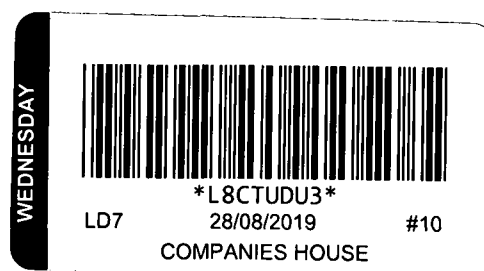


ANNUAL REPORT AND
FINANCIAL STATEMENTS

9 East Shipping Limited
For the Year Ended 31 December 2018
Company Number: 07238947



9 East Shipping Limited
Annual Report and Financial Statements
Year Ended 31 December 2018

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Annual Report and Financial Statements

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9 East Shipping Limited

Corporate Information

Directors of the Company

David Richard Leslie Barham
Bryan Galli
Walter Leroy Hawkins Jr. (Resigned 31st Dec 2018)

Company Bankers

Bank of America, 100 W. 33rd Street, New York USA.

Company Secretary & Solicitors

Priscilla Duncan (Resigned 26th Jan 2018)
Scott Jarboe (Appointed 26th Jan 2018)

Eversheds, Eversheds House, 70 Great Bridgewater Street, Manchester, United Kingdom M1 5ES.

Registered Office

Eversheds House, 70 Great Bridgewater Street, Manchester, United Kingdom M1 5ES.

9 East Shipping Limited

Strategic Report

9 East Shipping Limited (the Company) is a limited liability company, incorporated and domiciled in England and Wales. The directors present their strategic report and the audited financial statements of the company for the year ended 31 December 2018. All amounts shown are in thousands of US dollars.

Results and dividends

The audited financial statements for the Company are shown on pages 11 to 26.

The loss for the year, after taxation, is \$3,040 (2017: \$729 loss).

Principal activities and review of the business

The Company's principal activities during the year continued to be those of buying and selling physical and financial freight futures, forwards, swaps and other freight-related transactions principally to secure physical freight for the parent company's physical coal sales in addition to economically hedging against future freight price movements related to the parent company's consolidated coal sales. The Company intends to continue operating in the areas of supplying the group with freight services, and related activity.

The key financial and other performance indicators during the period were as follows:

	2018 \$'000	2017 \$'000	Change %
Turnover	23,447	27,907	-17%
Operating loss	-2,939	-895	-228%
Loss after taxation	-3,040	-729	-317%
Shareholders' funds	35,214	38,254	-8%
Current assets as % of current liabilities (‘quick ratio’)	407%	494%	-15%

Turnover decreased by 16% during the year. The decrease in turnover was primarily due to mark to market losses on positions and down turn late in 2018 on pricing for forward positions.

9 East Shipping Limited

Strategic Report (continued)

Principal activities and review of the business (continued)

Operating loss increased by 228% from the prior year. The substantial increase in operating loss was driven by the decrease in the gross margin which was driven by the decrease in turnover. The loss after taxation also increased by 317% during the year consistent with the increase in operating loss. Loss after taxation also contributed to the decrease in shareholder's funds compared to prior year.

The Company monitors performance on an ongoing basis. The key performance indicator is considered to be (loss) / profit after taxation. This amounted to a loss after taxation for the year of \$3,040 (2017: \$729 loss).

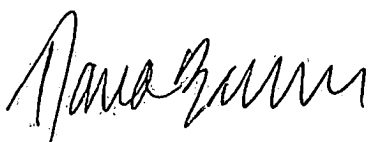
Future developments

The directors consider the future prospects of the Company to be positive, with operations to be profitable in 2019 and continuing into the foreseeable future.

Principal risks and uncertainties

The Company's business carries a number of risks and uncertainties, including fluctuations in commodity prices, counterparty risks, country risks and operational risks, which include freight, insurance and legal risks in different jurisdictions. The Company mitigates these risks through hedging on futures markets, where appropriate, by employing dedicated, in-house legal and insurance professionals and through the operation of the Company's risk function.

By order of the Board



David Richard Leslie Barham
Managing Director
9 July 2019

Registered Office:
Eversheds House
70 Great Bridgewater Street
Manchester
United Kingdom M1 5ES

9 East Shipping Limited

Directors' Report

Company registration number: 07238947

The directors present their report for the year ended 31 December 2018.

Directors of the Company

The current directors are shown on page 2, together with changes in directors since 1 January 2018, up to the date of this report.

Dividends

The directors do not recommend the payment of a dividend (2017: \$Nil).

Financial instruments

The Company finances its activities with a combination of intercompany loans and cash from operations and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally forward freight agreements (FFAs) and fuel oil swaps; both of which are exchange cleared financial swap contracts. The purpose is to manage the freight rate and fuel price risks arising from the Company's operations. There are no open financial contracts at either year end, in respect of the forward freight agreements (FFAs) or fuel oil swaps.

Going concern assumptions

The Company's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit and operating risk are described in the Strategic Report on pages 3 to 4, and this report on page 5.

The Company has considerable financial resources, qualified personnel, and a suitable controls framework to manage the above risks.

The financial statements have been prepared on a going concern basis since a parent company letter of support has been provided to address the net current liability and net liability positions on the Balance Sheet at year end and to provide financial support to pay debts as and when they fall due for a period of at least 12 months from the date of the financial statements.

9 East Shipping Limited

Directors' Report (Continued)

Financial Statements

The financial statements are prepared in thousands of US dollars, as this is the currency in which the majority of the Company's trading transactions are denominated.

Disclosure of information to the auditor

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 inquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of this information.

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young will be deemed to be reappointed as the Company's auditor for the next year.

By order of the Board


David Richard Leslie Barham
Managing Director
9 July 2019

Registered Office:
Eversheds House
70 Great Bridgewater Street
Manchester
United Kingdom
M1 5ES

9 East Shipping Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9 East Shipping Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 9 EAST SHIPPING LIMITED

Opinion

We have audited the financial statements of 9 East Shipping Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

9 East Shipping Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

9 East Shipping Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Oxana Dorrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 July 2019

9 East Shipping Limited

Profit and Loss Account For the Year Ended 31 December 2018

	Note	2018 (\$'000)	2017 (\$'000)
Turnover		23,447	27,907
Cost of sales		(24,646)	(26,930)
Gross (loss)/profit		(1,199)	977
Administrative expenses		(1,740)	(1,872)
Operating loss		(2,939)	(895)
Net interest receivable		56	-
Loss before taxation	3	(2,883)	(895)
Tax (charge)/credit	5	(157)	166
Loss for the financial year		(3,040)	(729)

All disclosures relate only to continuing operations.

There is no comprehensive income attributable to the shareholders of the company other than the loss) for the year.

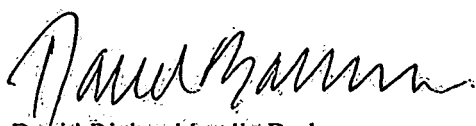
9 East Shipping Limited

Company Number: 07238947

Balance Sheet At 31 December 2018

	Notes	2018 (\$'000)	2017 (\$'000)
Current assets			
Debtors:			
Amounts falling due within one year	6	43,318	47,498
Cash and cash equivalents		3,384	477
		<u>46,702</u>	<u>47,975</u>
 Creditors:			
Amounts falling due within one year	7	(11,488)	(9,721)
		<u>(11,488)</u>	<u>(9,721)</u>
 Net current assets		<u>35,214</u>	<u>38,254</u>
Net assets		<u>35,214</u>	<u>38,254</u>
 Capital and reserves			
Called up share capital	9	-	-
Retained earnings		35,214	38,254
 Total equity		<u>35,214</u>	<u>38,254</u>

The financial statements on pages 11 to 26 were approved by the Board of Directors on 9 July 2019 and were signed on its behalf by:



David Richard Leslie Barham
Managing Director

9 July 2019

9 East Shipping Limited

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up Share Capital (Note 9) (\$'000)	Retained Earnings (\$'000)	Total Equity (\$'000)
At 1 January 2017	-	38,983	38,983
Loss for the financial year, representing total comprehensive income	-	(729)	(729)
At 31 December 2017	-	38,254	38,254
Loss for the financial year, representing total comprehensive income	-	(3,040)	(3,040)
At 31 December 2018	-	35,214	35,214

9 East Shipping Limited

Notes to the Financial Statements

1. Authorization of financial statements and statement of compliance with FRS 101

The financial statements of 9 East Shipping Limited (the “Company”) for the year ended 31 December 2018 were authorized for issue by the board of directors on 9 July 2019 and the balance sheet was signed on the board’s behalf by David Richard Leslie Barham. 9 East Shipping Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company’s financial statements are presented in US dollars and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The results of 9 East Shipping Limited are included in the consolidated financial statements of Peabody Energy Corporation which are available from Peabody Energy Corporation, 701 Market Street, St. Louis, MO 63101.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

Exemptions under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures.
- (c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

9 East Shipping Limited

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

(g) the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a group.

2.2 Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Turnover

Turnover represents fees in respect of chartering vessels to transport coal on behalf of other Peabody group companies and third parties. Turnover on all voyage charter vessels is recognized in the year when loading is completed. Turnover on all time charter vessels will be time apportioned to the period in which it relates. All turnover is exclusive of value-added tax.

b) Operating leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term.

Lease incentive payments are spread on a straight-line basis over the lease term. Operating lease income is credited to the profit and loss account when it is receivable.

c) Taxation

Corporation tax payable is provided on taxable profits at the effective rate of 19% (2017: 19.25%).

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

d) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and trade and other receivables.

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

d) Financial instruments (continued)

i) Financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with changes in fair value recognized in finance revenue or finance expense in the profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the net interest balance in the profit and loss account. Losses arising from impairment are recognized in profit and loss account in administrative expenses.

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

d) Financial instruments (continued)

ii) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognized when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognized respectively in the net interest line.

Derecognition of financial liabilities

A liability is generally derecognized when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognized in profit or loss.

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

d) Financial instruments (continued)

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv) Derivative financial instruments

The Company uses derivative financial instruments such as forward freight agreements (FFAs) and fuel oil swaps to hedge its risks associated with freight or fuel market fluctuations. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The FFA is calculated by reference to Baltic Exchange rates for contracts with similar maturity profiles. The fair value of FFA contracts is determined by reference to market values for similar instruments. There were no open FFA contracts at year end.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss account. The treatment of gains and losses

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

d) Financial instruments (continued)

iv) Derivative financial instruments (continued)

arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Fair value hedges

For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged; the derivative is remeasured at fair value and gains and losses from both are taken to profit or loss. For hedged items carried at amortized cost, the adjustment is amortized through the profit and loss account such that it is fully amortized by maturity. When an unrecognized firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

The Company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation.

e) Pension contributions

The Company matches voluntary contributions up to specified levels to employee retirement accounts.

f) Foreign currencies

The Company's functional currency is United States dollars as this is the currency in which the majority of the Company's trading transactions are denominated.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

9 East Shipping Limited

Notes to the Financial Statements (continued)

2.2 Significant accounting policies (continued)

g) Trade and other debtors

Trade debtors, which generally have 5 business day terms, are recognized and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortized cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

h) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

3. Profit before taxation

Profit before taxation is stated after charging:

	2018 (\$'000)	2017 (\$'000)
Auditor's remuneration – audit of the financial statements	30	63
Auditor's remuneration – taxation compliance services	13	14

4. Staff costs

	2018 (\$'000)	2017 (\$'000)
Wages and salaries	600	814
Share based payment charge	106	63
Social security costs	134	97
Pension costs	55	33
	<u>895</u>	<u>1,007</u>

The average monthly number of employees during the period, including 3 unpaid directors (2017: 3) was:

6	6
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9 East Shipping Limited

Notes to the Financial Statements (continued)

4. Staff costs (Continued)

None of the directors received remuneration for their services to the Company. The directors of the Company are also employees of the parent company. The directors received total remunerations for the period of \$3,940 (2017: \$3,216), of which one director employed by the entity and two directors are employed by the parent company. The directors do not believe it is practicable to apportion this amount between their services as directors of the Company and their services as employees of the parent company.

5. Taxation

(a) Tax on Loss:

Tax charge/(credit) is made up as follows:

	<u>2018</u>	<u>2017</u>
	(\$'000)	(\$'000)
Current tax credit	-	(15)
Exchange gain	-	(8)
Tax on loss	<u>\$ -</u>	<u>\$ (23)</u>
Deferred tax:		
Origination and reversal of timing differences in the year	(528)	(145)
Impact of change in tax laws and rates	72	2
Valuation allowance	613	-
Total deferred tax	<u>\$ 157</u>	<u>\$ (143)</u>
Total tax charge/(credit)	<u>\$ 157</u>	<u>\$ (166)</u>

9 East Shipping Limited

Notes to the Financial Statements (continued)

5. Taxation (Continued)

(b) Factors affecting the current tax charge:

The tax assessed on the profit for the year is less than the standard rate of corporation tax in the U.K. of 19% (2017: 19.25%). The differences are reconciled below:

	<u>2018</u>	<u>2017</u>
	(\$'000)	(\$'000)
Loss before tax	<u>(2,883)</u>	<u>(895)</u>
Tax credit on loss		
at 19% (2018), 19.25% (2017)	(548)	(172)
Permanent differences	20	13
Adjustment in respect of prior year liability	-	(1)
Adjustment in respect of prior year deferred asset	72	2
Foreign currency loss	-	(8)
Valuation allowance	613	-
Total tax charge/(credit)	<u>\$ 157</u>	<u>\$ (166)</u>

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	<u>2018</u>	<u>2017</u>
	(\$'000)	(\$'000)
Deferred tax asset		
Pension and employee bonus	-	157
At 31 December	<u>-</u>	<u>157</u>

Changes in Corporation tax rate

The UK corporation tax rate reduced to 19% with effect from 1 April 2017, and will further reduce to 17% from 1 April 2020.

9 East Shipping Limited

Notes to the Financial Statements (continued)

6. Debtors: amounts falling due within one year

	2018	2017
	(\$'000)	(\$'000)
Trade debtors	472	44
Amounts owed by group undertakings	41,451	45,752
Prepayments	6	6
Other debtors	1,389	1,445
Corporation tax	-	92
Deferred tax asset	-	157
	\$ 43,318	\$ 47,498

7. Creditors: amounts falling due within one year

	2018	2017
	(\$'000)	(\$'000)
Trade creditors	-	331
Amounts owed to group undertakings	10,703	8,284
Accruals	785	1,106
	\$ 11,488	\$ 9,721

8. Financial instruments

An explanation of the Company's financial instrument risk management objectives, policies and strategies is set out in the Directors Report on page 5.

Financial risk management objectives and policies

The Company's primary financial instruments comprise of cash, debtors, creditors, and exchange-traded Forward Freight Agreements (FFAs) and fuel oil swaps, which expose the Company to a variety of related risks. The Board has approved and monitors the risk management processes, including documentation of treasury process, counterparty limits and reporting structures. The main risks arising from the Company's financial instruments are commodity price risk and credit risk.

9 East Shipping Limited

Notes to the Financial Statements (continued)

8. Financial instruments (Continued)

Commodity price risk

The Company is exposed to movements in the prices of the commodities it trades. The majority of the price risk exposure is in the 'FFA Panamax', 'FFA Cape', 'Freight Route 7' (C7), in the freight markets, and 'Bunkers ARA' in the fuel market. The Company manages certain of its exposures to commodity price risk by matching physical sale and purchase contracts and through the use of exchange-traded and over-the-counter commodity derivatives. Price risk exposures are reported weekly and reviewed by the Company's risk function.

There were no open financial contracts at 31 December 2018, in respect of the Forward Freight Agreements (FFAs) and fuel oil swaps.

Credit risk

Credit risk is the potential exposure of the Company to loss in the event of nonperformance by a counterparty. The Company controls credit risk through credit approval processes for new counterparties, limits for all counterparties, annual reassessment of significant counterparty limits, weekly monitoring of individual exposures against limits and monthly reviews of exposures against limits by the Company's risk function.

The carrying amounts of financial assets and liabilities, carried at amortized cost, are not significantly different from their fair values.

9. Share capital

	Authorised Shares (number)	Nominal Value	Issued and fully paid (Number)	Nominal Value
Ordinary shares of \$1 each attributable to equity interests	1,000	\$ 1	1	\$ 1
At 31 December 2018 and 2017	1,000	\$ 1	1	\$ 1

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Notes to the Financial Statements (continued)

10. Ultimate and immediate parent undertaking

The directors regard Peabody Energy Corporation, a Company registered in the United States of America, as the Company's ultimate parent undertaking. The immediate parent undertaking is Peabody Coaltrade International Limited, a Company registered in the United Kingdom. The financial statements of Peabody Energy Corporation are available from:

Peabody Energy Corporation
701 Market Street
St. Louis, MO 63101