

Cast Agencies Europe Limited
(Registered Number 1742813)

Directors' Report and Financial Statements

For The Year Ended 31 December 2001



Cast Agencies Europe Limited

Directors' Report for the Year Ended 31 December 2001

The directors present the annual report and the audited Financial Statements for the year ended 31 December 2001.

Principal Activities

Prior to 1 October 2001, the company's ultimate parent company was Canadian Pacific Limited ("CPL"). On 1 October 2001, as part of a Plan of Arrangement, CPL separated into five independent companies, one being CP Ships Limited ("CP Ships") which became the company's new ultimate parent company.

On 30 September 2001, as a direct result of this group reorganisation, the company ceased to act as an agent for Cast Line Limited and became dormant. Also as a consequence of the reorganisation, certain of the company's subsidiaries were transferred to a fellow group company.

Group results

The consolidated loss for the period amounted to US\$749,000 (2000: profit US\$107,000). There was a shareholders' deficit at 31 December 2001 of US\$20,515,000 (31 December 2000: US\$21,545,000).

The directors do not propose the payment of a dividend.

Directors

The directors who served during the year were:

Mike Crossley
David Nicklin

On 21st August 2002, Mike Crossley resigned and Ian Webber was appointed as a director of the company.

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.

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.

By order of the board



D Nicklin (Director)

17 October 2002

Cast Agencies Europe Limited

Independent Auditors' report to the members of Cast Agencies Europe Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group 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 Directors' 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 of the group at 31 December 2001 and of the loss of the group, profit for the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

Date:

17 October 2002

Cast Agencies Europe Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2001

	Notes	2001 US\$'000	2000 US\$'000
Turnover	3	22,113	22,419
Administrative Expenses			
Staff costs	4	(10,445)	(15,432)
Depreciation	8	(592)	(300)
Other operating charges		(11,075)	(7,083)
Operating profit/(loss)		1	(396)
Interest	5	118	500
Profit on ordinary activities before taxation	6	119	104
Tax on profit on ordinary activities	7	(868)	3
(Loss)/Profit for the Financial Year		(749)	107

The result for the period derives from discontinued 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 7 to 13 form part of these Financial Statements.

Cast Agencies Europe Limited

Consolidated Balance Sheet as at 31 December 2001

	Notes	2001 US\$'000	2000 US\$'000
Fixed Assets			
Tangible assets	8	-	3,408
Current assets			
Debtors	9	194	33,069
Cash at bank and in hand		-	9,918
		194	42,987
Creditors:			
Amounts falling due within one year	10	(20,709)	(65,040)
Net current liabilities		(20,515)	(22,053)
Total assets less current liabilities		(20,515)	(18,645)
Creditors:			
Amounts falling due after more than one year	11	-	(2,900)
Net liabilities		(20,515)	(21,545)
Capital and Reserves			
Called up share capital	12	1,200	1,200
Profit and loss account	13	(21,715)	(22,745)
Equity shareholders' deficit	14	(20,515)	(21,545)

The notes on pages 7 to 13 form part of these financial statements.

These Financial Statements were approved by the Directors on 17 October 2002.


D Nicklin (Director)

Cast Agencies Europe Limited

Company Balance Sheet as at 31 December 2001

	Notes	2001 US\$'000	2000 US\$'000
Fixed Assets			
Investments	15	-	537
Current assets			
Debtors	9	147	38,867
Cash at bank and in hand		-	8,438
		147	47,305
Creditors:			
Amounts falling due within one year	10	(20,608)	(65,275)
Net current liabilities		(20,461)	(17,970)
Total assets less current liabilities		(20,461)	(17,433)
Creditors:			
Amounts falling due after more than one year	11	-	(2,900)
Net liabilities		(20,461)	(20,333)
Capital and Reserves			
Called up share capital	12	1,200	1,200
Profit and loss account	13	(21,661)	(21,533)
Equity shareholders' deficit	14	(20,461)	(20,333)

The notes on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the Directors on 17 October 2002.


D. Dicklin (Director)

Cast Agencies Europe Limited

Notes to the Financial Statements

1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and in accordance with the Companies Act 1985 as amended in the Companies Act 1989. The group has complied with all Financial Reporting Standards issued by the Accountancy Standards Board from their effective dates.

(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

Revenue and expense items and other transactions denominated in non US dollar currencies are recorded in United States Dollars, which is the functional currency of Cast Agencies Europe Limited, at exchange rates in effect on the dates of the related transactions. Monetary assets and liabilities denominated in non US Dollar currencies are translated into United States Dollars at the year-end rates of exchange. Foreign currency gains and losses arising from realization or remeasurement of non US dollar currency denominated monetary assets and liabilities are recognized as income as incurred.

The financial statements of subsidiary companies denominated in currencies other than United States Dollars, are translated into United States Dollars using year-end rates of exchange for assets and liabilities and the average rates in effect for the year for revenues and expenses. Exchange gains or losses arising from such translation are taken to reserves.

(f) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between results as computed for taxation purposes and results as stated in the financial statements. Deferred tax is provided to the extent that it is probable that a liability will crystallize in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

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

(i) Going concern basis

CP Ships (Bermuda) Limited has indicated that there is no present intention to seek repayment of the liability of \$20,337,000 and accordingly the accounts have been drawn up on a going concern basis.

2 Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of CP Ships Limited and is included in the consolidated financial statements of its ultimate parent company CP Ships Limited for which financial statements are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CP Ships Limited group or investees of the CP Ships Limited group.

3 Analysis of turnover and (losses)/profits

	Turnover		Operating (loss)/profit	
	31 December 2001 US\$'000	31 December 2000 US\$'000	31 December 2001 US\$'000	31 December 2000 US\$'000
Agency	11,321	13,374	(133)	(424)
Trucking	10,792	9,045	134	28
	22,113	22,419	1	(396)

Cast Agencies Europe Limited

Notes to the Financial Statements - continued

4 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.

	2001 US\$'000	2000 US\$'000
Wages and salaries	8,305	11,517
Social security costs	2,088	3,733
Other pension costs	52	182
	10,445	15,432

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

	2001 Number	2000 Number
Management, Sales and Administration	221	226
Truck Drivers and Container Repair	82	100
	303	326

5 Interest receivable and payable

	2001 US\$'000	2000 US\$'000
Interest receivable on bank deposits	118	504
Interest payable on bank overdrafts	-	(4)
	118	500

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 US\$'000	2000 US\$'000
Rentals under operating leases:		
Plant and machinery	925	1,098
Other operating leases	896	1,220
Auditor's remuneration for the group:		
Audit services	26	42
Non-audit services	77	81

Cast Agencies Europe Limited

Notes to the Financial Statements – continued

7 Taxation

	2001 US\$'000	2000 US\$'000
UK Corporation Tax		
Current year at 30% (2000: 30%)	22	-
Prior year adjustment for underprovision	-	50
Overseas taxation		
Current year charge	93	76
Prior year adjustment for under/(over) provision	753	(129)
	868	(3)

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 2001 (2000:US\$nil).

8 Tangible fixed assets

GROUP	Trucking and terminal Equipment US\$'000	Fixtures and fittings US\$'000	Total US\$'000
Cost			
At 1 January 2001	2,409	7,909	10,318
Additions	309	519	828
Disposals	15	(3,177)	(3,162)
Transfer to other group companies	(2,733)	(5,251)	(7,984)
At 31 December 2001	-	-	-
Depreciation			
At 1 January 2001	1,358	5,552	6,910
Charge for the year	93	499	592
Disposals	(20)	(2,956)	(2,976)
Transfer to other group companies	(1,431)	(3,095)	(4,526)
At 31 December 2001	-	-	-
Net Book Value			
At 31 December 2001	-	-	-
At 31 December 2000	1,051	2,357	3,408

There was no capital expenditure approved or contracted for at 31 December 2001 (2000: US\$nil). The company does not hold any tangible fixed assets within its balance sheet.

Cast Agencies Europe Limited

Notes to the Financial Statements – continued

9 Debtors

	Group		Company	
	31 December 2001	31 December 2000	31 December 2001	31 December 2000
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors (trucking)	-	333	-	-
Amounts owed by group undertakings:				
- Parent and fellow subsidiaries	-	26,167	-	25,105
- Subsidiaries	47	-	-	13,163
Corporation Tax	147	127	147	144
Other Debtors:				
- due within one year	-	6,254	-	455
- due after more than one year	-	188	-	-
	194	33,069	147	38,867

10 Creditors: Amounts falling due within one year

	Group		Company	
	31 December 2001	31 December 2000	31 December 2001	31 December 2000
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts owed by group undertakings:				
- Parent company and affiliates	20,337	58,278	20,337	61,520
- Subsidiaries	-	-	-	3,435
Trade Creditors	-	1,456	-	-
Taxation and social security	-	-	-	-
Accruals	372	5,306	271	320
	20,709	65,040	20,608	65,275

11 Creditors: Amounts falling due after more than one year

	Group		Company	
	31 December 2001	31 December 2000	31 December 2001	31 December 2000
	US\$'000	US\$'000	US\$'000	US\$'000
Subordinated loan	-	2,900	-	2,900

Cast Agencies Europe Limited

Notes to the Financial Statements – continued

12 Called up share capital

	2001 US\$'000	2000 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.

13 Profit and loss reserve

	Group		Company	
	31 December 2001 US\$'000	31 December 2000 US\$'000	31 December 2001 US\$'000	31 December 2000 US\$'000
As at 1 January 2001	(22,745)	(22,852)	(21,533)	(21,494)
Exchange adjustments	257	-	-	-
(Loss)/profit for the year	(749)	107	1	(39)
Transfer to other group accounts	1,522	-	(129)	-
As at 31 December 2001	(21,715)	(22,745)	(21,661)	(21,533)

14 Reconciliation of movements in shareholder's deficit

	Group		Company	
	31 December 2001 US\$'000	31 December 2000 US\$'000	31 December 2001 US\$'000	31 December 2000 US\$'000
Exchange adjustments	257	-	-	-
(Loss)/profit for the financial period	(749)	107	1	(39)
Transfer from/(to) other group companies	1,522	-	(129)	-
Net change in shareholders' deficit	1,030	107	(128)	(39)
Opening shareholders' deficit	(21,545)	(21,652)	(20,333)	(20,294)
Closing shareholders' deficit	(20,515)	(21,545)	(20,461)	(20,333)

Cast Agencies Europe Limited

Notes to the Financial Statements – continued

15 Group companies

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

Name of company	Proportion of shares held and country of incorporation
Cast Terminal Europe NV*	100% : Belgium
*dormant company	

All subsidiaries have been incorporated in the group's accounts. All investments are held directly by the Company. The investment for Cast Terminal Europe NV has been written off in full.

It is the opinion of the Directors that the carrying value of the investment is not materially different from its realisable value.

16 Contingent liabilities

Two actions for approximately Belgian Francs 3,876 million (US\$87 million) were initiated in Belgium in 1999 against Cast Agencies Europe Limited and certain of its subsidiaries relating to the termination of contracts for stevedoring and related services. One action for Belgian Francs 298 million (US\$7 million) was withdrawn in January 2002 at no cost to Cast Agencies Europe Limited. Cast Agencies Europe Limited intends to vigorously defend the remaining action and does not believe it will incur any liability. Accordingly no provision has been made in the financial statements with respect to this matter.

17 Results of Cast Agencies Europe Limited

The consolidated profit attributable to the shareholders of Cast Agencies Europe Limited includes a profit of US\$1,000 (2000: profit US\$39,000) 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.

18 Ultimate parent company

The immediate parent company is CP Ships (Bermuda) Limited, a Bermudan registered company. The ultimate parent undertaking is CP Ships Limited (incorporated in Canada), which is the parent undertaking of the largest group to consolidate these financial statements. Copies of CP Ships Limited financial statements can be obtained from 62-65 Trafalgar Square, London WC2N 5DY.