

The Anthony Radcliffe Steamship Company, Limited

**Financial statements
for the year ended 30 November 1998
together with directors' and auditors' reports**

Registered number 38644



The Anthony Radcliffe Steamship Company, Limited

Directors' report for the year ended 30 November 1998

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 30 November 1998.

Principal activities and business review

The principal activities of the company comprise shipping and the holding of investments in subsidiary undertakings. The directors expect the general level of activity to remain the same in the future.

Results and dividend

During the year, the company made a profit after taxation of \$904,048 (1997 \$338,509). The company's accumulated deficit thus decreased by this amount from \$13,910,620 to \$13,006,572.

The directors do not recommend the payment of a dividend (1997 nil).

Directors and their interests

The directors who have served since 1 December 1997 are as shown below:

CJ Wright (chairman)
R J R Lee
JC Engelhardtson

None of the directors held a beneficial interest in the issued share capital of the company, nor of any of its subsidiary undertakings.

Directors' responsibilities

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss 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 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 for the foreseeable future.

Directors' report for the year ended 30 November 1998 (continued)**Directors' responsibilities (continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Year 2000

The company was fully aware of the issues regarding the millennium and took all necessary action to ensure full compliance. The company's plans were completed successfully and no associated costs were incurred directly by the company.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the board



R Wilson
Company Secretary

13 January 2000

Aldwych House
71 - 91 Aldwych
London WC2B 4HN

Auditors' report**To the shareholders of The Anthony Radcliffe Steamship Company, Limited**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

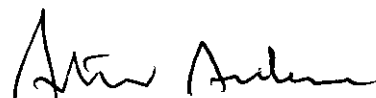
Basis of opinion

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 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1998, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

13 January 2000

The Anthony Radcliffe Steamship Company, Limited

**Profit & loss account
for the year ended 30 November 1998**

(All amounts are in US Dollars)

	Notes	1998	1997
Turnover	2	110,199,017	102,757,660
Cost of sales		(109,648,022)	(102,243,871)
Gross profit		<u>550,995</u>	<u>513,789</u>
Other net operating expenses	3	(6,504)	(6,939)
Operating profit		<u>544,491</u>	<u>506,850</u>
Investment income	4	1,470,433	286
Interest expense	5	(1,470,433)	-
		<u>-----</u>	<u>-----</u>
Profit on ordinary activities before taxation	6	544,491	507,136
Taxation on ordinary activities	8	359,557	(168,627)
Profit for the financial year		<u>904,048</u>	<u>338,509</u>
Accumulated deficit, beginning of year		(13,910,620)	(14,249,129)
Accumulated deficit, end of year		<u><u>(13,006,572)</u></u>	<u><u>(13,910,620)</u></u>
 Statement of total recognised gains and losses			
Profit for the financial year		904,048	338,509
Cumulative translation reserve		(142,519)	(1,755)
Total recognised gains		<u><u>761,529</u></u>	<u><u>336,754</u></u>

The accompanying notes are an integral part of this profit and loss account and statement of total recognised gains and losses.

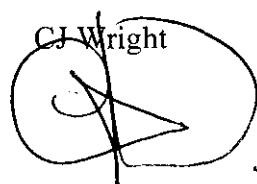
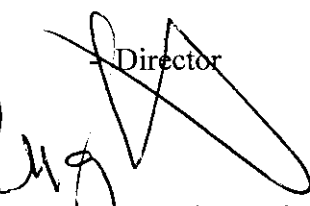
The Anthony Radcliffe Steamship Company, Limited

**Balance sheet
as at 30 November 1998**

(All amounts are in US Dollars)

	Notes	1998	1997
Fixed assets			
Investments	9	1,352,979	1,357,339
		-----	-----
Current assets			
Debtors - due within one year	10	6,663,681	6,326,277
Debtors - due after more than one year	10	45,979,129	42,687,509
Cash at bank		-	16,059
		-----	-----
		52,642,810	49,029,845
Creditors: amounts falling due within one year	11	(8,782)	(369,596)
		-----	-----
Net current assets		52,634,028	48,660,249
		-----	-----
Total assets less current liabilities		53,987,007	50,017,588
		-----	-----
Creditors: amounts falling due after more than one year	12	(66,495,656)	(63,287,766)
		-----	-----
Net liabilities	18	(12,508,649)	(13,270,178)
		=====	=====
Capital & reserves			
Called-up equity share capital	14	1,099	1,099
Share premium account	15	236,120	236,120
Cumulative translation reserve	15	205,764	348,283
Profit and loss account	15	(13,006,572)	(13,910,620)
		-----	-----
Shareholders' funds attributable to equity interests		(12,563,589)	(13,325,118)
		-----	-----
Called-up non-equity share capital	14	54,940	54,940
		-----	-----
Total shareholders' funds	16	(12,508,649)	(13,270,178)
		=====	=====

Approved by the board of directors on 13 January 2000.

 CJ Wright
 Director

The accompanying notes are an integral part of this balance sheet.

The Anthony Radcliffe Steamship Company, Limited

Notes to the financial statements for the year ended 30 November 1998

(All amounts are in US Dollars)

1. Statement of accounting policies

A summary of the principal accounting policies, all of which have been applied consistently during the year and which are consistent with the preceding year, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Investments in subsidiary undertakings

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Under the provisions of section 228 of the Companies Act 1985, the company is exempt from preparing consolidated financial statements as it is a wholly owned subsidiary of a company incorporated within the European Union, Stolt-Nielsen Holdings BV. The company is included in the consolidated accounts of Stolt-Nielsen SA, a company incorporated in Luxembourg.

Under the provisions of Financial Reporting Standard No 1, the company has not prepared a cash flow statement as the accounts of Stolt-Nielsen SA include a consolidated cash flow statement.

c) Taxation

Corporation tax payable is provided on any taxable profits at the current rate. The corporation tax liability of this company and fellow group undertakings is reduced where possible by the surrender of losses between group undertakings for no consideration.

Deferred taxation (which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on those timing differences which will probably reverse at the rates of tax expected to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. The amount of all deferred tax, including that which will probably not reverse, is shown in the notes to the financial statements.

d) Foreign currency

In the financial statements of the company, transactions denominated in foreign currencies are recorded in US dollars at the actual exchange rates on the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account or, in the case of gains or losses arising on the retranslation of investments and related long term intercompany balances, as a movement in the cumulative translation reserve.

e) Turnover

Turnover comprises the value of sales (excluding VAT, similar taxes and trade discounts) of goods and services in the normal course of business.

Notes to the financial statements (continued)

1. Statement of accounting policies (continued)

f) Related party transactions

As permitted by Financial Reporting Standard No. 8, the company has not disclosed transactions with entities that are part of the Stolt-Nielsen SA group because it is a wholly-owned subsidiary of Stolt-Nielsen SA, which prepares consolidated accounts which are publicly available.

2. Segment information

Turnover all relates to the shipping business. An analysis of turnover by geographical area has been omitted as, in the directors' opinion, this would be seriously prejudicial to the interests of the company.

3. Other net operating expenses :

	1998	1997
Selling and administrative expenses	6,504	6,939
	<u>=====</u>	<u>=====</u>

4. Investment income

	1998	1997
Interest receivable on amounts due from other group undertaking	1,470,433	286
	<u>=====</u>	<u>=====</u>

5. Interest expense

	1998	1997
Interest payable on amounts due to other group undertaking	1,470,433	-
	<u>=====</u>	<u>=====</u>

6. Profit on ordinary activities before taxation

This is stated after charging:

	1998	1997
Auditors' remuneration - audit fees	5,638	5,000
Foreign exchange losses	-	1,939
	<u>=====</u>	<u>=====</u>

Other than the directors (see note 7), the company had no employees (1997 none).

Notes to the financial statements (continued)

7. Directors' remuneration

Directors' remuneration was paid by subsidiaries in respect of one director of the company as follows:

	1998	1997
Executive remuneration	397,947	373,850
Contributions to money purchase pension schemes	170,206	163,140
	<u>568,153</u>	<u>536,990</u>

The number of directors who were members of pension schemes was as follows:

	1998	1997
Money purchase schemes	<u>1</u>	<u>1</u>

None of the above amounts were paid by the company.

8. Taxation on ordinary activities

The tax credit / (charge) for the year comprises:

	1998	1997
UK corporation tax at 32.5% (1997 33%)	-	(168,627)
Adjustments re prior years	359,557	-
	<u>359,557</u>	<u>(168,627)</u>

No tax charge arises in the current year due to the availability of group relief from other group undertakings.

The prior year adjustments arise due to revisions to the overall tax position of certain UK companies within the Stolt-Nielsen SA group, as a result of which it is anticipated that all outstanding tax liabilities of the company will be covered by group relief. Accordingly, the tax accrual at 30 November 1997 has been released to the profit and loss account.

Notes to the financial statements (continued)

9. Fixed asset investments

The company has an interest in the ordinary share capital of the following subsidiary undertakings (the subsidiaries are directly held and wholly owned unless otherwise indicated) :

Name and country of incorporation / registration	Activity	1998	1997
Stolt Llandaff SA - Panama	Dormant	-	-
Stolt-Nielsen Inter Europe Service Inc - Liberia	Ship operating	500	500
Deltank Ltd - England	Non-trading	144,658	146,445
Stolt-Nielsen Shipping Ltd - England	Ship agency	248,906	251,981
Interchem Shipping Ltd - England	Non-trading	1	1
Stolt-Nielsen Transportation Group Ltd - England	Tank containers	163	165
Stolt Tank Containers (1992) Ltd - England	Dormant	163	165
Sea Farm Europe Limited - England	Fish farming	2,346,000	2,346,000
		<u>2,740,391</u>	<u>2,745,257</u>
Less: amounts written off		(1,387,412)	(1,387,918)
		<u>1,352,979</u>	<u>1,357,339</u>

The movements during the year were as follows :

	1998
Balance, beginning of year	1,357,339
Exchange adjustments	(4,360)
	<u>1,352,979</u>

On 1 December 1998, the company sold its shares in Sea Farm Europe Limited to a fellow Stolt-Nielsen SA group company generating a gain of \$1,346,000. This gain will be recorded in the 30 November 1999 financial statements.

Notes to the financial statements (continued)

10. Debtors

The following are included in the net book value of debtors:

	1998	1997
Amounts falling due within one year		
Trade debtors	6,293,987	6,225,993
Tax recoverable	369,694	100,284
	-----	-----
	6,663,681	6,326,277
Amounts falling due after more than one year		
Amounts owed by other group undertakings	45,979,129	42,687,509
	-----	-----
	52,642,810	49,013,786
	=====	=====

11. Creditors: amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1998	1997
Accruals	8,782	10,039
Taxation (see note 8)	-	359,557
	-----	-----
	8,782	369,596
	=====	=====

12. Creditors: amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1998	1997
Amounts due to other group undertakings	66,495,656	63,287,766
	=====	=====

13. Deferred tax

No deferred taxation, either provided or unprovided, arises in the financial statements.

Notes to the financial statements (continued)

14. Called-up share capital

Authorised, allotted, called-up and fully paid:

	1998	1997
536 ordinary equity shares of £1 each	1,099	1,099
536 deferred non-equity shares of £50 each	54,940	54,940
	<u>56,039</u>	<u>56,039</u>

The company's deferred shares are non-voting and carry a fixed non-cumulative dividend at the rate of 5% per annum for any financial year in respect of which the net profits available for distribution exceed £10 million. Holders of the deferred shares are entitled, on a winding up, to a return of the capital paid up after £100,000 has been distributed to each of the ordinary shareholders.

15. Reserves

Of the total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	1998	1997
Distributable		
Profit and loss account	(13,006,572)	(13,910,620)
Cumulative translation reserve	205,764	348,283
Non-distributable		
Share premium account	236,120	236,120
	<u>(12,564,688)</u>	<u>(13,326,217)</u>

The profit and loss account will be distributable only when the balance moves from deficit to surplus.

16. Reconciliation of movements in shareholders' funds

	1998	1997
Profit for the financial year	904,048	338,509
Movement on cumulative translation reserve	(142,519)	(1,755)
	<u>761,529</u>	<u>336,754</u>
Opening shareholders' funds	(13,270,178)	(13,606,932)
Closing shareholders' funds	<u>(12,508,649)</u>	<u>(13,270,178)</u>

Notes to the financial statements (continued)

17. Guarantees and other financial commitments

a) Capital and lease commitments

At the end of the year the company had no capital commitments (1997 nil) and had no lease commitments (1997 nil).

b) Contingent liabilities

At the end of the year, the company had not guaranteed the obligations of any affiliated undertakings.

18. Continuing parent company support

The company has substantial advances from other group undertakings. The future solvency of the company is dependent upon these advances not requiring repayment since the company does not have sufficient assets to cover the amounts payable. The company's intermediate parent company, Stolt Parcel Tankers Inc, has guaranteed all of the debts and obligations of the company and has undertaken to provide financial support to ensure that the company continues in existence. The directors have considered the financial position of the company and have concluded that it is able to meet its liabilities to third party creditors as they fall due.

19. Parent undertakings

At 30 November 1998, the company was a direct subsidiary undertaking of Stolt-Nielsen Holdings BV, a company incorporated in the Netherlands. The company's ultimate parent undertaking was Stolt-Nielsen SA, a company incorporated in Luxembourg.

The only group in which the results of the company and its subsidiary undertakings are consolidated is that headed by Stolt-Nielsen SA. The consolidated financial statements of this group are available from Stolt-Nielsen Limited, Aldwych House, 71-91 Aldwych, London WC2B 4HN.