

Company Number: 1508443

**ANGLO PACIFIC
FORWARDING LIMITED
FINANCIAL STATEMENTS**

31 December 1998



C O N T E N T S

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3
CONSOLIDATED PROFIT AND LOSS ACCOUNT	4
CONSOLIDATED BALANCE SHEET	5
COMPANY BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7-22
ADDITIONAL INFORMATION	23-24

ANGLO PACIFIC FORWARDING LIMITED

DIRECTORS' REPORT

The directors present their report and the group financial statements for the year ended 31 December 1998.

1 PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the group is that of shipping and freight forwarding agents. The group has had a good trading year and the directors are confident that the improvements experienced will continue, and that the financial position at the year end is satisfactory.

2 DIVIDENDS

The group profit for the year after taxation amounted to £153,435. Dividends of £35,700 have been paid.

3 DIRECTORS AND INTERESTS IN SHARES

The directors at 31 December 1998, together with their interests, as defined by the Companies Act 1985, in shares of the company at that date and at the beginning of the year, were as follows:

£1 Ordinary Shares Beneficial

S D Perry	109
Mrs Z Perry	1

The pension scheme of S D Perry and Mrs Z Perry holds 70,000 £1 Cumulative Redeemable Preference shares and 10 ordinary shares in the company.

4 PAYMENT OF CREDITORS

In the absence of disputed amounts due to suppliers are settled as expeditiously as possible, in accordance with agreed terms of payment.

It is not the policy of the company to distinguish between classes of suppliers when negotiating payment terms. At 31 December 1998 there were 113 days trade creditors outstanding.

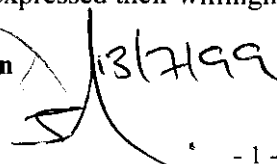
5 YEAR 2000

The directors of the company are fully conversant with the issues surrounding the millennium and its potential impact upon their business. They are taking the steps that they consider necessary to ensure that the impact of this is minimised.

6 AUDITORS

Hazlewoods have expressed their willingness to continue in office.

By order of the Board on
S D Perry - Chairman



ANGLO PACIFIC FORWARDING 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 the group and of the profit or loss of the group 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

To the shareholders of

ANGLO PACIFIC FORWARDING LIMITED

We have audited the financial statements on pages 4 to 22.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 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 financial statements.

Qualified opinion arising from omission of cash flow statement and disagreement about accounting treatment

As explained in note 1, the financial statements do not contain a consolidated statement of cash flows as required by Financial Reporting Standard Number 1. Net cash inflows for the year ended 31 December 1998 amounted to £36,919 and in our opinion information about the group's cash flows is necessary for a proper understanding of the group's state of affairs and result for the year.

In addition amortisation was not provided on goodwill in the year ended 31 December 1995. This treatment was not in accordance with Statement of Standard Accounting practice No 22 'Accounting for Goodwill' and Schedule 4 to the Companies Act 1985. If amortisation had been provided in 1995 at a rate of 10% of cost per annum the net book value of intangible fixed assets, and shareholders funds, would be reduced by £19,155 as at 31 December 1998 and 31 December 1997.

Except for the failure to provide information about the group's cash flows and provide for goodwill amortisation in the accounts to 31 December 1995, as described above, in our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HAZLEWOODS


15/7/99.

Cheltenham

Registered Auditors

ANGLO PACIFIC FORWARDING LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 1998

	Note	1998	1997
TURNOVER	2	4,271,608	3,746,197
Cost of sales		2,385,191	2,171,171
		<hr/>	<hr/>
GROSS PROFIT		1,886,417	1,575,026
Operating expenses	2	1,684,032	1,471,286
		<hr/>	<hr/>
OPERATING PROFIT	3	202,385	103,740
Interest	4	3,150	6,208
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		199,235	97,532
Tax on ordinary activities	6	45,800	28,656
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		153,435	68,876
Dividends	8	35,700	6,300
		<hr/>	<hr/>
RETAINED PROFIT FOR YEAR	19	£ 117,735	£ 62,576
		<hr/>	<hr/>

All activities of the group are continuing activities, there were no additions in the group.

There were no recognised gains or losses other than the profit for the year as shown above.

ANGLO PACIFIC FORWARDING LIMITED

CONSOLIDATED BALANCE SHEET

31 December 1998

FIXED ASSETS	Note	1998	1997
Intangible assets	9	45,960	59,084
Tangible assets	10	319,254	284,422
Investments	11	683	683
		<hr/>	<hr/>
		365,897	344,189
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	12	43,877	26,330
Debtors	13	816,163	514,054
Cash at bank and in hand		448,823	421,585
		<hr/>	<hr/>
		1,308,863	961,969
CREDITORS			
due within one year	14	1,332,621	1,093,554
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(23,758)	(131,585)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		342,139	212,604
		<hr/>	<hr/>
CREDITORS			
due after more than one year	15	54,166	42,066
		<hr/>	<hr/>
PROVISION FOR LIABILITIES AND CHARGES	17	13,500	7,500
		<hr/>	<hr/>
		£ 274,473	£ 163,038
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	18	70,120	70,120
Profit and loss account	19	179,923	68,488
Merger reserve	19	24,430	24,430
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS			
(including non-equity interests)	20	£ 274,473	£ 163,038
		<hr/>	<hr/>

Approved by the board on 13/7/1999

S D Perry - Director

ANGLO PACIFIC FORWARDING LIMITED

COMPANY BALANCE SHEET

31 December 1998

FIXED ASSETS	Note	1998	1997
Tangible assets	10	44,907	55,564
Investments	11	154,751	154,751
		<hr/>	<hr/>
		199,658	210,315
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	13	74,810	4,323
Cash at bank and in hand		23,181	268,251
		<hr/>	<hr/>
		97,991	272,574
CREDITORS			
due within one year	14	73,146	278,392
		<hr/>	<hr/>
NET CURRENT ASSETS (LIABILITIES)		24,845	(5,818)
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		224,503	204,497
		<hr/>	<hr/>
CREDITORS			
due after more than one year	15	12,654	18,787
		<hr/>	<hr/>
		£ 211,849	£ 185,710
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	18	70,120	70,120
Profit and loss account	19	3,749	(22,390)
Merger reserve	19	29,980	29,980
Capital reserve	19	108,000	108,000
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS			
(including non-equity interests)	20	£ 211,849	£ 185,710
		<hr/>	<hr/>

Approved by the board on 13/7/99



S D Perry - Director

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies all of which are in accordance with applicable accounting standards, except that:

- i) The group has not presented a cash flow statement in accordance with Financial Reporting Standard Number 1. The directors are of the opinion that the costs of preparing such a statement would outweigh the benefits to the group.
- ii) No provision was made for amortisation on purchased goodwill in 1995 in conflict with Statement of Standard Accounting Practice Number 22.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Anglo Pacific Forwarding Limited and its subsidiaries made up to 31 December 1998.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied. Transactions between group companies are excluded.

Depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum:

Short leasehold improvements	5% of cost
Fixtures, tools and equipment	9.4-25% of cost
Motor vehicles	25% of written down value

Goodwill

The goodwill attributable to the acquisition of subsidiaries is capitalised and is to be written off over a period of ten years. This period is considered by the directors to be its useful economic life.

Other purchased goodwill is capitalised and is written off on a straight line basis over a period of 10 years. This period is considered by the directors to be its useful economic life. The Directors took the view not to amortise the balance of the purchased goodwill during 1995.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

1 ACCOUNTING POLICIES (Continued)

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by the cost of materials only. Net realisable value represents the future value to the business less any additional cost incurred prior to usage.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The group has no non-monetary assets denominated in foreign currencies. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

Deferred Taxation

Provision is made for deferred taxation using the liability method (calculated at the rate at which it is estimated that tax will be payable) in respect of timing differences between profits as computed for tax purposes and profits as stated in the financial statements, to the extent that those differences will give rise to tax liabilities in the foreseeable future.

Operating Leases

The cost of operating leases is charged to profit and loss account on a straight line basis over the lease term.

Hire Purchase

Assets acquired under hire purchase are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

Pension Costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

1 ACCOUNTING POLICIES (Continued)

Finance Costs

Finance costs in respect of non-equity shares are allocated to profit and loss account as an appropriation of profit at a constant rate of the carrying amount of non-equity shareholders' funds disclosed in the balance sheet, except to the extent that there are participating dividends where the appropriation of profit in the profit and loss account is based on the amount accruing due based on the profit for the year. All finance costs allocated to profit and loss account are added to the carrying amount of the non-equity shareholders' funds, which are then reduced by dividends actually paid.

	1998	1997
2 TURNOVER AND OPERATING EXPENSES		
Turnover comprised:		
United Kingdom	68,347	52,446
Other EU countries	59,802	48,700
Australasia	2,349,384	2,060,408
United States of America	1,196,050	929,056
Rest of World	598,025	655,587
	<hr/>	<hr/>
	£ 4,271,608	£ 3,746,197
	<hr/>	<hr/>
Operating expenses:		
Distribution costs	1,145,997	920,482
Administrative expenses	538,035	550,804
	<hr/>	<hr/>
	£ 1,684,032	£ 1,471,286
	<hr/>	<hr/>

3 OPERATING PROFIT

Operating profit is stated after charging:	£	£
Depreciation of tangible fixed assets	70,811	59,565
Directors emoluments	169,066	77,667
Amortisation of goodwill	12,435	13,123
Auditors' remuneration - for audit services	8,500	8,400
Hire of plant and machinery	7,556	7,843
Property rentals	87,955	85,900
	<hr/>	<hr/>

Depreciation includes £ 31,120 (1997 - £26,938) in respect of assets subject to hire purchase agreements.

During the year £ 2,018 (1997 - £3,750) was paid to the group's auditors for non-audit services.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

4	INTEREST	1998	1997
	Interest payable:		
	Bank overdrafts	1,047	3,454
	Hire purchase charges	9,548	9,140
	Other interest	389	1,094
	Interest on overdue tax	109	9
		<hr/>	<hr/>
		11,093	13,697
	Interest receivable	(7,943)	(7,489)
		<hr/>	<hr/>
		£ 3,150	£ 6,208
		<hr/> <hr/>	<hr/> <hr/>
5	DIRECTORS AND EMPLOYEES		
	The monthly average number of persons (including directors) employed by the group during the year was as follows:		
	Selling and distribution	23	20
	Administration	14	11
		<hr/>	<hr/>
		37	31
		<hr/> <hr/>	<hr/> <hr/>
	Staff costs (including directors):		
	Wages and salaries	696,545	555,717
	Social security costs	68,871	54,297
	Other pension costs	9,849	6,023
	Benefits in kind	-	54,502
		<hr/>	<hr/>
		£ 775,265	£ 670,539
		<hr/> <hr/>	<hr/> <hr/>

ANGLO PACIFIC FORWARDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 1998

6 TAX ON ORDINARY ACTIVITIES

	1998	1997
The charge for taxation comprises:		
Corporation tax based on profit for the year at 21% (1997 – 21.75%)	41,899	21,500
Over provision in prior years	(2,099)	(344)
Deferred tax	6,000	7,500
	<hr/>	<hr/>
	£ 45,800	£ 28,656
	<hr/>	<hr/>

7 PROFIT FOR YEAR

Anglo Pacific Forwarding Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

The amount of the consolidated profit for the year dealt with in the financial statements of the parent company is £68,139 (1997 - loss of £7,583).

8 DIVIDENDS

Dividends on non-equity shares:

Dividends on 9% cumulative redeemable preference shares:

Entitlement accruing in year	6,300	6,300
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Dividends on equity shares:

Interim paid	29,400	-
	<hr/>	<hr/>
	£ 35,700	£ 6,300
	<hr/>	<hr/>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

9 INTANGIBLE ASSETS	Goodwill arising on Consolidation	Purchased Goodwill	Total
GROUP			
Cost			
At 1 January 1998 and At 31 December 1998	50,822	49,819	100,641
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 1998	13,891	27,666	41,557
Charge for year	5,082	8,042	12,435
	<hr/>	<hr/>	<hr/>
At 31 December 1998	18,973	35,708	54,681
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1998	£ 31,849	£ 14,111	£ 45,960
	<hr/>	<hr/>	<hr/>
At 31 December 1997	£ 36,931	£ 22,153	£ 59,084
	<hr/>	<hr/>	<hr/>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

10 TANGIBLE FIXED ASSETS

GROUP	Short leasehold premises	Fixtures, tools and equipment	Motor vehicles	Total
Cost				
At 1 January 1998	41,323	246,834	214,460	502,617
Additions	-	75,531	39,175	114,706
Disposals	-	(36,565)	(26,179)	(62,744)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	41,323	285,800	227,456	554,579
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1998	15,560	109,973	92,662	218,195
Charge for year	2,066	31,199	37,546	70,811
Disposals	-	(36,565)	(17,116)	(53,681)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	17,626	104,607	113,092	235,325
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1998	£ 23,697	£ 181,193	£ 114,364	£ 319,254
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	£ 25,763	£ 136,861	£ 121,798	£ 284,422
	<hr/>	<hr/>	<hr/>	<hr/>
Included in net book values are the following amounts in respect of assets held under hire purchase contracts:				
At 31 December 1998	£ -	£ 34,014	£ 107,940	£ 141,954
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	£ -	£ -	£ 100,414	£ 100,414
	<hr/>	<hr/>	<hr/>	<hr/>

Cost in the group financial statements of Anglo Pacific Forwarding Limited represents the cost to the company and includes assets acquired from a subsidiary undertaking at the net book value shown in that company's financial statements at the date of transfer.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

10 TANGIBLE FIXED ASSETS (Continued)

The total historical cost to Anglo Pacific Forwarding Limited and its subsidiaries based on original cost and accumulated depreciation shown in the financial statements of the subsidiary undertakings is:

Cost	476,699
Accumulated depreciation	243,599
	<hr/>
	£ 233,100
	<hr/> <hr/>

COMPANY	Short leasehold premises	Fixtures, tools and equipment	Motor vehicles	Total
Cost				
At 1 January 1998	41,323	42,863	38,190	122,376
Disposals	-	(8,297)	-	(8,297)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	41,323	34,566	38,190	114,079
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1998	15,560	39,165	12,087	66,812
Charge for year	2,066	2,065	6,526	10,657
Disposals		(8,297)	-	(8,297)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	17,626	32,933	18,613	69,172
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1998	£ 23,697	£ 1,633	£ 19,577	£ 44,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1997	£ 25,763	£ 3,698	£ 26,103	£ 55,564
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the net book value of motor vehicles is £ 19,577 (1997 - £26,103) in respect of assets held under hire purchase contracts.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

11 INVESTMENTS

GROUP

Unlisted investments

Cost and net book value

At 1 January 1998 and 31 December 1998

£ 683

The directors value the unlisted investments at not less than their net book value in the consolidated financial statements.

COMPANY

Shares in group undertakings

Cost and net book value

At 1 January 1998 and 31 December 1998

£ 154,751

The directors value the investments in subsidiary undertakings (none of which is listed on a recognised stock exchange) at not less than the net book value in the consolidated financial statements.

The subsidiary undertakings, which are all wholly owned and registered in England and Wales are:

Nature of business

Anglo Pacific International plc
Anglo Pacific (Fine Art) Limited
Australian Forwarding Agency (London) Limited
Anglo Pacific Shipping Limited
Sanz International Shipping Limited

Shipping Agents
Dormant
Dormant
Dormant
Dormant

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

12	STOCKS	Group		Company	
		1998	1997	1998	1997
	Stationery and packing materials	£ 43,877	£ 26,330	£ -	£ -
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
13	DEBTORS	Group		Company	
		1998	1997	1998	1997
	Trade debtors	672,717	384,458	-	-
	Other debtors	67,738	47,896	-	2,155
	Prepayments and accrued income	75,708	81,700	608	2,168
	Group undertakings	-	-	74,202	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		£ 816,163	£ 514,054	£ 74,810	£ 4,323
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

	Group		Company	
	1998	1997	1998	1997
14 CREDITORS - due within one year				
Debt				
Bank overdrafts	129,495	139,176	19,606	-
Hire purchase obligations	37,842	28,588	5,768	5,997
	<u>167,337</u>	<u>167,764</u>	<u>25,374</u>	<u>5,997</u>
Other Creditors				
Trade creditors	921,468	752,875	47	47
Payments on account	149,096	97,181	-	-
Group undertakings	-	-	12,121	251,381
Current corporation tax	27,461	17,563	610	(3,937)
Other taxes and social security	28,073	18,696	6,726	3,833
Other creditors	43	4,000	-	-
Directors loan	25,768	18,571	25,768	18,571
Accruals and deferred income	13,375	16,904	2,500	2,500
	<u>1,165,284</u>	<u>925,790</u>	<u>47,772</u>	<u>272,395</u>
Total creditors due within one year	<u>£ 1,332,621</u>	<u>£ 1,093,554</u>	<u>£ 73,146</u>	<u>£ 278,392</u>

Details of debt, including security, are give in note 16 to the financial statements.

15 CREDITORS - due after more than one year

Debt	<u>£ 54,166</u>	<u>£ 42,066</u>	<u>£ 12,654</u>	<u>£ 18,787</u>
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Details of debt, including security, are given in note 16 to the financial statements.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

16 DETAILS OF DEBT

Amounts borrowed fall due for repayment as follows:

	Group		Company	
	1998	1997	1998	1997
Due within one year or on demand:				
Bank overdrafts	129,495	139,176	19,606	-
Hire purchase obligations	37,842	28,588	5,768	5,997
	<hr/>	<hr/>	<hr/>	<hr/>
	167,337	167,764	25,374	5,997
	<hr/>	<hr/>	<hr/>	<hr/>
Between one and two years:				
Hire purchase obligations	37,895	34,581	12,654	18,787
	<hr/>	<hr/>	<hr/>	<hr/>
From two to five years:				
Hire purchase obligations	16,271	7,485	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total due within five years	£ 221,503	£ 209,830	£ 50,748	£24,784
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Bank overdrafts are secured by a fixed and floating charge over the assets of the group.

17 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation:	1998	1997
Balance at beginning of year	7,500	-
Transfer from profit and loss account	6,000	7,500
	<hr/>	<hr/>
Balance at end of year	£ 13,500	£ 7,500
	<hr/> <hr/>	<hr/> <hr/>

The deferred taxation provision comprises capital allowances in excess of depreciation.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

18 SHARE CAPITAL	1998	1997
Authorised:		
Equity shares:		
1,000 ordinary shares of £1 each	1,000	1,000
Non equity:		
70,000 9% cumulative redeemable preference shares of £1 each	70,000	70,000
	<hr/>	<hr/>
Total authorised share capital	£ 71,000	£ 71,000
	<hr/>	<hr/>
Allotted and fully paid:		
Equity shares:		
120 ordinary shares of £1 each	120	120
Non equity:		
70,000 9% cumulative redeemable preference shares of £1 each	70,000	70,000
	<hr/>	<hr/>
Total called up share capital	£ 70,120	£ 70,120
	<hr/>	<hr/>

The rights attaching to the non-equity shares are as follows:-

9% cumulative redeemable preference shares of £1 each.

Dividend

The shares carry the right to a dividend of 9% of the nominal value of the shares which is cumulative should the company be unable to make a distribution for any financial year.

On winding up

On a winding up the shareholders are entitled to receive the paid up element of each share, together with any arrears in dividend paid in priority to the ordinary shareholders.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

18 SHARE CAPITAL (Continued)

Redemption

The shares may be redeemed in whole or in part at the option of the company at any time during the period commencing on 1 January 2003 and ending on 31 December 2007.

In addition if the ordinary shareholders desire to effect a sale of the entire issued ordinary share capital of the company then the preference shares may be redeemed at forty eight hours notice.

Voting rights

The shares carry no voting rights.

19 RESERVES

GROUP	Merger reserve	Capital reserve	Profit and loss account	Total
At beginning of year	24,430	-	68,488	92,918
Retained profit for year	-	-	117,735	117,735
Adjustment for arrears of cumulative preference dividends paid	-	-	(6,300)	(6,300)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	£ 24,430	£ -	£ 179,923	£ 204,353
	<hr/>	<hr/>	<hr/>	<hr/>
COMPANY				
At beginning of year	29,980	108,000	22,390	115,590
Retained profit for year	-	-	32,439	32,436
Adjustment for arrears of cumulative preference dividends paid.	-	-	(6,300)	(6,300)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	£ 29,980	£ 108,000	£ 3,749	£ 141,729
	<hr/>	<hr/>	<hr/>	<hr/>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

	Group		Company	
	1998	1997	1998	1997
20 SHAREHOLDERS' FUNDS				
Reconciliation of movements				
Profit for the financial year	153,435	68,876	68,139	(7,583)
Non-equity dividends	(6,300)	(6,300)	(6,300)	(6,300)
	<hr/>	<hr/>	<hr/>	<hr/>
NET ADDITION TO (REDUCTION IN) SHAREHOLDERS' FUNDS	147,135	62,576	61,839	(13,883)
Opening shareholders' funds	163,038	109,912	185,710	209,043
Non-equity dividends paid	-	(15,750)	-	(15,750)
Equity dividends paid	(29,400)	-	(29,400)	-
Non-equity dividends accrued not paid	-	6,300	-	6,300
Adjustment for arrears of cumulative preference dividends paid	(6,300)	-	(6,300)	-
	<hr/>	<hr/>	<hr/>	<hr/>
CLOSING SHAREHOLDERS' FUNDS	£ 274,473	£ 163,038	£ 211,849	£ 185,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Shareholders' funds are attributable to:-

**Non-equity shareholders
9% cumulative redeemable
preference shares**

	70,000	70,000	70,000	70,000
Arrears of cumulative redeemable preference dividends not paid	-	6,300	-	6,300
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-equity interests	70,000	76,300	70,000	76,300
Equity shareholders	204,473	86,738	141,849	109,410
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 274,473	£ 163,038	£ 211,849	£ 185,710
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ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1998

21 CONTINGENT LIABILITIES

There is a cross guarantee between Anglo Pacific Forwarding Limited, Anglo Pacific International plc and Anglo Pacific (Fine Art) Limited, whereby each guarantees the others bank overdraft. Total borrowings of other companies within the group at 31 December 1998 were £109,889 (1997 - £139,176).

22 PENSION COMMITMENTS

The group operates a defined contribution pension scheme for its employees. The assets are held separately from those of the group in an independently administered fund.

23 OTHER FINANCIAL COMMITMENTS

Commitments in respect of operating leases payable in the next twelve months are as follows:

GROUP	Land and buildings	Other	Total
Commitments expiring:			
Within one year	-	1,360	1,360
In second to fifth years inclusive	14,800	-	14,800
After more than five years	62,500	-	62,500
	<hr/>	<hr/>	<hr/>
	£ 77,300	£ 1,360	£ 78,660
	<hr/>	<hr/>	<hr/>

24 CONTROL OF THE COMPANY

The company's share capital is controlled by the directors as set out in the directors' report.