

Company Registration No. 1508443 (England and Wales)

ANGLO PACIFIC FORWARDING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



ANGLO PACIFIC FORWARDING LIMITED

DIRECTORS AND ADVISERS

Directors	S D Perry Z Perry
Secretary	Z Perry
Company number	1508443
Registered office	Units 1 & 2 Bush Industrial Estate Standard Road North Acton London NW10 6DF
Registered auditors	Hazlewoods Bayshill Road Cheltenham Gloucestershire GL50 3AT
Business address	Units 1 & 2 Bush Industrial Estate Standard Road North Acton London NW10 6DF

ANGLO PACIFIC FORWARDING LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Consolidated profit and loss account	4
Balance sheets	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7
Notes to the financial statements	8 - 21

ANGLO PACIFIC FORWARDING LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Directors

The following directors have held office since 1 January 2003:

S D Perry
Z Perry

Principal activities and review of the business

The principal activity of the group is that of shipping and freight forwarding agents.

The group has had a good trading year and the directors are confident that the improvements experienced will continue, and that the financial position at the end of the year is satisfactory.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4. Interim dividends of £100,000 have been paid in the year in respect of the 'A' ordinary shares only. No final dividend has been declared for the year in respect of the 'A' or 'B' ordinary shares.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	'A' ordinary shares of 1p each	
	31 December 2003	1 January 2003
S D Perry	10,900	10,900
Z Perry	100	100

The directors had no interests in the Preference Shares or 'B' ordinary shares.

The pension scheme of S D Perry and Mrs Z Perry holds 1,000 'A' ordinary shares of 1p each in the company (2002 - 1,000 1p 'A' ordinary shares).

Creditor payment policy

In the absence of disputes amounts due to suppliers are settled as expeditiously as possible, in accordance with agreed terms of payment.

The company has not, however, adopted a code of payment practice. It is not the policy of the company to distinguish between classes of suppliers when negotiating payment terms. At 31 December 2003 there were 200 days trade creditors outstanding (2002 - 173 days).

Auditors

Hazlewoods have expressed their willingness to continue in office.

ANGLO PACIFIC FORWARDING LIMITED

DIRECTORS' REPORT (CONTINUED) for the year ended 31 December 2003

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

.....
Z Perry
Director
.....

20 July 2004

ANGLO PACIFIC FORWARDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANGLO PACIFIC FORWARDING LIMITED

We have audited the financial statements of Anglo Pacific Forwarding Limited on pages 4 to 21 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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 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 with the company or the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the group's circumstances, consistently applied and adequately disclosed.

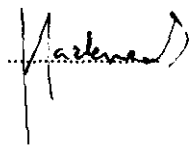
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs of the company and the group as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hazlewoods
Chartered Accountants and Registered Auditors

Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

 27 July 2004

ANGLO PACIFIC FORWARDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	9,509,372	7,290,518
Cost of sales		(5,168,863)	(3,859,832)
Gross profit		4,340,509	3,430,686
Distribution costs		(2,637,288)	(2,201,417)
Administrative expenses		(1,407,113)	(993,040)
Operating profit	3	296,108	236,229
Interest receivable and similar income		34,383	28,497
Interest payable and similar charges	4	(14,653)	(13,814)
Profit on ordinary activities before taxation		315,838	250,912
Tax on profit on ordinary activities	5	(56,748)	(67,772)
Profit on ordinary activities after taxation		259,090	183,140
Dividends	7	(100,000)	(120,000)
Retained profit for the year	18	159,090	63,140

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ANGLO PACIFIC FORWARDING LIMITED

BALANCE SHEETS as at 31 December 2003

		Group		Company	
	Notes	2003 £	2002 £	2003 £	2002 £
Fixed assets					
Intangible assets	8	104,181	11,521	26,500	-
Tangible assets	9	608,956	430,874	84,802	35,655
Investments	10	683	683	154,751	154,751
		<u>713,820</u>	<u>443,078</u>	<u>266,053</u>	<u>190,406</u>
Current assets					
Stocks	11	88,853	115,435	1,466	-
Debtors	12	2,351,567	1,808,591	634,239	195,598
Cash at bank and in hand		1,718,187	997,333	2,011	46,974
		<u>4,158,607</u>	<u>2,921,359</u>	<u>637,716</u>	<u>242,572</u>
Creditors: amounts falling due within one year	13	<u>(4,009,236)</u>	<u>(2,717,910)</u>	<u>(414,703)</u>	<u>(75,586)</u>
Net current assets		<u>149,371</u>	<u>203,449</u>	<u>223,013</u>	<u>166,986</u>
Total assets less current liabilities		<u>863,191</u>	<u>646,527</u>	<u>489,066</u>	<u>357,392</u>
Creditors: amounts falling due after more than one year	14	<u>(113,072)</u>	<u>(55,270)</u>	<u>(15,802)</u>	<u>-</u>
Provisions for liabilities and charges	15	<u>(20,772)</u>	<u>(21,000)</u>	<u>(7,372)</u>	<u>-</u>
		<u>729,347</u>	<u>570,257</u>	<u>465,892</u>	<u>357,392</u>
Capital and reserves					
Called up share capital	17	120	120	120	120
Capital redemption reserve	18	70,000	70,000	178,000	178,000
Other reserves	18	24,430	24,430	29,980	29,980
Profit and loss account	18	634,797	475,707	257,792	149,292
Shareholders' funds - equity interests	19	<u>729,347</u>	<u>570,257</u>	<u>465,892</u>	<u>357,392</u>

The financial statements were approved by the board on 20 July 2004

.....
Z Perry
Director

ANGLO PACIFIC FORWARDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		1,308,537		570,995
Returns on investments and servicing of finance				
Interest received	34,383		28,497	
Interest paid	(14,653)		(13,814)	
Net cash inflow for returns on investments and servicing of finance		19,730		14,683
Taxation		(69,106)		(58,537)
Capital expenditure				
Payments to acquire intangible assets	(144,750)		-	
Payments to acquire tangible assets	(223,024)		(67,106)	
Receipts from sales of tangible assets	18,750		29,855	
Net cash outflow for capital expenditure		(349,024)		(37,251)
Equity dividends paid		(100,000)		(130,000)
Net cash inflow before management of liquid resources and financing		810,137		359,890
Management of liquid resources				
Bank deposits	(482,870)		(16,600)	
		(482,870)		(16,600)
Financing				
Capital element of hire purchase contracts	(89,283)		(102,808)	
Net cash outflow from financing		(89,283)		(102,808)
Increase in cash in the year		237,984		240,482

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	296,108	236,229
	Depreciation of tangible assets	189,279	170,458
	Amortisation of intangible assets	52,090	5,082
	Profit on disposal of tangible assets	(6,658)	(4,068)
	Decrease/(increase) in stocks	26,582	(8,310)
	Increase in debtors	(542,976)	(94,732)
	Increase in creditors within one year	1,294,112	266,336
	Net cash inflow from operating activities	1,308,537	570,995
2	Analysis of net funds	1 January 2003	Cash flow Other non-cash changes 31 December 2003
		£	£ £ £
	Net cash:		
	Cash at bank and in hand	580,333	237,984 - 818,317
	Liquid resources:		
	Bank deposits	417,000	482,870 - 899,870
	Finance leases	(116,357)	89,283 (156,429) (183,503)
	Net funds	880,976	810,137 (156,429) 1,534,684
3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase in cash in the year	237,984	240,482
	Cash outflow from increase in liquid resources	482,870	16,600
	Cash outflow from decrease in debt	89,283	102,808
	Change in net debt resulting from cash flows	810,137	359,890
	New finance lease	(156,429)	(103,081)
	Movement in net funds in the year	653,708	256,809
	Opening net funds	880,976	624,167
	Closing net funds	1,534,684	880,976

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2003

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies all of which are in accordance with applicable Accounting Standards.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Anglo Pacific Forwarding Limited and its subsidiaries made up to 31 December 2003.

1.3 Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services supplied.

1.4 Goodwill

Purchased goodwill, including that attributable to the acquisition of subsidiary and associated undertakings, is capitalised and is written off over its estimated useful life of between 3 and 10 years, depending on the size of the acquisition, the nature of its business and its position in the market place. Previously, purchased goodwill was written off over an estimated useful life of 10 years. The estimate was changed from 10 years to between 3 and 10 years following a review of the useful economic life by the directors.

1.5 Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost or valuation less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum:

Land and buildings Leasehold	Over the lease term
Fixtures, fittings & equipment	15 - 25% of cost
Motor vehicles	25% of cost

1.6 Leasing

Assets acquired under hire purchase and finance leases are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

The cost of and income from operating leases is respectively charged and credited to the profit and loss account on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.9 Pensions

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

1 Accounting policies

(continued)

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the assets. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction, or at the contracted rate if the transaction is covered by a forward exchange contract. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity. The analysis by geographical area of the group's turnover is set out as below:

	2003 £	2002 £
Geographical segment		
United Kingdom	559,857	94,897
Other EU Countries	106,208	163,359
Australasia	5,153,797	3,992,170
United States of America	1,674,042	1,986,153
Rest of World	2,015,468	1,053,939
	<u>9,509,372</u>	<u>7,290,518</u>

3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of intangible assets	52,090	5,082
Depreciation of tangible assets	189,279	170,458
Loss on disposal of tangible assets	-	620
Operating lease rentals	191,948	146,387
Auditors' remuneration (company £4,725 ; 2002 : £3,665)	14,475	12,665
Remuneration of auditors for non-audit work	7,422	5,854
and after crediting:		
Profit on disposal of tangible assets	(6,658)	(4,688)
Profit on foreign exchange transactions	(27,158)	(4,127)
	<u></u>	<u></u>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

4	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	375	607
	Lease finance charges	14,278	13,207
		<u>14,653</u>	<u>13,814</u>
5	Taxation	£	£
	Domestic current year tax		
	U.K. corporation tax	56,976	69,106
	Adjustment for prior years	-	(1,334)
	Current tax charge	<u>56,976</u>	<u>67,772</u>
	Deferred tax		
	Deferred tax charge/credit current year	(228)	-
		<u>56,748</u>	<u>67,772</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>315,838</u>	<u>250,912</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	<u>94,751</u>	<u>75,274</u>
	Effects of:		
	Non deductible expenses	6,525	17,985
	Depreciation add back	54,787	52,662
	Capital allowances	(65,981)	(45,113)
	Adjustments to previous periods	-	(1,334)
	Chargeable disposals	-	(1,220)
	Other tax adjustments	(33,106)	(30,482)
		<u>(37,775)</u>	<u>(7,502)</u>
	Current tax charge	<u>56,976</u>	<u>67,772</u>

Other tax adjustments comprises marginal relief available to certain group members from paying corporation tax at the standard rate of 30%.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2003	2002
	£	£
Holding company's profit for the financial year	208,500	195,103

7 Dividends

	2003	2002
	£	£
'A' Ordinary interim paid	100,000	120,000

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

8 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2003	100,641
Additions	144,750
At 31 December 2003	245,391
Amortisation	
At 1 January 2003	89,120
Charge for the year	52,090
At 31 December 2003	141,210
Net book value	
At 31 December 2003	104,181
At 31 December 2002	11,521

Goodwill acquired in the year relates to the purchase of three trades from three different entities. No other material business assets were acquired hence a fair value table is not presented. The amount contributed to turnover and operating profit for the year arising from these acquisitions are not material and therefore have not been separately disclosed in the profit and loss account or cash flow statement.

Company	Goodwill £
Cost	
At 1 January 2003	-
Additions	39,750
At 31 December 2003	39,750
Amortisation	
At 1 January 2003	-
Charge for the year	13,250
At 31 December 2003	13,250
Net book value	
At 31 December 2003	26,500

Goodwill acquired in the year relates to the purchase of a trade. No other material business assets were acquired hence a fair value table is not presented. The amount contributed to turnover and operating profit for the year arising from this acquisition is not material and therefore has not been separately disclosed in the profit and loss account or cash flow statement.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

9 Tangible fixed assets

Group

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2003	87,866	543,105	335,989	966,960
Additions	-	300,293	79,160	379,453
Disposals	-	-	(64,511)	(64,511)
At 31 December 2003	87,866	843,398	350,638	1,281,902
Depreciation				
At 1 January 2003	52,211	302,446	181,429	536,086
On disposals	-	-	(52,419)	(52,419)
Charge for the year	11,885	107,629	69,765	189,279
At 31 December 2003	64,096	410,075	198,775	672,946
Net book value				
At 31 December 2003	23,770	433,323	151,863	608,956
At 31 December 2002	35,655	240,659	154,560	430,874

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2003	111,780	136,254	248,034
At 31 December 2002	26,660	137,889	164,549
Depreciation charge for the year			
31 December 2003	11,010	53,629	64,639
31 December 2002	6,412	44,545	50,957

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

9 Tangible fixed assets (continued)

Company

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2003	87,866	34,567	7,995	130,428
Additions	-	75,519	-	75,519
At 31 December 2003	87,866	110,086	7,995	205,947
Depreciation				
At 1 January 2003	52,211	34,567	7,995	94,773
Charge for the year	11,885	14,487	-	26,372
At 31 December 2003	64,096	49,054	7,995	121,145
Net book value				
At 31 December 2003	23,770	61,032	-	84,802
At 31 December 2002	35,655	-	-	35,655

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2003	23,319	-	23,319
At 31 December 2002	-	-	-
Depreciation charge for the year			
31 December 2003	3,331	-	3,331
31 December 2002	-	2,964	2,964

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

10 Fixed asset investments

Group	Unlisted investments £
-------	------------------------------

Cost	
At 1 January 2003 and at 31 December 2003	683

Company	Shares in group undertakings £
---------	---

Cost	
At 1 January 2003 and at 31 December 2003	154,751

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Anglo Pacific International Plc	England and Wales	Ordinary	100
Anglo Pacific (Fine Art) Limited	England and Wales	Ordinary	100
Australian Forwarding Agency (London) Limited	England and Wales	Ordinary	100
Anglo Pacific Shipping Limited	England and Wales	Ordinary	100

Anglo Pacific International Plc owns 100% of the share capital of Sanz International Shipping Limited, a company which is incorporated in England and Wales.

The principal activity of these undertakings for the last relevant financial year was as follows:

Anglo Pacific International Plc	Shipping and freight forwarding agents
Anglo Pacific (Fine Art) Limited	Dormant
Australian Forwarding Agency (London) Limited	Dormant
Anglo Pacific Shipping Limited	Dormant
Sanz International Shipping Limited	Dormant

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

11 Stocks

	Group 2003 £	2002 £	Company 2003 £	2002 £
Raw materials and consumables	87,387	115,435	-	-
Finished goods and goods for resale	1,466	-	1,466	-
	<u>88,853</u>	<u>115,435</u>	<u>1,466</u>	<u>-</u>

12 Debtors

	Group 2003 £	2002 £	Company 2003 £	2002 £
Trade debtors	1,745,909	1,585,945	-	-
Amounts owed by group undertakings	-	-	503,464	194,796
Other debtors	407,575	91,840	122,073	-
Prepayments and accrued income	198,083	130,806	8,702	802
	<u>2,351,567</u>	<u>1,808,591</u>	<u>634,239</u>	<u>195,598</u>

13 Creditors : amounts falling due within one year

	Group 2003 £	2002 £	Company 2003 £	2002 £
Payments received on account	401,065	505,437	-	-
Net obligations under finance lease and hire purchase contracts	70,431	61,087	5,965	-
Trade creditors	2,827,168	1,824,379	-	-
Amounts owed to group undertakings	-	-	12,121	12,121
Corporation tax	56,976	69,106	28,928	27,552
Other taxes and social security costs	79,749	52,138	20,480	7,468
Directors current accounts	59,258	24,597	59,258	24,597
Other creditors	128,079	120,362	8,333	348
Accruals and deferred income	386,510	60,804	279,618	3,500
	<u>4,009,236</u>	<u>2,717,910</u>	<u>414,703</u>	<u>75,586</u>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

14 Creditors : amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Net obligations under finance leases and hire purchase agreements	113,072	55,270	15,802	-
Net obligations under hire purchase contracts				
Between one and two years	52,203	44,353	5,965	-
Between two and five years	60,869	10,917	9,837	-
	113,072	55,270	15,802	-

15 Provisions for liabilities and charges

Group

	Deferred taxation £
Balance at 1 January 2003	21,000
Profit and loss account	(228)
Balance at 31 December 2003	20,772

Company

Profit and loss account and at 31 December 2003	7,372
---	-------

Deferred taxation provided in the financial statements is as follows:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Accelerated capital allowances	20,772	21,000	7,372	-

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

16 Pension costs

The company operates a defined contribution pension scheme for its employees. The assets are held separately from those of the group in an independently administered fund.

	2003 £	2002 £
Contributions payable by the group for the year	12,197	14,240

17 Share capital

	2003 £	2002 £
Authorised		
100,000 'A' ordinary shares of 1p each	1,000	1,000
100,000 'B' ordinary shares of 1p each	1,000	1,000
70,000 9% cumulative redeemable preference shares of £1 each of £ 1 each	70,000	70,000
	<u>72,000</u>	<u>72,000</u>
Allotted, called up and fully paid		
12,000 'A' ordinary shares of 1p each	120	120

The company has a share option scheme under which options to subscribe for the company's shares have been awarded to certain executives. At 31 January 2003 options under this scheme were outstanding over 2,118 'B' ordinary shares at £112.50 each, exercisable between 7 October 2002 and 6 October 2012. During the year, options over 212 'B' ordinary shares were forfeit. There were no options granted or exercised during the year.

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

18 Statement of movements on reserves

Group	Capital redemption reserve £	Other reserve £	Profit and loss account £
Balance at 1 January 2003	70,000	24,430	475,707
Retained profit for the year	-	-	159,090
Balance at 31 December 2003	70,000	24,430	634,797

Company

	Capital redemption reserve £	Other reserves £	Profit and loss account £
Balance at 1 January 2003	178,000	29,980	149,292
Retained profit for the year	-	-	108,500
Balance at 31 December 2003	178,000	29,980	257,792

19 Reconciliation of movements in shareholders' funds

Group	2003 £	2002 £
Profit for the financial year	259,090	183,140
Dividends	(100,000)	(120,000)
Net addition to shareholders' funds	159,090	63,140
Opening shareholders' funds	570,257	507,117
Closing shareholders' funds	729,347	570,257
Company	2003 £	2002 £
Profit for the financial year	208,500	195,103
Dividends	(100,000)	(120,000)
Net addition to shareholders' funds	108,500	75,103
Opening shareholders' funds	357,392	282,289
Closing shareholders' funds	465,892	357,392

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

20 Contingent liabilities

There is a cross guarantee between Anglo Pacific Forwarding Limited, Anglo Pacific International plc and Anglo Pacific (Fine Art) Limited, whereby each guarantees the others bank overdraft. Total bank borrowings of companies within the group at 31 December 2003 were nil (2002 - nil).

21 Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	37,000	-	-	350
Between two and five years	160,530	138,300	5,674	800
	<u>197,530</u>	<u>138,300</u>	<u>5,674</u>	<u>1,150</u>

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

22 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	375,619	159,787
Company pension contributions to money purchase schemes	643	641
	<u>376,262</u>	<u>160,428</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	167,402	119,396
Company pension contributions to money purchase schemes	<u>643</u>	<u>641</u>

ANGLO PACIFIC FORWARDING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2003

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Selling and distribution	54	46
Administration	21	18
	<u>75</u>	<u>64</u>

Employment costs

	£	£
Wages and salaries	2,085,564	1,504,646
Social security costs	211,897	151,616
Other pension costs	12,197	14,240
	<u>2,309,658</u>	<u>1,670,502</u>

24 Control

The company's share capital is controlled by S D Perry as set out in the directors' report.