



Deloitte & Touche
Av. Amazonas N3517
Telf: (593 2) 225 1319
Quito - Ecuador
Av. Tulcán 803
Telf: (593 4) 245 2770
Guayaquil - Ecuador
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Stockholder and Directors
of Pacific Container Transport S. A.:

We have audited the accompanying balance sheets of Pacific Container Transport S. A. as of December 31, 2004 and 2003 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Ecuador. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Pacific Container Transport S.A. as of December 31, 2004 and 2003 the results of its operations, and its cash flows for the years then ended in conformity with Ecuadorian accounting standards.

The Company prepares its financial statements based on Ecuadorian Accounting Standards, and could differ in certain respects from International Accounting Standards. Therefore, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows of Pacific Container Transport S. A. in accordance with accounting principles and practices generally accepted in countries and jurisdictions outside the Republic of Ecuador.

The accompanying financial statements have been translated into English for the convenience of international readers.

Deloitte & Touche

January 21, 2005

PACIFIC CONTAINER TRANSPORT S.A.

BALANCES SHEETS AT DECEMBER 31, 2004 AND 2003

(U.S. Dollars)

<u>ASSETS</u>	<u>Notes</u>	<u>2004</u>	<u>2003</u>
Current assets:			
Liquid funds		164,492	25,825
Receivables:			
Trade debtors	4	172,633	182,917
Loans receivable, local group	4, 9	188,939	227,898
Other receivables		18,818	38,853
Prepayment of expenses		<u>23,469</u>	<u>20,316</u>
Total current assets		<u>568,351</u>	<u>495,809</u>
 FIXED ASSETS, NET	 5	 299,247	 345,612
		<hr/>	<hr/>
TOTAL ASSETS		<u>867,598</u>	<u>841,421</u>

See notes to financial statements

**LIABILITIES AND
STOCKHOLDER'S EQUITY****Notes****2004****2003****CURRENT LIABILITIES:**

Suppliers for goods and services

51,947

Income tax

7

38,981

33,868

Other creditors

6

105,65295,284

Total current liabilities

144,633181,099

Provision for pension liabilities

6,6196,619

TOTAL LIABILITIES

151,252187,718**STOCKHOLDER'S EQUITY:**

8

Capital

Capital reserve

3,727

3,727

Legal reserve

Retained earnings

711,419648,776

Total

716,346

653,703

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

867,598841,421See notes to financial statements

PACIFIC CONTAINER TRANSPORT S. A.

**STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

(U.S. Dollars)

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
TURNOVER:	9	<u>3,680,333</u>	<u>3,651,706</u>
EXPENSES:			
Operating		2,846,593	2,887,905
General and Administrative	9	<u>500,840</u>	<u>476,502</u>
Total		<u>3,347,433</u>	<u>3,364,407</u>
OPERATING INCOME		332,900	287,299
OTHER TURNOVER		<u> </u>	<u>7,327</u>
INCOME BEFORE EMPLOYEE PROFIT SHARING AND INCOME TAX		<u>332,900</u>	<u>294,626</u>
EMPLOYEE PROFIT SHARING		49,935	44,193
INCOME TAX	7	<u>70,322</u>	<u>66,507</u>
NET INCOME		<u>212,643</u>	<u>183,926</u>

See notes to financial statements

PACIFIC CONTAINER TRANSPORT S. A.

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

(U.S. Dollars)

	<u>Capital</u>	<u>Capital Reserve</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
January 1, 2003	800	3,727	400	464,850	469,777
Net income	—	—	—	<u>183,926</u>	<u>183,926</u>
December 31, 2003	800	3,727	400	648,776	653,703
Dividends, note 9				(150,000)	(150,000)
Net income	—	—	—	<u>212,643</u>	<u>212,643</u>
December 31, 2004	<u>800</u>	<u>3,727</u>	<u>400</u>	<u>711,419</u>	<u>716,346</u>

See notes to financial statements

PACIFIC CONTAINER TRANSPORT S. A.

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

(U.S. Dollars)

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers and related parties	3,718,114	3,659,780
Paid to suppliers and employees	(3,252,826)	(3,428,858)
Employee profit sharing	(44,194)	(33,594)
Income tax	(65,209)	(48,307)
Other income, net	<u>721</u>	<u>7,833</u>
Net cash from operating activities	<u>356,606</u>	<u>156,854</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of properties, net sales profit	<u>(67,939)</u>	<u>(140,591)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Dividends paid to stockholder	<u>(150,000)</u>	
CASH AND EQUIVALENTS:		
Net increase during the year	138,667	16,263
Beginning of the year	<u>25,825</u>	<u>9,562</u>
CASH AT END OF YEAR	<u>164,492</u>	<u>25,825</u>

(Continue...)

PACIFIC CONTAINER TRANSPORT S. A.

**STATEMENT OF CASH FLOWS (Continuación...)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

(U.S. Dollars)

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Net income	<u>212,643</u>	<u>183,926</u>
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	114,303	90,924
Provision for doubtful accounts	(3,333)	
Employee pensions, net of payments		3,728
Net change in assets and liabilities:		
Account receivable	69,458	(160,366)
Suppliers and other creditors	(47,321)	9,842
Profit participation payable	5,741	10,600
Current income tax payable	<u>5,115</u>	<u>18,200</u>
Total adjustments	<u>143,963</u>	<u>(27,072)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>356,606</u>	<u>156,854</u>

Ver notas a los estados financieros

PACIFIC CONTAINER TRANSPORT S. A.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. OPERATIONS

Pacific Container Transport S. A. operates in Ecuador since January 1999, as a fully-owned subsidiary of Maersk South America Ltd. The Company is dedicated to trucking activities.

The financial statements have been prepared in U.S. dollars as a result of dollarization process approved by the Ecuadorian Government which established the adoption of the U.S. dollars as local currency.

Although the dollarization process incorporates the U.S. dollar as a stable currency, the variation in the consumer price indices, note 3, in the Republic of Ecuador, affect the comparability of certain amounts included in the accompanying financial statements for the year ended December 31, 2004. Therefore, the comparative analysis of such financial statements should be made considering such circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are established by the National Federation of Accountants in Ecuador and authorized by the Superintendency of Companies of Ecuador. These policies are based in Ecuadorian Accounting Standards.

A summary of the principal accounting policies used by the Company when preparing financial statements is as follows:

Basis of Presentation - The accompanying financial statements have been prepared in U.S. dollars, applying procedures established in Ecuadorian Accounting Standards.

Fixed Assets Valuation – At cost of acquisition. The cost of fixed assets is depreciated according to straight-line method based on estimated useful years of 5 for vehicles and chassis.

Retirement Plan .- It is recorded in results of the year, according to a mathematical analysis made by an independent professional .

Turnover - Represent trucking services to Maersk Sealand Line and third parties, which are recorded in a monthly basis.

Employee Profit-Sharing and Income Tax – In accordance with legal dispositions, employees are entitled to receive a 15% share of company profits, before income tax. Dividends declared in cash or distributed to Ecuadorian or foreign shareholders are not subject to any withholding.

3. CONSUMER PRICE INDEX

The following table presents information regarding percentage of variation in average consumer price indices as computed by a governmental institution.

<u>Year ended</u> <u>December 31</u>	<u>Percentage</u> <u>Variation</u>
2002	9
2003	6
2004	2

4. ACCOUNTS RECEIVABLE

Trade Debtors – Represent amounts receivable from customers by trucking services.

Loans receivable, local group- At December 31, 2004 and 2003 represents balance due from Maersk del Ecuador C. A.

5. FIXED ASSETS, NET

	... December 31 ...	
	<u>2004</u>	<u>2003</u>
	(U.S. dollars)	
Vehicles	16,236	16,236
Chasis	557,636	489,697
Improvements	8,505	8,505
Depreciation	<u>(283,130)</u>	<u>(168,826)</u>
Total	<u>299,247</u>	<u>345,612</u>

6. OTHER CREDITORS

	... December 31 ...	
	<u>2004</u>	<u>2003</u>
	(U.S. dollars)	
Employees profit sharing	49,935	44,194
Third parties	37,308	27,845
Withholdings taxes	10,709	14,700
Other	<u>7,700</u>	<u>8,545</u>
Total	<u>105,652</u>	<u>95,284</u>

7. INCOME TAX

According to legal regulation, the provision for income tax is calculated at a 25% rate over profit subject to distribution and 15% over profit subject to capitalization. The dividends declared or distributed to national or international shareholders are not subject to any additional withholding.

At December 31, 2004 and 2003 the income tax recorded against results was determined as follows:

	... December 31 ... <u>2004</u> (U.S. dollars)	<u>2003</u>
Income, net from profit sharing	282,965	250,433
Tax at rate of 25%	<u>70,741</u>	<u>62,608</u>
Tax effects of non-deductible expenses:		
Allowance for doubtful accounts	226	1,011
Allowance for retirement plan		932
Other	<u>(645)</u>	<u>1,956</u>
Income tax of the year	<u>70,322</u>	<u>66,507</u>
Effective rate tax	24.8%	26.5%

The income, withholding and value-added tax returns have not been reviewed since the date of the Company's incorporation and are open to reviewed by tax authorities, those related to the years 2001 to 2004.

8. STOCKHOLDER'S EQUITY

Capital.- At December 31, 2004 and 2003 consist of 20,000 shares of \$0.04 each one.

Capital Reserve.- Represents the effect from the adjustments to the non-monetary assets and stockholders' equity which were recorded in Revaluation Surplus and Price Level Adjustment accounts and transferred to Capital Reserve at march 31, 2000. The balance of this account can be used to increase the capital and it can not be distributed as dividends in cash.

Legal Reserve.- Company's Law requires the appropriation of 10% of net income for Legal Reserve until its balance reaches 50% of the capital. The balance of this account can be used to increase the capital and it can not be distributed as dividends in cash.

9. RELATED PARTY TRANSACTIONS

At December 31, 2004 and 2003 the principal transactions and balances with related companies included the following:

	<u>2004</u>	<u>2003</u>
	(U.S. dollars)	
ACCOUNTS RECEIVABLE:		
Maersk del Ecuador C.A.	<u>188,939</u>	<u>227,898</u>
TURNOVER:		
A.P.Moller – Maersk A/S	<u>1,813,301</u>	<u>1,895,328</u>
EXPENSES:		
IT Cost - A.P.Moller – Maersk A/S	<u>17,120</u>	<u>62,029</u>
DIVIDENDS PAID:		
Maersk South America Ltd	<u>150,000</u>	

10. CLASSIFICATIONS

Certain items in the 2003 financial statements have been reclassified to conform to the presentation of similar items in the 2004 financial statements.
