

**NORFOLKLINE IRISH SEA SHIP OWNERS LIMITED**  
**(formerly Belfast Freight Ferries Limited)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

**Company Number: 00925768**

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**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

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**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

**Directors**

P. Woodall  
K. Robdrup  
P. S. Shepherd  
T. Woldbye

**Company Secretary**

J. Hutchinson

**Registered Office**

Norfolkline Terminal Building Twelve  
Tower Road, Birkenhead, Wirral CH41 1FE

**Bankers**

Barclays Bank PLC  
PO Box 885, Mortlock House, Vision Park, Histon, Cambridge, CB4 9DE

**Auditors**

KPMG  
Chartered Accountants  
Stokes House, College Square East, Belfast, BT1 6DH

**Company Number: 00925768**

**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

**Report of the Directors**

The directors present their report and the audited financial statements for the year ended 31 December 2008.

On 5 December 2008, the company changed its name from Belfast Freight Ferries Limited to Norfolkline Irish Sea Ship Owners Limited.

**Principal Activities**

The principal activities of the company are ship owning, operating and management.

**Review of the Business**

The results for the period are disclosed on page 7.

The company owns two ropax vessels, the Liverpool Viking and Dublin Viking. Both vessels have been time chartered to the immediate parent company throughout 2008.

The key financial indicators used by management in their review of performance during the year are set out below:

£'000s	<u>2008</u>	<u>2007</u>	<u>2006</u>
Turnover	8,751	8,559	8,472
Gross Profit	446	885	1,199
Operating Profit	446	885	1,201
(before impairment reversals)	5.1%	10.3%	14.2%

Turnover increased in 2008 to £8,751k (2007: £8,559k). This is a function of the number of days of vessel hire. The inter-company balances within the Norfolkline Irish Sea Group are interest free. The company is funded through the inter-company account within the Norfolkline Irish Sea Group.

**Financial instruments**

The risks and uncertainties related to the business are regularly reviewed, the sole customer of the company is a fellow subsidiary company, it is not anticipated that this will change in the coming year. The key risk / uncertainty to the business is vessel reliability, with maintenance and dry docking schedules are in place to ensure this continues at a satisfactory level.

The financial risks associated with currency and interest rate movements, Norfolkline as a group manages these on behalf of its subsidiary companies centrally through the head office functions based in the Netherlands. The company has limited credit and cash flow risk exposures as the sole customer is a fellow subsidiary company, Norfolkline Irish Sea Ferries Limited.

**Dividends**

Dividends paid during the year comprise a final dividend of £8.20 per ordinary share in respect of the previous year ended 31 December 2007 (2007: £11.99), and an interim dividend of £6.14 per ordinary share in respect of the current year (2007: £Nil).

**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

**Report of the Directors**

**Directors and Directors' Interests**

The following directors served during the year:

	<u>Appointed</u>	<u>Resigned</u>
L. Olsen		29 October 2008
K. Robdrup		
P.S. Shepherd		
T. Woldbye		
P Woodall	29 October 2008	

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

**Political and Charitable Donations**

The company made no political or charitable donations during the year (2007: £Nil).

**Post balance sheet events**

Subsequent to the year end, 33.5m ordinary shares were issued at £1 each to the company's immediate parent undertaking, Norfolkline Irish Sea Holdings Limited to finance the purchase of two vessels.

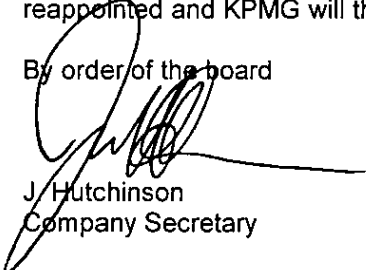
**Disclosure of information to auditors**

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

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

By order of the board

  
J. Hutchinson  
Company Secretary

23 July 2009

**Norfolklane Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

**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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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.

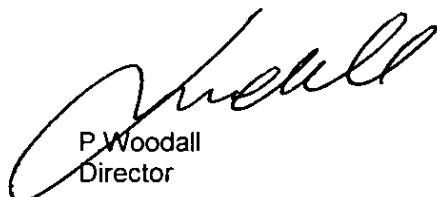
In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which 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 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.

Under applicable law the directors are also responsible for preparing a directors' report that complies with that law.

On behalf of the Board



P Woodall  
Director

23 July 2009

**KPMG**  
**Chartered Accountants**  
Stokes House  
17-25 College Square East  
Belfast BT1 6DH  
Northern Ireland

**Independent Auditor's Report**  
**to the members of Norfolkline Irish Sea Ship Owners Limited**  
**((formerly Belfast Freight Ferries Limited))**

We have audited the financial statements of Norfolkline Irish Sea Ship Owners Limited (formerly Belfast Freight Ferries Limited) for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. 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 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' responsibilities for preparing the Directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 4.

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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of 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 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.



**KPMG**  
**Chartered Accountants**  
Stokes House  
17-25 College Square East  
Belfast BT1 6DH  
Northern Ireland

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**Independent Auditor's Report**  
**to the members of Norfolkline Irish Sea Ship Owners Limited**  
**(formerly Belfast Freight Ferries Limited)**  
**(continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2008, and of the profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

KPMG  
Chartered Accountants  
Registered Auditor

Stokes House  
Belfast  
BT1 6DH

23 July 2009



**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
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**Profit and Loss Account  
For the year ended 31 December 2008**

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
Turnover	1	8,751,240	8,558,880
Cost of sales		<u>(8,305,640)</u>	<u>(7,673,905)</u>
<b>Gross Profit</b>		445,600	884,975
Administrative expenses		<u>-</u>	<u>-</u>
<b>Operating Profit</b>	2	445,600	884,975
Interest payable and similar charges	4	<u>-</u>	<u>(131)</u>
<b>Profit on Ordinary Activities before taxation</b>		445,600	884,844
Tax on ordinary activities	5	<u>63,384</u>	<u>(65,088)</u>
<b>Profit for the financial year</b>	14	<u>508,984</u>	<u>819,756</u>

The company has no recognised gains or losses in the financial period of the preceding financial period other than those dealt with in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

There are no differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historic cost equivalents. Accordingly, no note of historical cost profits and losses has been prepared. All reported profits arise from continuing operations.

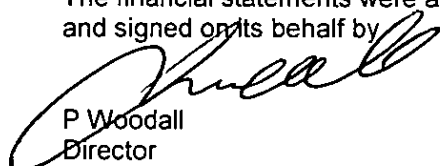
The notes on pages 9 to 15 form part of these financial statements.

**Norfolkline Irish Sea Ship Owners Limited  
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Directors' report and financial statements  
31 December 2008**

**Balance Sheet - 31 December 2008**

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
<b>Fixed Assets</b>			
Tangible assets	7	35,288,896	37,298,771
<b>Current Assets</b>			
Stock	8	-	43,450
Debtors	9	17,315	2,311,932
		<u>17,315</u>	<u>2,355,382</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(33,120,446)</u>	<u>(37,491,354)</u>
<b>Net Current Liabilities</b>		<u>(33,103,131)</u>	<u>(35,135,972)</u>
<b>Total Assets Less Current Liabilities</b>		2,185,765	2,162,799
<b>Creditors: Amounts falling due after more than one year</b>	11	(2,178,671)	(744,689)
<b>Provision for Liabilities and Charges</b>	12	<u>(12,333)</u>	<u>(498,354)</u>
<b>Net (Liabilities)/Assets</b>		<u><u>(5,239)</u></u>	<u><u>919,756</u></u>
<b>Capital and Reserves</b>			
Called up share capital	13	100,000	100,000
Profit and loss account	14	<u>(105,239)</u>	<u>819,756</u>
<b>Shareholder's (Deficit)/Funds</b>	15	<u><u>(5,239)</u></u>	<u><u>919,756</u></u>

The financial statements were approved by the Board on 23 July 2009 and signed on its behalf by

  
P Woodall  
Director

The notes on pages 9 to 15 form part of these financial statements.

**Norfolkline Irish Sea Ship Owners Limited  
(formerly Belfast Freight Ferries Limited)  
Directors' report and financial statements  
31 December 2008**

**Notes (forming part of the financial statements)**

**1. Accounting Policies**

**Basis of preparation**

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

**Going concern**

During the year ended 31 December 2008 the company made a profit, after tax of £508,984 (2007: £819,756) giving rise to a net balance sheet deficit of £5,239 (2007: surplus of £919,756).

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report.

Given the current economic conditions and the losses incurred in the current year, the directors have considered the extent to which these matters create uncertainty, particularly over the company's future trading prospects and the availability of finance in the foreseeable future.

The company meets its day to day working capital requirements through an intercompany trading account. There are no formal terms associated with the intercompany trading account although the directors have received assurance from its parent undertaking that continued support will be forthcoming for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Turnover**

Turnover comprises income arising from charges to third parties and group companies, excluding value added tax. The segmental market serviced is the Irish Sea shipping market.

**Fixed assets and depreciation**

Fixed assets are stated at cost less provision for impairment. Depreciation is charged on cost less estimated residual values of fixed assets on the straight line method over their effective lives as follows:

Vessels (operating fleet)	-	over the remaining useful life of the vessels (maximum 30 years)
Dry-docking costs	-	over the anticipated period to the next dry dock

The company reviews the life of its vessels at least once every 5 years.

**Norfolkline Irish Sea Ship Owners Limited  
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**Notes (forming part of the financial statements)**

**1. Accounting Policies (continued)**

**Taxation**

The company entered the UK tonnage tax regime on 1 October 2002 under which its ship owning and operating activities are taxed based on the net tonnage of the ships operated. Any income and profits arising outside the tonnage tax regime are taxed under the normal UK corporation tax rules.

**Deferred taxation**

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 FRS19.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at 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.

**Cash Flow Statement**

The company is not required under FRS1 to prepare a cash flow statement on the basis that the company is a wholly owned subsidiary and is consolidated within publicly available consolidated financial statements.

**2. Operating Profit**

The operating profit is stated after charging:

	<u>2008</u> £	<u>2007</u> £
Depreciation - vessels	1,572,574	1,615,477
- dry-docking	719,301	1,031,381
	<u>2,291,875</u>	<u>2,646,858</u>

**3. Employees**

The company had no employees during the year apart from the directors. The directors received no remuneration during the year.

**Norfolkline Irish Sea Ship Owners Limited**  
**(formerly Belfast Freight Ferries Limited)**  
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**31 December 2008**

**Notes (forming part of the financial statements)**

**4. Interest Payable and Similar Charges**

	<u>2008</u> £	<u>2007</u> £
Other	-	131

**5. Taxation**

	<u>2008</u> £	<u>2007</u> £
Analysis of charge for the year		
Corporation tax	422,637	6,734
Deferred tax	(486,021)	58,354
	<u>(63,384)</u>	<u>65,088</u>

Current tax reconciliation:

Profit on ordinary activities before tax	<u>445,600</u>	<u>884,845</u>
Current tax at 28.5% (2007: 30%)	126,996	265,454
Effects of:		
Shipping profits not taxable under the tonnage tax regime	(126,996)	(258,720)
Corporation Tax liability on held over gains	422,637	-
	<u>422,637</u>	<u>6,734</u>

The company entered the UK Tonnage Tax regime on 1 October 2002. From this date the company has paid a flat rate tax based on the size of its vessels. The company's deferred tax liability and potential deferred tax asset are disclosed in Note 12.

**6. Dividends**

The aggregate amount of dividends comprises:

	<u>2008</u> £	<u>2007</u> £
Final dividends paid in respect of prior year but not recognised as liabilities in that year	819,756	1,199,029
Interim dividends paid in respect of the current year	614,223	-
	<u>1,433,979</u>	<u>1,199,029</u>

**Norfolkline Irish Sea Ship Owners Limited**  
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**31 December 2008**

**Notes (forming part of the financial statements)**

**7. Fixed Assets**

	<u>Vessels</u> £	<u>Dry-docking</u> £	<u>Total</u> £
Cost			
At 1 January 2008	47,221,029	2,213,010	49,434,039
Additions	-	282,000	282,000
Disposals	-	(709,099)	(709,099)
At 31 December 2008	<u>47,221,029</u>	<u>1,785,911</u>	<u>49,006,940</u>
Depreciation			
At 1 January 2008	10,359,559	1,775,709	12,135,268
Charge for the period	1,572,574	719,301	2,291,875
Disposals	-	(709,099)	(709,099)
At 31 December 2008	<u>11,932,133</u>	<u>1,785,911</u>	<u>13,718,044</u>
Net book value			
At 31 December 2008	<u>35,288,896</u>	<u>-</u>	<u>35,288,896</u>
At 1 January 2008	<u>36,861,470</u>	<u>437,301</u>	<u>37,298,771</u>

**8. Stocks**

	<u>2008</u> £	<u>2007</u> £
Stocks of consumables remaining on board	<u>-</u>	<u>43,450</u>

**9. Debtors**

	<u>2008</u> £	<u>2007</u> £
Other debtors	<u>17,315</u>	<u>2,311,932</u>

**Norfolkline Irish Sea Ship Owners Limited  
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**Notes (forming part of the financial statements)**

**10. Creditors: amounts falling due within one year**

	<u>2008</u> £	<u>2007</u> £
Corporation tax	429,371	13,468
Other creditors	-	2,467,119
Accruals	241,342	270,560
Amounts due to other group companies	32,449,733	34,740,207
	<u>33,120,446</u>	<u>37,491,354</u>

**11. Creditors: Amounts falling due after more than one year**

	<u>2008</u> £	<u>2007</u> £
<b>Group</b>		
Amount due to other group companies	<u>2,178,671</u>	<u>744,689</u>

The amount due to other group companies is unsecured, interest free and has no fixed terms of repayment.

**12. Provision for Liabilities and Charges**

Deferred taxation liability

	<u>2008</u> £	<u>2007</u> £
At 1 January	498,354	440,000
Profit and loss account (credit)/charge	(486,021)	58,354
At 31 December	<u>12,333</u>	<u>498,354</u>

The deferred taxation liability relates to potential balancing charges on assets purchased prior to the company's entrance into the tonnage tax regime.

**Norfolkline Irish Sea Ship Owners Limited  
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**Notes (forming part of the financial statements)**

**13. Share Capital**

	<u>2008</u> £	<u>2007</u> £
Authorised		
Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	100,000	100,000

**14. Profit and Loss Account**

	<u>2008</u> £	<u>2007</u> £
Balance at 1 January	819,756	1,199,029
Dividends on shares classified in shareholder's funds	(1,433,979)	(1,199,029)
Profit for the financial year	508,984	819,756
Balance at 31 December	(105,239)	819,756

**15. Reconciliation of Movement in Shareholder's (Deficit)/Funds**

	<u>2008</u> £	<u>2007</u> £
Opening shareholders' funds	919,756	1,299,029
Profit for the financial year	508,984	819,756
Dividends on shares classified in shareholders' funds	(1,433,979)	(1,199,029)
Closing shareholders' (deficit)/funds	(5,239)	919,756

**16. Related Party Disclosures**

The company is controlled by Norfolkline Irish Sea Holding Limited (formerly Norse Merchant Group Limited) which owns 100% of the issued share capital. The ultimate controlling parties are the shareholders of A.P. Møller Mærsk A/S.

The company has relied on the exemption under FRS8 from disclosing transactions with group companies on the basis that the company is a wholly owned subsidiary and is consolidated within publicly available consolidated financial statements.



**Norfolkline Irish Sea Ship Owners Limited  
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**Notes (forming part of the financial statements)**

**17. Parent Company and Ultimate Parent Company**

The company is a wholly owned subsidiary of Norfolkline Irish Sea Holding Limited (formerly Norse Merchant Group Limited), a company incorporated in England & Wales.

The largest group in which the results of the company are consolidated is that headed by A.P. Møller Mærsk A/S, incorporated in Denmark. The consolidated financial statements of this company are available to the public from Esplanaden 50, DK-1098 Copenhagen. K, Denmark. The smallest group in which they are consolidated is that headed by Norfolkline B.V., incorporated in the Netherlands. The consolidated financial statements of this company are available to the public at Kranenburgweg 180, 2583 ER, Scheveningen, Netherlands.