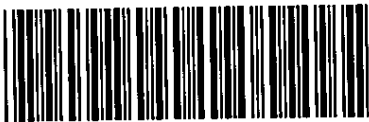


Company Number: 06012453

BR SHIPS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 JANUARY 2009

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BR SHIPS LIMITED

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BR SHIPS LIMITED

Directors

A.R. Bekhor
S. Malhotra

Company Secretary and Registered Office

H. Chikhlia
11 Manchester Square, London W1U 3PW

Auditors

Ernst & Young LLP
1 More London Place, London SE1 2AF

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 January 2009.

Results and dividend

The profit before taxation for the financial year amounted to U.S.\$10,858,943 (2008 U.S \$8,406,317).

The directors do not recommend the payment of a dividend for the year (2008: Nil).

Review of Activities and Business Review

The principal activity of the Company is that of a vessel owner and operator.

The Company was incorporated on 28 November 2006 and on 3 May 2007 took delivery of the vessel MV Britannia and started trading from that date accordingly the comparatives included in these financial statements do not represent a full year of trading.

The year started strongly supported by good demand. However, the market collapsed in the final quarter of the financial year. The worldwide recession led to reduced demand and over supply of vessels. The Baltic index average rate per day for Supermax vessels fell from U.S. \$53,500 in the first quarter of the year to U.S. \$13,000 in the last quarter.

The Company considers that its Key Performance Indicators are turnover and profit. In the year turnover was \$17.1m (2008: \$19.5m) and the profit before tax was \$10.9m (2008: \$8.4m). The increase was due mainly to much improved hire rates being achieved.

The Company is confident that it can weather the current very difficult trading conditions. The Company should remain profitable but at a lower level than previously.

Directors

Mr Alan Bekhor and Mr Sunil Malhotra served as directors throughout the year.

Financial Risk Management

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

The Company seeks to limit counter-party risk by conducting most of its banking activities through the treasury function of the parent company.

BR SHIPS LIMITED

Report of the Directors (continued)

Foreign Exchange Risk

The Company's activities are principally conducted in U.S. dollars. Almost all of revenues and approximately 90% of costs are in U.S. dollars, with the remainder of costs denominated in India rupees, pound sterling and several other currencies. Overall exposure is kept under constant review and the Company will participate in currency hedging where considered appropriate.

Liquidity Risk

The Company finances its operations principally through retained profits and loans from its bankers and related parties. Liquidity risk is the risk that the Company will encounter difficulties in meeting its loan obligations from its related parties. The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to be able to finance its operations for the foreseeable future.

Credit Risk

No material exposure is considered to exist in respect of trade and other receivables. The Company carefully reviews all new customers before accepting new business and may require performance guarantees or other forms of security.

Cost base variation risk

The Company hedges through the parent company (previously directly) against variations in the cost of chartered in shipping which represents a significant portion of its cost base by the use of Forward Freight Affreightment contracts. (note 3).

Directors' Declaration

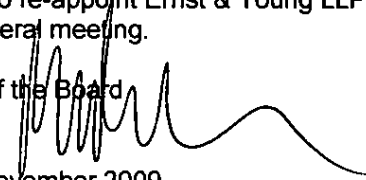
Each of the persons who are directors at the time when this report is approved has confirmed that:

- (a) so far as each directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) each directors has taken all the steps that ought to have been taken as a directors, including making appropriate enquiries of fellow directors and the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Auditors

Moore Stephens LLP resigned on 13 May 2009 Ernst & Young LLP were appointed in their place. 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
A. Bekhor
Director
Date: 09 November 2009



BR SHIPS LIMITED

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 period. 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 judgments 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; 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 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 are also responsible for safeguarding the assets of 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 BR Ships Limited

We have audited the company's financial statements for the year ended 31 January 2009 which comprise the Profit and Loss Account, the Statement of total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditor's report to the members of BR Ships Limited
(continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the director's report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London

Date: 10 November 2009

BR SHIPS LIMITED

Profit and Loss Account

For the year ended 31 January 2009

	<i>Note</i>	<i>Year ended 31 Jan 2009 U.S.\$</i>	<i>28 Nov 2006 to 31 Jan 2008 U.S\$</i>
Turnover	2(b)	17,136,360	19,478,117
Cost of sales		<u>(5,816,137)</u>	<u>(11,048,014)</u>
Gross profit		11,320,223	8,430,103
Administrative expenses		<u>(461,344)</u>	<u>(374,744)</u>
Operating profit	3	10,858,879	8,055,359
Interest receivable and similar income	5	<u>64</u>	<u>350,958</u>
Profit on ordinary activities before taxation		10,858,943	8,406,317
Taxation on profit on ordinary activities	6	<u>71,591</u>	<u>(120,000)</u>
Profit on ordinary activities	12,13	<u>10,930,534</u>	<u>8,286,317</u>

All activities are continuing activities.

Statement of Consolidated Total Recognised Gains and Losses for the year ended 31 January 2009.

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

BR SHIPS LIMITED

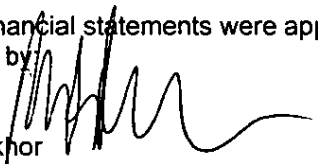
Balance Sheet

At 31 January 2009

	<u>Note</u>	<u>31 Jan 2009</u> U.S.\$	<u>31 Jan 2008</u> U.S.\$
Assets			
Fixed assets			
Tangible assets	7	<u>12,972,901</u>	<u>13,696,717</u>
Current assets			
Stock	8	87,680	544,481
Debtors	9	<u>7,457,374</u>	<u>16,418,434</u>
		7,545,054	16,962,915
Creditors: amounts falling due within one year	10	<u>(1,299,198)</u>	<u>(22,371,409)</u>
Net current assets / (liabilities)		<u>6,245,856</u>	<u>(5,408,494)</u>
Net assets		<u>19,218,757</u>	<u>8,288,223</u>
Capital and reserves			
Called up share capital	11	1,906	1,906
Profit and loss account	12	<u>19,216,851</u>	<u>8,286,317</u>
Total equity	13	<u>19,218,757</u>	<u>8,288,223</u>

The financial statements were approved by the Board on 09 November 2009 and signed on its behalf by

A. Bekhor
Director



BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes

1. Background and trading activities

BR Ships Limited was incorporated in the United Kingdom on 28 November 2006 and commenced trading on 3 May 2007 when the Company took delivery of the MV Britannia.

The vessel was employed on time and voyage charters throughout the year.

2. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared in 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 currency of the Company.

(b) Turnover

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 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.

The Company employs its vessel 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 off hire when the vessel is unavailable for to the charter.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided to write off the cost of the vessel, after allowing for an estimated residual value, over its estimated useful life of 25 years from date of construction. The carrying values of tangible fixed assets are reviewed for impairments when events or changes in circumstances indicate the carrying value will not be recoverable.

(d) Drydocking costs

Ships are subject to major service (drydock) typically every 30 months. Drydocking costs are capitalised and written off to the profit and loss account on a straight line basis over the estimated period to the next drydock.

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

2. Principal accounting policies (cont)

(e) Stock

Stock is stated at the lower of cost and net realisable value on a first in first out basis. Stocks consist of bunkers, being fuel for the ships, stock under bond and food provision.

(f) Foreign currencies

Transactions in foreign currencies are converted into U.S. Dollars at the rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into U.S. 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.

(g) Derivatives – forward freight agreements (FFA)

Different types of derivatives to hedge specific aspects of the business are entered into by the Company directly or through the parent company. Forward freight agreements (FFA) are used to hedge shipping costs, bunker, contracts are used to hedge vessel fuel costs, interest rate swaps to hedge interest fluctuations on borrowings, and foreign exchange contracts are used to hedge against fluctuations in foreign exchange rates.

Realised gains or losses on derivatives are recorded when the FFA contract settles and an actual difference arises between the contracted price and the settlement rate on the date that the contract settles. Gains and losses on derivatives are recognised in the profit and loss account when they are realised. Where an estimated loss is not anticipated to be offset by future profits on the underlying transaction, the unrealised loss is treated as an onerous contract and provision for the loss is made at the time such loss becomes evident.

(h) Cash flow statement

Under FRS 1 (Revised) the Company is exempt from the requirement to prepare a Statement of Cash Flows on the grounds that the ultimate Parent undertaking includes the Company in its own publicly reported Consolidated Financial Statements.

(i) Related parties

The group claims exemption under FRS8 in respect of transactions with wholly owned subsidiaries of the Britmar (UK) Limited group on the grounds that the group prepares consolidated financial statements which are available to the public.

(j) Segment reporting

The Company's owned and chartered-in vessels move between countries in international waters and as a result disclosure of geographic information is impractical.

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

3. Operating profit

	<u>Year ended</u> <u>31 Jan 2009</u> U.S.\$	<u>28 Nov 2006</u> <u>to 31 Jan 2008</u> U.S.\$
The operating profit is stated after charging/ (crediting):		
Depreciation of tangible fixed assets held under finance leases	735,266	878,807
Auditors' remuneration – Audit services	-	7,988
Realised losses on derivatives	-	5,718,190
Foreign exchange losses	2,984	2,819
	<hr/>	<hr/>

Auditors' remuneration is charged on a group basis in accounts of British Marine plc.

4. Directors and employees

The directors received no remuneration in respect of their services as directors of the Company during the year or in the prior period.

Staff costs during the year were as follows:

	<u>Year ended</u> <u>31 Jan 2009</u> U.S.\$	<u>28 Nov 2006</u> <u>to 31 Jan 2008</u> U.S.\$
Wages and salaries	414,891	395,298
	<hr/>	<hr/>

The average monthly number of employees during the years was 21 (2008 period:20) all employed in an operations capacity.

5. Interest receivable and similar income

	<u>Year ended</u> <u>31 Jan 2009</u> U.S.\$	<u>28 Nov 2006</u> <u>to 31 Jan 2008</u> U.S.\$
Bank interest receivable	64	350,958
	<hr/>	<hr/>

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

6. Taxation on profit on ordinary activities

The Company has entered the U.K. tonnage tax regime under which its ship owning and operating activities are taxed based on the net tonnage of vessels operated. Any income and profits outside the tonnage tax regime are taxed under the normal U.K. corporation tax rules.

	<i>Year ended</i> <i>31 Jan 2009</i>	<i>28 Nov 2006</i> <i>to 31 Jan 2008</i>
	<i>U.S.\$</i>	<i>U.S.\$</i>
UK corporation tax on profits of the year	10,803	120,000
Adjustments in respect of prior periods	(82,394)	-
Total tax (credit) / charge	(71,591)	120,000

The effective tax rate is lower than the standard rate of UK corporation tax of 28.32% (2008: 30%), the differences are explained below.

	<i>Year ended</i> <i>31 Jan 2009</i>	<i>28 Nov 2006</i> <i>to 31 Jan 2008</i>
	<i>U.S.\$</i>	<i>U.S.\$</i>
Factors affecting the taxation (credit) / charge for the year:		
Profit on ordinary activities before tax	10,858,943	8,406,317
Corporation tax charge at 28.32% (2008:30%)	3,075,253	2,521,895
Effect of:		
Profits assessed under tonnage tax	(3,064,450)	(2,401,895)
Adjustments in respect of prior periods	(82,394)	-
Current tax (credit) / charge for the year	(71,591)	120,000

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

7. Tangible fixed assets

	<u>Vessel</u> U.S.\$	<u>Drydocking</u> <u>Costs</u> U.S.\$	<u>Total</u> U.S.\$
Cost			
At 1 February 2008	18,705,313	319,437	19,024,750
Additions	-	11,450	11,450
At 31 January 2009	<u>18,705,313</u>	<u>330,887</u>	<u>19,036,200</u>
Depreciation			
At 1 February 2008	5,008,596	319,437	5,328,033
Charge for the year	735,266	-	735,266
At 31 January 2009	<u>5,743,862</u>	<u>319,437</u>	<u>6,063,299</u>
Net Book Value			
At 31 January 2009	<u>12,961,451</u>	<u>11,450</u>	<u>12,972,901</u>
At 31 January 2008	<u>13,696,717</u>	-	<u>13,696,717</u>

The ship was acquired from company that became a member of the group following a reorganisation.

8. Stock

	<u>31 Jan 2009</u> U.S.\$	<u>31 Jan 2008</u> U.S.\$
Stock consist of the following:		
Bunkers	-	451,248
Lubricating oil	79,120	84,474
Stock under bond	8,560	8,759
	<u>87,680</u>	<u>544,481</u>

9. Debtors

	<u>31 Jan 2009</u> U.S.\$	<u>31 Jan 2008</u> U.S.\$
Trade debtors	963,142	1,302,740
Amounts owed by group undertakings	1,001,932	6,942,848
Amounts owed by parent company	5,298,407	7,939,189
Corporation tax	48,885	-
Other debtors	5,026	35,805
Prepayments and accrued income	139,982	197,852
	<u>7,457,374</u>	<u>16,418,434</u>

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

10. Creditors: amounts falling due within one year

	<u>31 Jan 2009</u>	<u>31 Jan 2008</u>
	<i>U.S.\$</i>	<i>U.S.\$</i>
Trade creditors	889,204	1,149,508
Amounts owed to group companies	-	5,005,355
Amounts owed to parent company	-	15,495,805
Corporation Tax	-	120,000
Other Creditors	14,587	-
Accruals and deferred income	395,407	600,741
	1,299,198	22,371,409

11. Share Capital

	<u>31 Jan 2009</u>	<u>31 Jan 2008</u>
	<i>U.S.\$</i>	<i>U.S.\$</i>
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,906	1,906
<i>Ordinary shares issued and fully paid</i>		
1,000 ordinary shares of £1 each	1,906	1,906

12. Profit and loss account

	<u>31 Jan 2009</u>	<u>31 Jan 2008</u>
	<i>U.S.\$</i>	<i>U.S.\$</i>
At 1 February (2008: on incorporation)	8,286,317	-
Profit for the financial year	10,930,534	8,286,317
At 31 January	19,216,851	8,286,317

13. Movement in Shareholder's Funds

	<u>31 Jan 2009</u>	<u>31 Jan 2008</u>
	<i>U.S.\$</i>	<i>U.S.\$</i>
At 1 February (2008: on incorporation)	8,288,223	1,906
Profit for the financial year	10,930,534	8,286,317
At 31 January	19,218,757	8,288,223

BR SHIPS LIMITED

Financial Statements for the year ended 31 January 2009

Notes (continued)

14. Commitments and contingencies

In accordance with its policy to use derivatives to minimise exposure to freight movements, the Company enters into forward freight agreements directly or through a group Company.

Realised losses on completed forward freight agreements during the year ended 31 January 2009 relating to the Company amounted to U.S. \$NIL (2008: US \$5,718,190). Unrealised losses on outstanding forward freight agreements at 31 January 2009 amounted to U.S. \$NIL (2008: U.S. \$ 384,483). Due to revised contractual arrangements any realised losses during the year were booked in the parent company, British Marine plc.

The Company, in the normal course of business, has entered into contracts to time charter in and to time charter out vessels for future periods, as well as COAs and voyage commitments.

The Company is party to a cross guarantee arrangement with one of its bankers which includes facilities made available to its parent Company, fellow subsidiaries and to related undertakings owned by Mr A Bekhor.

At 31 January 2009 there was a group loan facility provided by DSB to the parent company, British Marine plc, for U.S. \$75m, bearing interest at 1.8% per annum. A mortgage was taken out against the MV Britannia as security on this loan.

15. Ultimate holding company and controlling shareholder

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn and of which the Company is a member of British Marine plc. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member of Britmar (UK) Limited.

The individual company financial statements and the consolidated financial statements of Brimar (UK) Limited and British Marine plc may be requested from the registered office at 11 Manchester Square, London W1U 3PW.

The ultimate controlling party and shareholder is Mr A Bekhor.