

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**

**REPORT AND ACCOUNTS  
PERIOD ENDED 31 DECEMBER 2000**



**FELDMAN & FELDMAN  
ACCOUNTANTS  
Kingsway House  
1-3 Evans Avenue  
Watford WD25 OEJ**

# **EAGLE GLOBAL LOGISTICS (UK) LIMITED**

**DIRECTORS**

S.J. Carattini  
V Favati  
M. Slaughter  
S Morrison  
S Herreid

**SECRETARY**

S Herreid

**REGISTERED OFFICE**

Kingsway House  
1-3 Evans Avenue  
Watford WD25 OEJ

**COMPANY NUMBER**

932138 (England & Wales)

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## **REPORT AND ACCOUNTS 31 DECEMBER 2000**

Pages	1-2	Report of the directors
	3	Report of the auditors
	4	Profit and loss account
	5	Balance sheet
	6	Cashflow statement
	7-14	Notes to the accounts

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The following pages do not form part  
of the statutory accounts:

- 15 Trading and profit and loss account
- 16 Profit and loss account appendix

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**REPORT OF THE DIRECTORS**

The directors present their report and accounts of the company for the period ended 31 December 2000.

**PRINCIPAL ACTIVITIES**

The company's principal activities during the period were air cargo and shipping agents.

**REVIEW OF BUSINESS**

The company traded to 2 December 2000 on which date its trade, undertaking and assets were transferred as a going concern to the new parent company, EGL Eagle Global Logistics (UK) Limited.

A summary of the results of the period's trading is given on page 4 of the accounts.

**DIVIDENDS**

No dividends were paid in respect of the period.

**DIRECTORS**

The directors who held office in the period were as follows:

P.G. Bartlett	(resigned 31 October 2000)
S J Carattini	
M Slaughter	
V Favati	
R Charles	(appointed 17 January 2000, resigned 23 May 2000)
G Corpe	(appointed 23 May 2000, resigned 11 June 2001)

S Morrison and S Herried were appointed directors on 11 June 2001.

**PARENT UNDERTAKING**

The company is a wholly owned subsidiary of EGL Eagle Global Logistics (UK) Limited, a company incorporated in England.

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**REPORT OF THE DIRECTORS**  
(Continued)

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

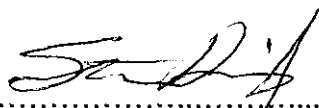
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis 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 accounts 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.

**FIXED ASSETS**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

Signed on behalf of the board



.....S Herreid - Secretary

Approved by the board

Date: 19 July 2001

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EAGLE GLOBAL LOGISTICS (UK) LIMITED**

We have audited the accounts on pages 4 to 14 which have been prepared on the cessation basis and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**BASIS OF OPINION**

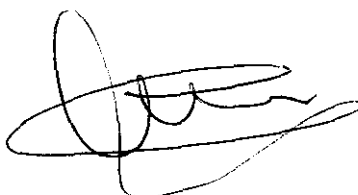
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**OPINION**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the loss and cashflow for the period ended on that date and have been properly prepared in accordance with the Companies Act 1985.

**FELDMAN & FELDMAN  
ACCOUNTANTS  
Kingsway House  
1-3 Evans Avenue  
Watford WD25 0EJ**



**REGISTERED AUDITORS**

24/7/01

**DATE**

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD 1 OCTOBER 1999 TO 31 DECEMBER 2000**

	<u>Notes</u>	15 months 2000 £	18 months 1999 £
<b>TURNOVER</b>	2	11433045	12934974
Direct costs		(9252269)	(10387010)
<b>GROSS PROFIT</b>		2180776	2547964
Other operating income		96250	20000
Administrative expenses		(2653144)	(2402789)
<b>OPERATING (LOSS) PROFIT</b>	3	(376118)	165175
(Loss) profit on disposal of fixed assets		(6766)	10570
Bank interest receivable		37839	60225
Bank interest payable		(544)	(1752)
<b>(LOSS) PROFIT on ordinary activities before taxation</b>		(345589)	234218
<b>TAXATION</b>	6	75481	(117152)
<b>(LOSS) PROFIT on ordinary activities after taxation</b>		(270108)	117066
Dividend from subsidiary company S Boardman Air Services (Northern) Ltd		468942	-
Subsidiary companies loan accounts written off		(28650)	-
Investments in subsidiary companies written off		(30520)	-
<b>RETAINED PROFIT at 1 October 1999</b>		688126	571060
<b>RETAINED PROFIT at 31 December 2000</b>		827790	688126

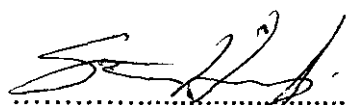
The company has no other recognized gains or losses other than the profit or loss for the above two financial periods.

*The notes on pages 7 to 14 form part of these accounts.*

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**BALANCE SHEET – 31 DECEMBER 2000**

	<u>Notes</u>	<u>31.12.00</u> £	<u>30.9.99</u> £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	123884
Shares in group undertakings	8	-	30500
Investment in associated undertaking	9	-	20
		<hr/>	<hr/>
		-	154404
<b>CURRENT ASSETS</b>			
Debtors	10	646232	2267407
Cash at bank and in hand		443137	825801
		<hr/>	<hr/>
		1089369	3093208
<b>CREDITORS: amounts falling</b>			
due within one year	11	(236579)	(2534486)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		852790	558722
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT</b>			
<b>LIABILITIES</b>		852790	713126
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	25000	25000
Profit and loss account		827790	688126
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	13	852790	713126
		<hr/>	<hr/>

Signed on behalf of the board



..... S Herreid - Secretary

Approved by the board

Date: 19 July 2001

The notes on pages 7 to 14 form part of these accounts.

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**CASHFLOW STATEMENT**  
**PERIOD ENDED 31 DECEMBER 2000**

Page 6

	15 months <u>31.12.00</u> £	18 months <u>30.9.99</u> £
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATIONS</b>		
Operating (loss) profit	(376118)	165175
Depreciation	76679	169511
Decrease (increase) in debtors	1696905	(752944)
(Decrease) increase in creditors	(2182011)	710422
	<hr/>	<hr/>
<b>NET CASH (OUTFLOW) INFLOW FROM OPERATIONS</b>	(784545)	292164
	<hr/>	<hr/>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest receivable	37839	60225
Interest payable	(544)	(1752)
Dividend from subsidiary company	468942	-
	<hr/>	<hr/>
	506237	58473
	<hr/>	<hr/>
<b>TAXATION</b>	(114360)	(18635)
	<hr/>	<hr/>
<b>CAPITAL EXPENDITURE</b>		
Purchase of tangible fixed assets	(330628)	(173217)
Sale of tangible fixed assets	4588	24550
Transfer of tangible fixed assets to parent company	366479	-
	<hr/>	<hr/>
	40439	(148667)
	<hr/>	<hr/>
<b>FINANCING</b>		
Repayment of loan and hire purchase agreements	(1785)	(43348)
Subsidiary companies loans written off	(28650)	-
	<hr/>	<hr/>
(Decrease) increase in cash in the year	(382664)	139987
	<hr/>	<hr/>
<b>RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS (Note 14)</b>		
(Decrease) increase in cash	(382664)	139987
Bank loans and hire purchase agreements repaid	1785	43348
	<hr/>	<hr/>
	(380879)	183335
Net funds at 1 October 1999	824016	640681
	<hr/>	<hr/>
Net funds at 31 December 2000	443137	824016
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**

## **1. ACCOUNTING POLICIES**

### **(a) Basis of accounting**

The company ceased trading on 2 December 2000 and the accounts have been prepared on this basis, full provision having been made for costs associated with cessation of trade.

### **(b) Turnover**

Turnover represents the invoiced amounts of services provided during the period, stated net of VAT.

### **(c) Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 25%	- on written down value
Fixtures and fittings	- 20%	- " " " "
Motor vehicles	- 25%	- " " " "
Equipment	- 33%	- on cost
Leasehold property		- over the term of the lease.

### **(d) Leases**

Rentals paid under operating leases are charged to income as incurred.

### **(e) Deferred taxation**

No provision has been made for deferred taxation as the directors are of the opinion that no liability will arise in the foreseeable future.

### **(f) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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

Contributions in respect of the company's pension schemes are charged to the profit and loss account for the period in which they are paid.

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
(continued)

**2. TURNOVER AND (LOSS) PROFIT**

The turnover and loss (1999 – profit) on ordinary activities before taxation is attributable to the principal activities of the company.

All turnover relates to the United Kingdom.

**3. OPERATING (LOSS) PROFIT**

	<u>2000</u>	<u>1999</u>
	£	£
Operating loss (1999 – profit) is stated after charging:		
Depreciation of tangible fixed assets	76679	169511
Hire of equipment	26305	12955
Staff costs (Note 4)	1205536	1362552
Auditors remuneration	19000	13750
Compensation for loss of office	44500	-
	<hr/>	<hr/>

**4. STAFF COSTS**

	<u>2000</u>	<u>1999</u>
	£	£
Wages and salaries	919404	1148209
Directors emoluments (Note 5)	157269	79916
Social security costs	122670	112522
Other pension costs	6193	21905
	<hr/>	<hr/>
	1205536	1362552
	<hr/>	<hr/>

The average weekly number of employees during the period was as follows:

	<u>2000</u>	<u>1999</u>
Office and management	40	42
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
 (continued)

<b>5. DIRECTORS EMOLUMENTS</b>	<b><u>2000</u></b>	<b><u>1999</u></b>
These include pension contributions under money purchase schemes	£3750	£4500
	<hr/>	<hr/>

During the period retirement benefits were accruing to 1 director (1999 - 1) in respect of money purchase schemes.

<b>HIGHEST PAID DIRECTOR</b>	<b><u>2000</u></b>	<b><u>1999</u></b>
	£	£
Emoluments	66074	75416
Contributions under money purchase schemes	3750	4500
	<hr/>	<hr/>
	69824	79916
	<hr/>	<hr/>

<b>6. TAXATION</b>	<b><u>2000</u></b>	<b><u>1999</u></b>
	£	£
Corporation tax based on the adjusted results of the period	-	117152
Prior year adjustment	(75481)	-
	<hr/>	<hr/>
	(75481)	117152
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
 (continued)

**7. TANGIBLE FIXED ASSETS**

	Leasehold Property	Equipment fixtures & fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 1999	-	92788	149295	242083
Additions	53841	268692	8095	330628
Disposals - group	(53841)	(350903)	(121943)	(526687)
- other	-	(10577)	(35447)	(46024)
At 31 December 2000	-	-	-	-
<b>Depreciation</b>				
At 1 October 1999	-	33835	84364	118199
Charge for the period	2692	49717	24270	76679
On disposals - group	(2692)	(74763)	(82753)	(160208)
- other	-	(8789)	(25881)	(34670)
At 31 December 2000	-	-	-	-
<b>Written down values</b>				
At 31 December 2000	-	-	-	-
At 30 September 1999	-	58953	64931	123884

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
 (continued)

**8. SHARES IN GROUP UNDERTAKINGS**

	<u>2000</u> £	<u>1999</u> £
Shares at cost		
At 1 October 1999	30500	30500
Amount written off	(30500)	-
	<hr/>	<hr/>
At 31 December 2000	-	305000
	<hr/>	<hr/>

**9. INVESTMENT IN ASSOCIATED UNDERTAKING**

	<u>2000</u> £	<u>1999</u> £
Shares at cost		
At 1 October 1999	20	20
Amount written off	(20)	-
	<hr/>	<hr/>
At 31 December 2000	-	20
	<hr/>	<hr/>

**10. DEBTORS**

	<u>2000</u> £	<u>1999</u> £
Trade debtors	77362	1758610
Amounts due from group undertakings	482050	465225
Social security and other taxes	10090	18543
Other debtors	1000	15425
Prepayments	-	9604
Corporation tax recoverable	75730	-
	<hr/>	<hr/>
	646232	2267407
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
 (continued)

**11. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<u>2000</u> £	<u>1999</u> £
Trade creditors	124155	1699151
Amounts owed to group undertakings	57173	579433
Hire purchase	-	1785
Social security and other taxes	5666	24462
Directors' undrawn remuneration	-	10000
Accruals	49585	105544
	<hr/>	<hr/>
	236579	2420375
Corporation tax	-	114111
	<hr/>	<hr/>
	236579	2534486
	<hr/>	<hr/>

**12. CALLED UP SHARE CAPITAL**

	<u>2000</u> £	<u>1999</u> £
Authorised		
50000 Ordinary shares of £1 each	£50000	£50000
	<hr/>	<hr/>
Allotted, issued and fully paid		
25000 Ordinary shares of £1 each	£25000	£25000
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS - 31 DECEMBER 2000**  
 (continued)

<b>13. SHAREHOLDERS' FUNDS</b>	<b>2000</b>	<b>1999</b>
<b>(a) Analysis of shareholders' funds</b>		
Equity	£852790	£713126
	<hr/>	<hr/>
	<b>2000</b>	<b>1999</b>
	£	£
<b>(b) Reconciliation of movements on shareholders' funds</b>		
(Loss) profit for the financial period after taxation	(270108)	117066
Dividend from subsidiary company S Boardman Air Services (Northern) Ltd	468942	-
Subsidiary companies loan accounts written off	(28650)	-
Investments in subsidiary companies written off	(30520)	-
Opening shareholders' funds at 1 October 1999	713126	596060
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 2000	852790	713126
	<hr/>	<hr/>

**EAGLE GLOBAL LOGISTICS (UK) LIMITED**  
**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000**  
 (continued)

**14. ANALYSIS OF CHANGES IN NET FUNDS**

	Balance at 1.10.99.	Cash flows	Balance at 31.12.00.
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at bank and in hand	825801	(382664)	443137
Debts due within one year	1785	1785	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	824016	(380879)	443137
	<u>          </u>	<u>          </u>	<u>          </u>

**15. PARENT UNDERTAKING**

The parent undertaking is EGL Eagle Global Logistics (UK) Limited, a company incorporated in England.

The ultimate parent undertaking is EGL Inc, a company incorporated in Texas, USA.

**16. TRANSFER OF TRADE AND UNDERTAKING**

The company traded to 2 December 2000 on which date its trade, undertaking and assets were transferred as a going concern to the new parent company, EGL Eagle Global Logistics (UK) Limited.