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BIBBY LINE LIMITED
(Consolidated)

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003



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BIBBY LINE LIMITED

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Sir Michael James Bibby - Chairman
John Stewart Whewell Hogarth
Jonathan Haymer
Peter Guy Walton Vickers
Jonathan Osborne
Simon Jeremy Kitchen
Howard Dennis Woodcock
Timothy William Sheehan

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ
www.bibbyline.co.uk

Incorporated in England and Wales
Registered Number 989531

AUDITORS

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

BIBBY LINE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given, that the Annual General Meeting of Bibby Line Limited will be held on 20 May 2004 at 105 Duke Street, Liverpool for the following purposes:

To consider the attached directors' report and financial statements for the year ended 31 December 2003.

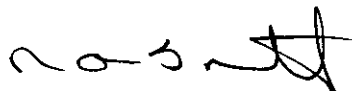
To re-elect directors.

Special notice having been received of the intention to propose the resolution as an ordinary resolution, to re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

(KPMG LLP had previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers LLP on 28 November 2003).

To transact any other ordinary business.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary
105 Duke Street
Liverpool
L1 5JQ

31 March 2004

Note:

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

BIBBY LINE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

ACTIVITIES OF THE GROUP

The principal activity of the Group continues to be the management and ownership of vessels.

GROUP RESULTS

The result of the Group for the year is set out in the profit and loss account. The directors do not recommend the payment of a dividend (2002 - £Nil).

DEVELOPMENT OF THE BUSINESS

The Company will seek investment opportunities and an increase in existing Group Undertakings' business with a view to implementing its policy of expansion.

DIRECTORS AND THEIR INTERESTS

The directors during the year were:

Mark Alfred Preece	- Managing Director - Appointed 24 February 2003
John Stewart Whewell Hogarth	
Sir Michael James Bibby	- Appointed as Chairman on 24 February 2003
Jonathan Haymer	
Peter Guy Walton Vickers	
Jonathan Osborne	
Simon Jeremy Kitchen	- Appointed 9 June 2003
Howard Dennis Woodcock	- Appointed 9 June 2003
Timothy William Sheehan	- Appointed 11 August 2003
John Edward Harding	- Resigned 20 January 2003

Since the year end, on 31 January 2004, M. A. Preece resigned as a director and managing director of the Company.

The only interests of the directors in shares of the Bibby Line Group companies were in shares of Bibby Line Group Limited.

The interests of M. J. Bibby and J. Haymer in the shares of Bibby Line Group Limited are disclosed in the directors' report of that company.

BIBBY LINE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

DIRECTORS AND THEIR INTERESTS (continued)

The interest of the other directors in the shares of Bibby Line Group Limited was as follows:-

	31 December 2003 Beneficial	1 January 2003 Beneficial
J. S. W. Hogarth		
£1,000 ordinary shares	1	1

AUDITORS

On 2 July 2003 PricewaterhouseCoopers resigned as auditors following the transfer of substantially all of their business to a limited liability partnership and the Directors filled the casual vacancy so arising by appointing PricewaterhouseCoopers LLP. On 28 November 2003 PricewaterhouseCoopers LLP resigned and the Directors filled the casual vacancy so arising by appointing KPMG LLP.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

STATEMENT OF 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 the Group and of the profit or loss of the Company and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BIBBY LINE LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

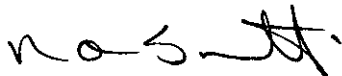
EMPLOYMENT POLICIES

The Group is committed to the continuing development of effective employee communication, consultation and involvement, including regular publication of company magazines.

It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance.

The policy of the Group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a Group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

31 March 2004



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors report to the members of Bibby Line Limited

We have audited the financial statements on pages 7 to 29.

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 auditor's 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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 group is not disclosed.

Basis of audit 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 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 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.

KPMG LLP *KPMG LLP*
Chartered Accountants
Registered Auditor

31 March 2004

BIBBY LINE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2003

	Note	2003 US\$000	2002 as restated US\$000
Turnover: group and share of joint venture turnover	3	106,452	68,676
Less share of joint venture turnover	9	(11,628)	(1,362)
Group turnover		94,824	67,314
Cost of sales		(84,079)	(68,717)
Gross profit/(loss)		10,745	(1,403)
Administration expenses		(4,573)	(2,628)
Group operating profit/(loss)		6,172	(4,031)
Share of operating profit of joint ventures	9	3,665	508
Share of operating profit of associated undertakings		-	713
Total operating profit/(loss)		9,837	(2,810)
(Loss)/profit on disposal of fixed assets		(43)	1,213
Profit/(loss) on ordinary activities before interest		9,794	(1,597)
Interest receivable and similar income	4	3,074	739
Interest payable and similar charges	5	(12,556)	(9,100)
Profit/(loss) on ordinary activities before taxation	6	312	(9,958)
Tax on profit/(loss) on ordinary activities	7	1,128	4,922
Retained profit/(loss) for the financial year for group and its share of joint ventures	18	1,440	(5,036)

The turnover and profit on ordinary activities all derive from continuing activities.

Consolidated statement of total group recognised gains and losses:

	Note	2003 US\$000	2002 as restated US\$000
Profit/(loss) for the financial year		1,440	(5,036)
Currency translation differences on foreign currency net investments	19	683	(27)
Total gain recognised relating to the year		2,123	(5,063)
Prior year adjustment (2002)		-	(18,139)
Prior year adjustment (as explained in note 2)		1,097	-
Total gains/(losses) since last annual report		3,220	(23,202)

The notes on pages 10 to 29 form part of these financial statements.

BIBBY LINE LIMITED

BALANCE SHEETS AS AT
31 DECEMBER 2003

		Parent Company		Group	
	Note	2003 US\$000	2002 US\$000	2003 US\$000	2002 as restated US\$000
Fixed assets					
Tangible assets	10	174	79	223,747	229,795
Investments	8	1,546	1,528	-	-
Interest in AWSR joint venture:					
- share of gross assets	9	-	-	92,093	51,564
- share of gross liabilities	9	-	-	(89,122)	(51,010)
		<u>1,720</u>	<u>1,607</u>	<u>226,718</u>	<u>230,349</u>
Current assets					
Stock	11	12	12	12	12
Debtors	12	164,244	171,926	24,786	21,808
Cash at bank and in hand		<u>1,425</u>	<u>3,107</u>	<u>5,992</u>	<u>6,662</u>
		165,681	175,045	30,790	28,482
Creditors (amounts falling due within one year)	13	(43,424)	(41,180)	(35,590)	(28,480)
Net current assets/(liabilities)		<u>122,257</u>	<u>133,865</u>	<u>(4,800)</u>	<u>2</u>
Total assets less current liabilities		<u>123,977</u>	<u>135,472</u>	<u>221,918</u>	<u>230,351</u>
Creditors (amounts falling due after more than one year)	14	66,095	73,445	138,575	153,513
Convertible intergroup loan	15	30,982	30,982	30,982	30,982
Provisions for liabilities and charges	16	-	-	<u>50,018</u>	<u>45,636</u>
		<u>97,077</u>	<u>104,427</u>	<u>219,575</u>	<u>230,131</u>
Capital and reserves					
Called up share capital	17	7,763	7,763	7,763	7,763
Profit and loss account	18	<u>19,137</u>	<u>23,282</u>	<u>(5,420)</u>	<u>(7,543)</u>
Shareholders' funds (including non-equity interests)	19	<u>26,900</u>	<u>31,045</u>	<u>2,343</u>	<u>220</u>
		<u>123,977</u>	<u>135,472</u>	<u>221,918</u>	<u>230,351</u>

Approved by the Board on 31 March 2004



J. Osborne
Director

The notes on pages 10 to 29 form part of these financial statements.

BIBBY LINE LIMITED

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

	Note	2003 US\$000	2003 US\$000	2002 US\$000	2002 US\$000
Net cash inflow from operating activities	20		25,817		10,120
Returns on investment and servicing of finance:					
Interest received		116		64	
Interest paid		(8,786)		(7,715)	
			(8,670)		(7,651)
Taxation			6,490		4,198
Capital expenditure and financial investment:					
Purchase of tangible fixed assets		(10,648)		(38,167)	
Sale of tangible fixed assets		363		1,463	
Purchase of shares in associated undertaking		<u>-</u>		<u>(38)</u>	
			(10,285)		(36,742)
Cash inflow/(outflow) before financing			13,352		(30,075)
Financing:					
New loans		6,600		48,772	
Repayment of amounts borrowed		(20,575)		(15,598)	
(Repayment of)/new finance leases		<u>(18)</u>		<u>4</u>	
	22		(13,993)		33,178
(Decrease)/increase in cash			<u>(641)</u>		<u>3,103</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are drawn up in US Dollars. They have been prepared under the historical cost convention, as modified by the method used to translate the issued share capital to US Dollars, and in accordance with applicable Accounting Standards.

The US Dollar value of the issued share capital is arrived at by converting from Sterling at the exchange rate ruling at the date the accounts were first presented in US\$.

Compliance with SSAP 20 "Foreign Exchange Translation" requires a departure from the requirements of the Companies Act 1985 relating to unrealised gains on long term monetary items and an explanation is given in the Foreign Currencies policy below.

The financial statements have been restated to comply with the change in the Company's accounting policy relating to drydock costs (below).

Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent Company and all its subsidiaries by the acquisition method of accounting. The consolidated profit and loss account includes the Group's share of the results of associated undertakings and joint ventures as shown by their audited statements or unaudited management accounts. The investment in associated undertakings in the consolidated balance sheet consists of the Group's share of net tangible assets plus unamortised goodwill. The results of the Parent Company are set out in note 23.

Tangible fixed assets and depreciation

Fixed assets are included at cost, less depreciation. Pre-delivery interest and financing expenses are included in cost. The US Dollar value of the vessel is arrived at by converting from sterling at the exchange rate ruling at the date the accounts were first presented in US dollars. Subsequent additions are stated at cost.

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their expected useful economic lives. The rates of depreciation are as follows:

- | | |
|----------------------|--|
| - office equipment | - varying rates between three and four years |
| - computer equipment | - three years |
| - fleet | - between twelve and twenty seven years |

Repairs allowance

For all owned vessels revenue costs associated with the periodic drydocking of vessels are written off in the year in which the drydock takes place.

For vessels held under operating lease provision is made for any estimated drydocking commitments that are required under the terms of the lease agreement. An annual allowance is made for a pro rata proportion of the estimated drydocking costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Stock

Stock is stated at the lower of cost and net realisable value.

Floating accommodation vessels' relocation and refurbishment costs

After a floating accommodation vessel completes a contract, the costs of relocation and refurbishment are normally written off over the life of that vessel's next contract. However, if the next contract is of a short term nature, the costs are written off to the profit and loss account in the year of expenditure.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of *available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.*

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. All exchange differences are dealt with through the *profit and loss account.*

A number of subsidiary undertakings prepare their financial statements in foreign currencies. The net assets of these companies are converted into dollars at the rates of exchange ruling at the balance sheet date and the resulting net differences on exchange are taken directly to reserves.

Pension costs

The cost of providing pensions is charged against profit on a systematic basis with any pension surpluses and deficits allocated over the expected remaining service lives of current employees. In addition, the transitional disclosure requirements under FRS17 (Retirement Benefits) have been incorporated within note 30.

Operating leases

Lease rentals are charged to the profit and loss account on a straight line basis over the lease terms.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Fixed asset investment

Fixed asset investments are shown at cost less provision for impairment.

Related party transactions

Under Financial Reporting Standard 8, the Company is exempt from disclosing related party transactions with fellow group undertakings, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Transactions between Bibby Line Group Limited and its related parties and a statement of substantial shareholdings in Bibby Line Group Limited are included in that company's consolidated financial statements.

2. PRIOR YEAR ADJUSTMENT

The Group has changed its accounting policy in respect of drydocking costs and this has resulted in a restatement of the results in respect of the year to 31 December 2002. Details of the restatement are as follows:

The policy under which previous periods were reported, was to make an annual allowance for a pro rata proportion of the estimated costs for the next drydock. The costs of the drydock when incurred were written off against the allowance with any balance being taken to the profit and loss account.

- (a) The consolidated profit and loss account reflects an increase in the tax credit of US\$241,200 from a credit of US\$4,681,000 to US\$4,922,200 credit.
- (b) The consolidated profit and loss account reflects an increase in cost of sales of US\$805,000 from US\$67,912,000 to US\$68,717,000.
- (c) The consolidated balance sheet value of fixed assets has increased by US\$1,567,000 through the write back of the repairs allowance, as set out in note 10.
- (d) The consolidated balance sheet value of provisions for liabilities and charges has increased by US\$470,000 through additional provisions for deferred tax. (note 16)
- (e) The Group's consolidated profit and loss reserves have been restated to reflect the above adjustments of US\$1,097,000 and, as a result, the deficit on the profit and loss account has decreased from US\$8,640,000 as previously reported to US\$7,543,000, as set out in note 18.

In summary, the overall prior year adjustment is as follows:

Adjustment to opening reserves at 1 January 2002	1,661
Movement during 2002	(564)
Prior year adjustment	1,097

A prior year adjustment was made in 2002 in respect of deferred tax.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

3. TURNOVER

Turnover, which is derived from international business, is the freight and charter hire earned plus service revenues and is recognised at the time the relevant service is provided to customers.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
Interest receivable under finance leases within AWSR joint venture (note 9)	-	-	2,718	416
Bank interest receivable	<u>61</u>	<u>17</u>	<u>356</u>	<u>323</u>
	<u>61</u>	<u>17</u>	<u>3,074</u>	<u>739</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
On bank loans and overdrafts	4,822	3,683	7,869	7,353
On bank loans and overdrafts of associated undertakings	-	-	-	1,015
On bank loans and overdrafts of AWSR joint venture (note 9)	-	-	4,127	435
To group undertakings	<u>559</u>	<u>297</u>	<u>560</u>	<u>297</u>
	<u>5,381</u>	<u>3,980</u>	<u>12,556</u>	<u>9,100</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION
is stated after charging the following amounts:-

	2003 US\$000	Group 2002 US\$000
Staff costs		
- wages and salaries	18,701	19,044
- social security costs	630	559
- other pension costs	247	291
Depreciation on owned assets (Note 10)	16,864	14,819
Auditors' fees and expenses	67	70
Other advice from auditors	-	72
Exchange losses	451	98
Operating lease costs:		
- other	7,085	6,826
- property	<u>399</u>	-

Auditors' fees and expenses are fees paid by the parent company.

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	as restated US\$000
The taxation credit comprises:				
Amount receivable in respect of group relief	1,380	1,038	4,930	5,581
Share of joint venture taxation (charge)/credit	-	-	(82)	197
Current year provision for foreign taxes	-	-	(16)	(415)
Over provision for foreign taxes in previous year	-	-	484	318
Under provision for receipt of group relief in previous year	<u>109</u>	<u>101</u>	<u>109</u>	<u>101</u>
Current tax credit	1,489	1,139	5,425	5,782
Deferred tax credit/(charge)(note 16)	2	46	(4,198)	(818)
Adjustment in respect of prior periods	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(42)</u>
	<u>1,491</u>	<u>1,185</u>	<u>1,128</u>	<u>4,922</u>

Receipt for Group relief represents the consideration to be received from other Group undertakings for the surrender of losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge for the year:

The current tax credit is higher than the anticipated charge. The anticipated tax charge is based on the average rate of tax across the group.

The differences are explained as follows:

	Parent Company		Group	
	2003	2002	2003	2002 as restated
(Loss)/profit on ordinary activities before taxation	(5,637)	(6,014)	312	(9,958)
(Loss)/profit on ordinary activities multiplied by the rate of tax of 30% (2002 - 30%)	(1,691)	(1,804)	94	(2,987)
Effects of:				
Group relief surrendered not paid for	153	115	548	443
Capital allowances in excess of depreciation	-	12	(4,297)	(2,138)
Foreign taxation	-	-	(484)	(327)
Non taxable expenses	180	12	180	14
Associated undertakings' results	-	-	(99)	83
Tax allowable costs included in capital additions	-	-	(45)	(146)
Sale of investments	-	546	-	(364)
Non taxable exchange differences	(22)	81	(118)	29
Deferred expenditure	-	-	86	(74)
Timing difference on dividends	-	-	87	(75)
Difference in overseas tax rates	-	-	(673)	(139)
Tonnage tax	-	-	(595)	-
Adjustment in relation to prior period group relief	(109)	(101)	(109)	(101)
Current tax credit	(1,489)	(1,139)	(5,425)	(5,782)

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

8. INVESTMENTS

	ICSM(UK) Joint Venture US\$000	AWSR Joint Venture US\$000	Subsidiary Undertakings US\$000	Total US\$000
Parent company				
At 1 January 2003	-	38	1,490	1,528
Investment in ICSM(UK)	<u>18</u>	<u>-</u>	<u>-</u>	<u>18</u>
At 31 December 2003	<u>18</u>	<u>38</u>	<u>1,490</u>	<u>1,546</u>

Details of shares held in subsidiary and associated undertakings are given in Note 29.

On 20 March 2003, the Group disposed of its shareholding in Bibby-Harrison Management Services Limited in return for 500 ordinary shares of £1 each in IndoChina Ship Management (UK) Limited (ICSM(UK)). This represents a 50% shareholding in IndoChina Ship Management (UK) Limited. There was no gain or loss arising from this transaction.

9. INCOME FROM INTERESTS IN JOINT VENTURES

The Group's share is set out below:

	ICSM(UK) 2003 US\$000	AWSR 2003 US\$000	Total 2003 US\$000	Total 2002 US\$000
Turnover	1,731	9,897	11,628	1,362
Operating profit	174	3,491	3,665	508
Interest receivable under finance leases	-	2,718	2,718	416
Net interest payable	<u>-</u>	<u>(4,127)</u>	<u>(4,127)</u>	<u>(435)</u>
Group's share of profit on ordinary activities before taxation	<u>174</u>	<u>2,082</u>	<u>2,256</u>	<u>489</u>
Group's share of tax on ordinary activities	<u>(52)</u>	<u>(30)</u>	<u>(82)</u>	<u>(23)</u>
Group's share of retained profit for the financial year	<u>122</u>	<u>2,052</u>	<u>2,174</u>	<u>466</u>

The 2002 income from interests in joint ventures is in respect of AWSR.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

9. INCOME FROM INTERESTS IN JOINT VENTURES (continued)

The Group's interest in joint ventures is represented as follows:

	ICSM(UK) 2003 US\$000	AWSR 2003 US\$000	Total 2003 US\$000	Total 2002 US\$000
Tangible fixed assets	80	26,338	26,418	9,005
Non current assets	-	58,826	58,826	38,758
Current assets	224	11,446	11,670	4,653
Creditors (amounts falling due within one year)	(182)	(4,639)	(4,821)	(852)
Net current assets	<u>42</u>	<u>6,807</u>	<u>6,849</u>	<u>3,801</u>
Total assets less current liabilities	122	91,971	92,093	51,564
Other borrowings	<u>-</u>	<u>(89,122)</u>	<u>(89,122)</u>	<u>(51,010)</u>
Group share of net assets	<u>122</u>	<u>2,849</u>	<u>2,971</u>	<u>554</u>

In 2002 the group's interest in joint ventures was in respect of AWSR.

10. TANGIBLE ASSETS

	Parent Company Equipment US\$000
Cost	
At 1 January 2003	384
Additions	<u>169</u>
At 31 December 2003	553
Depreciation	
At 1 January 2003	305
Charge for the year	<u>74</u>
At 31 December 2003	<u>379</u>
Net book amount	
At 31 December 2003	<u>174</u>
At 31 December 2002	<u>79</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

10. TANGIBLE ASSETS (Continued)

	Group			
	Leasehold Improvements US\$000	Equipment US\$000	Fleet US\$000	Total US\$000
Cost				
At 1 January 2003	48	1,514	351,425	352,987
Additions	-	184	11,088	11,272
Disposals	-	(102)	(532)	(634)
Exchange differences	-	94	-	94
At 31 December 2003	<u>48</u>	<u>1,690</u>	<u>361,981</u>	<u>363,719</u>
Depreciation				
At 1 January 2003	46	1,001	122,145	123,192
Charge for the year	2	228	16,634	16,864
Disposals	-	(102)	(126)	(228)
Exchange differences	-	144	-	144
At 31 December 2003	<u>48</u>	<u>1,271</u>	<u>138,653</u>	<u>139,972</u>
Repairs allowance				
At 1 January 2003, as previously reported	-	-	1,567	1,567
Prior year adjustment	-	-	(1,567)	(1,567)
At 1 January 2003, as restated	-	-	-	-
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount				
At 31 December 2003	<u>-</u>	<u>419</u>	<u>223,328</u>	<u>223,747</u>
At 31 December 2002, as restated	<u>2</u>	<u>513</u>	<u>229,280</u>	<u>229,795</u>

Included in the cost of the fleet is pre-delivery interest at 3.3% of US\$9,670,442 (2002 - US\$9,670,442). US\$Nil was capitalised in 2003 (2002 - US\$267,000).

11. STOCK

	Parent Company		Group	
	2003 US\$000	2002 US\$000	2003 US\$000	2002 US\$000
Consumables	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

12. DEBTORS

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
Trade debtors	699	1,499	7,006	5,299
Amounts owed by group undertakings	159,902	165,815	38	-
Amounts owed by joint ventures	1,484	-	1,535	-
Amounts owed by associated undertakings	224	-	224	209
Group tax relief	1,502	1,039	8,381	6,296
Other debtors	-	-	6,795	6,236
Deferred tax asset (note 16)	45	43	-	-
Prepayments and accrued income	<u>388</u>	<u>3,530</u>	<u>807</u>	<u>3,768</u>
	<u>164,244</u>	<u>171,926</u>	<u>24,786</u>	<u>21,808</u>

13. CREDITORS

(Amounts falling due within one year)

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
Bank overdraft	-	-	-	29
Bank loans (note 14)	5,500	5,500	16,695	15,750
Trade creditors	632	3,590	3,425	5,868
Amounts owed to group undertakings	35,762	30,607	12,849	4,027
Amounts owed to associated undertaking	16	495	50	737
Taxation and social security	67	110	67	203
Accruals and deferred income	<u>1,447</u>	<u>878</u>	<u>2,504</u>	<u>1,866</u>
	<u>43,424</u>	<u>41,180</u>	<u>35,590</u>	<u>28,480</u>

14. CREDITORS (amounts falling due after more than one year)

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
Bank loans (see below)	66,095	73,445	138,575	153,495
Obligation under finance lease	-	-	-	18
	<u>66,095</u>	<u>73,445</u>	<u>138,575</u>	<u>153,513</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

14. CREDITORS (amounts falling due after more than one year) (continued)

US Dollar ship finance loans, secured by statutory mortgages on certain vessels of the fleet and carrying interest at up to 1½ per cent above US Dollar LIBOR, are repayable by installments over periods to 2008 as follows:-

	Parent Company		Group	
	2003	2002	2003	2002
	US\$000	US\$000	US\$000	US\$000
Bank Loans Repayable:				
Within one year	5,500	5,500	16,695	15,750
Between one and two years	5,500	5,500	45,995	16,250
Between two and five years	60,595	67,945	92,580	125,995
After five years	—	—	—	11,250
	<u>71,595</u>	<u>78,945</u>	<u>155,270</u>	<u>169,245</u>

15. CONVERTIBLE INTERGROUP LOAN

	Parent Company and Group	
	2003	2002
	US\$000	US\$000
Convertible unsecured loan from Bibby Line Group Limited	<u>30,982</u>	<u>30,982</u>

Bibby Line Group Limited have the right to convert the whole or any part of the loan into fully paid US Dollar Ordinary Shares of US\$1 each, at the rate of US\$1 of US Dollar Ordinary Share Capital for every US\$1.5526 of the loan, at any time until 2 January 2021.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation US\$000
Parent Company	
At 1 January 2003	(43)
Credited to the profit and loss account in the year	(2)
At 31 December 2003	(45)

The closing deferred tax asset is included in debtors (see note 12).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Group	Associated Undertaking US\$000	Deferred Taxation US\$000	Drydock US\$000	Total US\$000
At 1 January 2003, as previously reported	240	44,862	64	45,166
Prior year adjustment (note 2)	—	470	—	470
At 1 January 2003, as restated	240	45,332	64	45,636
Charged in the year	—	4,297	85	4,382
At 31 December 2003	<u>240</u>	<u>49,629</u>	<u>149</u>	<u>50,018</u>

Deferred tax allowances relate to accelerated capital allowances.

17. CALLED UP SHARE CAPITAL

	Authorised		Allotted & Fully Paid	
	2003 US\$000	2002 US\$000	2003 US\$000	2002 US\$000
4,996,102 ordinary equity shares of £1 each	7,757	7,757	7,757	7,757
20,000,000 ordinary equity shares of US\$1 each	20,000	20,000	-	-
3,548 10% non-cumulative first preference shares of £1 each	5	5	5	5
350 6% non-cumulative participating preference shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>27,763</u>	<u>27,763</u>	7,763	<u>7,763</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

17. CALLED UP SHARE CAPITAL (continued)

The rights attaching to the non-equity shares are as follows:

(1) Non-cumulative first preference shares

- (a) The right to be paid out of the profits of the Company available for dividend and resolved to be distributed in respect of any financial year a fixed non-cumulative preferential dividend at a rate of 10% per annum in priority to any payment to the holders of any other class of shares but no other right to participate in the profits of the Company.
- (b) The right to participate *pari passu* with the Ordinary Shares (but subject to prior rights of the Participating Preference Shares) in the assets of the Company in the proportion which the amount paid on the First Preference Shares bears to eighty times the amount paid up on the Ordinary Shares.
- (c) No right to receive notice of or attend or vote at any General Meeting except in the case of a meeting which is to consider the winding up or reducing the capital of the Company.

(2) Non-cumulative participating preference shares

- (a) The right to be paid out of the profits of the Company available for dividend and resolved to be distributed in respect of any financial year a fixed non-cumulative preferential dividend at a rate of 6% per annum ranking after payment of the dividend on the First Preference Shares and in priority to any payment to the holders of any other class of shares.
- (b) The right to participate with the holders of the Ordinary Shares in the profits of the Company remaining available for distribution and resolved to be distributed in respect of any financial year after payment of the fixed preferential dividends on the First Preference Shares and the Participating Preference Shares and dividends at the rate of £2,000 per annum to the holders of the Ordinary Shares in the proportion which the amount paid up on the Participating Preference Shares bears to forty times the amount paid up on the Ordinary Shares in issue.
- (c) The shares may be redeemed at par at any time after 31 March 1990.
- (d) The right in a winding up or reduction of capital to repayment of capital in priority to any repayment of capital on any other class of shares.
- (e) No right to receive notice of or attend or vote at any General Meeting except in the case of a meeting which is to consider the winding up or reducing the capital of the Company.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

18. PROFIT AND LOSS ACCOUNT

	Parent Company US\$000	Group US\$000
At 1 January 2003, as previously reported	23,282	(8,640)
Prior year adjustment (note 2)	—	<u>1,097</u>
At 1 January 2003, as restated	23,282	(7,543)
Retained (profit)/loss for the year	(4,145)	1,440
Exchange differences arising on consolidation	—	<u>683</u>
At 31 December 2003	<u>19,137</u>	<u>(5,420)</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Parent Company		Group	
	2003 US\$000	2002 US\$000	2003 US\$000	2002 as restated US\$000
Profit/(loss) for the financial year	(4,145)	(4,829)	1,440	(5,036)
Exchange differences arising on consolidation	—	—	<u>683</u>	<u>(27)</u>
Net (reduction in)/addition to shareholders' funds	(4,145)	(4,829)	2,123	(5,063)
Opening shareholders' funds, as previously reported	31,045	35,874	220	3,622
Prior year adjustment (note 2)	-	-	-	1,661
Opening shareholders' funds , as restated	<u>31,045</u>	<u>35,874</u>	<u>220</u>	<u>5,283</u>
Closing shareholders' funds	<u>26,900</u>	<u>31,045</u>	<u>2,343</u>	<u>220</u>

The share of shareholders' funds attributable to non-equity shareholders is US\$6,052 (2002 - US\$6,052).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)20. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW
FROM OPERATING ACTIVITIES

	2003 US\$000	2002 US\$000
Operating profit/(loss)	6,172	(4,031)
Depreciation	16,864	14,819
Increase in debtors	(378)	(1,066)
Increase in creditors	3,074	673
Decrease in stock	-	9
Increase/(decrease) in provisions	<u>85</u>	<u>(284)</u>
	<u>25,817</u>	<u>10,120</u>

21. RECONCILIATION OF NET DEBT

	2003 US\$000	2002 US\$000
(Decrease)/increase in cash in the year	(641)	3,103
Decrease/(increase) in finance leases	18	(4)
Decrease/(increase) in loans	<u>13,975</u>	<u>(33,174)</u>
Change in net debt from cash flows	13,352	(30,075)
Net debt at 1 January	<u>(162,630)</u>	<u>(132,555)</u>
Net debt at 31 December	<u>(149,278)</u>	<u>(162,630)</u>

22. ANALYSIS OF NET DEBT

	1 January 2003 US\$000	Cash Flow US\$000	Non- Cash Changes US\$000	31 December 2003 US\$000
Cash at bank and in hand	6,662	(670)	-	5,992
Overdrafts	<u>(29)</u>	<u>29</u>	<u>-</u>	<u>-</u>
	<u>6,633</u>	<u>(641)</u>	<u>-</u>	<u>5,992</u>
Debt due after one year	(153,495)	13,600	1,320	(138,575)
Debt due within one year	(15,750)	375	(1,320)	(16,695)
Finance leases	<u>(18)</u>	<u>18</u>	<u>-</u>	<u>-</u>
	<u>(162,630)</u>	<u>13,352</u>	<u>-</u>	<u>(149,278)</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

23. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

	Note	2003 US\$000	2002 US\$000
Turnover		9,433	7,477
Cost of sales		(6,007)	(4,564)
Gross profit		3,426	2,913
Administration expenses		(3,742)	(3,142)
Operating loss		(316)	(229)
Loss on sale of fixed assets and investments			
- provision for diminution of value of subsidiary undertaking		-	(1,822)
Loss on ordinary activities before interest		(316)	(2,051)
Interest receivable and similar income	4	61	17
Interest payable and similar charges	5	(5,381)	(3,980)
Loss on ordinary activities before taxation		(5,638)	(6,014)
Tax on loss on ordinary activities	7	1,491	1,185
Retained loss for the financial year	18	(4,145)	(4,829)

The Company has no recognised gains or losses in 2003 or 2002 other than those dealt with in the profit and loss account.

24. EMOLUMENTS OF DIRECTORS

	2003 US\$000	2002 US\$000
Aggregate emoluments	1,132	445
Retirement benefits are accruing to five (2002 - four) directors under a defined benefit scheme. None of the Directors are in the Money Purchase Pension Scheme.		
Highest paid director		
	2003 US\$000	2002 US\$000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	198	138
Defined benefit pension scheme:		
Accrued pension at end of year	-	38

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

25. PARTICULARS OF EMPLOYEES

	2003 Number	2002 Number
The average number of employees during the year was:		
Administration	118	145
Marine staff	<u>614</u>	<u>483</u>
	<u>732</u>	<u>628</u>

26. OPERATING LEASE COMMITMENTS

	2003		2002	
	Property US\$000	Other US\$000	Property US\$000	Other US\$000
The Group has the following annual commitments under operating leases which expire:				
Within one year	-	-	-	2,628
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	<u>388</u>	<u>4,198</u>	<u>344</u>	<u>4,198</u>
	<u>388</u>	<u>4,198</u>	<u>344</u>	<u>6,826</u>

27. CONTINGENT LIABILITIES

At the year end the Company had contingent liabilities of US\$7,614,764 (2002 - US\$8,217,741) in respect of guarantees given to the Group's bankers.

28. CAPITAL COMMITMENTS

There were no capital commitments in the company or group at the end of the current or preceding financial year for which no provision has been made.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

29. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

	Percentage of Equity Share Capital Held	Country of Incorporation	Type of Business
Subsidiary Undertakings			
Bibby Bulk Carriers Limited	100	United Kingdom	Shipping
Bibby Chemical Carriers Limited	100	United Kingdom	Shipping
Bibby Freighters Limited	100	United Kingdom	Shipping
Bibby Gas Carrier Limited	100	United Kingdom	Shipping
Bibby International Services Group Limited	100	United Kingdom	Crew Supply
Bibby International Services Limited *	100	Cayman Islands	Ship Management
Bibby International Services (Cayman Islands) Limited *	100	Cayman Islands	Crew Supply
Bibby International Services (IOM) Limited *	100	Isle of Man	Ship Management
Bibby International Services (India) Private Limited	100	India	Crew Supply
AWSR (Guernsey) Limited	100	United Kingdom	Crew Supply
Bibby International Services Limited (BHMS)(Cayman Islands) Limited	100	Cayman Islands	Crew Supply
Bibby International Services Limited (Maritime)(Cayman Islands) Limited	100	Cayman Islands	Crew Supply
Bibby International Services Limited (Hotel Services)(Cayman Islands) Limited	100	Cayman Islands	Crew Supply
Bibby Marinor Limited	100	United Kingdom	Shipping
Bibby Maritime Limited	100	United Kingdom	Shipping
Bibby Navigation Limited	100	United Kingdom	Shipping
Bibby Offshore Limited	100	United Kingdom	Shipping
Bibby Pool Partner Limited	100	United Kingdom	Shipping
Bibby (Time Charter) Limited	100	United Kingdom	Shipping
Bibby Transport Limited	100	United Kingdom	Shipping
Bibby Travel Limited	100	United Kingdom	Dormant
Britain Steamship Company Limited	100	United Kingdom	Shipping
Canning Shipping Limited	100	United Kingdom	Shipping
Herculanum Shipping Limited	100	United Kingdom	Shipping
Huskisson Shipping Limited	100	United Kingdom	Shipping
Lamport Investments Limited *	75	Isle of Man	Shipping
Langton Shipping Limited	100	United Kingdom	Shipping
Rumford Tankers Limited	100	United Kingdom	Shipping
Sandon Shipping Limited	100	United Kingdom	Shipping
Associated Undertakings			
Barton Shipping Group Limited *	50	United Kingdom	Shipping
Botany Bay Shipping Group Pty Limited *	50	Australia	Shipping
Joint Venture Undertakings			
AWSR Holdings Limited (AWSR)	25	United Kingdom	Shipping
IndoChina Ship Management (UK) Limited (ICSM(UK))	50	United Kingdom	Ship Management

* Denotes interest not held directly by Bibby Line Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

30. PENSION COSTS

The Company participates in the Bibby Line Group Pension Scheme (the “**Scheme**”), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2002 using the projected unit method and showed the Scheme to be 88% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Company over the financial year to this Scheme have been US\$166,445 (2002 - US\$125,984), equivalent to 14½% of pensionable pay.

Since 1st April 2000, the Company has participated in the Bibby Line Group Money Purchase Pension Plan (the “**Plan**”), which is a defined contribution scheme for new employees. The contributions made by the Company over the financial year to the Plan have been US\$35,194 (2002 - US\$2,099).

The Company has also made contributions of US\$44,968 (2002 - US\$Nil) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2002 - £Nil).

FRS17 Disclosures

The Scheme is a multi-employer scheme and the Company and its subsidiaries are unable to identify their share of the assets and liabilities of the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £8,669,000 (2002 - £9,091,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

31. RELATED PARTY TRANSACTIONS

The Group's material related party transactions are detailed below:

Transactions with joint ventures

ICSM(UK) charged US\$1,592,692 (2002 - US\$1,537,545) for services it provided and was charged US\$7,344 (2002 - US\$20,267) for services provided by Bibby Line Limited.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

32. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements and of which the Company is a member.

Copies of the Group financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).