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JAMES P. JONES & SON LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1997

ERNST & YOUNG

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 1997

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ERNST & YOUNG

COMPANY INFORMATION

DIRECTORS	J. C. de Bruyn (Managing, Dutch) E. Jones B. M. Jones N. A. Kassam R. Anderson V. Brennan G. Moran
SECRETARY	N. A. Kassam
REGISTERED OFFICE	36 Airways Industrial Estate, Cloghran, Dublin 17.
SOLICITORS	Gannon and Liddy, 30 Lower Baggot Street, Dublin 2.
BANKERS	Allied Irish Banks plc, Swords Road, Santry, Dublin 9. Bank of Ireland, P. O. Box 9A, College Green, Dublin 2.
AUDITORS	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

ERNST & YOUNG

DIRECTORS' REPORT
for the year ended 31 December 1997

The directors present herewith their report and audited financial statements for the year ended 31 December 1997.

REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The company operates as a shipping agent and air-freight forwarder.

During 1997, the company's turnover increased by 40%, due to the expansion of its various activities.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 1997

The profit and loss account for the year ended 31 December 1997 and the balance sheet at 31 December 1997 are set out on pages 6 and 7. The profit on ordinary activities before taxation amounted to IR£58,847 compared with a profit of IR£50,277 in 1996. After charging taxation of IR£1,208, an amount of IR£57,639 is available for dividends and retention.

DIVIDENDS AND RETENTION

An interim dividend of 42.8p per ordinary share amounting to IR£30,000 was proposed and paid. IR£27,639 is transferred to reserves.

HEALTH AND SAFETY AT WORK

The well-being of the company's employees is safeguarded through strict adherence to health and safety standards. The company meets the requirements of the Safety, Health and Welfare at Work Act, 1989.

GROUP UNDERTAKINGS

A list of the company's subsidiaries is set out in note 10.

FUTURE DEVELOPMENTS IN THE BUSINESS

The company plans to continue developing as a shipping agent and air-freight forwarder.

DIRECTORS

On 5 August 1997, Mr. V. Brennan and Mr. G. Moran were appointed to the board.

The directors as listed on page 2, are not required to retire by rotation.

DIRECTORS' REPORT
for the year ended 31 December 1997 (Continued)

POST-BALANCE SHEET EVENT

The company entered into an understanding in February 1998 with the minority shareholders of Jonhart (Holdings) Limited to purchase all the remaining share capital in that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period 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 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; 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 which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992. 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.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

Directors

Date: 4 June 1998

ERNST & YOUNG
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS OF JAMES P. JONES & SON LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 1990 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 3 and 4 is consistent with the financial statements.

In our opinion, the balance sheet on page 7 does not disclose a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Ernst & Young

Ernst & Young,
Registered Auditors

Dublin

10 June 1998

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

	Note	1997 IR£	1996 IR£
Turnover – continuing operations	2	10,992,442	7,834,073
Gross profit		1,896,234	1,708,344
Administrative expenses		(1,826,517)	(1,648,691)
Income from financial assets	4	-	1,490
Profit on sale of listed investments		-	698
Interest receivable and similar income		-	5,612
Interest payable and similar charges	5	(10,870)	(17,176)
Profit on ordinary activities before taxation	6	58,847	50,277
Tax on profit on ordinary activities	7	1,208	25,162
Profit on ordinary activities after taxation		57,639	25,115
Dividends:			
Paid	8	30,000	-
Profit for the financial year		27,639	25,115
Balance at beginning of year		416,242	391,127
Balance at end of year		443,881	416,242

There are no recognised gains or losses in either year other than the profit attributable to shareholders of the company.

Approved by the Board on 4 June 1998

Directors

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BALANCE SHEET
at 31 December 1997

ASSETS EMPLOYED	*Note*	*1997* *IR£*	*1996* *IR£*
FIXED ASSETS			
Tangible assets	9	209,348	195,288
Financial assets	10	63,302	81,392
		272,650	276,680
CURRENT ASSETS			
Debtors	11	1,992,950	1,771,886
Cash at bank and in hand		281,733	100,991
		2,274,683	1,872,877
CREDITORS (amounts falling due within one year)	12	1,897,420	1,552,473
NET CURRENT ASSETS		377,263	320,404
TOTAL ASSETS LESS CURRENT LIABILITIES		649,913	597,084
FINANCED BY			
CREDITORS (amounts falling due after more than one year)	13	46,032	20,842
CAPITAL AND RESERVES			
Called up share capital	14	70,000	70,000
Capital redemption reserve fund		90,000	90,000
Profit and loss account		443,881	416,242
TOTAL SHAREHOLDERS' FUNDS (all equity interests)	15	603,881	576,242
		649,913	597,084

Approved by the Board on 4 June 1998

Directors

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CASH FLOW STATEMENT
for the year ended 31 December 1997

	Note	1997 IR£	1996 IR£
Net cash inflow (outflow) from operating activities	17	318,489	(92,929)
Returns on investments and servicing of finance			
Interest received		-	5,612
Interest paid		(709)	(472)
Income from financial assets		-	1,490
Interest element of finance leases		(10,161)	(16,704)
		(10,870)	(10,074)
Taxation paid		-	(23,120)
Capital expenditure and financial investments			
Proceeds on sale of tangible fixed assets		24,240	-
Payments to acquire tangible fixed assets		(40,029)	(29,475)
Repayment of group loan		-	24,800
		(15,789)	(4,675)
Equity dividend paid		(30,000)	(15,000)
Management of liquid resources		22,000	-
Financing			
Capital element of finance lease payments	18	(81,024)	(78,473)
Increase (decrease) in cash	19	202,806	(224,271)

RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET FUNDS
for the year ended 31 December 1997

	Note	1997 IR£	1996 IR£
Increase (decrease) in cash in year		202,806	(224,271)
Decrease in liquid resources		(22,000)	-
Movement in net funds (debt) in year		180,806	(224,271)
Net funds at 1 January		11,609	235,880
Net funds at 31 December	19	192,415	11,609

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NOTES TO THE FINANCIAL STATEMENTS
31 December 1997

1. ACCOUNTING POLICIES

(a) *Accounting convention*
The financial statements have been prepared under the historical cost convention.

(b) *Depreciation*
Depreciation is calculated on fixed assets in order to write off such cost over their estimated useful lives by equal annual instalments as follows:

Office and warehouse furniture, fittings and equipment	10% to 33%
Motor vehicles	20% to 33%

Assets are depreciated from the month following acquisition.

(c) *Debtors*
Known bad debts are written off and provision is made for any considered doubtful for collection.

(d) *Foreign currencies*
The financial statements are expressed in Irish pounds (IR£).

Transactions during the year have been translated at the rate of exchange ruling at the date of settlement of the transaction. Assets and liabilities in foreign currencies are translated into Irish pounds at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in arriving at the trading results.

(e) *Deferred taxation*
Provision is made for deferred taxation, using the liability method, on timing differences which are not expected to continue for the foreseeable future.

(f) *Leased assets*
Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

Operating lease rentals are charged to the profit and loss account as incurred.

(g) *Pension costs*
Pension benefits are funded over the employees' period of service by way of contributions to a managed fund. The company's annual contributions are based on actuarial advice and are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

2. TURNOVER

Turnover represents the invoice value, excluding value added tax, for services rendered by the company together with amounts incurred on behalf of and recharged to customers.

3. EMPLOYEES AND REMUNERATION

The staff costs comprise:	*1997 IR£*	*1996 IR£*
Wages and salaries	716,276	717,860
Social welfare costs	80,727	74,635
Other pension costs	36,944	19,127
	833,947	811,622

The average number of persons employed by the company in the financial year is analysed into the following categories:

	1997 Number	*1996 Number*
Operations	29	29
Administration	14	14
	43	43

4. INCOME FROM FINANCIAL ASSETS

	1997 IR£	*1996 IR£*
Interest on group loan	-	1,490

5. INTEREST PAYABLE AND SIMILAR CHARGES (all non-group)

	1997 IR£	*1996 IR£*
Bank loans and overdrafts repayable within one year	709	472
Finance lease charges	10,161	16,704
	10,870	17,176

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	*1997* *IR£*	*1996* *IR£*
The profit on ordinary activities before taxation is stated after charging:		
Directors' remuneration:		
Fees	-	-
Other emoluments including pension contributions:		
From the company	112,013	72,982
From the subsidiaries	95,811	65,700
Auditors' remuneration	8,000	11,566
Depreciation	107,683	102,580
Operating lease rentals:		
Premises	131,302	131,302

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	*1997* *IR£*	*1996* *IR£*
The charge based on the profit on ordinary activities comprises:		
Corporation tax at 28.5% (1996: 38.5%)	1,118	384
Adjustments relating to prior years	90	24,778
	1,208	25,162

8. DIVIDENDS	*1997* *IR£*	*1996* *IR£*
Proposed and paid		
Interim dividend of 42.8p per ordinary share	30,000	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

9. TANGIBLE FIXED ASSETS

	Office and warehouse furniture, fittings and equipment IR£	*Motor vehicles IR£*	*Total IR£*
Cost			
At beginning of year	468,348	116,779	585,127
Additions in year	48,181	79,103	127,284
Translation adjustment	2,705	6,766	9,471
Disposals / scrapped	-	(56,532)	(56,532)
At end of year	519,234	146,116	665,350
Depreciation			
At beginning of year	327,639	62,200	389,839
Charge for year	62,033	42,803	104,836
Translation adjustment	174	2,673	2,847
Disposals / scrapped	-	(41,520)	(41,520)
At end of year	389,846	66,156	456,002
Net book amounts			
31 December 1997	129,388	79,960	209,348
31 December 1996	140,709	54,577	195,288

The net book amounts of office and warehouse furniture, fittings and equipment and vehicles includes IR£17,372 (1996: IR£36,421) and IR£78,492 (1996: IR£45,648) respectively, in respect of assets acquired under lease and hire purchase agreements. The depreciation charge for the year on these assets amounted to IR£37,135 (1996: IR£36,442) and IR£41,511 (1996: IR£36,677) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

		1997 IR£	1996 IR£
10.	FINANCIAL FIXED ASSETS		
(a)	Shares in subsidiary undertakings		
	– unlisted shares at cost		
	At beginning and end of year	51,000	51,000
(b)	Other investments		
	(i) Unlisted at cost		
	At beginning of and end of year	41,602	41,602
	Provision for diminution in value		
	At beginning of year	11,500	11,500
	Provision made during the year	18,090	-
	At end of year	29,590	11,500
	Net book value at end of year	12,012	30,102
	(ii) Listed at cost		
	At beginning and end of year	290	290
	(iii) Long term loan to subsidiary undertaking		
	At beginning of year	-	24,800
	Repaid during year	-	(24,800)
	At end of year	-	-
		63,302	81,392

(c) In the opinion of the directors the value to the company of the unlisted investments is not less than the book amounts shown above.

(d) The market value of the listed investments at 31 December 1997 was IR£2,800 (1996: IR£2,100).

(e) The company has relied on specified exemptions in paragraph 7 of the European Communities (Companies: Group Accounts) Regulations, 1992 on the grounds that the group is entitled to the benefit of those exemptions as a medium sized group. These financial statements present information about the company as an individual undertaking and not about its group.

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NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

10. FINANCIAL FIXED ASSETS (Continued)

(f) Details of subsidiary undertakings

Name	*Nature of business*	*Group share*	*Profit for year IR£*	*Capital and reserves IR£*
Jonhart (Holdings) Limited	Holding company	51%	28	114,936
Container Agencies & Shipping Limited	Shipping agency	45.9%	5,952	244,081
Hartrodt Jones Limited	Freight forwarding	45.7%	1,056	(151,021)

All of the above subsidiaries have their registered office at 36 Airways Industrial Estate, Cloghran, Dublin 17. All shareholdings in subsidiaries consist of ordinary shares. All subsidiaries are incorporated in the Republic of Ireland.

11. DEBTORS

	1997 IR£	*1996 IR£*
Amounts falling due within one year		
Trade debtors	1,619,875	1,431,866
Prepayments	52,592	61,339
Value added tax	25,510	7,736
Amounts owed by group undertakings	294,973	270,945
	1,992,950	1,771,886

12. CREDITORS (amounts falling due within one year)

	1997 IR£	*1996 IR£*
Trade and other creditors	904,044	1,065,239
Amounts owed to group undertakings	21,883	65,830
PAYE	29,971	14,092
Social welfare	-	11,349
Accruals and deferred income	798,675	244,682
	1,754,573	1,401,192
Corporation tax	1,502	384
Bank overdrafts	89,318	89,382
Obligations under finance leases *(note 16)*	52,027	61,515
	1,897,420	1,552,473

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

		1997	1996
13.	CREDITORS (amounts falling due after more than one year)	*IR£*	*IR£*
	Obligations under finance leases *(note 16)*	46,032	20,842

		1997	1996
14.	CALLED UP SHARE CAPITAL	*IR£*	*IR£*
	Authorised		
	160,000 ordinary shares of IR£1 each	160,000	160,000
	90,000 redeemable shares of IR£1 each	90,000	90,000
		250,000	250,000
	Allotted, called up and fully paid		
	Ordinary shares of IR£1 each	70,000	70,000

		1997	1996
15.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	*IR£*	*IR£*
	Profit on ordinary activities after taxation	57,639	25,115
	Dividends paid	(30,000)	-
	Opening shareholders' funds	576,242	551,127
	Closing shareholders' funds	603,881	576,242

16. COMMITMENTS

		1997	1996
(a)	*Finance leases*	*IR£*	*IR£*
	Finance lease obligations, net of interest, are due as follows:		
	Within one year	52,027	61,515
	From two to five years	46,032	20,842
		98,059	82,357

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NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

16. COMMITMENTS (Continued)

(b) *Operating leases*

	Land and buildings *IR£*	*Other* *IR£*
Operating lease commitments payable in the next twelve months in which the commitment expires:		
Within one year	-	-
Within two to five years	104,500	-
	104,500	-

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1997 *IR£*	*1996* *IR£*
Profit on ordinary activities before taxation	58,847	50,277
Income from financial fixed assets	-	(1,490)
Interest receivable and similar income	-	(5,612)
Interest payable and similar charges	10,870	17,176
Operating profit	69,717	60,351
Depreciation	107,683	102,580
Provision for diminution in value of unlisted investments	18,090	-
Profit on sale of tangible fixed assets	(9,318)	-
Profit on sale of listed investments	-	(698)
Increase in debtors	(221,064)	(131,573)
Increase (decrease) in creditors	353,381	(123,589)
Net cash inflow (outflow) from operating activities	318,489	(92,929)

18. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1997 *IR£*	*1996* *IR£*
Finance lease obligations		
Balance at beginning of year	82,357	108,573
Cash outflows from financing	(81,024)	(78,473)
Inception of finance leases	96,726	52,257
Balance at end of year	98,059	82,357

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19. ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/1996 IR£	*Cash flows - IR£*	*At 31/12/1997 IR£*
Cash in hand and at bank	22,991	202,742	225,733
Bank overdrafts	(89,382)	64	(89,318)
	(66,391)	202,806	136,415
Cash deposits	78,000	(22,000)	56,000
	11,609	180,806	192,415

James P. Jones & Son Limited include as liquid resources hypothecated cash deposits and deposits held as security for a value added tax guarantee granted by the company's bankers.

20. PENSION PLAN

A defined benefit pension scheme, which is externally funded, is operated on behalf of the company for employees and directors. The most recent actuarial valuation was undertaken at 1 October 1997 and confirmed that the value of the fund was sufficient to meet accrued benefits. The actuarial report is not available for public inspection. The advice of a professionally qualified actuary is taken in assessing pension costs and liabilities. The next actuarial review is due to take place on 1 October 2001. At 31 December 1997, IR£2,050 was payable in pension costs.

21. TRANSACTIONS WITH DIRECTORS AND OTHER OFFICERS

There were no transactions with directors and their connected parties during the year other than those shown below.

During the year, the company advanced a loan of IR£16,000 to a director. IR£6,000 remained outstanding on this loan at 31 December 1997. The company also disposed of a motor vehicle to this director which had a nil market value.

The company has given guarantees to the Bank of Ireland to secure personal loans, of IR£23,000 each, granted to two directors. IR£11,871 and IR£11,276 respectively remained outstanding at 31 December 1997. These loans are supported by hypothecated cash deposits of a similar amount for each loan.

NOTES TO THE FINANCIAL STATEMENTS
31 December 1997 (Continued)

22. DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and secretary who held office at 31 December 1997 had no beneficial interests other than those shown below in the shares of the company and group companies:

Name	*Description of shares*	*Company*	*Number of shares at 31 December 1997*	*Number of shares at 31 December 1996*
B. M Jones	Ordinary	A	23,333	23,333
N. A. Kassam	Ordinary	A	23,333	23,333
J. C. de Bruyn	Ordinary	A	23,333	23,333
J. C. de Bruyn	Ordinary	B	5,200	5,200
J. C. de Bruyn	Ordinary	C	2,000	2,000

A = James P. Jones & Son Limited
B = Hartrodt Jones Limited
C = Container Agencies & Shipping Limited

23. CONTINGENT LIABILITY

The company has been joined in a lawsuit by a former director for compensation for loss of office and other interests thereon. The claim amounts to IR£266,000.

The directors are of the opinion that the case will be successfully defended and will not have a material adverse effect on the financial condition of the company.

24. UK BRANCH

The results for the year for James P. Jones & Son Limited incorporate the results for the company's UK branch.

25. POST BALANCE SHEET EVENT

The company entered into an understanding in February 1998 with the minority shareholders of Jonhart (Holdings) Limited to purchase all the remaining share capital in that company.