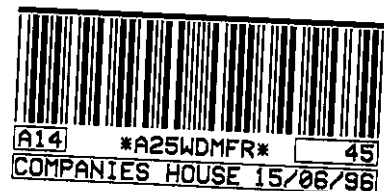


LONHAM GROUP LIMITED

FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31ST DECEMBER 1995

COMPANY NO. 1679607



LONHAM GROUP LIMITED

DIRECTORS' REPORT

The directors present the audited financial statements for the year ended 31st December 1995.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were underwriting, claims handling and consultancy work within the marine insurance industry.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:-

G C Gray

C E M Battistello

J P Mawson

The directors had no interest in the shares of the company at any time during the year.

DIRECTORS' RESPONSIBILITIES

In respect of the preparation of financial statements.

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LONHAM GROUP LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Messrs. Ensors as auditors will be put to the Annual General Meeting.

Advantage has been taken in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part II of the Schedule 8 to the Companies Act 1985.

By order of the board



J E BUGG
Secretary

81 Grimwade Street
IPSWICH

30th May 1996

AUDITORS' REPORT

TO THE SHAREHOLDERS OF LONHAM GROUP LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared following the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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.

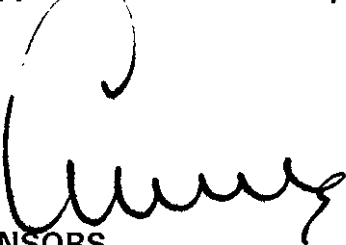
Basis of opinion

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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



ENSORS
Chartered Accountants
Registered Auditor

Ipswich

30th May 1996

LONHAM GROUP LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1995

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
TURNOVER	2	780,305	778,112
Administrative expenses		<u>605,396</u>	<u>588,983</u>
OPERATING PROFIT	3	174,909	189,129
Interest receivable		4,434	3,492
Interest payable		<u>(17,246)</u>	<u>(16,773)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		162,097	175,848
Taxation on ordinary activities		<u>60,743</u>	<u>47,191</u>
PROFIT FOR THE YEAR AFTER TAXATION		101,354	128,657
Dividend		<u>175,000</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	11	<u>(73,646)</u>	<u>128,657</u>

The above results arose wholly from the company's continuing activities and are prepared on the historical cost basis.

There are no recognised gains or losses for either year other than those shown above.

The notes on pages 6 to 10 form part of these financial statements.

LONHAM GROUP LIMITED

BALANCE SHEET

As at 31st December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
<u>FIXED ASSETS</u>		<u>£</u>	<u>£</u>
Tangible assets	4	344,265	300,647
Investments in subsidiary undertakings	5	4	4
		<u>344,269</u>	<u>300,651</u>
<u>CURRENT ASSETS</u>			
Debtors	6	976,861	1,186,525
Cash at bank and in hand		174,584	101,045
		<u>1,151,445</u>	<u>1,287,570</u>
<u>CREDITORS: amounts falling due within one year</u>			
Borrowings	7	23,532	25,717
Other Creditors	8	1,024,880	1,022,493
		<u>103,033</u>	<u>239,360</u>
<u>NET CURRENT ASSETS</u>			
		447,302	540,101
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
<u>CREDITORS: amounts falling due in more than one year</u>			
Borrowings	7	163,504	182,657
		<u>283,798</u>	<u>357,444</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	10	10,000	10,000
Profit and loss account	11	273,798	347,444
<u>SHAREHOLDERS' FUNDS - Equity Interests</u>	11	<u>283,798</u>	<u>357,444</u>

Advantage is taken of the exemptions conferred by Parts I & II of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions having met the qualifications for a small company specified in Sections 246 and 247 of the Companies Act 1985.

Approved by the board 30th May 1996

G C GRAY

C E M BATTISTELLO

}
}
} Directors
}



The notes on pages 6 to 10 form part of these financial statements.

LONHAM GROUP LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 1995

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in accordance with applicable accounting standards on the historical cost basis.

Depreciation

Depreciation is provided on a straight line basis at rates sufficient to write off the cost of each asset over its expected useful life.

The useful life of each category of assets is as follows:

Freehold land and buildings	-	50 years
Office equipment	-	3 years
Motor vehicle	-	3 years

Deferred taxation

Deferred taxation is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Insurance commission earned

Insurance commission is credited to the profit and loss account in respect of premiums received from clients and paid to insurance companies at the close of the financial year.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transactions. All differences are taken to the profit and loss account in arriving at operating profit.

Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Operating leases

Rentals paid under operating leases are charged to income as incurred. Further information on charges in the year and future commitments is given in notes 3 and 13.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

LONHAM GROUP LIMITED**NOTES TO THE ACCOUNTS****For the year ended 31st December 1995 (continued)****2. TURNOVER**

Turnover is stated net of value added tax and represents commissions earned on insurances arranged and fees for the handling of claims and consultancy work.

3. OPERATING PROFIT

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
This is stated after charging:		
Directors' remuneration	67,056	75,600
Auditors' remuneration	4,700	4,000
Depreciation	38,156	24,566
Exchange losses	3,370	28,909
Loss on disposal of fixed assets	272	-
Rentals paid under operating leases	26,932	21,534
Operating lease rentals - Office equipment	23,811	21,082
- Motor vehicles	3,121	452

4. TANGIBLE FIXED ASSETS

	<u>Freehold</u>	<u>Office</u>	<u>Motor</u>	
	<u>land &</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st January 1995	300,610	120,597	-	421,207
Additions	-	47,699	35,048	82,747
Disposals	-	(10,050)	-	(10,050)
Group Company Transfers	-	(5,280)	-	(5,280)
At 31st December 1995	<u>300,610</u>	<u>152,966</u>	<u>35,048</u>	<u>488,624</u>
<u>Depreciation</u>				
At 1st January 1995	29,142	91,418	-	120,560
Charge for the year	6,012	26,098	6,046	38,156
Disposals	-	(9,338)	-	(9,338)
Group Company Transfers	-	(5,019)	-	(5,019)
At 31st December 1995	<u>35,154</u>	<u>103,159</u>	<u>6,046</u>	<u>144,359</u>
<u>Net book value</u>				
At 31st December 1995	<u>265,456</u>	<u>49,807</u>	<u>29,002</u>	<u>344,265</u>
At 31st December 1994	<u>271,468</u>	<u>29,179</u>	<u>-</u>	<u>300,647</u>

LONHAM GROUP LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 1995 (continued)

5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The investments in subsidiary undertakings are shown at cost and consist of a 100% interest in both Lonham Marine Underwriters Limited and Lonham Claims and Recovery Bureau Limited. Both companies are incorporated in England and Wales and neither company has traded since incorporation. Aggregate capital and reserves of each company equates to the cost of investment.

The company is exempt from preparing group financial statements as it is included in the group financial statements of Contship Containerlines Limited, consequently no cash flow statement is prepared.

6. DEBTORS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Trade debtors	874,120	866,839
Amounts due from group undertakings	74,466	295,578
Others	28,275	24,108
	<u>976,861</u>	<u>1,186,525</u>

7. BORROWINGS

Borrowings comprise a mortgage bearing variable interest currently at approximately 9% per annum, repayable by instalments over 25 years.

The mortgage is secured on the freehold property.

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Due within Five Years		
Within one year	23,532	25,717
Within one to two years	24,899	27,929
Within two to five years	93,800	99,034
	<u>142,231</u>	<u>152,680</u>
Due after five years	44,805	55,694
	<u>187,036</u>	<u>208,374</u>

8. OTHER CREDITORS: amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Trade creditors	934,231	933,140
UK corporation tax	60,743	64,929
Other creditors	29,906	24,334
	<u>1,024,880</u>	<u>1,022,403</u>

LONHAM GROUP LIMITED
NOTES TO THE ACCOUNTS

For the year ended 31st December 1995 (continued)

9. DEFERRED TAXATION

	1995		1994	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Excess of capital allowances over depreciation	-	(5,783)	-	(4,554)
Other timing differences	-	(241)	-	(241)
	<u>-</u>	<u>(6,024)</u>	<u>-</u>	<u>(4,795)</u>

10. SHARE CAPITAL

**31st December 1995
and 31st December 1994**

Authorised:

45,000 ordinary shares of £1 each **£45,000**

Allotted, called up and fully paid:

10,000 ordinary shares of £1 each **£10,000**

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share Capital</u>	<u>Profit & Loss Account</u>	<u>Total Shareholders' Funds</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance at 1st January 1994	10,000	218,787	228,787
Profit for the year	-	128,657	128,657
Balance at 31st December 1994	10,000	347,444	357,444
Profit for the year	-	101,354	101,354
Dividend Paid	-	(175,000)	(175,000)
Balance at 31st December 1995	<u>10,000</u>	<u>273,798</u>	<u>283,798</u>

12. PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

The pension cost charge represents contributions payable by the company to the fund during the year and amounted to £31,522 (1994 : £21,005). There were no contributions outstanding at the year end (1994: £887).

13. OBLIGATIONS UNDER OPERATING LEASES

The amounts payable over the next year are as follows:

	1995	1994
	<u>£</u>	<u>£</u>
On contracts due to expire:		
Within one year	5,684	448
Within one to two years	6,528	15,636
Within two to five years	1,980	8,508
After five years	-	424
	<u>14,192</u>	<u>25,016</u>

LONHAM GROUP LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 1995 (continued)

14. CAPITAL COMMITMENTS

There was no capital expenditure which had been authorised and contracted for at 31st December 1995 (1994: £Nil)

15. PARENT AND ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Contship U.K. Limited.

The intermediate parent company, for which group financial statements are prepared, is Contship Containerlines Limited.

The company regarded by the directors as the ultimate parent company is Contship Holdings N.V. (incorporated in the Netherlands Antilles).