

P&O SWIRE CONTAINERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995

(Company No: 971548)



P&O SWIRE CONTAINERS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

1. The Directors present herewith their annual report and the audited financial statements of P&O Swire Containers Limited ("the Company") for the year ended 31 December 1995.

2. Group Results

The consolidated profit and loss account for the year is set out on page 6.

3. Dividends

The Directors have not declared or recommended any dividends for the year (1994: Nil).

4. Principal Activities of the Group and Review of the Year

On 30 June 1995, P&O Swire Containers Limited acquired the trading activities and the assets and liabilities (at net book value) of its subsidiary companies P&O Swire Containers (Australia) Limited and P&O Swire Containers (New Zealand) Limited.

The principal activity of the group was the operation of through transport shipping container services between Australia, New Zealand and the Far East. These operations were managed during the year through the UK head office of P&O Containers and its branches and agencies in Australasia and the Far East.

5. Fixed Assets

On 1 January 1995, the fixed assets of the group were redenominated in US dollars and held within a US dollar denominated branch. Translation increments were taken to reserves.

6. Prior year adjustment

The group has changed its accounting policy in respect of dry docking expenditure to bring it into line with the P&O group policy. This has resulted in an adjustment to prior year reserves and restatement of comparative figures. Further detail is shown on the statement of retained profits on page 6.

7. Directors

The Directors of the Company during the year were:

Sir Adrian Swire
A. J. Bott
T. C. Harris
J. W. J. Hughes-Hallett
H. M. P. Miles
J. D. Roberts
B. N. Swire
R. B. Woods

H.M.P. Miles resigned as a director of 23 June 1995.

B.N. Swire was appointed as a director on 23 June 1995.

J.W.J. Hughes-Hallett was appointed as a director on 10 July 1995.

A.J. Bott resigned as a director on 29 March 1996.

8. Directors Interests

According to the register of directors' interests kept under section 325 of the Companies Act 1985, the undermentioned directors had a disclosable interest in the company's ultimate parent undertaking as follows:

	<u>Interest</u> <u>in Deferred</u> <u>Stock</u>	<u>at</u> <u>31.12.95</u>	<u>Interest</u> <u>in Deferred</u> <u>Stock</u>	<u>at 1.1.95</u> <u>or date of</u> <u>appointment</u> <u>if later</u>
	<u>No. of</u> <u>Shares</u>	<u>£</u>	<u>No. of</u> <u>Shares</u>	<u>£</u>
Sir Adrian Swire	8,000	8,000	8,000	8,000
J.D.Roberts	1,592	1,592	1,371	1,371
B.N. Swire	8,000	8,000	0	Nil

No stock option was granted or exercised during the period.

Sir Adrian Swire's and B.N. Swire's interest are non-beneficial.

The interests of T.C. Harris are disclosed in the accounts of The Peninsular and Oriental Steam Navigation Company. The interests of A.J. Bott and R.B. Woods are disclosed in the accounts of P&O Containers Limited.

Mr. J. Hughes-Hallett had no interests to disclose.

9. Auditors

Our auditors KPMG have indicated to the directors that a limited liability company, KPMG Audit plc, is to undertake part of their business. Accordingly, they have indicated their intention to resign and the directors intend to appoint KPMG Audit plc as auditors of the company..

BY ORDER OF THE BOARD


G. R. CHEESEMAN
Secretary

Registered Office

Beagle House
Braham Street
London E1 8EP

P&O SWIRE CONTAINERS LIMITED

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit and loss for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
P&O SWIRE CONTAINERS LIMITED

We have audited the financial statements on pages 6 to 24.

Respective Responsibility of Directors and Auditors

As described on page 4 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
London

24 October 1996

P&O SWIRE CONTAINERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>Restated</u> <u>1994</u> £'000
<u>Continuing Operations</u>			
Turnover	2	81,065	83,061
Cost of sales		<u>(77,037)</u>	<u>(72,373)</u>
Gross Profit		4,028	10,688
Administrative expenses		<u>(1,305)</u>	<u>(1,698)</u>
Operating profit	3	2,723	8,990
Other income	6	997	646
Interest payable and similar charges	7	<u>(23)</u>	<u>(472)</u>
Profit on ordinary activities before taxation		3,697	9,164
Tax on ordinary activities	8	<u>(1,450)</u>	<u>(2,893)</u>
Profit on ordinary activities after taxation and for the financial year	17	<u>2,247</u>	<u>6,271</u>

STATEMENT OF RETAINED PROFITS

	<u>1995</u> £'000	<u>Restated</u> <u>1994</u> £'000
Retained profits at beginning of the year:		
- as previously reported	9,611	4,273
- prior year adjustment	1,894	961
Retained profits at beginning of the year as restated	11,505	5,234
Revaluation of ships held in US dollars	392	-
Profit for the financial year	2,247	6,271
	<u>14,144</u>	<u>11,505</u>

The consolidated profit and loss account has been prepared under the new dry docking accounting policy. The comparative figures have been restated accordingly.

The notes on pages 10 to 24 form part of these financial statements.

P&O SWIRE CONTAINERS LIMITED

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 1995

	Notes	Grp 1995 £'000	Restated Grp 1994 £'000	Co. 1995 £'000	Co. 1994 £'000
FIXED ASSETS					
Tangible assets	9	50,117	49,462	50,117	0
Investments	10	0	0	709	709
		<u>50,117</u>	<u>49,462</u>	<u>50,826</u>	<u>709</u>
CURRENT ASSETS					
Stocks	11	1,129	913	1,129	0
Debtors	12	8,330	37,782	7,540	13,578
Cash at bank and in hand		<u>789</u>	<u>604</u>	<u>845</u>	<u>0</u>
		10,248	39,299	9,514	13,578
CREDITORS					
- amounts falling due within one year	13	(21,994)	(25,800)	(22,695)	(10,518)
NET CURRENT (LIABILITIES) /ASSETS		<u>(11,746)</u>	<u>13499</u>	<u>(13,181)</u>	<u>3,060</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,371	62,961	37,645	3,769
CREDITORS					
- Amounts falling due after more than one year	14	(18,283)	(47,876)	(22,458)	0
PROVISIONS FOR LIABILITIES AND CHARGES	15	(5,387)	(3,023)	(5,387)	0
NET ASSETS		<u>14,701</u>	<u>12,062</u>	<u>9,800</u>	<u>3,769</u>
CAPITAL AND RESERVES					
Called up share capital	16	56	56	56	56
Share premium account	17	496	496	496	496
Other Reserves	17	0	0	0	179
Profit and loss account		<u>14,144</u>	<u>11,505</u>	<u>9,248</u>	<u>3,038</u>
Equity shareholders' funds	17	14,696	12,057	9,800	3,769
Minority interest		<u>5</u>	<u>5</u>	<u>0</u>	<u>0</u>
		<u>14,701</u>	<u>12,062</u>	<u>9,800</u>	<u>3,769</u>

These financial statements were approved by the Board of Directors on 23rd October 1996 and signed on its behalf by J. D. Roberts J.D. Roberts, Director.

The notes on pages 10 to 24 form part of these financial statements.

P&O SWIRE CONTAINERS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	<u>1995</u> £'000	<u>1994</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	34,218	6,506
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest element on finance lease rentals paid		0	(472)
Net interest received		123	30
Foreign exchange gain		0	616
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		123	174
UK CORPORATION TAX PAID		(366)	(1,061)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(4,216)	(3,973)
Sale of tangible fixed assets		41	34
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(4,175)	(3,939)
NET CASH INFLOW BEFORE FINANCING		29,800	1,680
FINANCING			
Repayment of loans		(29,593)	(1,303)
NET CASH OUTFLOW FROM FINANCING		(29,593)	(1,303)
INCREASE IN CASH AND EQUIVALENTS	21	<u>207</u>	<u>377</u>

The notes on pages 10 to 24 form part of these financial statements.

P&O SWIRE CONTAINERS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1995

	1995 £'000	Restated 1994 £'000
	<hr/>	<hr/>
Profit for the financial year	2,247	6,271
Net increase in valuation of ships held in US dollar branch account	392	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	2,639	6,271
Prior year adjustment	1,894	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	4,533	6,271
	<hr/> <hr/>	<hr/> <hr/>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

(a) Basis of Preparation

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

The consolidated financial statements for the year ended 31 December 1995 include the financial statements to that date of the parent company and of all subsidiary undertakings.

The financial statements include the proportional consolidation of the group's share of a non-corporate joint venture in which the group holds a 56.67% share (1994 - 56.67%). The Group's share of the results, assets and liabilities have been included in the consolidated financial statements on a line-by-line basis. Summarised financial statements of the group's share in respect of this non-corporate joint venture are shown in note 18.

(b) Turnover

Turnover represents the amounts, excluding VAT, invoiced to customers in respect of shipping and transport operations completed during the accounting period.

(c) Operating Profit

Operating profit includes the results of all shipping and transport operations completed during the period. Revenue and costs in respect of such operations which were not completed at the end of the period are carried forward as "Revenue in suspense" and within "Stocks" respectively.

The Group participates in certain operating arrangements with other lines. The results thereof are accounted on an accrual basis, estimates being used to the extent that final information is not available.

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(d) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the rate specified in any related forward exchange contract. Profits and losses of subsidiaries, branches and associates which have currencies of operation other than sterling are translated into sterling at average rates of exchange except for material exceptional items which are translated at the rate ruling on the date of transaction. Assets and liabilities denominated in foreign currencies are translated at the year end exchange rates.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries, branches and associates which have currencies or operations other than sterling and any related loans are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

(e) Finance leases and similar arrangements

The company adopts the policies described below in accounting for finance leases, that is leases where substantially all the risks and rewards of ownership accrue to the lessee:

(1) Where the company is lessee:

- (i) the asset concerned is included as a separate category in fixed assets at the cost or estimated cost to the lessor and is depreciated in accordance with the policy described in 1(f);
- (ii) lease payments made are apportioned between repayments of capital and interest as specified in the lease agreement or, if not so specified, so as to give a constant periodic rate of return on the outstanding capital repayment and:
 - the interest elements are charged to profit and loss account as they accrue;
 - the aggregate of the outstanding capital repayments is included in "Creditors".

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(2) Where the company is lessor the lease payments received are apportioned between repayments of capital and interest so as to give a constant periodic rate of return on the net cash investment in the lease in each period, and:

- the interest elements are credited to the Profit and Loss account as they accrue;
- aggregate outstanding capital repayments are included under Fixed Assets or Current Assets as "Investments" according to repayment dates.

A similar accounting treatment is followed for hire purchase transactions and any other arrangements under which a party other than the legal owner acquires substantially all the risks and rewards of ownership of an asset.

(f) Depreciation

Depreciation of fixed assets is calculated on a straight line basis so as to write off their cost, less in the case of ships, their estimated residual value over their expected lives which are normally:

- | | | |
|------------------------------|---|-------------|
| (i) Container ships | : | 25-30 years |
| (ii) Containers and trailers | : | 10-15 years |

(g) Ship Dry Dock Expenditure

Costs incurred on the dry docking of ships are carried forward and expensed over the period to the next dry docking. In prior financial years, dry docking costs were provided for in advance and they were written off against the dry docking provision.

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(h) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation, using the "Liability method" only to the extent that it is probable that an actual liability will crystallise.

(i) Investments in Subsidiaries

The investments in subsidiaries are stated at the lower of cost and the underlying net asset value of the relevant subsidiary undertakings.

(j) Goodwill

Goodwill is written off against reserves in the year of purchase.

(k) Interest on Progress Payments

Interest incurred in respect of payments on account of vessels under construction up to the date of delivery is capitalised to the cost of the vessel concerned in the consolidated accounts.

(l) Stocks

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

(m) Profit of the Company

No separate profit and loss account is presented for the company as provided by S228(7) of the Company's Act 1985. The profit of the company for the year is shown in note 17.

2. Geographical Analysis of Turnover

	Group 1995 £'000	Group 1994 £'000
Australia - Far East Trade	52,182	53,155
New Zealand - Far East Trade	<u>28,883</u>	<u>29,906</u>
	<u>81,065</u>	<u>83,061</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	Group <u>1995</u> £'000	Group <u>1994</u> £'000
Depreciation	3,936	3,700
Auditors remuneration for audit services	31	44
Profit on sale of assets	24	32

4. Staff Numbers and Costs

	1995 <u>Nos.</u>	1994 <u>Nos.</u>
Overseas staff - Seafarers	45	38
	Group <u>1995</u> £'000	Group <u>1994</u> £'000
Salaries and wages paid to company employees.	1,350	594
Contributions to pension fund	164	0
	<u>1,514</u>	<u>594</u>

5 Directors' Emoluments

No remuneration was paid or is payable for duties performed, (1994: nil).

6. Other Income

	Group <u>1995</u> £'000	Group <u>1994</u> £'000
Foreign exchange gain	405	616
Interest		
■ Fellow subsidiary undertaking	83	0
■ Third Party	63	0
Other Income	<u>446</u>	<u>30</u>
	<u>997</u>	<u>646</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Interest Payable and Similar Charges

	Group <u>1995</u> £'000	Group <u>1994</u> £'000
Finance Leases		
Third parties	0	472
Interest		
■ Fellow subsidiary undertaking	3	0
■ Third parties	<u>20</u>	<u>0</u>
	23	472

8. Tax on Profit on Ordinary Activities

	Group <u>1995</u> £'000	Group <u>1994</u> £'000
UK Corporation tax at 33% (1994: 33%)	924	(528)
Hong Kong Corporation tax	(10)	(48)
Deferred taxation (note 15)		
- prior year	(313)	284
- current year	<u>(2,051)</u>	<u>(2,601)</u>
	<u>(1,450)</u>	<u>(2,893)</u>

9. Fixed Assets: Tangible Assets

The Group	Ships <u>Owned</u> £'000	Plant & Equipment <u>Owned</u> £'000	<u>Leases</u> £'000	<u>Total</u> £'000
<u>Cost</u>				
At 1 January 1995 as previously stated	73,476	27,356	1,261	102,093
Reclassification	1,974	749	(1,261)	1,462
Additions	109	4,107	0	4,216
Disposals	0	(154)	0	(154)
Revaluation	618	300	0	918
At 31 December 1995	<u>76,177</u>	<u>32,358</u>	<u>0</u>	<u>108,535</u>
<u>Depreciation</u>				
At 1 January 1995 as previously stated	35,269	16,378	984	52,631
Reclassification	1,972	474	(984)	1,462
Charge for the year	1,875	2,061	0	3,936
Disposals	0	(137)	0	(137)
Revaluation	355	171	0	526
At 31 December 1995	<u>39,471</u>	<u>18,947</u>	<u>0</u>	<u>58,418</u>
<u>Net Book Value</u>				
As at 31 December 1995	<u>36,706</u>	<u>13,411</u>	<u>0</u>	<u>50,117</u>
<u>Net Book Value</u>				
As at 31 December 1994	<u>38,207</u>	<u>10,978</u>	<u>277</u>	<u>49,462</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Fixed Assets: Tangible Assets (continued)

The Company	Ships <u>Owned</u> £'000	Plant & Equipment <u>Owned</u> £'000	<u>Total</u> £'000
<u>Cost</u>			
At 1 January 1995	0	0	0
Additions	74,409	31,538	105,947
Disposals	0	(154)	(154)
Revaluation	1,768	974	2,742
	<hr/>	<hr/>	<hr/>
At 31 December 1995	76,177	32,358	108,535
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
At 1 January 1995	0	0	0
Additions	37,579	17,457	55,036
Charge for the year	818	1,086	1,904
Disposals	0	(137)	(137)
Revaluation	1,074	541	1,615
	<hr/>	<hr/>	<hr/>
At 31 December 1995	39,471	18,947	58,418
	<hr/>	<hr/>	<hr/>
Net book value as at 31 December 1995	36,706	13,411	50,117
	<hr/>	<hr/>	<hr/>
Net book value as at 31 December 1994	0	0	0
	<hr/>	<hr/>	<hr/>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fixed Asset : Investments

	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Subsidiary Undertakings - Shares at cost	<u>709</u>	<u>709</u>
	<u>709</u>	<u>709</u>

Subsidiary Undertakings

The following information is given in respect of all subsidiary undertakings:

	Country of Incorporation	Class of Issued Capital	Proportion Applicable to P&O Swire Containers Limited
Aldgate Shipping Limited (Leasing company)	England	Ordinary £1 each	100.0
Whitechapel Shipping Limited (Leasing company)	England	Ordinary £1 each	100.0
P&O Swire Containers (Australia) Limited (Container ship operator)	England	Ordinary £1 each Deferred £1 each	100.0 96.7
P&O Swire Containers (New Zealand) Limited (Container ship operator)	England	Ordinary £1 each	100.0
Eastern & Australian Steamship Company (Dormant)	England	Ordinary £1 each	100.0

11. Stocks

	1995 <u>Group</u> £'000	1994 <u>Group</u> £'000	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Fuel stocks and consumables	762	606	762	0
Work in progress	367	307	367	0
	<u>1,129</u>	<u>913</u>	<u>1,129</u>	<u>0</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Debtors

	1995 <u>Group</u> £'000	1994 <u>Group</u> £'000	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Amounts receivable within one year:				
Trade debtors	2,909	7,179	2,909	0
Subsidiary undertakings	790	22,559	0	5,202
Third parties	0	7,747	0	8,367
Other debtors	3,305	252	3,305	9
Prepayments and accrued income	1,326	45	1,326	0
	<hr/> 8,330 <hr/>	<hr/> 37,782 <hr/>	<hr/> 7,540 <hr/>	<hr/> 13,578 <hr/>

13. Creditors

	1995 <u>Group</u> £'000	<u>Restated</u> 1994 <u>Group</u> £'000	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Amounts falling due within one year:				
Bank overdraft	0	22	0	22
Subsidiary undertakings	0	0	709	0
Loans from third parties	3,895	1,560	3,895	0
Trade creditors	15,008	10,977	15,001	11

Amounts Owed to Group:

Loans	0	4,440	0	10,257
Other	266	2,817	266	0
UK Corporation tax	1,856	3,136	1,856	228
Other creditors	0	347	0	0
Revenue in suspense	969	2,501	968	0
	<hr/> 21,994 <hr/>	<hr/> 25,800 <hr/>	<hr/> 22,695 <hr/>	<hr/> 10,518 <hr/>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Creditors

	1995 <u>Group</u> £'000	<u>Restated</u> 1994 <u>Group</u> £'000	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Amounts falling due after more than one year:				
Loans from third parties	2,801	12,448	2,801	0
Loans from group undertakings	15,482	35,428	15,482	0
Other creditor	0	0	0	0
Amounts owing to subsidiaries from transfer of undertakings	0	0	4,175	0
	<u>18,283</u>	<u>47,876</u>	<u>22,458</u>	<u>0</u>

The Group:

All loans are unsecured and interest free, and are repayable on demand in whole or part as follows:

	<u>Total</u> £'000	<u>Within</u> <u>2-5 Years</u> £'000	<u>More Than</u> <u>5 Years</u> £'000
<u>At 31 December 1995</u>			
Loans from third parties	2,801	2,801	0
Loans from Group undertakings	<u>15,482</u>	<u>15,482</u>	<u>0</u>
	<u>18,283</u>	<u>18,283</u>	<u>0</u>

At 31 December 1994

Loans from third parties	12,448	1,040	11,408
Loans from Group undertakings	<u>35,428</u>	<u>2,960</u>	<u>32,468</u>
	<u>47,876</u>	<u>4,000</u>	<u>43,876</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Creditors (continued):

The Company:

	<u>Total</u>	<u>Within</u>	<u>More Than</u>
	<u>£'000</u>	<u>2-5 Years</u>	<u>5 Year</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>

All loans are unsecured and interest free, and are repayable on demand in whole or part as follows:

At 31 December 1995

Loans from third parties	2,801	2,801	0
Loans from Group undertakings	15,482	15,482	0
Amounts owing from transfer of subsidiary's undertakings	4,175	4,175	0
	<u>22,458</u>	<u>22,458</u>	<u>0</u>

AT 31 December 1994

Loans from third parties	0	0	0
Loans from Group undertakings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

15. Deferred Taxation

(a) Analysis of Provision made at Full Potential Liability

	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Accelerated tax allowance on capital expenditure	10,113	3,721	8,615	0
Finance leases	429	583	0	0
Short term timing differences	<u>(5,155)</u>	<u>(1,281)</u>	<u>(3,228)</u>	<u>0</u>
	<u>5,387</u>	<u>3,023</u>	<u>5,387</u>	<u>0</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

Deferred Taxation (continued):

(b) Movement in Deferred Taxation Provision

	1995 <u>Group</u> £'000	1994 <u>Group</u> £'000	1995 <u>Company</u> £'000	1994 <u>Company</u> £'000
Balance at beginning of the year	3,023	750	0	0
- Prior year	313	(44)	313	0
Balance transferred from subsidiary companies		0	5,092	0
Release to the profit and loss account (note 8)	2,051	2,317	(18)	0
	<u>5,387</u>	<u>3,023</u>	<u>5,387</u>	<u>0</u>

16. Share Capital

	<u>Authorised</u> £'000	<u>Issued</u> £'000
Ordinary shares of £1 each	<u>100</u>	<u>56</u>

17. Reconciliation of the Movement in Shareholders' Funds

GROUP

	<u>Share Capital</u> £'000	<u>Share Premium</u> £'000	<u>Profit & Loss</u> £'000	<u>1995 Total Shareholders' Funds</u> £'000	<u>Restated 1994 Total Shareholders' Funds</u> £'000
At Beginning of year	56	496	11,505	12,057	5,786
Profit for the year	-	-	2,247	2,247	6,271
Revaluation of ships held in US Dollars branch account	-	-	392	392	0
At end of Year	<u>56</u>	<u>496</u>	<u>14,144</u>	<u>14,696</u>	<u>12,057</u>

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the Movement in Shareholders Funds (continued):

COMPANY

	<u>Share Capital</u>	<u>Share Premium</u>	<u>Other Reserves</u>	<u>Profit & Loss Account</u>	<u>1995 Total Shareholders' Funds</u>	<u>Total Shareholders' Funds</u>
	£'000	£'000	£'000	£'000	£'000	£'000
At Beginning of year	56	496	179	3,038	3,769	3,590
Transfer of NZUE Reserves				3,535	3,535	
Profit for the year	-	-	-	1,369	1,369	179
Revaluation	-	-	-	1,127	1,127	-
Transfer of profit & loss to reserve	-	-	(179)	179	-	-
At end of Year	<u>56</u>	<u>496</u>	<u>0</u>	<u>9,248</u>	<u>9,800</u>	<u>3,769</u>

18. Joint Venture

Details of the Group's share in its non-corporate joint venture New Zealand Unit Express as at 31 December 1995 are as follows:

Profit and Loss Account

	<u>1995 £'000</u>	<u>1994 £'000</u>
Turnover	7,888	8,129
Other income	19	0
Cost of sales	(7,637)	(6,407)
Administration expenses	(101)	(847)
Hong Kong tax	(10)	(48)
Profit for the Financial year	<u>159</u>	<u>827</u>

Balance Sheet

Current Assets		
Debtors	4,080	4,357
Cash at bank	865	0
Creditors		
Amounts falling due within one year	(1,255)	(1,133)
Net Assets	<u>3,690</u>	<u>3,224</u>
Reserves	<u>3,690</u>	<u>3,224</u>

The part of the Group's reserves attributed to its interest in the joint venture amounts to £3,690,000 which relates to its share of retained profits.

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Joint Venture (continued):

Cash Flow Statement for the Year Ended 31 December 1995

	<u>1995</u> £'000	<u>1994</u> £'000
Net cash from operating activities	872	1,717
Net cash flow outflow from financing	(252)	(1,999)
Net movement in cash or cash equivalents	620	(282)

19. Reconciliation of Operating Profit to Net Cash inflow From Operating Activities

	<u>1995</u> <u>Group</u> £'000	<u>Restated</u> <u>1994</u> <u>Group</u> £'000
Operating Profit	2,723	8,990
Other Income and Recoveries	446	0
Foreign Exchange	405	0
Depreciation Charges	3,936	3,700
Profit on Sale of Tangible Assets	(24)	(32)
(Increase)/Decrease in Stocks	(216)	93
Decrease/(Increase) in Debtors	29,452	(3,169)
Decrease in Creditors	(2,504)	(3,076)
NET CASH INFLOW FROM OPERATING ACTIVITIES	34,218	6,506

20. Analysis of the Balances of Cash and cash equivalents as shown in the balance sheet

	<u>1995</u> <u>Group</u> £'000	<u>1994</u> <u>Group</u> £'000
Cash at bank and in hand	789	604
Bank overdraft	-	(22)
	789	582

P&O SWIRE CONTAINERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Analysis of Changes in Cash and Cash equivalent during the Year

	1995 <u>Group</u> £'000	1994 <u>Group</u> £'000
Balance at the beginning of the year	582	205
Net cash inflow	<u>207</u>	<u>377</u>
Balance at the end of the year	<u>789</u>	<u>582</u>

22. Ultimate Parent Undertaking

The Peninsular and Oriental Steam Navigation Company ("P&OSNCo") incorporated in England and Wales by Royal Charter is the Company's ultimate parent undertaking.

The largest group in which the results of the company are consolidated is that headed by the P&OSNCo. The smallest group in which they are consolidated is that headed by P&O Containers Limited registered in England and Wales.

The consolidated financial statements of the company and these groups can be obtained from P&OSNCo., 79 Pall Mall, London, SW1Y 5EJ.