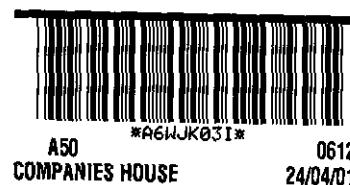


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SBS WORLDWIDE LIMITED

**CONSOLIDATED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2000**



Company Number: 1739816

Barnes Roffe, Chartered Accountants,
16/19 Copperfields, Spital Street, Dartford, Kent, DA1 2DE
ZM: 7 November 2000

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

The directors present their report and the financial statements for the year ended 30 June 2000.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained to the financial statements.

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

Results and dividends

The consolidated profit for the year after taxation, amounted to £611,568 (1999: £584,608).

No interim dividend was paid in the year (1999: £192,852).

A final dividend of £300,000 on the ordinary shares was paid (1999: £107,140).

It is proposed that £311,568 is transferred to reserves.

Principal activities and review of the business

The principal activity of the group in the year under review was that of shipping and forwarding agents.

Review of the development of the business

The directors are pleased with the company's performance for the year with turnover and profitability both increasing. The company has utilised its resources efficiently and maintained its strong asset base. The company can expect greater profitability and growth in the future.

Directors and their interests

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each		Option over ordinary shares	
	2000	1999	2000	1999
S Black	15,000	36,664	-	-
S Walker	32,998	34,283	9,910	9,910
A D F Difford (Resigned 3 March 2000)	-	10,476	-	-
N Walker	27,002	25,717	10,000	10,000
B R White	-	-	500	500
M C Clark	-	-	-	-

S Black Esq and A G F Difford Esq also hold deferred shares of 35,955 (1999: 33,336) and 9,524 (1999: 9,524) respectively.

On 3 March 2000 the company repurchased 29,521 of its ordinary shares of £1 each for £1,235,750 representing 19.7% of the issued share capital at that date, in order to manage the long term interest of its shareholders.

The share options are exercisable no later than 14 October 2001. They do not carry any voting rights or rights to dividends before their exercise. The option price is £7.25 per share.

SBS WORLDWIDE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

Auditors

The auditors, Messrs Barnes Roffe will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the Board and signed on its behalf:-

M C Clark Esq
Secretary



Date:

8 November 2000.

SBS WORLDWIDE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF SBS WORLDWIDE LIMITED

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

As described on page 1 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.

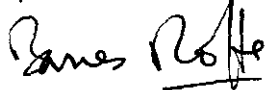
Basis of opinion

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 and the group, 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 30 June 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Barnes Roffe

Chartered Accountants and Registered Auditors
16/19 Copperfields
Spital Street
Dartford
Kent
DA1 2DE

Date: 20 November 2000

SBS WORLDWIDE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2000

	Note	2000 £	1999 £
TURNOVER	1,2	27,349,606	20,168,966
Cost of sales		<u>(19,403,470)</u>	<u>(14,185,833)</u>
GROSS PROFIT		7,946,136	5,983,133
Administrative expenses		<u>(7,023,506)</u>	<u>(5,166,718)</u>
OPERATING PROFIT	3	922,630	816,415
Other interest receivable and similar income	6	70,207	88,132
Interest payable and similar charges	7	<u>(32,350)</u>	<u>(3,333)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		960,487	901,214
TAXATION	8	<u>(372,416)</u>	<u>(347,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		588,071	554,214
Equity minority interests		<u>23,497</u>	<u>30,394</u>
PROFIT FOR THE YEAR		611,568	584,608
DIVIDENDS - all equity	10	<u>(300,000)</u>	<u>(299,992)</u>
RETAINED PROFIT FOR THE YEAR		<u>311,568</u>	<u>284,616</u>

CONTINUING OPERATIONS

Included in the figures above are the results of the subsidiary undertakings acquired during 1999, as follows:

	2000 £	1999 £
Turnover	5,916,719	3,583,442
Cost of sales	<u>(3,612,468)</u>	<u>(2,197,306)</u>
Gross Profit	2,304,251	1,386,136
Operating loss	<u>(138,994)</u>	<u>(53,471)</u>

The notes on pages 9 to 21 form part of these financial statements.

SBS WORLDWIDE LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES
For the year ended 30 June 2000

	2000 £	1999 £
Profit for the financial year after taxation	311,568	284,616
Foreign exchange differences	(4,948)	-
Total gains and losses relating to the year	306,620	284,616

The notes on pages 9 to 21 form part of these financial statements.

SBS WORLDWIDE LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 June 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible fixed assets	12		656,904		446,776
CURRENT ASSETS					
Debtors	14	6,711,340		4,484,009	
Cash at bank and in hand		1,285,585		1,715,814	
		<u>7,996,925</u>		<u>6,199,823</u>	
CREDITORS: amounts falling due within one year	15	<u>(7,072,416)</u>		<u>(5,179,289)</u>	
NET CURRENT ASSETS			<u>924,509</u>		<u>1,020,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,581,413</u>		<u>1,467,310</u>
CREDITORS: amounts falling due after more than one year	16		<u>(1,053,344)</u>		<u>(3,988)</u>
MINORITY INTERESTS	9		<u>(284)</u>		<u>-</u>
NET ASSETS			<u>527,785</u>		<u>1,463,322</u>
CAPITAL AND RESERVES					
Called up share capital	17		120,479		150,000
Share premium account	18		7,500		7,500
Other reserves	19		25,236		31,643
Capital redemption reserve	20		89,521		60,000
Profit and loss account	21		285,049		1,214,179
SHAREHOLDERS' FUNDS	22		<u>527,785</u>		<u>1,463,322</u>

The financial statements were approved by the Board and signed on its behalf:

N Walker Esq

) Directors

S Walker Esq

Date:

8 November 2000.

The notes on pages 9 to 21 form part of these financial statements.

SBS WORLDWIDE LIMITED

COMPANY BALANCE SHEET
As at 30 June 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible fixed assets	12		459,662		359,818
Investments	13		12,502		12,502
			<u>472,164</u>		<u>372,320</u>
CURRENT ASSETS					
Debtors	14	6,617,503		4,368,239	
Cash at bank and in hand		1,190,923		1,574,637	
		<u>7,808,426</u>		<u>5,942,876</u>	
CREDITORS: amounts falling due within one year	15	(6,560,500)		(4,768,259)	
NET CURRENT ASSETS			<u>1,247,926</u>		<u>1,174,617</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,720,090</u>		<u>1,546,937</u>
CREDITORS: amounts falling due after more than one year	16		(1,011,951)		(3,988)
NET ASSETS			<u>708,139</u>		<u>1,542,949</u>
CAPITAL AND RESERVES					
Called up share capital	17		120,479		150,000
Share premium account	18		7,500		7,500
Capital redemption reserve	20		89,521		60,000
Profit and loss account	21		490,639		1,325,449
SHAREHOLDERS' FUNDS	22		<u>708,139</u>		<u>1,542,949</u>

The financial statements were approved by the Board and signed on its behalf:

N Walker Esq

) Directors

S Walker Esq

Date:

8 November 2000.

The notes on pages 9 to 21 form part of these financial statements.

SBS WORLDWIDE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2000

	Notes	2000 £	1999 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		922,630	816,415
Amortisation of tangible assets		9,995	(9,622)
Depreciation of tangible fixed assets		255,945	156,420
Increase in debtors		(2,211,562)	(914,730)
Increase in creditors		1,735,604	324,702
Loss on sale of tangible fixed assets		3,938	828
Net cash inflow from operating activities		716,550	374,013
CASH FLOW STATEMENT			
Net cash inflow from operating activities		716,550	374,013
Returns on investment and servicing of finance	23	19,006	84,877
Taxation paid		(346,571)	(111,408)
Capital expenditure	24	(323,250)	(227,427)
		65,735	120,055
Equity dividends paid		(407,140)	(192,852)
Cash outflow before financing		(341,405)	(72,797)
Financing	25	(88,824)	(180,235)
Decrease in cash		(430,229)	(253,032)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash during the year	26	(430,229)	(253,032)
Loan repayments	26	62,500	-
Capital element of finance lease rentals	26	56,788	22,439
Change in net debt resulting from cash flows	26	(310,941)	(230,593)
New finance leases		(208,700)	-
New bank loan		(1,282,108)	-
Net funds at 1 July 1999	26	1,697,299	1,927,892
Net (debt)/funds at 30 June 2000	26	(104,450)	1,697,299

The notes on pages 9 to 21 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The particular accounting policies adopted by the directors are described below.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They include the results of the group's operations which are described in the directors' report and all of which are continuing.

1.2 Turnover

Turnover represents the amounts receivable for services provided net of Value Added Tax.

1.3 Basis of consolidation

The group financial statements incorporate the results of the company and all its subsidiaries.

1.4 Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributed to such net assets, the difference is treated as purchased goodwill and, following the implementation of FRS 10, is capitalised in the group balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Straight line over the life of the lease
Motor vehicles	-	25% Reducing balance
Fixtures and fittings	-	20% Reducing balance
Computer equipment	-	25% Straight line

1.6 Finance leasing

Assets obtained under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis.

1.8 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. Transactions denominated in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate are taken directly to reserves.

SBS WORLDWIDE LIMITED

1.9 Deferred Taxation

Provision is made for deferred taxation as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.10 Pensions

The company operates a defined contribution pension scheme for the directors and certain staff. The accounting policy of the company is to charge all contributions to the profit and loss account in the year in which they become due.

1.11 Fixed Asset Investments

Investments are stated at cost or valuation less any provisions for impairment.

2. TURNOVER

The turnover and pre-tax result are mainly attributable to the group's principal activity.

The directors are of the opinion that it would be prejudicial to the interests of the group to disclose the values of turnover attributable to each separate geographical market.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2000 £	1999 £
Amortisation of tangible assets	9,995	9,622
Depreciation of tangible fixed assets - owned	181,644	146,323
- held under finance leases	75,758	10,097
Audit fee	33,984	17,805
Auditors' remuneration - non-audit services	45,120	22,890
Operating lease		
- land and buildings	433,437	427,120
- other	81,186	475
Pension costs	67,442	51,488
Foreign exchange differences	(57,486)	(13,998)

4. EMPLOYEE INFORMATION

Staff costs, including directors' remuneration, were as follows:

	2000 £	1999 £
Wages and salaries	3,815,325	2,750,419
Social security costs	366,621	317,281
Other pension costs	67,442	51,488
	<u>4,249,388</u>	<u>3,119,188</u>

The average monthly number of employees, including directors, during the year was as follows:

	2000	1999
Office and management	<u>139</u>	<u>110</u>

SBS WORLDWIDE LIMITED

5. DIRECTORS' EMOLUMENTS

	2000 £	1999 £
Aggregate emoluments	428,461	367,521
Pension contributions	17,340	16,076
	<u>445,801</u>	<u>383,597</u>

Four directors accrue benefit under the money purchase pension scheme to which contributions were paid (1999: four).

The amount of money purchase pension contributions paid in respect of the highest paid director was £5,797 (1999: £5,447).

Three of the directors have share options. This includes the highest paid director.

Included in the above are emoluments, excluding pension contributions, paid to:

Highest paid director	<u>125,510</u>	<u>116,834</u>
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6. INTEREST RECEIVABLE

	2000 £	1999 £
Tax refund interest	-	57
Bank interest	70,207	88,075
	<u>70,207</u>	<u>88,132</u>

7. INTEREST PAYABLE

	2000 £	1999 £
Loan interest	10,813	274
Hire purchase interest	21,537	3,059
	<u>32,350</u>	<u>3,333</u>

8. TAXATION

	2000 £	1999 £
Current year taxation		
UK Corporation Tax at 30% (1999: 30.75%)	372,416	347,000

9. MINORITY INTEREST

	2000 £	1999 £
Balance at 1 July 1999	-	-
Share premium	(23,781)	(30,394)
Loss for the year	23,497	31,649
Provision against debit balance on balance sheet	-	(1,255)
Balance at 30 June 2000	<u>(284)</u>	<u>-</u>

SBS WORLDWIDE LIMITED

10. DIVIDENDS

	2000 £	1999 £
Interim dividends paid	-	192,852
Final dividend paid	300,000	107,140
	<u>300,000</u>	<u>299,992</u>

11. RESULTS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company made a profit after taxation in the year of £700,940 (1999: £695,878).

12. TANGIBLE FIXED ASSETS

<u>Group</u>	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation					
At 1 July 1999	35,707	545,354	366,453	182,011	1,129,525
Additions	-	270,695	99,146	119,914	489,755
Disposals	-	(2,914)	-	(38,365)	(41,279)
At 30 June 2000	<u>35,707</u>	<u>813,135</u>	<u>465,599</u>	<u>263,560</u>	<u>1,578,001</u>
Depreciation					
At 1 July 1999	8,107	357,752	194,064	122,826	682,749
Charge for year	9,995	160,637	54,606	42,159	267,397
On disposals	-	(1,457)	-	(27,592)	(29,049)
At 30 June 2000	<u>18,102</u>	<u>516,932</u>	<u>248,670</u>	<u>137,393</u>	<u>921,097</u>
Net Book Value					
At 30 June 2000	<u>17,605</u>	<u>296,203</u>	<u>216,929</u>	<u>126,167</u>	<u>656,904</u>
At 30 June 1999	<u>27,600</u>	<u>187,602</u>	<u>172,389</u>	<u>59,185</u>	<u>446,776</u>

Included above are assets held under finance leases or hire purchase contracts with net book values as follows:

	2000 £	1999 £
Computer equipment	99,833	20,194
Fixtures, fittings and equipment	21,398	-
Motor vehicles	78,593	-
	<u>199,824</u>	<u>20,194</u>

SBS WORLDWIDE LIMITED

12. TANGIBLE FIXED ASSETS (continued)

<u>Company</u>	<u>Leasehold Improvements £</u>	<u>Computer Equipment £</u>	<u>Fixtures & Fittings £</u>	<u>Motor Vehicles £</u>	<u>Total £</u>
Cost or valuation					
At 1 July 1999	35,707	490,293	326,095	173,537	1,025,632
Additions	-	97,809	94,619	119,914	312,342
Disposals	-	-	-	(38,365)	(38,365)
At 30 June 2000	35,707	588,102	420,714	255,086	1,299,609
Depreciation					
At 1 July 1999	8,107	348,396	188,074	121,237	665,814
Charge for year	9,995	104,864	46,506	40,360	201,725
On disposals	-	-	-	(27,592)	(27,592)
At 30 June 2000	18,102	453,260	234,580	134,005	839,947
Net Book Value					
At 30 June 2000	17,605	134,842	186,134	121,081	459,662
At 30 June 1999	27,600	141,897	138,021	52,300	359,818

Included above are assets held under finance leases or hire purchase contracts with net book values as follows:

	<u>2000 £</u>	<u>1999 £</u>
Computer equipment	20,044	20,194
Fixtures, fittings and equipment	21,398	-
Motor vehicles	78,593	-
	<u>120,035</u>	<u>20,194</u>

SBS WORLDWIDE LIMITED

13. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
Cost	
At 1 July 1999 and 30 June 2000	<u>12,502</u>
Net Book Value	
At 30 June 2000	<u>12,502</u>
At 30 June 1999	<u>12,502</u>

Details of the investments, all of which are held by SBS Worldwide Limited, are as follows:

Name of company	Activity	No of shares held	Class of shares	Holding
S Black (Shipping) Limited	Dormant	2,000	Ordinary shares	100%
CTI (Europe) Limited	Dormant	2	Ordinary shares	50%
SBS Worldwide (Boston) Inc	Shipping and forwarding	1,000	Ordinary shares	57.95%
SBS Worldwide (Chicago) Inc	Shipping and forwarding	2	Ordinary shares	100%

S Black (Shipping) Limited and CTI (Europe) Limited were incorporated in England and Wales, SBS Worldwide (Boston) Inc and SBS Worldwide (Chicago) Inc were incorporated in the USA.

During the year the company's subsidiary, SBS Worldwide (Boston) Inc, redeemed 12% of its issued ordinary share capital.

As a result, at the year end, the holding of SBS Worldwide Limited comprised 57.95% of the remaining issued share capital of SBS Worldwide (Boston) Inc.

During the year the company's subsidiary, SBS Worldwide (Chicago) Inc, redeemed 15% of its issued ordinary share capital.

As a result, at the year end, the holding of SBS Worldwide Limited comprised 100% of the remaining issued share capital of SBS Worldwide (Chicago) Inc.

SBS WORLDWIDE LIMITED

14. DEBTORS

<u>Group</u>	2000 £	1999 £
Due within one year		
Trade debtors	6,222,231	4,123,555
Other debtors	145,964	148,771
Prepayments and accrued income	343,145	211,683
	<u>6,711,340</u>	<u>4,484,009</u>

<u>Company</u>	2000 £	1999 £
Due within one year		
Trade debtors	5,463,100	3,547,040
Amounts owed by group undertakings	683,856	489,161
Other debtors	143,978	138,297
Prepayments and accrued income	326,569	193,741
	<u>6,617,503</u>	<u>4,368,239</u>

SBS WORLDWIDE LIMITED

15. CREDITORS:

Amounts falling due within one year	2000	1999
<u>Group</u>	£	£
Bank loans (secured)	250,000	-
Net obligations under finance lease and hire purchase contracts	81,726	14,527
Trade creditors	5,964,397	4,401,281
Corporation tax	372,845	347,000
Social security and other taxes	104,957	64,521
Proposed dividend	-	107,140
Other creditors	5,879	4,557
Accruals and deferred income	292,612	240,263
	7,072,416	5,179,289
<u>Company</u>	£	£
Bank loans (secured)	250,000	-
Net obligations under finance lease and hire purchase contracts	46,319	14,527
Trade creditors	5,051,894	3,774,078
Amounts owed to group undertakings	535,804	294,899
Corporation tax	372,845	347,000
Social security and other taxes	104,957	64,521
Other creditors	5,879	107,140
Accruals and deferred income	192,802	166,094
	6,560,500	4,768,259

16. CREDITORS:

Amounts falling due after more than one year	2000	1999
<u>Group</u>	£	£
Bank loans (secured)	923,250	-
Net obligations under finance lease and hire purchase contracts	130,094	3,988
	1,053,344	3,988

Included within the above are amounts falling due as follows:

Due within 1 - 2 years:

Bank loans (secured)	250,000	-
Finance lease and hire purchase obligations	130,094	3,988

In 2 - 5 years:

Bank loans (secured)	673,250	-
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SBS WORLDWIDE LIMITED

16. CREDITORS: (continued)

Amounts falling due after more than one year	2000	1999
<u>Company</u>	£	£
Bank loans (secured)	923,250	-
Net obligations under finance lease and hire purchase contracts	88,701	3,988
	<u>1,011,951</u>	<u>3,988</u>

Included within the above are amounts falling due as follows:

Due within 1 - 2 years:

Bank loan (secured)	250,000	-
Net obligations under finance lease and hire purchase contracts	88,701	3,988

In 2 - 5 years:

Bank loan (secured)	673,250	-
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Bank loans of £1,173,250 (1999: £Nil) are secured by directors' life assurance policies. Obligations under finance leases are secured on the related assets.

17. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised		
190,000 ordinary shares of £1 each	190,000	190,000
60,000 deferred shares of £1 each	60,000	60,000
	<u>250,000</u>	<u>250,000</u>
Allotted, issued and fully paid		
75,000 ordinary shares of £1 each (1999: 107,140)	75,000	107,140
45,479 deferred shares of £1 each (1999: 42,860)	45,479	42,860
	<u>120,479</u>	<u>150,000</u>

During the year 29,521 ordinary shares were repurchased by the company and 2,619 ordinary shares were reclassified as deferred shares.

The deferred shares have no voting or dividends rights.

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18. SHARE PREMIUM

	2000 £	1999 £
Share Premium Account		
At 1 July 1999 and 30 June 2000	7,500	7,500

19. OTHER RESERVES

<u>Group</u>	2000 £	1999 £
At 1 July 1999	31,643	-
Group share of subsidiaries' post acquisition share premium account	(6,407)	31,643
At 30 June 2000	25,236	31,643

20. CAPITAL REDEMPTION RESERVE

<u>Group and company</u>	2000 £	1999 £
At 1 July 1999	60,000	60,000
Repurchase of ordinary shares	29,521	-
At 30 June 2000	89,521	60,000

21. PROFIT AND LOSS ACCOUNT RESERVE

<u>Group</u>	2000 £	1999 £
At 1 July 1999	1,214,179	929,563
Profit for year	311,568	284,616
Repurchase of shares	(1,235,750)	-
Foreign exchange differences	(4,948)	-
At 30 June 2000	285,049	1,214,179

<u>Company</u>	2000 £	1999 £
At 1 July 1999	1,325,449	929,563
Profit for year	400,940	395,886
Repurchase of shares	(1,235,750)	-
At 30 June 2000	490,639	1,325,449

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22. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

<u>Group</u>	2000 £	1999 £
Profit for the year	611,568	584,608
Dividends	(300,000)	(299,992)
	<u>311,568</u>	<u>284,616</u>
Share capital repurchased	(29,521)	-
Transfer to capital redemption reserve	29,521	-
Purchase of own shares	(1,235,750)	-
Group share of subsidiaries' post acquisition share premium account	(6,407)	31,643
Other recognised gains and losses during year	(4,948)	-
	<u>(935,537)</u>	<u>316,259</u>
Opening shareholders' funds	<u>1,463,322</u>	<u>1,147,063</u>
Closing shareholders' funds	<u>527,785</u>	<u>1,463,322</u>

Analysis of shareholders' funds

	2000 £	1999 £
Non-equity interests	45,479	42,860
Equity interests	482,306	1,420,462
	<u>527,785</u>	<u>1,463,322</u>

Company

	2000 £	1999 £
Profit for the year	700,940	695,878
Dividends	(300,000)	(299,992)
	<u>400,940</u>	<u>395,886</u>
Share capital repurchased	(29,521)	-
Transfer to capital redemption reserve	29,521	-
Purchase of own shares	1,235,750	-
	<u>(834,810)</u>	<u>395,886</u>
Opening shareholders' funds	<u>1,542,949</u>	<u>1,147,063</u>
Closing shareholders' funds	<u>708,139</u>	<u>1,542,949</u>

Analysis of shareholders' funds

	2000 £	1999 £
Non-equity interests	45,479	42,680
Equity interests	662,660	1,500,089
	<u>708,139</u>	<u>1,542,949</u>

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23. RETURN ON INVESTMENTS AND SERVICING OF FINANCE

	2000 £	1999 £
Interest received	70,207	88,132
Interest paid	(29,664)	(196)
Interest element of finance lease rentals	(21,537)	(3,059)
Net cash inflow from returns on investments and servicing of finance	<u>19,006</u>	<u>84,877</u>

24. CAPITAL EXPENDITURE

	2000 £	1999 £
Payments to acquire tangible fixed assets	(330,085)	(219,776)
Payments to acquire fixed asset investments	-	(12,500)
Receipts from sales of tangible fixed assets	6,835	4,849
Net cash outflow from investing activities	<u>(323,250)</u>	<u>(227,427)</u>

25. FINANCING

	2000 £	1999 £
Repurchase of ordinary shares	(1,251,644)	-
New bank loan	1,282,108	-
Repayment of loan	(62,500)	(225,000)
Share premium receipts in subsidiary companies	-	57,660
Capital element of finance lease rentals	(56,788)	(12,895)
Net cash outflow from financing	<u>(88,824)</u>	<u>(180,235)</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 July 1999 £	Cash flows £	Non-cash Changes £	At 30 June 2000 £
Cash at bank and in hand	1,715,814	(430,229)	-	1,285,585
Debt due within one year	-	(296,358)	-	(296,358)
Debt due after one year	-	(923,250)	-	(923,250)
Finance leases due within one year	(14,527)	56,788	(123,987)	(81,726)
Finance leases due after one year	(3,988)	-	(84,713)	(88,701)
Net debt	<u>1,697,299</u>	<u>(1,593,049)</u>	<u>(208,700)</u>	<u>(104,450)</u>

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27. FINANCIAL COMMITMENTS

At 30 June 2000 the group had the following commitments:

(a) Annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
Within 1 year	332,675	5,950
Between 2 and 5 years	116,000	160,000
In more than 5 years	-	104,000
(b) Forward foreign exchange contracts	1,337,439	258,787

28. ULTIMATE CONTROLLING PARTY

The directors consider that there is no ultimate controlling party.