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CP Ships Services Inc.

Financial Statements

31 December 2000

Company No: FC020636

Branch No: BR004169



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CP Ships Services Inc.

Financial statements for the year ended 31 December 2000

Activities

The principal activity of the company is that of providing certain services to CP Ships Limited, a group company.

The company was incorporated in Canada on 20 February 1997. Its registered office is 1800 Bankers Hall East, 855 Second Street S.W. Calgary Alberta T2P 4Z5. The company is registered as having established a branch in England and Wales.

Trading Result

The loss for the year after taxation was US\$173,000 (1999, \$83,000).

Directors

The directors of the company during the year were RK Gamey (Canadian), MA Grandin (Canadian), RB Hodgins (Canadian), RR Miles and IJ Webber. The secretary is GA Feigel (Canadian).

On 2 October 2001, all the above mentioned directors resigned and were replaced by Michel Beauregard (Canadian), Michael Fratianni (Canadian) and David Nicklin. Michael Fratianni was appointed as secretary of the company.

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

Notes to the financial statements - 31 December 2000

1. Accounting Policies

The principal accounting policies of the company are as follows:-

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable Canadian accounting standards.

(b) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into US dollars at the year-end rates of exchange. Revenue and expense items denominated in foreign currencies are translated into US dollars at the average monthly rates prevailing during the period.

(c) Turnover

Turnover comprises management fees receivable in respect of services rendered to group companies.

(d) Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation and are fully depreciated on a straight line basis on cost over their useful lives.

2. Ultimate Parent Undertaking

The company's ultimate parent undertaking and ultimate controlling party is CP Ships Limited, a company incorporated in Canada. Copies of the group accounts of CP Ships Limited are available from the Secretary of the company at 62-65 Trafalgar Square, London, WC2N 5DY.

CP Ships Services Inc
Statement of Income and Retained Earnings
(in thousands of United States dollars)
(Unaudited)

	Year ended 31 December	
	2000	1999
Revenues		
Management fees	<u>4,470</u>	<u>3,588</u>
Expenses		
General and administrative	4,378	3,568
Depreciation	<u>92</u>	<u>20</u>
	4,470	3,588
Income from operations	0	0
Other income (expenses)		
Interest income	<u>70</u>	<u>28</u>
	<u>70</u>	<u>28</u>
Profit /(loss) before income taxes	70	28
Income tax expense	<u>(243)</u>	<u>(111)</u>
Net loss	(173)	(83)
Retained deficit, beginning of period	(287)	(204)
Retained deficit, end of period	<u>(460)</u>	<u>(287)</u>

CP Ships Services Inc

Balance Sheet

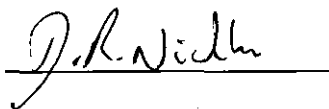
31 December 2000

(in thousands of United States dollars)

(Unaudited)

	2000	1999
Assets		
Current Assets		
Cash and cash equivalents	618	3,649
Accounts receivable		
Group Companies	16,491	3,182
Trade	427	0
	17,536	6,831
Capital assets	258	77
	17,794	6,908
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities		
Group companies	5,167	3,382
Other	3,975	762
Loans from affiliated company due within one year	6,000	0
Income tax payable	112	51
	15,254	4,195
	15,254	4,195
Shareholder's Equity		
Contributed surplus	3,000	3,000
Retained earnings (deficit)	(460)	(287)
	2,540	2,713
	17,794	6,908

David Nicklin
Director



2nd August 2002

CP Ships Services Inc
Cash Flow Statement
(in thousands of United States dollars)
(Unaudited)

	Period ended 31 December	
	2000	1999
Operating Activities		
Net loss for the period	(173)	(83)
Depreciation	92	20
Cash used by operations before changes in working capital	(81)	(63)
Movement in non-cash working capital balances relating to operations	(8,677)	231
Cash from operations	(8,758)	168
Financing Activities		
Increase in contributed surplus	0	3,000
Increase in loans from affiliated company	6,000	0
	6,000	3,000
Investing Activities		
Additions to capital assets	(273)	(33)
	(273)	(33)
Cash Position		
(Decrease) / Increase in cash *	(3,031)	3,135
Cash at beginning of period	3,649	514
Cash at end of period	618	3,649

* Cash comprises cash and cash equivalents within a maximum maturity of three months