



**P&O**  
**ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**FURTHER INFORMATION**

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These schedules provide supporting information and reconciliations for the press release 'P&O Adoption of International Financial Reporting Standards' published on Wednesday 15 June 2005 and should be read in conjunction with that release.

**Schedule 1**  
**Revised Group accounting policies under IFRS**

**P&O GROUP IFRS ACCOUNTING POLICIES**

**Significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

**Basis of preparation**

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, available for sale assets and fair value hedges, which are stated at fair value.

The restated financial information for the transition to IFRS at 1 January 2004, the six months to 30 June 2004 and the year ended 31 December 2004 has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and expected to be endorsed by the EU and effective at 31 December 2005.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These are the Group's first consolidated financial statements prepared in accordance with IFRS and an explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in the press release published on Wednesday 15 June 2005 and schedules 2 to 5.

**Transitional arrangements**

The rules for first time adoption of IFRS are set out in IFRS 1 'First-time Adoption of International Financial Reporting Standards'. In general, a company is required to determine its IFRS accounting policies and apply these retrospectively to determine the opening IFRS compliant balance sheet. The standard permits a number of exceptions to this general principle to assist companies in their transition to IFRS.

When preparing the Group's IFRS balance sheet at 1 January 2004, the date of transition, the following optional exemptions, provided by IFRS 1, from full retrospective application of IFRS accounting policies have been adopted:

- IFRS 3 'Business Combinations' – the provisions of IFRS 3 have been applied prospectively from 1 January 2004, and the classification and accounting treatment of business combinations that occurred prior to this date have not been reconsidered in the preparation of the Group's opening IFRS balance sheet at 1 January 2004;
- IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' – the provisions of IAS 32 and IAS 39 have not been applied to the financial statements for the year ended 31 December 2004, which will form the comparative period to the Group's first IFRS compliant financial statements and which, for these purposes, have been prepared on the basis of previous UK GAAP accounting policies. The Group will apply IAS 32 and IAS 39 prospectively with effect from 1 January 2005;
- Until 31 December 2004 the Group adopted hedge accounting for interest rate transactions and foreign exchange transactions in accordance with UK GAAP. With effect from 1 January 2005, the fair values of derivatives used for hedging these exposures will be included in a hedging reserve, which will be released to the income statement based on the designation of the hedges at 1 January 2005;
- Where items of property, plant and equipment have previously been revalued, the revalued amount at 1 January 2004 has been deemed to be the cost at 1 January 2004; and
- Cumulative translation differences arising on consolidation of subsidiaries – IAS 21 'The Effects of Changes in Foreign Exchange Rates' requires such differences to be held in a separate reserve, rather than included in profit and loss reserve under UK GAAP. This reserve has been deemed to be nil on 1 January 2004.

The Group's restated IFRS results have been prepared under the assumption that the European Commission will endorse the amendment to IAS 19 'Employee Benefits'. The impact to the Group of this not being endorsed will be to record actuarial gains and losses in respect of employee defined benefit plans in the consolidated income statement rather than the consolidated statement of recognised income and expense.

### **Basis of consolidation**

The Group financial statements include the results of the Company and its subsidiary undertakings together with the Group's share of the results of its joint ventures and associates. A subsidiary is an entity controlled by the Company. Control is regarded as the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases.

A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control, established by a contractual arrangement with one or

more other parties. The Group equity accounts for its joint ventures and therefore, as for associates, its share of the profits less losses of joint ventures are included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet.

An associate is an undertaking in which the Group has a long term participating interest and the ability to exercise significant influence, but not control, over the financial and operating policies. The Group's share of the profits less losses of associates is included on an equity accounted basis in the consolidated income statement and its interest in their net assets is included within investments in the consolidated balance sheet from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations in respect of the associate.

Intragroup balances and any unrealised gains or losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **Foreign currency**

#### *Foreign currency transactions*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary asset and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange ruling at the date of the transaction. Non-monetary asset and liabilities denominated in foreign currencies that are stated at fair value are translated into sterling at the rates of exchange ruling at the dates the fair value was determined.

#### *Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at the rates of exchange ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at rates approximating to the rates of exchange ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

#### *Net investment in foreign operations*

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released to the income statement upon disposal.

### *Financial instruments*

IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement' address the accounting for, and reporting of, financial instruments. IAS 39 sets out detailed accounting requirements in relation to financial assets and liabilities. As outlined above under transitional arrangements, this will be applied by the Group for the first time for the year ending 31 December 2005.

All derivative financial instruments are accounted for at fair market value whilst other financial instruments are accounted for either at amortised cost or at fair value depending on their classification. Subject to specific criteria, derivative financial instruments, financial assets and financial liabilities may be designated as forming hedge relationships as a result of which fair value changes are offset in the income statement or recognised directly in the statement of recognised income and expense depending on the nature of the hedge relationship.

From 1 January 2005 hedge accounting has been adopted for the Group's interest rate swaps, currency swaps and forward foreign currency contracts, thereby reducing potential volatility in the income statement.

### **Goodwill arising on consolidation**

Purchased goodwill represents amounts arising on acquisition of subsidiaries, joint ventures and associates. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost which represents the carrying amount (net of accumulated amortisation) as recorded previously under UK GAAP.

Goodwill is stated at cost or deemed cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairments (see accounting policy for impairment). In respect of joint ventures and associates the carrying amount of goodwill is included as part of the carrying amount of the investment in the joint venture or associate.

Negative goodwill arising on acquisition is recognised directly in the income statement.

The Group's policy prior to 1998 was to eliminate goodwill arising upon acquisitions against reserves. Under IFRS 1 and IFRS 3, such goodwill remains eliminated against reserves.

## **Property, plant and equipment**

### *Owned assets*

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Interest incurred in respect of costs relating to assets under construction is capitalised into the cost of the asset concerned.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

### *Leased assets*

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The capital element of future lease payments is treated as a liability. The interest element is charged to the income statement over the period of the finance lease in proportion to the balance of capital repayments.

All other leases are classified as operating leases with the lease rentals payable being charged to the income statement on a systematic basis over the term of the lease.

### *Subsequent expenditure*

Expenditure incurred to replace a component of, or item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

### *Depreciation*

Depreciation is calculated to write off the cost of property, plant and equipment to their estimated residual value on a straight line basis over the expected useful life of the asset concerned. Generally for ships this is between 10 and 35 years, for freehold property 50 years and for other fixed assets (reported within plant and machinery, fixtures and fittings) various periods of up to 40 years, the most significant of which are cold storage facilities (up to 40 years), port equipment, such as cranes and straddle carriers (up to 25 years), Ports IT systems (up to 10 years) and other port equipment, such as forklifts, tractors and trailers (5 to 10 years). Leased assets are depreciated over the remainder of the lease period. No depreciation is provided on freehold land.

Assets constructed by the Group are depreciated from the date on which they come into use.

**Prepaid leases**

Up front payments at inception of leases are recognised as prepayments in respect of that lease and recognised in the income statement over the lease term on a systematic basis in accordance with the pattern of the benefits provided.

**Properties held for development and sale**

Properties held for development and sale are included in current assets at the lower of cost and net realisable value, with any resultant gain or loss recognised in the income statement. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Interest and other outgoings less income receivable are charged to the income statement during development, except in respect of properties where the development period is extensive, when such amounts are included in cost.

**Inventories**

Inventories and work in progress are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy for impairment).

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**Trade and other payables**

Trade and other payables are stated at cost.

**Impairment**

The carrying amounts of the Group's assets other than properties held for development and sale (see accounting policy for properties held for development and sale), inventories (see accounting policy for inventories) and deferred tax assets (see accounting policy for income tax), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated at each balance sheet date as well as when there are indications that the carrying value may not be recoverable. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then, to reduce the carrying amount of the other assets in the unit on a prorata basis.

#### *Calculation of recoverable amount*

The recoverable amount of assets other than receivables, is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Share capital**

#### *Preference and concessionary stock*

Preference and concessionary stock are classified as equity as they are non-redeemable and the directors retain discretion over dividend payments. Dividends are recognised as distributions within equity and are recognised as a liability in the period in which they are declared.

#### *Repurchase of share capital*

When share capital recognised as equity is purchased by the Company, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

### **Employee Benefits**

#### *Pensions*

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on AA credit rated bonds or local equivalent that have maturity dates approximating to the terms of the Group's obligations.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised in the period in which they arise directly in the statement of recognised income and expenses.

The operating and financing costs of defined benefit pension plans are recognised separately in the income statement; current service costs are spread systematically over the expected average remaining service lives of employees and financing costs are recognised in the periods within which they arise.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi employer defined benefit schemes where it is not possible to identify the Group's share of the scheme, are charged to the income statement as they fall due.

#### *Share-based payments*

The Group operates three employee share plans: the Executive Stock Option Plan ('P&O Option Plan'), the 2004 Sharesave Plan ('Sharesave Plan') and the Deferred Bonus and Co-investment Matching Plan ('Matching Plan'). The fair values of grants under the P&O Option Plan and Sharesave Plan are calculated using binomial valuation models. The fair values of awards under the Matching Plan are calculated by discounting the stock price at the date of award in respect of dividends and the relevant performance conditions. The fair value is measured at grant date and, in accordance with IFRS 2 'Share-based Payment', the resulting cost is charged to the income statement over the period during which the employees become unconditionally entitled to the options or stock. The amount recognised as an expense is adjusted to reflect changes in expected and actual levels of options vesting.

#### *Long term service benefits*

The Group's net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds or local equivalent that have maturity dates approximating to the terms of the Group's obligations.

### **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and where the amount of the associated costs can be reliably estimated. If the effect is material, provisions are calculated by discounting the expected future cash flows at a rate that reflects current

market assessments of the time value of money, and where appropriate the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### **Revenue**

Revenue comprises amounts derived from the provision of goods and services to third parties (excluding VAT and similar sales taxes) and includes rent receivable from properties. Revenue from the provision of goods includes sales of properties held for development and sale, recognised when contracts become unconditional. Revenue from the provision of services is recognised on the delivery of those services, which for Ports is once the relevant throughput has taken place, for Ferries is on provision of carriage and for Container Shipping is on completion of the shipping or transport operation. For Cold Logistics storage revenue is recognised over the period during which storage is provided and for its handling and transport operations on completion of the service.

### **Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, the interest expense element of finance lease payments, interest receivable on funds invested, foreign exchange gains and losses reflected in the income statement, dividend income, the unwinding of discounts on provisions and gains and losses on interest hedging instruments that are recognised in the income statement.

The interest expense component of a finance lease payment is recognised in the income statement using the effective interest rate method.

### **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax

purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group can control the timing of reversal of the differences and that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet dates.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### **Discontinuing operations**

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.

Schedule 2

Restatement of the transition net assets at 1 January 2004

	Adjustments							Restated in accordance with IFRS	
	Reformatted UK GAAP as previously reported Schedule 5.1	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Dividend recognition IAS10	Tax IAS 12		Other items
	£m	£m	£m	£m	£m	£m	£m		£m
<b>Non current assets</b>									
Intangible assets	237.3			3.6				(24.8)	216.1
Prepaid leases	-							151.7	151.7
Properties	585.3							(126.9)	458.4
Ships and other fixed assets	1,092.7							4.5	1,097.2
Investments in joint ventures and associates	749.0	(69.7)		0.2	(54.1)				625.4
Other investments	12.6								12.6
Deferred tax assets	1.3						4.2		5.5
Other debtors	40.1								40.1
	2,718.3	(69.7)	-	3.8	(54.1)	-	4.2	4.5	2,607.0
<b>Current assets</b>									
Properties held for development and sale	478.6				271.6				750.2
Inventories	60.1								60.1
Short term investments	-								-
Trade and other receivables	427.2	(2.8)			0.5				424.9
Tax recoverable	-								-
Cash and cash equivalents	64.0				1.4				65.4
	1,029.9	(2.8)	-	-	273.5	-	-	-	1,300.6
<b>Current liabilities</b>									
Bank overdrafts	(28.9)								(28.9)
Interest bearing loans and borrowings	(100.8)								(100.8)
Trade and other payables	(479.0)	6.7			(3.6)	67.7		0.1	(408.1)
Income tax liabilities	(119.8)				(1.0)		2.0		(118.8)
Provisions	(42.9)								(42.9)
	(771.4)	6.7	-	-	(4.6)	67.7	2.0	0.1	(699.5)
<b>Net current assets</b>	258.5	3.9	-	-	268.9	67.7	2.0	0.1	601.1
<b>Non current liabilities</b>									
Interest bearing loans and borrowings	(1,437.0)				(217.2)			(4.3)	(1,658.5)
Other payables	(55.7)								(55.7)
Deferred tax liabilities	(71.5)	9.7					(26.9)	0.2	(88.5)
Employee benefits	(58.5)	(238.2)							(296.7)
Provisions	(8.6)	(0.2)						(0.8)	(9.6)
	(1,631.3)	(228.7)	-	-	(217.2)	-	(26.9)	(4.9)	(2,109.0)
<b>Net assets</b>	1,345.5	(294.5)	-	3.8	(2.4)	67.7	(20.7)	(0.3)	1,099.1

Schedule 3.1

Restatement of the income statement for the year ended 31 December 2004

	Adjustments						Restated in accordance with IFRS
	Reformatted UK GAAP as previously reported Schedule 5.2	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Tax IAS 12	
	£m	£m	£m	£m	£m	£m	£m
<b>Group revenues</b>	2,397.5				74.0		2,471.5
Cost of sales	(2,089.6)	6.7	(0.8)	6.1	(130.9)	0.1	(2,208.4)
<b>Gross profit</b>	307.9	6.7	(0.8)	6.1	(56.9)	-	263.1
Other operating income	27.2				5.8		33.0
Administrative costs	(461.4)	6.8	(1.1)		(1.1)		(456.8)
	(126.3)	13.5	(1.9)	6.1	(52.2)	-	(160.7)
Share of results of joint ventures and associates	45.7	1.2		2.7	33.2		82.8
<b>Group operating loss</b>	(80.6)	14.7	(1.9)	8.8	(19.0)	-	(77.9)
Profit on sale and termination of businesses	(36.3)	35.4		44.0	-		43.1
Amounts written off investments	(29.2)				29.2		-
<b>Loss on ordinary activities before finance costs</b>	(146.1)	50.1	(1.9)	52.8	10.2	-	(34.8)
Financial expenses	(93.5)	(1.5)			(9.9)		(105.5)
Financial income	16.6						16.6
<b>Loss on ordinary activities before taxation</b>	(223.0)	48.6	(1.9)	52.8	0.3	-	(123.7)
Taxation	(13.2)	(2.2)			(0.8)	(6.2)	(22.3)
<b>Loss for the year</b>	(236.2)	46.4	(1.9)	52.8	(0.5)	(6.2)	(146.0)
Attributable to:							
Ordinary stockholders	(254.1)	46.4	(1.9)	52.8	(0.5)	(6.2)	(159.9)
Preference stockholders	3.8						3.8
Equity minority interests in subsidiaries	14.1						(4.0)
	(236.2)	46.4	(1.9)	52.8	(0.5)	(6.2)	(146.0)

Schedule 3.2  
Restatement of net assets at 31 December 2004

	Adjustments							Restated in accordance with IFRS	
	Reformatted UK GAAP as previously reported Schedule 5.3	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Dividend recognition IAS10	Tax IAS 12		Other items
	£m	£m	£m	£m	£m	£m	£m		£m
<b>Non current assets</b>									
Intangible assets	105.2			9.6				(22.1)	92.7
Prepaid leases	-							145.0	145.0
Properties	447.6							(120.8)	326.8
Ships and other fixed assets	903.1							3.8	906.9
Investments in joint ventures and associates	558.4	(43.2)		1.8	1.1				518.1
Other investments	11.2								11.2
Deferred tax assets	4.8						11.9		16.7
Other debtors	7.2								7.2
	2,037.5	(43.2)	-	11.4	1.1	-	11.9	5.9	2,024.6
<b>Current assets</b>									
Properties held for development and sale	361.7				146.8				508.5
Inventories	43.2								43.2
Short term investments	5.2								5.2
Trade and other receivables	413.9	(3.9)			0.3			(0.1)	410.2
Tax recoverable	0.8								0.8
Cash and cash equivalents	50.8				(0.7)			0.1	50.2
	875.6	(3.9)	-	-	146.4	-	-	-	1,018.1
<b>Current liabilities</b>									
Bank overdrafts	(20.8)								(20.8)
Interest bearing loans and borrowings	(79.7)								(79.7)
Trade and other payables	(427.0)	0.4			(3.9)	46.0		0.1	(384.4)
Income tax liabilities	(104.1)				(1.6)				(105.7)
Provisions	(87.9)								(87.9)
	(719.5)	0.4	-	-	(5.5)	46.0	-	0.1	(678.5)
<b>Net current assets</b>	156.1	(3.5)	-	-	140.9	46.0	-	0.1	339.6
<b>Non current liabilities</b>									
Interest bearing loans and borrowings	(979.9)				(145.2)			(6.2)	(1,131.3)
Other payables	(55.1)								(55.1)
Deferred tax liabilities	(65.0)	13.7					(32.6)	0.6	(83.3)
Employee benefits	(63.3)	(262.8)							(326.1)
Provisions	(8.9)	(0.2)						(0.7)	(9.8)
	(1,172.2)	(249.3)	-	-	(145.2)	-	(32.6)	(6.3)	(1,605.6)
<b>Net assets</b>	1,021.4	(296.0)	-	11.4	(3.2)	46.0	(20.7)	(0.3)	758.6

Schedule 3.3

Restatement of the cash flow statement for the year ended 31 December 2004

	Adjustments						Restated in accordance with IFRS	
	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Tax IAS 12	Other items		
	£m	£m	£m	£m	£m	£m		
Loss for the year	(236.2)	46.4	(1.9)	52.8	(0.5)	(6.2)	(0.4)	(146.0)
Share of profit of joint ventures and associates	(45.7)	(1.2)		(2.7)	(33.2)			(82.8)
Loss on sale of property, plant and equipment	11.2							11.2
Profit on sale and termination of businesses	36.3	(35.4)		(44.0)				(43.1)
Amounts written off investments	30.3				(29.2)			1.1
Net finance costs	76.9	1.5			9.9		0.6	88.9
Share-based payments	-		4.4					4.4
Taxation expense	13.2	2.2			0.8	6.2	(0.1)	22.3
Depreciation, amortisation and impairment charge	327.9			(6.1)	(0.1)		0.6	322.3
Decrease in properties held for development and sale	145.7				121.5			267.2
Decrease in working capital, provisions and employee benefits	57.4	(13.5)	(2.5)		2.2			43.6
Taxation paid	(37.0)				(0.3)			(37.3)
Dividend received from joint ventures and associates	22.1							22.1
<b>Net cash inflow from operating activities</b>	<b>402.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71.1</b>	<b>-</b>	<b>0.7</b>	<b>473.9</b>
Purchase of property, plant and equipment	(154.1)							(154.1)
Purchase of investments	(2.2)							(2.2)
Sale of property, plant and equipment	102.9							102.9
Sale of investments	0.1							0.1
Purchase of subsidiaries and businesses	1.6							1.6
Purchase of joint ventures and associates	(69.8)				6.5			(63.3)
Sale of subsidiaries and termination of businesses	186.5							186.5
Sale of joint ventures and associates	155.8				0.1			155.9
<b>Net cash inflow from investing activities</b>	<b>220.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>227.4</b>
Issue of stock	12.6							12.6
Purchase of own stock	(14.2)							(14.2)
Loan drawdowns	838.6							838.6
Loan repayments	(1,261.4)				(68.3)		0.1	(1,329.6)
Finance lease capital payments	(30.6)						(0.1)	(30.7)
Interest received	26.4							26.4
Interest paid	(103.2)				(11.4)		(0.6)	(115.2)
Finance lease interest paid	(1.8)							(1.8)
Dividends paid to minority interests	(4.6)							(4.6)
Dividends paid	(91.6)							(91.6)
<b>Net cash outflow from financing activities</b>	<b>(629.8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79.7)</b>	<b>-</b>	<b>(0.6)</b>	<b>(710.1)</b>
Net decrease in cash and cash equivalents	(6.9)				(2.0)		0.1	(8.8)
Cash and cash equivalents at 1 January	35.1				1.4			36.5
Effect of exchange rate fluctuations on cash held	1.8						(0.1)	1.7
<b>Cash and cash equivalents at 31 December</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.6)</b>	<b>-</b>	<b>-</b>	<b>29.4</b>

Schedule 4.1

Restatement of the income statement for the six months ended 30 June 2004

	Adjustments						Restated in accordance with IFRS	
	Reformatted UK GAAP as previously reported Schedule 5.5	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Tax IAS 12		Other items
	£m	£m	£m	£m	£m	£m	£m	
<b>Group revenues</b>	1,119.3				4.7			1,124.0
Cost of sales	(945.0)	0.9	(0.4)	2.9	(1.2)		0.2	(942.6)
<b>Gross profit</b>	174.3	0.9	(0.4)	2.9	3.5	-	0.2	181.4
Other operating income	8.9							8.9
Administrative costs	(116.8)	3.4	(1.2)	3.2	(0.3)		(0.1)	(111.8)
	66.4	4.3	(1.6)	6.1	3.2	-	0.1	78.5
Share of results of joint ventures and associates	29.3	0.9		1.6	0.7			32.5
<b>Group operating loss</b>	95.7	5.2	(1.6)	7.7	3.9	-	0.1	111.0
Loss on sale and termination of businesses	(70.8)	35.6		43.7				8.5
Amounts written off investments	-							-
<b>Loss on ordinary activities before finance costs</b>	24.9	40.8	(1.6)	51.4	3.9	-	0.1	119.5
Net financing costs	(36.4)	(0.8)			(4.3)		(0.3)	(41.8)
<b>Loss on ordinary activities before taxation</b>	(11.5)	40.0	(1.6)	51.4	(0.4)		(0.2)	77.7
Taxation	(15.5)	(0.2)			(0.5)	(2.2)	0.1	(18.3)
<b>Loss for the year</b>	(27.0)	39.8	(1.6)	51.4	(0.9)	(2.2)	(0.1)	59.4
Attributable to:								
Ordinary stockholders	(35.2)	39.8	(1.6)	51.4	(0.9)	(2.2)	1.7	53.0
Preference stockholders	1.9							1.9
Equity minority interests in subsidiaries	6.3						(1.8)	4.5
	(27.0)	39.8	(1.6)	51.4	(0.9)	(2.2)	(0.1)	59.4

**Schedule 4.2**  
**Restatement of net assets at 30 June 2004**

	Adjustments								Restated in accordance with IFRS
	Reformatted UK GAAP as previously reported Schedule 5.6	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Dividend recognition IAS10	Tax IAS 12	Other items	
	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Non current assets</b>									
Intangible assets	226.8			9.7				(23.5)	213.0
Prepaid leases	-							145.8	145.8
Properties	577.1							(120.3)	456.8
Ships and other fixed assets	995.1							4.2	999.3
Investments in joint ventures and associates	583.5	(33.0)		1.0	(53.0)				498.5
Other investments	13.1								13.1
Deferred tax assets	-						5.5		5.5
Other debtors	8.3								8.3
	2,403.9	(33.0)	-	10.7	(53.0)	-	5.5	6.2	2,340.3
<b>Current assets</b>									
Properties held for development and sale	497.9				258.2				756.1
Inventories	58.4								58.4
Short term investments	-								-
Trade and other receivables	446.3	(7.3)			0.4				439.4
Tax recoverable	-								-
Cash and cash equivalents	106.1				64.2	3.7			174.0
	1,108.7	(7.3)	-	-	322.8	3.7	-	-	1,427.9
<b>Current liabilities</b>									
Bank overdrafts	(15.1)								(15.1)
Interest bearing loans and borrowings	(154.9)								(154.9)
Trade and other payables	(425.8)	0.3			(65.6)	22.0		0.3	(468.8)
Income tax liabilities	(137.5)				(1.5)		2.0		(137.0)
Provisions	(26.3)								(26.3)
	(759.6)	0.3	-	-	(67.1)	22.0	2.0	0.3	(802.1)
<b>Net current assets</b>	349.1	(7.0)	-	-	255.7	25.7	2.0	0.3	625.8
<b>Non current liabilities</b>									
Interest bearing loans and borrowings	(1,266.7)				(205.8)			(6.3)	(1,478.8)
Other payables	(61.1)								(61.1)
Deferred tax liabilities	(60.4)	9.2					(27.5)	0.1	(78.6)
Employee benefits	(61.0)	(202.4)							(263.4)
Provisions	(8.2)	(0.2)						(0.8)	(9.2)
	(1,457.4)	(193.4)	-	-	(205.8)	-	(27.5)	(7.0)	(1,891.1)
<b>Net assets</b>	1,295.6	(233.4)	-	10.7	(3.1)	25.7	(20.0)	(0.5)	1,075.0

Schedule 4.3

Restatement of the cash flow statement for the six months ended 30 June 2004

	Adjustments						Restated in accordance with IFRS	
	Reformatted UK GAAP as previously reported Schedule 5.7	Pensions and post-retirement benefits IAS 19	Share-based payments IFRS 2	Goodwill IFRS 3	Scope of consolidation IAS 27	Tax IAS 12		Other items
	£m	£m	£m	£m	£m	£m	£m	
Loss for the year	(27.0)	39.8	(1.6)	51.4	(0.9)	(2.2)	(0.1)	59.4
Share of profit of joint ventures and associates	(29.3)	(0.9)		(1.6)	(0.7)			(32.5)
Loss on sale of fixed assets	1.4							1.4
Loss on sale and termination of businesses	70.8	(35.6)		(43.7)				(8.5)
Amounts written off investments	-							-
Net finance costs	36.4	0.8			4.3		0.3	41.8
Share-based payments	-		2.6					2.6
Taxation expense	15.5	0.2			0.5	2.2	(0.1)	18.3
Depreciation, amortisation and impairment charge	65.8			(6.1)			0.3	60.0
Decrease in properties held for development and sale	20.3				64.7			85.0
Decrease in working capital, provisions and employee benefits	(29.0)	(4.3)	(1.0)		(1.2)			(35.5)
Taxation paid	(7.6)							(7.6)
Dividend received from joint ventures and associates	10.4							10.4
<b>Net cash inflow from operating activities</b>	<b>127.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66.7</b>	<b>-</b>	<b>0.4</b>	<b>194.8</b>
Purchase of property, plant and equipment	(65.3)							(65.3)
Purchase of investments	(0.8)							(0.8)
Sale of property, plant and equipment	80.3							80.3
Sale of investments	0.1							0.1
Purchase of subsidiaries and businesses	2.4							2.4
Purchase of joint ventures and associates	(56.0)				2.4			(53.6)
Sale of subsidiaries and termination of businesses	24.7							24.7
Sale of joint ventures and associates	141.6							141.6
<b>Net cash inflow from investing activities</b>	<b>127.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>129.4</b>
Issue of stock	0.4							0.4
Purchase of own stock	(0.5)							(0.5)
Loan drawdowns	381.1							381.1
Loan repayments	(412.7)				(1.1)			(413.8)
Finance lease capital payments	(69.9)						(0.1)	(70.0)
Interest received	-							-
Interest paid	(30.8)				(4.9)		(0.3)	(36.0)
Finance lease interest paid	-							-
Dividends paid to minority interests	-							-
Dividends paid	(69.5)						3.6	(65.9)
<b>Net cash outflow from financing activities</b>	<b>(201.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.0)</b>	<b>-</b>	<b>3.2</b>	<b>(204.7)</b>
Net decrease in cash and cash equivalents	52.8				63.1		3.6	119.5
Cash and cash equivalents at 1 January	35.1				1.4			36.5
Effect of exchange rate fluctuations on cash held	3.1				(0.2)			2.9
<b>Cash and cash equivalents at 30 June</b>	<b>91.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.3</b>	<b>-</b>	<b>3.6</b>	<b>158.9</b>



Schedule 5.2  
Reformat of the income statement for the year ended 31 December 2004

	As previously reported	Adjustments					Reformatted UK GAAP as previously reported Schedule 3.1	
		Reallocate JV's and Associates to one line	Other reclassifications	Other items				
	£m	£m	£m	£m	£m	£m	£m	
Group turnover	2,397.5						2,397.5	<b>Group revenues</b>
Cost of sales	(2,078.4)		(11.2)				(2,089.6)	Cost of sales
Gross profit	319.1						307.9	<b>Gross profit</b>
Other operating income	27.2						27.2	Other operating income
Administrative costs	(460.3)		(1.1)				(461.4)	Administrative costs
Group operating loss	(114.0)						(126.3)	
Share of operating results of joint ventures and associates	79.6	(33.9)					45.7	Share of results of joint ventures and associates
	(34.4)						(80.6)	<b>Group operating loss</b>
Loss on sale of fixed assets	(10.9)	(0.3)	11.2				-	Loss on sale of fixed assets
Loss on sale and termination of businesses	(33.2)		(3.1)				(36.3)	Loss on sale and termination of businesses
Loss on sale and termination of discontinued businesses	(3.1)		3.1				-	
Amounts written off investments	(30.3)		1.1				(29.2)	Amounts written off investments
Loss on ordinary activities before interest	(111.9)						(146.1)	<b>Loss on ordinary activities before finance costs</b>
Interest payable and similar items	(93.5)						(93.5)	Financial expenses
Interest receivable and similar items	16.6						16.6	Financial income
Interest payable joint ventures and associates	(21.2)	21.2					-	
	(210.0)						(223.0)	<b>Loss on ordinary activities before taxation</b>
Taxation	(25.4)	12.2					(13.2)	Taxation
Loss on ordinary activities after taxation	(235.4)	(0.8)	-	-	-	-	(236.2)	<b>Loss for the year</b>
								Attributable to :
							(254.1)	Ordinary stockholders
Equity minority interests	(14.9)	0.8					3.8	Preference stockholders
Profit attributable to stock holders	(250.3)						14.1	Equity minority interests in subsidiaries
							(236.2)	

**Schedule 5.3**  
**Reformat of net assets at 31 December 2004**

	As previously reported	Adjustments						Reformatted UK GAAP as previously reported Schedule 3.2	
		Deferred tax	Current tax	Debtors	Provisions	Pensions and post-retirement benefits	Other items		
	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Fixed assets</b>									<b>Non current assets</b>
Intangible assets : Goodwill	105.2						-	105.2	Intangible assets
Tangible assets: Land and buildings	447.6							-	Prepaid leases
Tangible assets: Ships and other fixed assets	903.1							447.6	Properties
Investments: Joint ventures and associates	558.4							903.1	Ships and other fixed assets
Investments: Other	11.2							558.4	Investments in joint ventures and associates
		4.8		7.2				11.2	Other investments
								4.8	Deferred tax assets
								7.2	Other debtors
	2,025.5							2,037.5	
<b>Current assets</b>									<b>Current assets</b>
Property held for development and sale	361.7							361.7	Properties held for development and sale
Stock	43.2							43.2	Inventories
Debtors: amounts falling due within one year	419.9			5.2				5.2	Short term investments
Debtors: amounts falling due after one year	7.2			(6.0)				413.9	Trade and other receivables
				(7.2)				-	Other debtors
				0.8				0.8	Tax recoverable
Cash at bank and in hand	50.8							50.8	Cash and cash equivalents
	882.8							875.6	
Creditors: amounts falling due within one year									<b>Current liabilities</b>
Loans	(79.7)						(20.8)	(20.8)	Bank overdrafts
Other creditors	(551.9)		104.1					(79.7)	Interest bearing loans and borrowings
			(104.1)					(427.0)	Trade and other payables
					(87.9)			(104.1)	Income tax liabilities
								(87.9)	Provisions
	(631.6)							(719.5)	
Net current assets	251.2							156.1	<b>Net current assets</b>
Creditors: amounts falling due in more than one year									<b>Non current liabilities</b>
Loans	(979.9)							(979.9)	Interest bearing loans and borrowings
Other creditors	(55.1)							(55.1)	Other payables
		(65.0)						(65.0)	Deferred tax liabilities
Provisions for liabilities and charges	(220.3)	60.2			87.9		(63.3)	(63.3)	Employee benefits
							63.3	(8.9)	Provisions
								(1,172.2)	
Net assets	1,021.4	-	-	-	-	-	-	1,021.4	<b>Net assets</b>

Schedule 5.4

Reformat of the cash flow statement for the year ended 31 December 2004

	As previously reported	Adjustments							Reformatted UK GAAP as previously reported Schedule 3.3	£m	
		Reconcile to loss for the year	Share of Joint ventures and associates int/tax	Impact of Balance sheet Reclassification	Cash equivalents	Operating activities	Investing activities	Financing activities			
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
		(235.4)	(0.8)						(236.2)	Loss for the year	
		(79.6)	33.9						(45.7)	Share of profit of joint ventures and associates	
		10.9	0.3						11.2	Loss on sale of property, plant and equipment	
		36.3							36.3	Loss on sale and termination of businesses	
		30.3							30.3	Amounts written off investments	
		98.1	(21.2)						76.9	Net finance costs	
									-	Share-based payments	
									13.2	Taxation expense	
Group operating loss	(114.0)	25.4	(12.2)						327.9	Depreciation, amortisation and impairment charge	
Depreciation, amortisation and impairment charge	327.9								145.7	Decrease in properties held for development and sale	
Decrease in properties held for development and sale	145.7								57.4	Decrease in working capital, provisions and employee benefits	
Decrease in stocks	11.1			46.3					-		
Increase in debtors	(4.3)			4.3					-		
Increase in creditors and provisions	50.6			(50.6)					-		
									-		
									(37.0)	Taxation paid	
									22.1	Dividend received from joint ventures and associates	
Net cash inflow from operating activities	417.0					(37.0)	22.1		402.1	Net cash inflow from operating activities	
Dividends from joint ventures and associates	22.1					(22.1)					
Interest received	26.4							(26.4)			
Interest paid	(103.2)							103.2			
Finance lease interest paid	(1.8)							1.8			
Dividends paid to minority interests	(4.6)							4.6			
Dividends paid to non-equity stockholders	(3.8)							3.8			
Net cash outflow from returns on investments and financing	(87.0)										
Taxation paid	(37.0)					37.0					
Purchase of ships	(9.3)			(144.8)					(154.1)	Purchase of property, plant and equipment	
Purchase of land and buildings	(56.5)			56.5					(2.2)	Purchase of investments	
Purchase of investments and other fixed assets	(90.5)			98.3					102.9	Sale of property, plant and equipment	
Sale of ships	47.8			55.1					0.1	Sale of investments	
Sale of land and buildings	33.7			(33.7)					1.6	Purchase of subsidiaries and businesses	
Sale of investments and other fixed assets	21.5			(21.4)					(69.8)	Purchase of joint ventures and associates	
								1.6	186.5	Sale of subsidiaries and termination of businesses	
								(69.8)	155.8	Sale of joint ventures and associates	
Net cash outflow from capital expenditure and financial investment	(53.3)								220.8	Net cash inflow from investing activities	
Purchase of subsidiaries and businesses	1.6						(1.6)				
Purchase of joint ventures and associates	(69.8)						69.8				
Sale of subsidiaries and termination of businesses	186.5						(186.5)				
Sale of Joint ventures and associates	155.8						(155.8)				
Net cash inflow from acquisitions and disposals	274.1										
Equity dividend paid	(87.8)							87.8			
Net cash inflow before financing	448.1										
Issue of stock	12.6								12.6	Issue of stock	
Purchase of own stock	(14.2)								(14.2)	Purchase of own stock	
Short term borrowings	(7.1)								-		
Loan drawdowns	838.6					7.1			838.6	Loan drawdowns	
Loan repayments	(1,261.4)								(1,261.4)	Loan repayments	
Finance leases capital payments	(30.6)								(30.6)	Finance lease capital payments	
									26.4	Interest received	
									(103.2)	Interest paid	
									(1.8)	Finance lease interest paid	
									(4.6)	Dividends paid to minority interests	
									(3.8)		
									(87.8)	Dividends paid	
Net cash outflow from financing	(462.1)				7.1				(629.8)	Net cash outflow from financing activities	
Decrease in cash	(14.0)				7.1				(6.9)	Net decrease in cash and cash equivalents	
Cash at 1 January	42.7				(7.6)				35.1	Cash and cash equivalents at 1 January	
Exchange movements	1.3				0.5				1.8	Effect of exchange rate fluctuations on cash held	
Cash balances at 31 December	30.0								30.0	Cash and cash equivalents at 31 December	

**Schedule 5.5**  
**Reformat of the income statement for the six months 30 June 2004**

	As previously reported	Adjustments					Reformatted UK GAAP as previously reported Schedule 4.1	
		Reallocate JV's and Associates to one line	Other reclassifications	Other items				
	£m	£m	£m	£m	£m	£m	£m	
Group turnover	1,119.3						1,119.3	<b>Group revenues</b>
Cost of sales	(943.6)		(1.4)				(945.0)	Cost of sales
Gross profit	175.7						174.3	<b>Gross profit</b>
Other operating income	8.9						8.9	Other operating income
Administrative costs	(116.8)						(116.8)	Administrative costs
Group operating loss	67.8						66.4	
Share of operating results of joint ventures and associates	45.3	(16.0)					29.3	Share of results of joint ventures and associates
	113.1						95.7	<b>Group operating loss</b>
Loss on sale of fixed assets	(1.3)	(0.1)	1.4				-	Loss on sale of fixed assets
Loss on sale and termination of businesses	(67.1)		(3.7)				(70.8)	Loss on sale and termination of businesses
Loss on sale and termination of discontinued businesses	(3.7)		3.7				-	
Amounts written off investments							-	Amounts written off investments
Loss on ordinary activities before interest	41.0						24.9	<b>Loss on ordinary activities before finance costs</b>
Net interest payable and similar items	(36.4)						(36.4)	Net financing costs
							-	
Interest payable joint ventures and associates	(10.7)	10.7					-	
	(6.1)						(11.5)	<b>Loss on ordinary activities before taxation</b>
Taxation	(20.7)	5.2					(15.5)	Taxation
Loss on ordinary activities after taxation	(26.8)	(0.2)	-	-	-	-	(27.0)	<b>Loss for the year</b>
								Attributable to:
							(35.2)	Ordinary stockholders
Equity minority interests	(6.5)	0.2					1.9	Preference stockholders
Profit attributable to stockholders	(33.3)						6.3	Equity minority interests in subsidiaries
							(27.0)	

**Schedule 5.6**  
**Reformat of net assets at 30 June 2004**

	As previously reported	Adjustments						Reformatted UK GAAP as previously reported Schedule 4.2	
		Deferred tax	Current tax	Debtors	Provisions	Pensions and post-retirement benefits	Other items		
	£m	£m	£m	£m	£m	£m	£m	£m	
<b>Fixed assets</b>									<b>Non current assets</b>
Intangible assets : Goodwill	226.8							226.8	Intangible assets
Tangible assets: Land and buildings	577.1							-	Prepaid leases
Tangible assets: Ships and other fixed assets	995.1							577.1	Properties
Investments: Joint ventures and associates	583.5							995.1	Ships and other fixed assets
Investments: Other	13.1							583.5	Investments in joint ventures and associates
				8.3				13.1	Other investments
								-	Deferred tax assets
								8.3	Other debtors
	<b>2,395.6</b>							<b>2,403.9</b>	
<b>Current assets</b>									<b>Current assets</b>
Property held for development and sale	497.9							497.9	Properties held for development and sale
Stock	58.4							58.4	Inventories
Debtors: amounts falling due within one year	446.3							-	Short term investments
Debtors: amounts falling due after one year	8.3			(8.3)				446.3	Trade and other receivables
Cash at bank and in hand	106.1							-	Other debtors
								-	Tax recoverable
								106.1	Cash and cash equivalents
	<b>1,117.0</b>							<b>1,108.7</b>	
<b>Current liabilities</b>									<b>Current liabilities</b>
Creditors: amounts falling due within one year								(15.1)	Bank overdrafts
Loans	(154.9)							(154.9)	Interest bearing loans and borrowings
Other creditors	(578.4)		137.5				15.1	(425.8)	Trade and other payables
			(137.5)					(137.5)	Income tax liabilities
					(26.3)			(26.3)	Provisions
	<b>(733.3)</b>							<b>(759.6)</b>	
<b>Net current assets</b>	<b>383.7</b>							<b>349.1</b>	<b>Net current assets</b>
<b>Current liabilities</b>									<b>Non current liabilities</b>
Creditors: amounts falling due in more than one year								(1,266.7)	Interest bearing loans and borrowings
Loans	(1,266.7)							(61.1)	Other payables
Other creditors	(61.1)		(60.4)					(60.4)	Deferred tax liabilities
								(61.0)	Employee benefits
Provisions for liabilities and charges	(155.9)	60.4			26.3		(61.0)	(8.2)	Provisions
								<b>(1,457.4)</b>	
<b>Net assets</b>	<b>1,295.6</b>	-	-	-	-	-	-	<b>1,295.6</b>	<b>Net assets</b>

Schedule 5.7

Reformat of the cash flow statement for the six months ended 30 June 2004

	Adjustments								Reformatted UK GAAP as previously reported Schedule 4.3			
	As previously reported	Reconcile to loss for the year	Share of Joint ventures and associates int/tax	Impact of Balance sheet Reclassification	Cash equivalents	Operating activities	Investing activities	Financing activities			Other items	£m
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		
		(26.8)	(0.2)							(27.0)	Loss for the year	
		(45.3)	16.0							(29.3)	Share of profit of joint ventures and associates	
		1.4								1.4	Loss on sale of fixed assets	
		70.7	0.1							70.8	Loss on sale and termination of businesses	
										-	Amounts written off investments	
		47.1	(10.7)							36.4	Net finance costs	
										-	Share-based payments	
		20.7	(5.2)							15.5	Taxation expense	
		(67.8)										
Group operating profit	67.8									65.8	Depreciation, amortisation and impairment charge	
Depreciation, amortisation and impairment charges	65.8									20.3	Decrease in properties held for development and sale	
Decrease in properties held for development and sale	20.3									(29.0)	Decrease in working capital, provisions and employee benefits	
Increase in stocks	(0.2)			(28.8)						-		
Increase in debtors	(53.8)			53.8						-		
Increase in creditors and provisions	25.0			(25.0)						-		
										-		
										(7.6)	Taxation paid	
										10.4	Dividend received from joint ventures and associates	
Net cash inflow from operating activities	124.9									127.7	<b>Net cash inflow from operating activities</b>	
Dividends from joint ventures and associates	10.4									(10.4)		
Interest received										-		
Interest paid	(34.5)									34.5		
Finance lease interest paid										-		
Dividends paid to minority interests										-		
Dividends paid to non-equity stockholders										-		
Net cash outflow from returns on investments and financing	(34.5)									-		
Taxation paid	(7.6)									7.6		
Purchase of ships	(5.6)			(59.7)						(65.3)	Purchase of property, plant and equipment	
Purchase of land and buildings	(23.6)			23.6						-		
Purchase of investments and other fixed assets	(36.9)			36.1						(0.8)	Purchase of investments	
Sale of ships	45.9			34.4						80.3	Sale of property, plant and equipment	
Sale of land and buildings	21.3			(21.3)						-		
Sale of investments and other fixed assets	13.2			(13.1)						0.1	Sale of investments	
										2.4	Purchase of subsidiaries and businesses	
										(56.0)	Purchase of joint ventures and associates	
										24.7	Sale of subsidiaries and termination of businesses	
										141.6	Sale of joint ventures and associates	
Net cash inflow from capital expenditure and financial investment	14.3									127.0	<b>Net cash inflow from investing activities</b>	
Purchase of subsidiaries and businesses	2.4									(2.4)		
Purchase of joint ventures and associates	(56.0)									56.0		
Sale of subsidiaries and termination of businesses	24.7									(24.7)		
Sale of Joint ventures and associates	141.6									(141.6)		
Net cash inflow from acquisitions and disposals	112.7									-		
Equity dividend paid	(65.8)									65.8		
Net cash inflow before financing	154.4									-		
Issue of stock	0.4									0.4	Issue of stock	
Purchase of own shares	(0.5)									(0.5)	Purchase of own stock	
Short term borrowings	1.8									-		
Loan drawdowns	381.1									(1.8)	Loan drawdowns	
Loan repayments	(412.7)									381.1	Loan repayments	
Finance leases capital payments	(69.9)									(412.7)	Finance lease capital payments	
										-	Interest received	
										(30.8)	Interest paid	
										-	Finance lease interest paid	
										-	Dividends paid to minority interests	
										-		
										(3.7)	Dividends paid	
Net cash outflow from financing	(99.8)									(65.8)	<b>Net cash outflow from financing activities</b>	
Decrease in cash	54.6									(3.7)		
Cash at 1 January	42.7										52.8	Net decrease in cash and cash equivalents
Exchange movements	3.1										35.1	Cash and cash equivalents at 1 January
											3.1	Effect of exchange rate fluctuations on cash held
Cash balances at 30 June	100.4									(9.4)	<b>Cash and cash equivalents at 30 June</b>	