657)	31,054
Current tax at 26.5% (2010: 28%)	(969)	8,695
<i>Effects of</i>		
Non-deductible expenses / (income)	15	(4)
Overseas taxes suffered	2	-
Timing differences - losses carried forward	934	-
Timing differences - fixed assets	9	(7)
Adjustment in respect prior periods	(833)	-
	<u>(842)</u>	<u>8,684</u>

Factors affecting the future tax charge

On 23 March 2011 the UK Chancellor of the Exchequer announced a number of corporate reforms effective from 1 April 2011. This included the reduction in mainstream rate of UK corporation tax from 28% to 26% and ultimately to 23% over a period of 4 years. On the 19 July 2011, the rate of 25% was substantively enacted. This reduction is reflected in the calculation of deferred tax balances. Subsequently, the Chancellor has made an announcement on 21 March 2012, to further reduce the rate of corporation tax to 24% from 1 April 2012 and ultimately to 22% by April 2014.

The full impact of the rate changes from 25% - 22% has yet to be ascertained but it is likely that the company will have a lower UK effective tax rate on the future taxable profits.

Notes (continued)

7 Tangible fixed assets

	Land and buildings \$000
<i>Cost</i>	
At beginning and end of year	533
<i>Depreciation</i>	
At beginning of year	-
Charge for the year	111
At end of year	111
<i>Net book value</i>	
At 31 December 2011	422
At 31 December 2010	533

8 Debtors

	2011 \$000	2010 \$000
Trade debtors	1,059	5 808
Amounts due from group undertakings	197,920	74 685
Other debtors	2,003	7,322
Deferred tax asset (see note 9)	955	-
Prepayments and accrued income	3,108	677
	205,045	88,492

9 Deferred tax

	\$000
Deferred tax liability	
At beginning of year	(7)
Credit to profit and loss for the year	962
At end of year	955

The elements of deferred taxation are as follows

	2011 \$000	2010 \$000
Difference between accumulated depreciation and capital allowances	49	-
Tax loss carried forward	906	-
Other timing differences	-	(7)
	955	(7)

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities

Notes (continued)

10 Creditors' amounts falling due within one year

	2011 \$000	2010 \$000
Trade creditors	4,915	4,005
Amounts due to group undertakings	167,378	84,863
Corporation tax payable	6,522	7,355
Accruals and deferred income	6,144	7,866
	<u>184,959</u>	<u>104,089</u>

11 Provisions

	2011 \$000	2010 \$000
<i>Deferred tax liabilities</i>		
At beginning of year/period	7	-
(Credit) charge to the profit and loss account (note 9)	(7)	7
	<u>-</u>	<u>7</u>
At end of year/period	-	7

12 Called up share capital

	2011 \$	2010 \$
<i>Authorised, allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	-	2
1 million Ordinary shares of £1 each	<u>1,558,000</u>	<u>-</u>

During 2011, a capitalisation of the profit and loss reserve was authorised to increase the authorised share capital from £1 to £1,000,000 divided into 1 million ordinary shares of £1 each

13 Reserves

	Profit and loss account \$000
At beginning of the year	22,363
Loss for the financial year	(1,853)
Share capitalisation (note 12)	(1,558)
	<u>18,952</u>
At end of year	<u>18,952</u>

Notes *(continued)*

14 Reconciliation of movements in shareholders' funds

	2011	2010
	\$000	\$000
Loss for the financial year	(1,853)	22,363
Opening shareholders' funds	22,363	-
	<hr/>	<hr/>
	20,510	22,363
	<hr/>	<hr/>

15 Commitments

The company had no capital commitments at the end of the current financial year or prior financial period

16 Ultimate controlling party

The Company is a subsidiary undertaking of Maersk FPSOs A/S which is the immediate parent company incorporated in Denmark. This is by virtue of its 100% holding of the issued share capital of the company.

Maersk FPSOs A/S's immediate holding company is A P Møller Maersk A/S, a company incorporated in Denmark. A P Møller Maersk A/S is a member of the A P Møller - Maersk Group which is listed in Denmark.