

**Cast Agencies Europe Limited**  
(Registered Number 1742813)

Director's Report and Financial Statements

For The Year Ended 31 December 2000



# **Cast Agencies Europe Limited**

## **Directors' Report for the Year Ended 31 December 2000**

The directors present the annual report and the audited Financial Statements for the year ended 31 December 2000.

### **Principal Activities**

The principal activity of the company is to provide agency services throughout Europe for Cast Line Limited, a Northern Atlantic carrier of containers. The group also operates a trucking service on the European continent.

### **Group results**

The consolidated profit for the period amounted to US\$107,000 (1999: profit US\$915,000). There was a shareholders' deficit at 31 December 2000 of US\$21,545,000 (31 December 1999: US\$21,652,000).

The directors do not propose the payment of a dividend.

### **Directors**

The directors who served during the year were:

Mike Crossley  
David Nicklin

No director had any beneficial interest in the share capital of the company.

### **Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office; a resolution will be proposed at the Annual General Meeting for their re-appointment as auditors.

### **Post Balance Sheet Events**

Following the reorganization referred to in Note 24 to the accounts on 27<sup>th</sup> September 2001 the company's immediate parent company became CP Ships (Bermuda) Limited. The company ceased active trading on 27<sup>th</sup> September 2001 following the cancellation of its agency contract with Cast Line Limited and its subsidiary companies with the exception of Cast Terminal Europe NV were transferred to CP Ships (UK) Limited.

# **Cast Agencies Europe Limited**

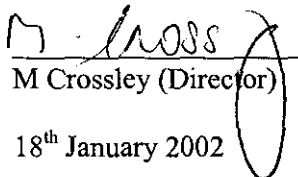
## **Directors' Report - continued**

### **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 of the profit or loss of the company for that year. 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.

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.

  
M Crossley (Director)

18<sup>th</sup> January 2002

# **Cast Agencies Europe Limited**

## **Auditors' report to the members of Cast Agencies Europe Limited**

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

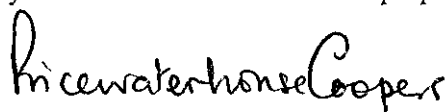
### **Basis of audit opinion**

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 company'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 at 31 December 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors

1 Embankment Place  
London  
WC2N 6RH

18 January 2002

## Cast Agencies Europe Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2000

	Notes	2000 US\$'000	1999 US\$'000
<b>Turnover</b>	1,2	<b>22,419</b>	<b>28,885</b>
<b>Administrative Expenses</b>			
Staff costs	3	(15,432)	(17,487)
Depreciation	7	(300)	(766)
Other operating charges		(7,083)	(9,454)
<b>Operating (loss)/profit</b>		<b>(396)</b>	<b>1,178</b>
<b>Interest</b>	4	<b>500</b>	<b>10</b>
<b>Profit on ordinary activities before taxation</b>	5	<b>104</b>	<b>1,188</b>
Tax on profit on ordinary activities	6	3	(273)
<b>Profit for the Financial Year</b>		<b>107</b>	<b>915</b>

The result for the period derives from continuing operations.

There are no recognised gains and losses other than in the profit above and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 8 to 17 form part of these Financial Statements.

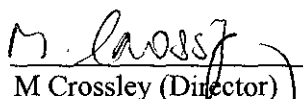
# Cast Agencies Europe Limited

## Consolidated Balance Sheet as at 31 December 2000

	Notes	2000 US\$'000	1999 US\$'000
<b>Fixed Assets</b>			
Tangible assets	7	3,408	3,478
<b>Current assets</b>			
Debtors	8	33,069	24,936
Cash at bank and in hand		9,918	4,635
		42,987	29,571
<b>Creditors:</b>			
Amounts falling due within one year	9	(65,040)	(51,801)
<b>Net current liabilities</b>		(22,053)	(22,230)
<b>Total assets less current liabilities</b>		(18,645)	(18,752)
<b>Creditors:</b>			
Amounts falling due after more than one year	10	(2,900)	(2,900)
<b>Net liabilities</b>		(21,545)	(21,652)
<b>Capital and Reserves</b>			
Called up Share Capital	11	1,200	1,200
Profit and Loss Account	21	(22,745)	(22,852)
<b>Equity shareholders' funds</b>	15	(21,545)	(21,652)

The notes on pages 8 to 17 form part of these Financial Statements.

These Financial Statements were approved by the Directors on

  
M Crossley (Director)

18<sup>th</sup> January 2002

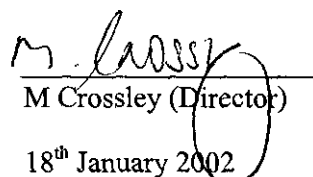
# Cast Agencies Europe Limited

## Company Balance Sheet as at 31 December 2000

	Notes	2000 US\$'000	1999 US\$'000
<b>Fixed Assets</b>			
Investments	18	537	537
<b>Current assets</b>			
Debtors	8	38,867	26,911
Cash at bank and in hand		8,438	3,749
		<b>47,305</b>	<b>30,660</b>
<b>Creditors:</b>			
Amounts falling due within one year	9	(65,275)	(48,591)
<b>Net current liabilities</b>		<b>(17,970)</b>	<b>(17,931)</b>
<b>Total assets less current liabilities</b>		<b>(17,433)</b>	<b>(17,394)</b>
<b>Creditors:</b>			
Amounts falling due after more than one year	10	(2,900)	(2,900)
<b>Net liabilities</b>		<b>(20,333)</b>	<b>(20,294)</b>
<b>Capital and Reserves</b>			
Called up Share Capital	11	1,200	1,200
Profit and Loss Account	21	(21,533)	(21,494)
<b>Equity shareholders' funds</b>	15	<b>(20,333)</b>	<b>(20,294)</b>

The notes on pages 8 to 17 form part of these Financial Statements.

These Financial Statements were approved by the Directors on

  
M Crossley (Director)  
18<sup>th</sup> January 2002

# Cast Agencies Europe Limited

## Consolidated Cash Flow Statement for the year ended 31 December 2000

	Notes	2000 US\$'000	1999 US\$'000
<b>Net cash inflow/(outflow) from operating activities</b>	12	<b>5,054</b>	<b>(11,058)</b>
<b>Returns on investments and servicing of Finance</b>			
Interest received		504	13
Interest paid		(4)	(3)
<b>Cash inflow from Returns on Investments and Servicing of Finance</b>		<b>500</b>	<b>10</b>
<b>Taxation</b>			
Tax paid		(43)	(458)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(546)	(621)
Sale of tangible fixed assets		318	(621)
<b>Increase/(Decrease) in Cash</b>	13,14	<b>5,283</b>	<b>(12,127)</b>
Cash at 1 January		4,635	16,762
Cash at 31 December		9,918	4,635

The notes on pages 8 to 17 form part of these Financial Statements.

# **Cast Agencies Europe Limited**

## **Notes to the Financial Statements**

### **1 Accounting policies**

The Financial Statements have been prepared in accordance with applicable accounting standards and in accordance with the Companies Act 1985 as amended in the Companies Act 1989. The particular accounting policies adopted are described below.

#### **(a) Accounting convention**

The Financial Statements are prepared under the historical cost convention.

#### **(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the company and for all its subsidiaries. The results of subsidiaries are included in the consolidated profit and loss account from the date of their acquisition.

The results of overseas subsidiary undertakings are translated at average exchange rates for the year. Assets and liabilities of the subsidiary undertakings are translated at year-end rates. Exchange differences on the results for the year and on opening net assets are shown as movements on reserves.

#### **(c) Turnover**

Turnover represents the value of services rendered in the period.

#### **(d) Plant and equipment leasing**

Rental costs under operating leases are charged to Profit and Loss Account on a straight-line basis over the lease period.

#### **(e) Foreign exchange**

The functional currency of the company is considered to be the US dollar. Non-US dollar amounts are translated as follows:

- 1) fixed assets, depreciation and equity at rates of exchange applicable at the time of acquisition or origin;
- 2) monetary assets and liabilities at rates of exchange prevailing at the balance sheet date;
- 3) transactions during the year at rates prevailing at the time of the transaction.

The sterling exchange rate against the US dollar prevailing at the balance sheet date was £1 = US\$1.471. The average exchange rate during the year was £1 = US\$1.523.

#### **(f) Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

## **Cast Agencies Europe Limited**

### **Notes to the Financial Statements - continued**

#### **(g) Pension costs**

One of the company's subsidiaries operates a defined contribution scheme. The pension contributions are charged to the Profit and Loss Account in the period in respect of which they are payable in accordance with the rules of the scheme.

#### **(h) Tangible fixed assets**

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Trucking and terminal equipment	5 to 10 years
Fixtures and fittings	3 to 10 years

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 2 Analysis of Turnover and Profits

	Turnover		Operating profit/(loss)	
	31 December 2000 US\$'000	31 December 1999 US\$'000	31 December 2000 US\$'000	31 December 1999 US\$'000
Agency	13,374	19,173	(424)	542
Trucking	9,045	9,712	28	380
Container maintenance	-	-	-	47
Stevedoring	-	-	-	209
	22,419	28,885	(396)	1,178

### 3 Information regarding Directors and Employees

None of the directors of Cast Agencies Europe Limited received any remuneration for their services to the company or its subsidiaries.

	2000 US\$'000	1999 US\$'000
Wages and salaries	11,517	14,150
Social security costs	3,733	3,281
Other pension costs	182	56
	15,432	17,487

The average number of persons employed by the group during the period was as follows:

	2000 Number	1999 Number
Management, Sales and Administration	226	213
Truck Drivers and Container Repair	100	92
	326	305

### 4 Interest Receivable and Payable

	2000 US\$'000	1999 US\$'000
Interest receivable on bank deposits	504	13
Interest payable on bank overdrafts	(4)	(3)
	500	10

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 5 Profit on Ordinary Activities before Taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2000 US\$'000	1999 US\$'000
Rentals under operating leases:		
Plant and machinery	1,098	1,199
Other operating leases	1,220	1,554
Auditor's remuneration for the group		
Audit services	42	66
Non-audit services	81	44

### 6 Taxation

	2000 US\$'000	1999 US\$'000
UK Corporation Tax		
Current year at 30% (1999: 30.25%)	-	103
Under-provision/prior year release	50	(73)
Overseas taxation		
Current year charge	76	371
Prior year release	(129)	(128)
	(3)	273

The tax charge arises in those subsidiaries or branches making profits which cannot be off-set by utilization of the group's tax losses. The unutilized tax losses amount to US\$nil at 31 December 2000 (1999:US\$nil).

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 7 Tangible Fixed Assets

<b>GROUP</b>	<b>Trucking and Terminal Equipment US\$'000</b>	<b>Fixtures and Fittings US\$'000</b>	<b>Total US\$'000</b>
<b>Cost</b>			
At 1 January	2,051	8,009	10,060
Additions	358	188	546
Disposals	-	(288)	(288)
At 31 December	2,409	7,909	10,318
<b>Depreciation</b>			
At 1 January	1,237	5,345	6,582
Charge for the year	121	179	300
Release on disposal	-	28	28
At 31 December	1,358	5,552	6,910
<b>Net Book Value</b>			
At 31 December 2000	1,051	2,357	3,408
At 31 December 1999	814	2,664	3,478

There was no capital expenditure approved or contracted for at 31 December 2000 (1999: US\$nil).  
The company does not hold any tangible fixed assets within its balance sheet.

### 8 Debtors

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2000</b>	<b>31 December 1999</b>	<b>31 December 2000</b>	<b>31 December 1999</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Trade Debtors (Trucking)	333	1,016	-	-
Amounts owed by group undertakings:				
- Parent and fellow subsidiaries	26,167	15,904	25,105	13,074
- Subsidiaries	-	-	13,163	11,296
Corporation Tax	127	81	144	-
Other Debtors:				
- due within one year	6,254	7,653	455	2,541
- due after more than one year	188	282	-	-
	<b>33,069</b>	<b>24,936</b>	<b>38,867</b>	<b>26,911</b>

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 9 Creditors: Amounts falling due within one year

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts owed by group undertakings:				
- Parent company and affiliates	58,278	45,908	61,520	45,507
- Subsidiaries	-	-	3,435	2,239
Trade Creditors	1,456	700	-	-
Corporation Tax	-	-	-	43
Other taxation and social security	-	1,140	-	-
Accruals	5,306	4,053	320	802
	65,040	51,801	65,275	48,591

### 10 Creditors: Amounts falling due after more than one year

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
	US\$'000	US\$'000	US\$'000	US\$'000
Subordinated loan	2,900	2,900	2,900	2,900

The subordinated loan of US\$2,900,000 represents an interest-free loan from the immediate parent company whose right to repayment is subordinated to the interest of all other creditors; there is no fixed repayment date.

### 11 Called up share capital

	2000	1999
	US\$'000	US\$'000
Authorised, allotted and fully paid 800,000 Ordinary shares of £1 each	1,200	1,200

All ordinary shares have full dividend and voting rights.

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 12 Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities

	2000 US\$'000	1999 US\$'000
Operating (loss)/profit	(396)	1,178
Depreciation	300	766
Profit on disposal of fixed assets	(2)	-
Increase in debtors	(8,087)	(11,679)
Increase/(decrease) in creditors and provisions	13,239	(1,323)
Net cash inflow/(outflow) from operating activities	5,054	(11,058)

### 13 Reconciliation of Net Cash flow to Movement in Net Funds

	2000 US\$'000	1999 US\$'000
Increase/(decrease) in cash in the period	5,283	(12,127)
Net Funds at 1 January	4,635	16,762
Net Funds at 31 December	9,918	4,635

### 14 Analysis of changes in Net Funds

	1 January 2000 US\$'000	Cash Flow US\$'000	Exchange Movement US\$'000	31 December 2000 US\$'000
Cash in hand and at bank	4,635	5,283	-	9,918

### 15 Reconciliation of Movements in Shareholders' Funds

	The Group		The Company	
	31 December 2000 US\$'000	31 December 1999 US\$'000	31 December 2000 US\$'000	31 December 1999 US\$'000
Profit/(loss) for the financial period	107	915	(39)	562
Net change in shareholders' funds	107	915	(39)	562
Opening shareholders' funds	(21,652)	(22,567)	(20,294)	(20,856)
Closing shareholders' funds	(21,545)	(21,652)	(20,333)	(20,294)

# Cast Agencies Europe Limited

## Notes to the Financial Statements - continued

### 16 Statement of Movement on Reserves

	The Group		The Company	
	31 December 2000	31 December 1999	31 December 2000	31 December 1999
	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January	(22,852)	(23,767)	(21,494)	(22,056)
Retained profit/(loss) for the year	107	915	(39)	562
As at 31 December	(22,745)	(22,852)	(21,533)	(21,494)

### 17 Obligations under lease agreements

	31 December 2000		31 December 1999	
	Land and buildings US\$'000	Other US\$'000	Total US\$'000	Total US\$'000
Leases which expire:				
- within one year	10	184	194	186
- within two to five years	336	1,577	1,913	2,235
- after five years	514	-	514	91
	860	1,761	2,621	2,512

### 18 Group companies

Investments comprise shares in subsidiary undertakings. The company's principal subsidiaries are listed below:

Name of company	Proportion of shares held and country of incorporation
Cast Agencies Belgium NV	100% Belgium
Cast Agencies France Sarl	100% France
Cast Agencies Germany GmbH	100% Germany
Cast Agencies Holland BV	100% Holland
Cast Agencies Italy SRL	100% Italy
Cast Agencies UK Ltd	100% United Kingdom
Cast Transportation GmbH	100% Germany
Cast Terminal Europe NV*	100% Belgium
Cast Technical Services NV*	100% Belgium

\*dormant company

Cast Agencies Belgium NV provides transportation and agency services. All other operating companies provide agency services. All subsidiaries have been incorporated in the group's accounts.

## Cast Agencies Europe Limited

### Notes to the Financial Statements - continued

All investments are held directly by the Company with the exception of Cast Transportation GmbH and Cast Technical Services NV.

Of those direct investments all are held at cost except for Cast Terminal Europe NV and Cast Technical Services NV, which have been written off in full.

It is the opinion of the Directors that the carrying value of the investments is not materially different from their realisable values.

### 19 Contingent Liabilities

The Group had contingent liabilities at the year-end in respect of bank guarantees given for custom and duty payments, amounting to US\$ 3,500,000 (1999: US\$ 3,500,000).

Actions for approximately US\$95 million have been initiated in Belgium against Cast Agencies Europe Limited and certain of its subsidiaries relating to the termination of a contract for stevedoring and related services. Cast Agencies Europe Limited intends to vigorously defend the actions and does not believe it will incur any liability. Accordingly no provision has been made in the accounts with respect to this matter.

### 20 Results of Cast Agencies Europe Limited

The consolidated profit attributable to the shareholders of Cast Agencies Europe Limited includes a loss of US\$39,000 (1999: profit US\$562,000) dealt with in the financial statements of the company. Cast Agencies Europe Limited has taken advantage of the legal dispensation under Section 230 of the Companies Act 1985 allowing it not to publish a separate profit and loss account.

### 21 Profit and Loss Account

	The Group		The Company	
	31 December 2000	31 December 1999	31 December 2000	31 December 1999
	US\$'000	US\$'000	US\$'000	US\$'000
Opening balance	(22,852)	(23,767)	(21,494)	(22,056)
Exchange adjustments	-	-	-	-
Profit/(loss) for the period	107	915	(39)	562
Closing balance	(22,745)	(22,852)	(21,533)	(21,494)

### 22 Related Party transactions

The company has not disclosed transactions with Group undertakings or other related parties under the exemption contained in FRS8 "Related Party Disclosures" applicable to the Company, being a wholly owned subsidiary undertaking.

## **Cast Agencies Europe Limited**

### **Notes to the Financial Statements - continued**

#### **23 Ultimate Parent Company**

At 31 December 2000, the Company's immediate parent company was Cast Line Limited, the parent company of the smallest group that consolidates the results of the Company. Cast Line Limited is incorporated in Bermuda where there is no requirement for its financial statements to be made available for general inspection. Following the reorganization described in Note 24 the Company's immediate parent company became CP Ships (Bermuda) Limited. Canadian Pacific Limited ("CPL"), which was subsequently renamed Fairmont Hotels & resorts inc. ("FHR"), was the Company's ultimate parent company and ultimate controlling party. Following the reorganization described in Note 24, the Company's ultimate parent company and ultimate controlling party is CP Ships Limited, which is incorporated in Canada. Group accounts for CPL, which is incorporated in Canada, can be obtained from the Secretary of FHR at Canadian Pacific Tower, 100 Wellington Street West, Suite 1600, TD Centre, PO Box 40, Toronto, Ontario, M5K 1B7, Canada.

#### **24 Post Balance Sheet Events**

On 13 February 2001, the Company's ultimate parent company, CPL, announced a major reorganisation to divide CPL's businesses into five separate independent companies, one being CP Ships Limited (a subsidiary undertaking of CPL incorporated in Canada), holding the shipping operation of CPL including Cast Agencies Europe Limited. The reorganization was implemented under a Plan of Arrangement effective 1 October 2001. Under the Plan of Arrangement, CPL distributed its entire investment in CP Ships Limited to its common shareholders to create a separate publicly traded company.