

FURNESS, WITHY & COMPANY, LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31st DECEMBER 1996



DIRECTORS

Dr H Winter (resigned 30th April 1997)
 P S Edwards
 J E Keville (resigned 31st December 1996)
 K Meves
 A Mouzouropoulos
 A Oetker

DIRECTORS' REPORT

The Directors present their report on the affairs of the group together with the accounts and auditors' report for the year ended 31st December 1996.

REVIEW OF THE BUSINESS

The principal activities of the group during the financial year consisted of ship owning and ship operation, the merchanting of liquid petroleum gases and the provision of ship management services. Following a decision by the ultimate parent undertaking, the group's UK liner agency business was sold to a fellow subsidiary undertaking on 1st January 1996 for a consideration of US\$ 0.18m. The group is contracted to provide personnel and some administrative services to this activity, the costs of which are fully recovered.

At the operating level profits increased by US\$1.2m reflecting the discontinuance of loss making cargo liner operations and increased margins on continuing activities.

The LPG merchanting activities continued to be concentrated on the storage and supply of LPG products to fulfil supply contracts with countries mainly in the West Coast of South America regions, and throughput volumes have been broadly in line with those anticipated. It is also pleasing to report that we have been successful in renewing a contract for the importation of LPG into Ecuador which should ensure continuous employment for the gas vessels owned by the group for the next four years. Results from our ship broking operation and from the Australian cargo parcelling operation have shown an improvement as compared with the previous year.

The Directors continue to examine areas for expansion or enhancement to the spread of activities that are currently pursued.

RESULTS AND DIVIDENDS	1996 US\$000	1995 US\$000
Profit for the financial year after minority interests	8,515	7,836
Dividend proposed	(7,000)	-
Transferred to reserves	1,515	7,836

FURNESS, WITTHY & COMPANY, LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' AND THEIR INTERESTS

The Directors currently holding office are listed on page 1. None of the Directors of the company had any interest in shares of the company or its subsidiaries which required disclosure by the company in accordance with the Companies Act 1985.

FIXED ASSETS

During the year the group acquired from the parent undertaking the whole of the issued share capital of Gilbert J McCaul (Overseas) Ltd and Gilbert J McCaul & Co Ltd at book value.

The book value of the leasehold premises has been revalued at Directors' valuation, which has been based on an independent professional valuation during the year.

EMPLOYMENT POLICIES

The company has a policy to keep employees informed of events relevant to their employment. Safety matters are the subject of detailed consultations with the involvement of employees' representatives. Full consideration is given to applications for employment from disabled workers for those vacancies which they are able to fill.

CHARITABLE DONATIONS

Charitable donations of US\$16,736 (1995: US\$16,721) were made by the group during the year. No political donations were made.

CAPITAL RESTRUCTURING

The corporate structure of the group and future sub-group ownership strategies have been under intermittent review over a considerable period of time. The review is taking due regard to the much reduced activity base following the progressive sale of all cargo liner related businesses and gas ship tramping business in past few years. Discussions with advisers are continuing but firm ultimate objectives have yet to be resolved.

FURNESS, WITHY & COMPANY, LIMITED

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which 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 accounts, the Directors are required to:

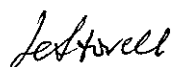
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

To standardise Oetker Group reporting auditors for the worldwide subsidiary company network, Price Waterhouse were requested to resign as auditors of the company and they did so on 27th January 1997. BDO Stoy Hayward, the UK member firm of the Oetker Group's international auditors, BDO, have filled the casual vacancy until their appointment is formally ratified by the Shareholders at the next Annual General Meeting.

By order of the Board



J C Stovell
Secretary
53 Brighton Road
Redhill Surrey
RH1 6YL

Date: 8th July 1997

FURNESS, WITHEY & COMPANY, LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF FURNESS, WITHEY & COMPANY, LIMITED

We have audited the accounts on pages 5 to 25 which have been prepared under the accounting policies set out on pages 10 to 12.

Respective responsibilities of Directors and Auditors

As described on page 3 the company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

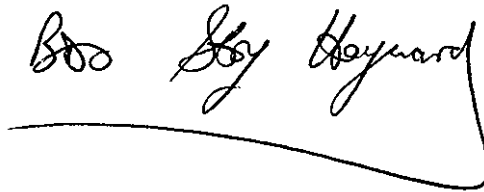
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31st December 1996 and of the profit of the company and of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a long horizontal line extending from the end of the signature.

BDO Stoy Hayward

Chartered Accountants
and Registered Auditors

8 Baker Street
London
W1M 1DA

Date:

8 July 1997

FURNESS, WITHY & COMPANY, LIMITED

GROUP PROFIT AND LOSS ACCOUNT For the year ended 31st December 1996

	Notes	1996 US\$000	1995 US\$000

TURNOVER:			
Continuing operations	1(h)	198,670	187,084
Discontinued operations		-	8,093
		-----	-----
		198,670	195,177
Other operating income		1,727	-
Raw materials and consumables		(13,532)	(10,807)
Staff costs	5	(7,868)	(9,981)
Depreciation		(2,897)	(3,222)
Other operating charges		(166,340)	(162,623)
		-----	-----
OPERATING PROFIT:			
Continuing operations		9,760	9,205
Discontinued operations - (loss)		-	(661)
		-----	-----
	3	9,760	8,544
Investment income	6	671	684
Profit on sale of discontinued activities	4(i)	-	1,978
(Loss)/Profit on sale of fixed assets in continuing activities		(43)	83
Interest payable	7	(12)	(3)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,376	11,286
Taxation on profit on ordinary activities	8	(1,836)	(3,436)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,540	7,850
Minority Interests		(25)	(14)
		-----	-----
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		8,515	7,836
ORDINARY DIVIDEND	9	(7,000)	-
		-----	-----
AMOUNT TRANSFERRED TO RESERVES	18/19	1,515	7,836
		-----	-----

There is no difference to the group profit for the year on an historical basis from that shown above.

A reconciliation of shareholders' funds is reflected in note 19.

Notes on pages 10 to 24 form an integral part of these accounts.

FURNESS, WITHY & COMPANY, LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st December 1996.

	1996 US\$000	Group 1995 US\$000	1996 US\$000	Company 1995 US\$000
Profit for the financial year	8,515	7,836	8,557	843
Exchange differences on overseas investments	101	(14)	-	-
Surpluses on revaluation of investments in subsidiary undertakings and leasehold property	1,416	-	10,414	19,000
Total recognised gains and losses for the year	10,032	7,822	18,971	19,843

FURNESS, WITHY & COMPANY, LIMITED

COMPANY PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1996

	Notes	1996 US\$000	1995 US\$000

REVENUE - Income from Property Lettings	1 (h)	736	718
		-----	-----
EXPENDITURES			
Directors' Fees		24	24
Depreciation		361	248
Other Expenses		347	490
		-----	-----
		732	762
		-----	-----
OPERATING PROFIT / (LOSS)	3	4	(44)
Items exceptional to current year's operations			
Provision for losses in terminated overseas subsidiary undertaking		(250)	-
Surplus arising on forgiveness of loan from a subsidiary undertaking	4 (ii)	2	851
Write back/(charge) to reflect revised status of recoverability of loans to subsidiary undertakings	11 (a)	5,519	(4,318)
		-----	-----
REVISED OPERATING PROFIT / (LOSS)		5,275	(3,511)
Investment Income	6	3,374	4,270
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,649	759
Taxation on profit on ordinary activities	8	(92)	84
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		8,557	843
Ordinary Dividend	9	(7,000)	-
		-----	-----
AMOUNT TRANSFERRED TO RESERVES	18/19	1,557	843
		-----	-----

All amounts relate to continuing activities.

There is no difference to the profit for the year on an historical basis from that shown above.

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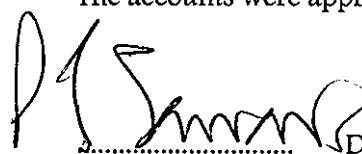
FURNESS, WITHY & COMPANY, LIMITED

GROUP BALANCE SHEET AT 31st DECEMBER 1996

	Notes	1996 US\$000	1995 US\$000

FIXED ASSETS			
Tangible Assets	10	20,633	21,889
Investments	11(b)	429	426
		-----	-----
		21,062	22,315
		-----	-----
CURRENT ASSETS			
Stocks - consumable stores and other stocks		7,470	5,137
Amount due from parent undertaking		82,338	71,165
Debtors	12	24,549	22,336
Cash at bank and in hand		6,776	9,877
		-----	-----
		121,133	108,515
		-----	-----
CREDITORS (amounts falling due within one year)	13	(35,290)	(28,200)
		-----	-----
NET CURRENT ASSETS		85,843	80,315
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		106,905	102,630
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Taxation	15	-	-
Other provisions	16	(3,887)	(3,878)
		-----	-----
NET ASSETS EMPLOYED		103,018	98,752
		=====	=====
CAPITAL AND RESERVES			
Called up Share Capital	17	65,142	65,142
Profit and Loss Account	18	35,153	33,537
Revaluation Reserve	18	1,416	-
Capital Reserve	18	1,219	-
		-----	-----
SHAREHOLDERS' FUNDS		102,930	98,679
Minority Interests		88	73
		-----	-----
		103,018	98,752
		=====	=====

The accounts were approved by the Board on 8th July 1997

 Director

Signed by P S Edwards on behalf of the Board.

A statement of movement in reserves is given in note 18.

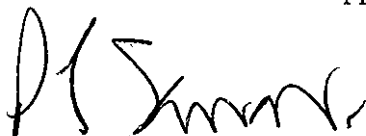
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FURNESS, WITHY & COMPANY, LIMITED

COMPANY BALANCE SHEET AT 31st DECEMBER 1996

	Notes	1996 US\$000	1995 US\$000
<hr/>			
FIXED ASSETS			
Tangible assets	10	8,837	9,198
Investments	11(b)	50,782	34,848
		<hr/>	<hr/>
		59,619	44,046
		<hr/>	<hr/>
CURRENT ASSETS			
Amount due from parent undertaking		81,412	71,165
Debtors	12	215	112
Cash at bank and in hand		25	40
		<hr/>	<hr/>
		81,652	71,317
		<hr/>	<hr/>
CREDITORS (amounts falling due within one year)	13	(10,091)	(2,347)
		<hr/>	<hr/>
NET CURRENT ASSETS		71,561	68,970
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		131,180	113,016
		<hr/>	<hr/>
CREDITORS (amounts falling due after more than one year)	14	(28,000)	(22,000)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	15	-	(57)
Other	16	(250)	-
		<hr/>	<hr/>
NET ASSETS EMPLOYED		102,930	90,959
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	17	65,142	65,142
Profit and loss account	18	8,374	6,817
Revaluation Reserve	18	29,414	19,000
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		102,930	90,959
		<hr/>	<hr/>

The accounts were approved by the Board on 8th July 1997

 Director

Signed by P S Edwards on behalf of the Board.

A statement of movement in reserves is given in note 18.

Notes on pages 10 to 24 form an integral part of these accounts.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting basis

The accounts for the year ended 31st December 1996 are drawn up under the historical cost convention, modified for the revaluation of certain fixed assets, and are in accordance with applicable accounting standards and the accounting requirements of the Companies Act 1985.

(b) Functional currency

In recognition of the development of the international shipping activities of the Furness, Withy & Company, Limited group, the Directors consider that the functional currency of the group changed to United States dollars in 1980. Accordingly the share capital and fixed assets have been restated in United States dollars at exchange rates of 1980 or the date of any later acquisition.

(c) Basis of consolidation

The group accounts incorporate all subsidiary undertakings as noted on page 24. The results of all subsidiaries acquired or sold during the year are included in the group profit and loss account for the period of ownership from the date of acquisition or to the date of disposal.

On acquisition of a subsidiary, or further shares in an existing subsidiary, the appropriate proportion of the underlying net assets of that subsidiary is restated at fair values and any goodwill arising from the excess of the consideration paid over the fair value thus ascribed is written off directly to reserves. Conversely any surplus arising from the excess of the fair value thus ascribed over the consideration paid is credited to capital reserves. On the sale of a subsidiary any goodwill previously written off to reserves is taken to the profit and loss account to arrive at the ultimate profit or loss on disposal.

The profit and loss account of Furness, Withy & Company, Limited is incorporated in the group accounts and is also shown separately on page 7.

(d) Fixed asset investments

Fixed asset investments are stated at Directors' valuation or cost less provision for diminution in value.

(e) Depreciation of tangible fixed assets

Tangible fixed assets are shown at cost or valuation less depreciation. Depreciation is calculated on the straight line method to write off the cost of these assets over their estimated useful lives. In the case of ships the charge for depreciation is after taking account of estimated residual values.

Estimated useful lives are as follows:

Ships:

New ships	- 20 years
Second hand ships and refurbishments	- not exceeding 10 years

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Depreciation of tangible fixed assets (continued)

Land and buildings:

Freehold buildings and long leasehold
land and buildings

- not exceeding 75 years

Short leasehold land and buildings
(less than 50 years unexpired)

- unexpired period of the lease

Plant and equipment

- generally not exceeding 10 years

(f) Finance and operating leases

Tangible fixed assets include the capitalised value of assets held under finance leases. Assets are depreciated on the straight line method based on estimated useful lives as set out above. Obligations under finance leases are included under liabilities and represent the capital element outstanding at the balance sheet date. Finance charges are calculated to give an approximately constant annual rate of charge in respect of outstanding obligations. Charges for the year are included in the profit and loss account under interest payable.

Operating lease costs are charged to trading profit as they are incurred.

(g) Stocks

Stocks are valued at the lower of cost or net realisable value.

(h) Turnover

The group's income from its international shipping activities is represented by freight on the carriage of cargoes, charter hire, sales of liquid petroleum gas, connected transportation and storage services and fees for managing vessels.

The company's income is non-shipping related, being derived from rents received for letting owned premises to group companies and third parties.

(i) Ships' trading results

Trading results of ships employed on voyage charters and time charters are included only for voyages completed during the year.

(j) Deferred taxation

Provision is made for deferred taxation arising from accelerated tax depreciation allowances and other timing differences only where it is probable that a liability or benefit will crystallise in the foreseeable future.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Transactions in non-United States dollars are converted at rates of exchange ruling at the transaction date. Except as noted in (b) above, monetary assets and liabilities denominated in non-United States dollars are translated into dollars at the exchange rate ruling at the balance sheet date.

Accounts of subsidiary undertakings expressed in non-United States dollars are translated into United States dollars at rates of exchange ruling at 31st December 1996. Exchange differences arising on the translation of the opening balance sheet of overseas subsidiaries at year end rates of exchange are taken direct to reserves. All other exchange differences are taken to profit on ordinary activities.

(l) Pensions

The actuarially determined cost of providing for employee retirement pensions is charged to the profit and loss account, as a substantially level percentage of pay, over the period during which the company and its subsidiaries benefit from the employees' services.

In the case of non-United Kingdom companies the charge to the profit and loss account represents the contributions paid during the year.

(m) Segmental analysis

The Directors consider that all turnover and profit derives from one class of business, international shipping. No geographical analysis of turnover is given as the Directors consider such disclosure would be prejudicial to the competitive position of the group.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

2. CASH FLOW STATEMENT

As stated in note 25 to these accounts, the company is a wholly owned subsidiary of Shaw Savill Holdings Limited whose financial statements include a consolidated cash flow statement. As permitted by Financial Reporting Standard 1, the company has taken advantage of the exemption from the requirement to present a separate cash flow statement.

3. OPERATING PROFIT

	1996 US\$000	Group 1995 US\$000	1996 US\$000	Company 1995 US\$000
The operating profit is stated after charging/(crediting) :				
Depreciation :				
Owned assets	2,897	3,211	361	248
Leased assets	-	11	-	-
	2,897	3,222	361	248
Hire of ships	42,268	47,646	-	-
Operating lease rentals	1,006	954	363	358
Redundancy and closure costs	337	847	-	-
Release of provisions and reserve for losses no longer required	-	(417)	-	-
Audit Fees	85	140	3	5

The company has taken advantage of the exemption within FRS8 not to provide details of transactions with other group related companies

	1996 US\$000	1995 US\$000
4. EXCEPTIONAL ITEMS		
(i) Group		
Discontinued activities:		
Profit on sale of gas ship and properties	-	1,978
(ii) Company		
(Deficit)/Surplus arising on forgiveness of loan (to) /by subsidiary undertakings.	(3,032)	8,829
Release of/ (provision made) for permanent diminution in the value of investment in a subsidiary undertaking.	3,034	(7,978)
	2	851

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

	1996 US\$000	1995 US\$000
5. EMPLOYEES' AND DIRECTORS' EMOLUMENTS		
Staff costs:		
Wages and salaries	7,002	8,965
Social security costs	456	602
Pension costs	410	414
	7,868	9,981

Certain staff were seconded to a fellow subsidiary undertaking during 1996. The full cost of this arrangement was US\$1,727,000, is included in above and was fully recovered from the fellow subsidiary undertaking.

Average number of persons employed by the group:	1996	1995
International shipping operations	148	259
Emoluments of directors of Furness, Withy & Company, Limited included in staff costs :	1996 £000	1995 £000
Fees as directors of the parent company	15	15
Managerial emoluments	186	177
Contributions to pension schemes	21	19
	222	211

Further particulars of emoluments of directors of the parent company in respect of duties wholly or mainly discharged in the United Kingdom, excluding pension contributions:

	1996 £000	1995 £000
Chairman and highest paid director	-	-
Highest paid director	94	89

The table which follows shows the number of directors excluding those who worked wholly or mainly outside the United Kingdom, whose emoluments excluding pension contributions, during the year were within the bands stated.

	Number of directors	
	1996	1995
£ 0 - £ 5,000	-	1
£ 85,001 - £ 90,000	-	2
£ 90,001 - £ 95,000	2	-

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

	1996 US\$000	Group 1995 US\$000	1996 US\$000	Company 1995 US\$000
6. INVESTMENT INCOME				
Income from unlisted investments:				
Dividends and interest	123	68	123	68
Bank deposit and other interest:				
Other	548	616	1	2
Dividends from subsidiary undertaking	-	-	3,250	4,200
	671	684	3,374	4,270
7. INTEREST PAYABLE				
Bank loans and short-term borrowings repayable within 5 years	11	-	-	-
Finance lease obligations	1	3	-	-
	12	3	-	-
8. TAXATION				
United Kingdom:				
Corporation tax at 33% (1995: 33%)				
Current period	(2,502)	(6,814)	(138)	-
Prior period	(41)	-	-	-
Exchange	8	-	-	-
Tax attributable to dividends received	(12)	(14)	(12)	(14)
ACT written off	-	(534)	-	-
Transfer from deferred taxation	2,365	5,361	72	98
	(182)	(2,001)	(78)	84
Overseas taxation	(1,654)	(1,435)	(14)	-
Taxation charge	(1,836)	(3,436)	(92)	84
9. DIVIDEND PAYABLE				
Proposed final				
At US\$ 0.245002954 per share	7,000	-	7,000	-
	7,000	-	7,000	-

FURNESS, WITHEY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

10. TANGIBLE FIXED ASSETS

GROUP	Ships US\$000	Land & buildings US\$000	Plant & equipment US\$000	Total US\$000
Cost or valuation:				
At 1 January 1996	15,768	15,547	4,432	35,747
Exchange rate adjustments	-	-	2	2
Additions	-	-	444	444
Re-valuation adjustment	-	1,416	-	1,416
Disposals	-	-	(533)	(533)
Subsidiary undertaking acquired	-	-	17	17
Transfer to Group undertaking	-	-	(784)	(784)
At 31 December 1996	15,768	16,963	3,578	36,309
Depreciation:				
At 1 January 1996	7,185	3,509	3,164	13,858
Disposals	-	-	(474)	(474)
Charge for the year	2,249	193	455	2,897
Transfer to group undertakings	-	-	(605)	(605)
At 31 December 1996	9,434	3,702	2,540	15,676
Net book amount:				
At 31 December 1996	6,334	13,261	1,038	20,633
At 31 December 1995	8,583	12,038	1,268	21,889

There is no future capital expenditure contracted for at the year end.

	1996 US\$000	1995 US\$000
Book amount of plant & equipment held under finance leases.	-	28

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY:	Land & buildings US\$000	Plant & equipment US\$000	Total US\$000
Cost or valuation:			
At 1 January 1996	10,042	1,139	11,181
At 31 December 1996	10,042	1,139	11,181
Depreciation:			
At 1 January 1996	1,072	911	1,983
Charge for the year	133	228	361
At 31 December 1996	1,205	1,139	2,344
Net book amount:			
At 31 December 1996	8,837	-	8,837
At 31 December 1995	8,970	228	9,198
Book amounts of land & buildings comprise:		Leaseholds over	Total
Group	Freehold US\$000	50 years US\$000	US\$000
At 31 December 1996	9,422	3,839	13,261
At 31 December 1995	9,565	2,473	12,038
Company			
At 31 December 1996	8,837	-	8,837
At 31 December 1995	8,970	-	8,970

The book value of the leasehold premises has been revalued at Directors' valuation, which has been based on an independent professional valuation during the year.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

11. INVESTMENTS	Company		
(a) Subsidiary undertakings	Shares US\$000	Loans US\$000	Total US\$000
Cost or valuation:			
At 1 January 1996	58,366	30,543	88,909
Revaluation of investment in subsidiary undertaking	10,414	-	10,414
Loan to a subsidiary undertaking forgiven	-	(3,032)	(3,032)
Other movements	-	(4)	(4)
At 31 December 1996	68,780	27,507	96,287
Provisions:			
At 1 January 1995	29,273	25,214	54,487
Provision released as result of loan forgiven	-	(3,034)	(3,034)
Write back of provision no longer required	-	(5,519)	(5,519)
At 31 December 1996	29,273	16,661	45,934
Net book amount at 31 December 1996	39,507	10,846	50,353
Net book amount at 31 December 1995	29,093	5,329	34,422

In the opinion of the Directors it is impractical to determine the cumulative amount of goodwill resulting from acquisitions in earlier years due to the length of time for which the group has been in existence. Further particulars of principal subsidiaries are given on page 24.

The book value of investments in subsidiary undertakings has been increased to reflect a corresponding increase in the underlying historic net asset values of those subsidiary undertakings.

During the year the group acquired from the parent undertaking the whole of the issued share capital of Gilbert J McCaul (Overseas) Ltd and Gilbert J McCaul & Co Ltd at book value.

(b) Unlisted investments	Group US\$000	Company US\$000
At 31 December 1995	426	426
Transfer from group undertaking	1	2
Addition on acquisition of subsidiary	11	-
Exchange difference	1	1
Provision during the year	(10)	-
	429	429
	1996	1995
	US\$000	US\$000
Summary of book amounts		
Group:		
Unlisted investments	429	426
Company:		
Subsidiary undertakings	50,353	34,422
Unlisted investments	429	426
	50,782	34,848

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

	1996	Group	1996	Company
	US\$000	1995	US\$000	1995
12. DEBTORS	US\$000	US\$000	US\$000	US\$000
Trade debtors	17,085	15,046	102	22
Amounts owed by fellow subsidiaries	493	3,120	-	-
Other debtors	1,185	1,628	-	-
Prepayments and accrued income	5,786	2,542	113	90
	<u>24,549</u>	<u>22,336</u>	<u>215</u>	<u>112</u>

Prepayments and accrued income includes the debtor balance of US\$ 3,145,000 (company US\$ 15,000) transferred from deferred taxation account. This balance is considered to be recoverable within the short term although after more than one year, as a result of the expected reversal of timing differences and utilisation of capital allowances (US\$ 2,509,000) and from the payment of additional mainstream corporation tax from which ACT (US\$ 636,000) will be recoverable.

	1996	Group	1996	Company
	US\$000	1995	US\$000	1995
13. CREDITORS (amounts falling due within one year)	US\$000	US\$000	US\$000	US\$000
Loan and finance lease repayments	-	28	-	-
Bank overdrafts and short-term borrowings	-	98	-	-
Trade creditors	19,560	14,626	-	-
Amounts owed to fellow subsidiaries	1	718	2,846	2,249
Proposed Final Dividend payable	7,000	-	7,000	-
Voyages in progress	1,596	2,828	-	-
United Kingdom corporation tax	1,313	4,370	-	-
Other taxation and social security	1,010	1,221	138	-
Other creditors	2,505	1,848	12	11
Accruals	2,305	2,463	95	87
	<u>35,290</u>	<u>28,200</u>	<u>10,091</u>	<u>2,347</u>

	1996	Group	1996	Company
	US\$000	1995	US\$000	1995
14. CREDITORS (amounts falling due after more than one year)	US\$000	US\$000	US\$000	US\$000
Amounts owed to fellow subsidiaries	-	-	28,000	22,000
Obligations under finance leases	-	28	-	-
	<u>-</u>	<u>28</u>	<u>28,000</u>	<u>22,000</u>
Less: amounts repayable within one year : (note 13)				
Finance leases	-	28	-	-
	<u>-</u>	<u>-</u>		
Amounts falling due after more than one year	-	-	28,000	22,000
Repayable over the following periods:				
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	-	-	-
Over 5 years	-	-	28,000	22,000

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

	Group US\$000	Company US\$000
15. DEFERRED TAXATION		
At 1 January 1996	(1,971)	57
Exchange differences	(126)	(2)
Profit and loss account transfers:		
In respect of : current year	(2,239)	(70)
ACT utilised	1,191	-
	-----	-----
	(3,145)	(15)
	=====	=====

The deferred tax asset, which represents total potential deferred tax, has been included in the Balance Sheet under current assets (prepayments and accrued income) since recovery is thought to be assured beyond reasonable doubt and is expected to occur in the short term and comprises:

	US\$000
Unused Capital Allowances	1,719
Provisions and other timing differences	790
Advance Corporation Tax	636

	3,145

The balance on deferred taxation account prior to the transfer of debtor balance to current assets comprises:

	1996 US\$000	Group 1995 US\$000	1996 US\$000	Company 1995 US\$000
Unused capital allowances	(1,719)	-	(15)	57
Provisions and other timing differences	(790)	(849)	-	-
Advance corporation tax	(636)	(1,122)	-	-
	-----	-----	-----	-----
	(3,145)	(1,971)	(15)	57
	-----	-----	-----	-----

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

16. OTHER PROVISIONS GROUP	Drydocking & Other US\$000	Redundancy & closure costs US\$000	Pensions US\$000	Total US\$000
At 1 January 1996	2,265	1,009	604	3,878
Exchange rate adjustments	-	-	5	5
Applied during the year	(926)	(224)	(3)	(1,153)
Charged during the year	504	161	147	812
Reclassification from creditors	345	-	-	345
At 31 December 1996	2,188	946	753	3,887

OTHER PROVISIONS COMPANY	Redundancy & closure costs US\$000	Total US\$000
At 1 January 1996	-	-
Charged during the year	250	250
At 31 December 1996	250	250

17. CALLED UP SHARE CAPITAL	Company	
	1996 £000	1995 £000
Authorised:		
30,000,000 ordinary shares of £1	30,000	30,000
Issued and fully paid:	US\$000	US\$000
28,571,084 ordinary shares of £1	65,142	65,142

All of the issued share capital is comprised of equity shares.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

18. RESERVES	Group	Company
Profit and Loss Account	US\$000	US\$000
At 1 January 1996	33,537	6,817
Exchange rate adjustments	101	-
Retained profit for the year	1,515	1,557
	-----	-----
At 31 December 1996	35,153	8,374
	-----	-----
Revaluation Reserve		
At 1 January 1996	-	19,000
Surplus arising on revaluation of leasehold property	1,416	-
Adjustments to value of investments in subsidiary undertakings (see note 11(a))	-	10,414
	-----	-----
At 31 December 1996	1,416	29,414
	-----	-----
Capital Reserve		
At 1 January 1996	-	-
Excess of book value over cost of acquiring subsidiary undertakings during 1996 (see note 22)	1,219	-
	-----	-----
At 31 December 1996	1,219	-
	-----	-----
19. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	Group	Company
	US\$000	US\$000
Opening shareholder's funds	98,679	90,959
Exchange rate adjustment	101	-
Profit for financial year	8,515	8,557
Dividend payable	(7,000)	(7,000)
Excess of book value over cost of acquiring subsidiary undertaking during 1996	1,219	-
Surplus on revaluation of leasehold premises	1,416	-
Adjustment to value of investments in subsidiary undertakings	-	10,414
	-----	-----
	102,930	102,930
	-----	-----

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

20. OPERATING LEASE COMMITMENTS

The group leases certain property and plant and charters in ships for employment in various shipping activities. The annual commitment existing at 31st December 1996 is shown below.

	Property and plant		Charter hire	
	1996	1995	1996	1995
	US\$000	US\$000	US\$000	US\$000
Lease commitments payable within one year	1,086	1,024	6,179	27,185
On leases expiring as follows:				
Within one year	37	127	6,179	24,481
Between 2 and 5 years	589	277	-	2,704
Beyond 5 years	461	620	-	-
	1,087	1,024	6,179	27,185

21. GUARANTEES AND CONTINGENT LIABILITIES

	Group 1996 US\$000	Group 1995 US\$000
Trading and shipping obligations	5,853	1,930

The company has guaranteed the performance of certain subsidiaries in the ordinary course of business.

The group is subject to a claim for unquantified damages for alleged contravention of the EEC treaty in respect of certain liner shipping activities. After taking legal advice the Directors are of the opinion that at this stage it is not possible to predict the outcome of this case and no provision has been made in the accounts.

A subsidiary company is subject to a claim for negligence for the non-collection of reinsurance claims amounting to £250,000 (US\$427,825). The Directors consider that a satisfactory defence exists against the claim and no provision has been made in the accounts.

FURNESS, WITHY & COMPANY, LIMITED

NOTES TO THE ACCOUNTS - 31st DECEMBER 1996

22. ACQUISITION OF SUBSIDIARY UNDERTAKING

	Book Value US\$000
Tangible fixed assets	17
Investments	11
Debtors	2,283
Cash at bank	361
Creditors	(1,453)

	1,219
Cost of acquisition	~

Excess of book value over cost of acquisition	1,219

The group acquired from the parent undertaking the whole of the issued share capital of Gilbert J McCaul (Overseas) and Gilbert J McCaul & Co on 31st December 1996 for a consideration of US\$ 2.00.

23. PENSION COMMITMENTS

The principal pension scheme operated within the group is the Furness Withy Pension Scheme. This fund was established on 1st March 1991 following a partial termination of the Kenwake Pension Scheme.

This is a defined benefits scheme with assets held in a separate fund administered by trustees. Full details of the scheme are given in the accounts of Shaw Savill Holdings Limited.

Pension costs charged in the accounts for the year ended 31st December 1996 amounted to US\$410,000 (1995 : US\$414,600).

24. POST BALANCE SHEET EVENTS

The Directors are continuing to review the corporate structure of the group in relation to its reduced Business base following the sale of the cargo liner related businesses and gas ship tramping business. Discussions with advisers are continuing at the date of this report and no firm decisions in this matter have been taken.

25. ULTIMATE HOLDING COMPANY

The ultimate United Kingdom holding company is Shaw Savill Holdings Limited ("SSH"). Group accounts for SSH can be obtained from the Secretary, Furness House, 53 Brighton Road, Redhill, Surrey RH1 6YL.

The ultimate holding entity is regarded as Dr August Oetker KG of Bielefeld, Germany.

FURNESS, WITHEY & COMPANY, LIMITED

PRINCIPAL SUBSIDIARY COMPANIES AT 31st DECEMBER 1996

In the opinion of the Directors, the businesses of the subsidiary companies listed below are those which principally affect the operating results and/or assets of the group. To include details of all other subsidiaries would require particulars of excessive length. A full list will be given in the company's annual return.

Unless otherwise shown, all companies are 100% owned and capital comprises ordinary shares or their equivalent.

* Indicates shares which are held directly by the company.

<u>Shipping activities</u>	<u>Country of incorporation if other than UK</u>	<u>Principal activity</u>
* Furness Withy (Shipping) Ltd		Ship owning and operating
* Furness Withy Investments Ltd		Investment holding Company
* Manchester Liners Ltd	Ordinary and preference	Ship owning and ship operating
Ocean Gas Transport Ltd	Ordinary and preference	Gas ship operating
The Pacific Steam Navigation Co		Ship operating
Royal Mail Lines Ltd		Ship operating
* Furness Withy (Chartering) Ltd		Ship operating and broking
Furness Withy (Australia) Pty Ltd	Australia	Ship operating