

6012453

**MOORE STEPHENS**  
CHARTERED ACCOUNTANTS

St Paul's House  
Warwick Lane  
London  
EC4M 7BP

Your Reference:

Our Reference: 126/47/39905

Tel: +44 (0)20 7334 9191

Fax: +44 (0)20 7248 3408

DX: 15 London/Chancery Lane

www.moorestephens.co.uk

31 July 2009

The Registrar  
Companies House  
DX 33050  
Cardiff 1

Dear Sir

**BR SHIPS LIMITED ("THE COMPANY")**

We resigned as auditors of the Company on 13 May 2009. On that date we deposited at the Company's registered office the enclosed statement under section 519 of the Companies Act 2006. This letter is being sent to you now following discontinuance of the Company's application under section 520 of the Companies Act 2006.

As the enclosed statement makes clear, our resignation arose out of an issue in relation to the audit of Auckland Shipping Limited ("Auckland"), a company outside the British Marine Plc group of companies. On page 2 of the statement we refer to a copy of a note presented to us by Mr Paul Gregory, who was not a director of Auckland and who we understand has subsequently resigned his directorships of companies in the British Marine Plc group of companies. We confirm that we have no evidence that anyone other than Mr Gregory was aware of the note at the time it was sent to us. Mr Bekhor subsequently confirmed to us that the note accurately records the arrangement at the end of January 2008.

Yours faithfully

*Moore Stephens LLP*

Moore Stephens LLP

TUESDAY



\*AJ37JC42\*

A16

04/08/2009

263

COMPANIES HOUSE

Your Reference:

Our Reference: 126/47/39905

St Paul's House  
Warwick Lane  
London  
EC4M 7BP

13 May 2009

Tel: +44 (0)20 7334 9191

Fax: +44 (0)20 7248 3408

DX: 15 London/Chancery Lane

www.moorestephens.co.uk

The Directors  
BR Ships Limited  
11 Manchester Square  
London  
W1U 3PW

Dear Sirs

**BR SHIPS LIMITED ("THE COMPANY")**

We will deposit today at the Company's registered office our notice of resignation as auditors of the company as well as the Company's ultimate parent company ("Britmar UK").

As required by section 519 of the Companies Act 2006 this letter constitutes a statement of circumstances connected with our resignation which we consider should be brought to the attention of members or creditors of the Company.

An issue has arisen as to the proper accounting treatment of a transaction involving two of the directors of the Britmar UK, Mr Alan Bekhor and Mr Sunil Malhotra. The issue concerns the date of a variation of the terms of an Agreement and Deed both dated 8 October 2007. By the Agreement, Auckland Shipping Limited (a company owned by Mr Bekhor) purchased shares in Britmar UK and in Britmar Limited owned by Mr Malhotra. The consideration for the purchase was an immediate cash payment of US\$4,200,000 and a payment of US\$3,000,000 deferred until 31 July 2008.

By the Deed, which recited Mr Malhotra's agreement to transfer the shares and was expressed to be conditional upon completion of those transfers, the parties as the sole shareholders of Britmar UK agreed (i) that the remaining B shares of Britmar UK owned by Mr Malhotra should be redesignated as C shares carrying rights to preferred dividends as specified in the Deed, but subject to the proviso that no dividend should accrue on the C shares until and then only to the extent that Britmar UK should, in all financial periods commencing on or after 1 February 2008, receive dividends from British Marine plc in excess of US\$40,000,000 and (ii) that the Articles of Association of Britmar UK be amended accordingly.

On 9 May 2008 Britmar UK passed special resolutions and adopted new Articles of Association giving effect to that agreement. This was disclosed as a subsequent event in the financial statements of Britmar UK for the year ended 31 January 2008, which were approved by the directors on 27 February 2009.

The deferred consideration of US\$3,000,000 for the purchase of shares was not paid on 31 July 2008 and has not been paid subsequently.

We acted as auditors of Auckland Shipping Limited. In January 2009 Mr Paul Gregory, a director of Britmar UK who also acts in relation to the financial statements of Auckland Shipping Limited, produced to us copies of the Agreement and the Deed. On 10 February 2009 Mr Gregory informed us that the deferred consideration remained outstanding.

In discussions with Mr Gregory and Mr Bekhor between 16 and 20 April 2009 we were told that the Agreement had been varied, that the deferred consideration would not be paid and that Mr Malhotra would receive dividends from Britmar UK without the restrictions agreed in the Deed.

We advised the directors of Auckland Shipping Limited that the proper treatment in its financial statements to 31 January 2008 would be to record the consideration reflected in the Agreement as at the balance sheet date, that

13 May 2009

is \$7,200,000, with a creditor of US\$3,000,000. The subsequent variation in the terms of the Agreement would be disclosed in the financial statements as a non-adjusting subsequent event. The directors did not wish the transaction to be recorded in that manner but we advised that the consideration could not be recorded as the new lower consideration of \$4,200,000 because that consideration was agreed after 31 January 2008.

On 24 April 2009 Mr Gregory on behalf of Auckland Shipping Limited provided a copy of a note apparently recording a meeting between Mr Bekhor and Mr Malhotra at which Mr Gregory was also present. The note, which was dated 17 January 2008, records that the meeting took place on that date, that is before the balance sheet date, and that it had then been agreed that the price to be paid by Auckland Shipping Limited was US\$4,200,000, that the deferred consideration was cancelled and that Mr Malhotra was to be paid all future dividends paid by British Marine plc relating to his shareholding in Britmar UK. The note stated that that agreement superseded all previous agreements relating to the sale of Mr Malhotra's shares to Auckland Shipping Limited.

An agreement in those terms on that date is inconsistent with our understanding of events and the changes to the Articles of Association of Britmar UK on 9 May 2008. In all the circumstances we consider that the professional relationship between us and the Company has irretrievably broken down and that we cannot continue to act as the Company's auditors.

Yours faithfully

A handwritten signature in black ink that reads "Moore Stephens LLP". The signature is written in a cursive, flowing style.

Moore Stephens LLP