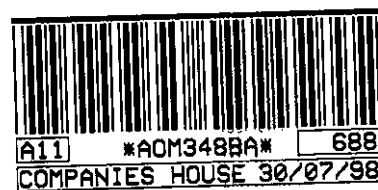


SIGNED

BIBBY LINE LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997



BIBBY LINE LIMITED

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Simon Patrick Sherrard - Chairman
Michael James Bibby
John Stewart Whewell Hogarth
Jonathan Haymer
Andrew James Palmer

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ

Incorporated in England and Wales
Registered Number 989531

AUDITORS

Price Waterhouse
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

BIBBY LINE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

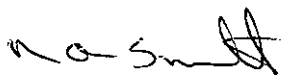
Notice is hereby given, that the Annual General Meeting of Bibby Line Limited will be held on 5 May 1998 at 105 Duke Street, Liverpool for the following purposes:

To approve the Directors' Report and Financial Statements for the year ended 31 December 1997.

To re-appoint Price Waterhouse as Auditors of the Company for the ensuing year.

To transact any other ordinary business.

By Order of the Board


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

1 April 1998

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 1997

The Directors present their Report together with the Audited Financial Statements for the year ended 31 December 1997.

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 (1996 - £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:

S. P. Sherrard - Chairman
J. S. W. Hogarth
M. J. Bibby
J. Haymer
J. W. Connell - Resigned 31 December 1997
A. J. Palmer - Appointed 1 January 1997

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 Mr. S. P. Sherrard, Mr. M. J. Bibby, Mr. J. Haymer and Mr. A. J. Palmer 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 1997 (CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

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

	31 December 1997 Beneficial	1 January 1997 Beneficial
J. S. W. Hogarth £1,000 Ordinary Shares	1	1

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.

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.

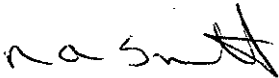
BIBBY LINE LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

AUDITORS

Price Waterhouse, being eligible, have indicated their willingness to be re-appointed.

By Order of the Board


Bibby Bros. & Co. (Management) Limited
Secretary

Duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co.
(Management) Limited

1 April 1998

AUDITORS' REPORT TO THE MEMBERS OF BIBBY LINE LIMITED

We have audited the financial statements on pages 7 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 9, 10 and 11.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

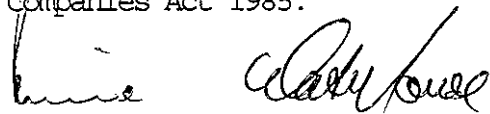
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the Group as at 31 December 1997 and of the loss of the Company and the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

1 April 1998

BIBBY LINE LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1997

	Note	1997 US\$000	1996 US\$000
Turnover	2	75,862	71,516
Cost of Sales		(62,348)	(61,593)
Gross Profit		13,514	9,923
Administration Expenses		(3,529)	(3,188)
Operating Profit		9,985	6,735
Profit on Disposal of Fixed Assets	3	4,318	-
Income from Interests in Associated Undertakings	9	(126)	886
Profit on Ordinary Activities Before Interest		14,177	7,621
Interest Receivable and Similar Income	4	830	1,874
Interest Payable and Similar Charges	5	(5,707)	(6,624)
Profit on Ordinary Activities Before Taxation	6	9,300	2,871
Taxation Credit/(Charge)	7	291	(1,736)
Profit for the Financial Year	18	9,591	1,135

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

STATEMENT OF TOTAL GROUP RECOGNISED GAINS AND
LOSSES FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	1997 US\$000	1996 US\$000
Profit for the Financial Year		9,591	1,135
Currency Translation Differences on Foreign Currency Net Investments	18	13	(578)
Total Gains and Losses Recognised Since Last Annual Report		9,604	557

The notes on pages 9 to 26 form part of these financial statements.

BIBBY LINE LIMITED

BALANCE SHEETS AS AT
31 DECEMBER 1997

	Note	Parent 1997 US\$000	Company 1996 US\$000	Group 1997 US\$000	Group 1996 US\$000
FIXED ASSETS					
Tangible Assets	10	112	34	175,423	136,899
Investments	8,9	3,479	3,479	18,097	19,019
		<u>3,591</u>	<u>3,513</u>	<u>193,520</u>	<u>155,918</u>
CURRENT ASSETS					
Stock	11	718	343	718	639
Debtors	12	212,315	179,158	14,020	5,790
Cash at Bank and in Hand		6,809	3,841	9,661	10,176
		<u>219,842</u>	<u>183,342</u>	<u>24,399</u>	<u>16,605</u>
Creditors (amounts falling due within one year)	13	(39,639)	(44,833)	(37,453)	(44,854)
		<u>180,203</u>	<u>138,509</u>	<u>(13,054)</u>	<u>(28,249)</u>
Net Current Assets/(Liabilities)					
Total Assets Less Current Liabilities		<u>183,794</u>	<u>142,022</u>	<u>180,466</u>	<u>127,669</u>
Creditors (amounts falling due after more than one year)	16	103,351	59,802	114,021	73,807
Convertible Intergroup Loan	15	30,982	30,982	30,982	30,982
Provisions for Liabilities and Charges	14	-	-	17,306	14,327
		<u>134,333</u>	<u>90,784</u>	<u>162,309</u>	<u>119,116</u>
CAPITAL AND RESERVES					
Called Up Share Capital	17	7,763	7,763	7,763	7,763
Profit and Loss Account	18	41,698	43,475	10,394	790
Shareholders' Funds (Including Non-Equity Interests)	19	49,461	51,238	18,157	8,553
		<u>183,794</u>	<u>142,022</u>	<u>180,466</u>	<u>127,669</u>

Approved by the Board on 1 April 1998


J. Haymer
Director

The notes on pages 9 to 26 form part of these financial statements.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

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 at 31 December 1995 was arrived at by converting from Sterling at the exchange rate ruling at 31 December 1995.

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.

Consolidation

The Group financial statements consolidate the financial statements of the Parent Company and all its subsidiaries. The consolidated profit and loss account includes the Group's share of the results of associated undertakings 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.

Goodwill

Goodwill arising on consolidation is considered separately for each acquisition. In cases where goodwill is considered to have continuing value it is amortised on a straight line basis over its useful economic life through the profit and loss account; the amortisation period is dependent upon the circumstances of each individual case and varies from 10 to 20 years. In other cases it is written off immediately against reserves.

Fixed Assets

Fixed assets are included at cost, less depreciation. Pre-delivery interest and financing expenses are included in 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:

Vehicles	-	25%
Office Equipment	-	Varying rates between 25% and 33%
Computer Equipment	-	20%
Fleet	-	Between seven and thirty years

Stock

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

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Survey Costs, Drydocks and Tank Coatings

The fleet is surveyed in line with classification society and international requirements. Drydocking is carried out on a minimum 30-month cycle and provision is made annually for a pro-rata proportion of the estimated drydocking costs. Tank coating costs are written off over a seven year period from the date they are incurred.

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

Provision for deferred taxation, resulting from accelerated tax depreciation allowances and other timing differences, is made where a corporation tax liability is expected to arise within the foreseeable future.

Foreign Currencies

Assets and liabilities in foreign currencies are converted into US Dollars at the approximate rates ruling at the year end with exchange differences being taken to the profit and loss account for the year.

In accordance with Statement of Standard Accounting Practice No. 20, monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and exchange gains and losses are taken to the profit and loss account. The inclusion in the profit and loss account of unrealised translation gains on long term monetary items is a departure from the requirements of the Companies Act 1985 and is necessary for the financial statements to give a true and fair view in accordance with applicable Accounting Standards.

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.

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 1997 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Cash Flow Statement

A statement of Group cash flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Accordingly, no statement is presented within these accounts.

Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from disclosing related party transactions, 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. TURNOVER

Turnover, which is derived from international business, is the freight and charter hire earned plus service revenues.

3. PROFIT ON DISPOSAL OF FIXED ASSETS

	1997	1996
	US\$000	US\$000
Profit on Sale of Tangible Assets	4,318	-

The profit on sale of tangible assets arose on the disposal of the Chemical Carrier M.V. Shropshire and results in a deferred tax charge of US\$935,000.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Profit on Early Termination of Interest Rate Swap Agreement	-	1,535	-	1,535
Income From Fixed Asset Investments Excluding Associated Undertakings	82	-	133	19
Other Interest Receivable	496	705	697	320
	<u>578</u>	<u>2,240</u>	<u>830</u>	<u>1,874</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
On Bank Loans, Overdrafts and Other Loans	3,593	3,914	5,368	6,242
To Group Undertakings	339	382	339	382
	<u>3,932</u>	<u>4,296</u>	<u>5,707</u>	<u>6,624</u>

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

	Group	
	1997	1996
	US\$000	US\$000
Staff Costs		
Wages and Salaries	17,453	15,076
Social Security Costs	591	522
Other Pension Costs	411	461
Depreciation on Owned Assets (Note 10)	11,833	11,020
Amortisation of Goodwill - Associated Undertakings (Note 8)	569	546
Auditors' Fees and Expenses	71	68
Exchange Gains/(Losses)	438	(164)
Other Operating Leases	-	34
	<u>-</u>	<u>34</u>

Included within the Auditors' fees and expenses are fees paid by the parent company of US\$51,000 (1996 - US\$47,000).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

7. TAXATION (CREDIT)/CHARGE

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Charge for Group Relief in				
Respect of Joint Venture	-	-	44	-
Provision for Foreign Taxes	-	-	311	405
Under Provision for Prior Year Tax	-	-	-	20
Deferred Tax (Credit)/Charge				
(Note 14)	(11)	(4)	1,185	(676)
(Receipt)/Payment for Group Relief	(451)	(1,543)	(2,610)	1,511
Under Provision for Payment for				
Group Relief in Previous Year	654	(393)	836	201
Share of Associated Undertakings'				
Taxation	-	-	(57)	275
	<u>192</u>	<u>(1,940)</u>	<u>(291)</u>	<u>1,736</u>

Receipt for Group relief represents the consideration to be received from other Group undertakings for the surrender of losses amounting to US\$9,204,000 (1996 - payment - US\$5,088,000).

The deferred tax charge in 1997 includes a credit of US\$1,072,000 in respect of a reduction from 33% to 30% in the rate at which the provision is made. The tax charges in 1997 and 1996 have been decreased by the effect of the Group's accounting policy of only providing for deferred taxation if a liability is expected to arise in the foreseeable future (see Note 14).

8. INVESTMENTS

	Subsidiary Undertakings	Associated Undertakings	Other Investments	Total
	US\$000	US\$000	US\$000	US\$000
Parent Company				
At 1 January 1997 and				
31 December 1997	<u>2,220</u>	<u>1,257</u>	<u>2</u>	<u>3,479</u>

Details of shares held in subsidiary and associated undertakings are given in Note 26.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

8. INVESTMENTS (CONTINUED)

Group	Associated Undertakings US\$000	Other US\$000	Total US\$000
At 1 January 1997	19,007	12	19,019
Goodwill Amortised in Year	(569)	-	(569)
Share of Undistributed Profits Plus Exchange Differences	(352)	(1)	(353)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	<u>18,086</u>	<u>11</u>	<u>18,097</u>

9. INCOME FROM INTERESTS IN ASSOCIATED UNDERTAKINGS

The Group's share is set out below:

	1997 US\$000	1996 US\$000
Turnover	19,476	15,332
	<hr/>	<hr/>
Trading Profit Before Depreciation	3,966	4,366
Depreciation	(1,953)	(1,526)
Profit on Disposal of Fixed Assets	10	532
Income From Interests in Associated Undertakings	492	(126)
Net Interest Payable	(2,641)	(2,360)
	<hr/>	<hr/>
Group's Share of (Loss)/Profit on Activities Before Taxation	<u>(126)</u>	<u>886</u>

Two of the Group's associated undertakings' last audited published financial statements were prepared to 30 June 1997. From this date unaudited management accounts have been used to calculate the Group's share of these companies' net loss on ordinary activities before taxation, which amounted to US\$541,000 (1996 - US\$140,000).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

9. INCOME FROM INTERESTS IN ASSOCIATED UNDERTAKINGS (CONTINUED)

Investments - Group

	Shares US\$000	Share of Retained Profits US\$000	Total US\$000
At 1 January 1997	16,004	3,003	19,007
Shares of Undistributed Reserves	-	(69)	(69)
Exchange Differences	-	(283)	(283)
Goodwill Amortised in Year	(569)	-	(569)
	<hr/>	<hr/>	<hr/>
At 31 December 1997	15,435	2,651	18,086
	<hr/>	<hr/>	<hr/>

Purchased goodwill of US\$10,769,000 in respect of Botany Bay Shipping Company Pty Limited is being amortised over 20 years. The balance unamortised at 31 December 1997 was US\$6,842,000 (1996 - US\$7,710,000).

Net Assets

Associated undertakings are represented by net assets as follows:

	1997 US\$000	1996 US\$000
Tangible Fixed Assets	79,927	59,752
Fixed Assets Investments	(482)	(618)
	<hr/>	<hr/>
	79,445	59,134
	<hr/>	<hr/>
Current Assets	12,849	13,272
Creditors (amounts falling due within one year)	(10,308)	(14,404)
	<hr/>	<hr/>
Net Current Assets/(Liabilities)	2,541	(1,132)
	<hr/>	<hr/>
Total Assets Less Current Liabilities	81,986	58,002
Other Borrowings	(55,394)	(30,113)
Deferred Taxation	(3,378)	(3,650)
Other Provisions	(727)	(1,645)
	<hr/>	<hr/>
Net Assets	22,487	22,594
	<hr/>	<hr/>
The Group's Share of which is:	11,244	11,297
	<hr/>	<hr/>

Details of transactions with associated undertakings are given in the financial statements of Bibby Line Group Limited.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

10. TANGIBLE ASSETS

Parent Company

	Vehicles & Equipment US\$000
Cost	
At 1 January 1997	532
Additions	112
At 31 December 1997	<u>644</u>
Depreciation	
At 1 January 1997	498
Charge for the Year	34
At 31 December 1997	<u>532</u>
Net Book Amount	
At 31 December 1997	<u>112</u>
At 31 December 1996	<u>34</u>

Group

	Leasehold Improvements US\$000	Equipment & Vehicles US\$000	Fleet US\$000	Total US\$000
Cost				
At 1 January 1997	20	1,178	246,283	247,481
Additions	35	470	61,256	61,761
Disposals	-	(14)	(19,563)	(19,577)
Exchange Differences	-	(23)	-	(23)
At 31 December 1997	<u>55</u>	<u>1,611</u>	<u>287,976</u>	<u>289,642</u>
Depreciation				
At 1 January 1997	3	893	109,686	110,582
Charge for the Year	8	153	11,672	11,833
Disposals	-	(14)	(8,169)	(8,183)
Exchange Differences	-	(13)	-	(13)
At 31 December 1997	<u>11</u>	<u>1,019</u>	<u>113,189</u>	<u>114,219</u>
Net Book Amount				
At 31 December 1997	<u>44</u>	<u>592</u>	<u>174,787</u>	<u>175,423</u>
At 31 December 1996	<u>17</u>	<u>285</u>	<u>136,597</u>	<u>136,899</u>

Included in the cost of the fleet is pre-delivery interest of US\$5,711,000 (1996 - US\$3,695,000). US\$2,016,000 was capitalised in 1997 (1996 - US\$1,037,000).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

11. STOCK

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Consumables	718	343	718	343
Property Held for Resale	-	-	-	296
	<u>718</u>	<u>343</u>	<u>718</u>	<u>639</u>

12. DEBTORS

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Trade Debtors	1,032	1,385	5,692	2,850
Amounts Owed by Group				
Undertakings	209,417	175,247	5,964	15
Amounts Owed by Associated				
Undertakings	141	-	156	28
Other Debtors	-	-	245	110
Prepayments and Accrued Income	1,710	2,522	1,963	2,787
Deferred Tax Asset (Note 14)	15	4	-	-
	<u>212,315</u>	<u>179,158</u>	<u>14,020</u>	<u>5,790</u>

13. CREDITORS

(Amounts falling due within one year)

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Bank Overdraft	-	-	39	209
Finance Loans (Note 16)	9,645	7,104	15,702	14,635
Trade Creditors	3,340	6,454	4,994	7,573
Amounts Owed to Group				
Undertakings	22,871	21,707	11,296	11,803
Taxation and Social Security	1,375	1,439	842	664
Accruals and Deferred Income	2,408	8,129	4,580	9,970
	<u>39,639</u>	<u>44,833</u>	<u>37,453</u>	<u>44,854</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation US\$000
Parent Company	
At 1 January 1997	(4)
Credit in the Year	(11)
	<hr/>
At 31 December 1997	(15)
	<hr/> <hr/>

The deferred tax asset has been recognised in debtors.

	Provision For Drydocking US\$000	Deferred Taxation US\$000	Other US\$000	Total US\$000
Group				
At 1 January 1997	2,517	11,797	13	14,327
Charged in the Year	1,794	1,185	-	2,979
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	4,311	12,982	13	17,306
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The amounts of deferred taxation provided and unprovided are as follows:

	Provided		Unprovided	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Accelerated Capital Allowances	12,801	11,628	8,534	7,752
Other Timing Differences	181	169	121	112
	<hr/>	<hr/>	<hr/>	<hr/>
	12,982	11,797	8,655	7,864
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

15. CONVERTIBLE INTERGROUP LOAN

	Parent Company and Group	
	1997	1996
	US\$000	US\$000
Convertible Unsecured Loan From Bibby Line Group Limited	30,982	30,982

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. CREDITORS (Amounts falling due
after more than one year)

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Finance Loans (see below)	103,351	59,444	114,021	73,449
Drydock Creditor	-	358	-	358
	<u>103,351</u>	<u>59,802</u>	<u>114,021</u>	<u>73,807</u>

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 instalments over periods to 2007 as follows:-

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
Finance Loans Repayable:				
Within One Year	9,645	7,104	15,702	14,635
Between One and Two Years	11,691	14,557	16,548	21,022
Between Two and Five Years	35,706	20,411	37,444	27,951
After Five Years	55,954	24,476	60,029	24,476
	<u>112,996</u>	<u>66,548</u>	<u>129,723</u>	<u>88,084</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

17. CALLED UP SHARE CAPITAL

	Authorised		Allotted & Fully Paid	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	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 Partici- pating Preference Shares of £1 each	1	1	1	1
	<u>27,763</u>	<u>27,763</u>	<u>7,763</u>	<u>7,763</u>

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.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

17. CALLED UP SHARE CAPITAL (CONTINUED)

- (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.

18. PROFIT AND LOSS ACCOUNT

	Parent Company US\$000	Group US\$000
At 1 January 1997	43,475	790
Retained (Loss)/Profit for the Year	(1,777)	9,591
Exchange Differences Arising on Consolidation	-	13
	<hr/>	<hr/>
At 31 December 1997	<u>41,698</u>	<u>10,394</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Parent Company		Group	
	1997	1996	1997	1996
	US\$000	US\$000	US\$000	US\$000
(Loss)/Profit for the Financial Year	(1,777)	(1,694)	9,591	1,135
Exchange Differences Arising on Consolidation	-	-	13	(578)
Net (Reduction)/Addition to Shareholders' Funds	(1,777)	(1,694)	9,604	557
Opening Shareholders' Funds	51,238	52,932	8,553	7,996
Closing Shareholders' Funds	49,461	51,238	18,157	8,553

The share of Shareholders' funds attributable to non-equity shareholders is US\$6,052 (1996 - US\$6,052).

20. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

	Note	1997	1996
		US\$000	US\$000
Turnover	2	11,937	13,378
Cost of Sales		(6,700)	(12,529)
Gross Profit		5,237	849
Administration Expenses		(3,468)	(3,110)
Operating Profit (Loss)		1,769	(2,261)
Profit on Sale of Fixed Assets and Investments - Liquidation of Subsidiary Undertaking		-	683
Profit/(Loss) on Ordinary Activities Before Interest		1,769	(1,578)
Interest Receivable and Similar Income	4	578	2,240
Interest Payable and Similar Charges	5	(3,932)	(4,296)
Loss on Ordinary Activities Before Taxation		(1,585)	(3,634)
Taxation (Charge) Credit	7	(192)	1,940
Loss for the Financial Year	18	(1,777)	(1,694)

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

20. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT (CONTINUED)

The Company has no recognised gains or losses in 1997 or 1996 other than those dealt with in the profit and loss account.

The 1996 profit and loss account has been restated so that it is in line with the 1997 format. Primarily this means that exchange differences are now included in cost of sales and profit on early termination of interest swap agreement has been reclassified.

21. EMOLUMENTS OF DIRECTORS

	1997 US\$000	1996 US\$000
Aggregate Emoluments	<u>251</u>	<u>379</u>

Retirement benefits are accruing to two (1996 - three) directors under a defined benefit scheme.

Highest Paid Director

	1997 US\$000	1996 US\$000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<u>134</u>	<u>146</u>
Defined Benefit Pension Scheme: Accrued pension at end of year	<u>8</u>	<u>6</u>

22. PARTICULARS OF EMPLOYEES

	1997 Number	1996 Number
The average number of employees during the year was:		
Administration	152	135
Marine Staff	312	321
	<u>464</u>	<u>456</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

23. OPERATING LEASE COMMITMENTS

	1997		1996	
	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	-	32	-	34
Between two and five years	-	17	-	76
After five years	307	2,627	321	-
	<u>307</u>	<u>2,676</u>	<u>321</u>	<u>110</u>

24. CAPITAL COMMITMENTS

	Parent Company		Group	
	1997 US\$000	1996 US\$000	1997 US\$000	1996 US\$000
Capital expenditure for which contracts have been placed but which are not otherwise provided for in these Financial Statements	-	-	27,202	64,199

Included in the above are orders for a 19,000 dwt chemical parcel tanker being built by Naval Gijon in Spain, which is expected to be delivered in 1998 and a mobile jack-up rig being built by Arab Heavy Industries in UAE which is expected to be delivered in 1999.

25. CONTINGENT LIABILITIES

At the year end the Company had contingent liabilities of US\$9,082,829 (1996 - US\$14,811,644) in respect of guarantees given to the Group's bankers.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

26. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

	Percentage of Equity Share Capital Held	Country of Incorporation	Type of Business
Subsidiary Undertakings			
Barton (Time Charter) Limited	75	United Kingdom	Shipping
Bayton Shipping (SA) (Pty) Limited *	75	South Africa	Shipping
Bibby Bulk Carriers Limited	100	United Kingdom	Shipping
Bibby Chemical Carriers Limited	100	United Kingdom	Shipping
Bibby Design & Publicity Services Ltd*	100	United Kingdom	Technical Services
Bibby Freighters Limited	100	United Kingdom	Shipping
Bibby Gas Carrier Limited	100	United Kingdom	Shipping
Bibby International Services Limited	100	Cayman Islands	Ship Management
Bibby International Services (Cayman Islands) Limited *	100	Cayman Islands	Supply of Ships Crew
Bibby International Services (IOM) Limited *	100	Isle of Man	Ship Management
Bibby Marinor Limited	100	United Kingdom	Shipping
Bibby Maritime Limited	100	United Kingdom	Shipping
Bibby Models & Exhibition Services Limited	100	Scotland	Technical Services
Bibby Navigation Limited	100	United Kingdom	Shipping
Bibby Nominees (UK) Limited	100	United Kingdom	Shipping
Bibby Offshore (Qatar) Limited	100	United Kingdom	Shipping
Bibby Pool Partner Limited	100	United Kingdom	Shipping
Bibby Tankers Limited *	100	United Kingdom	Shipping
Bibby Technical Services Limited	100	United Kingdom	Technical Services
Bibby Transport Limited	100	United Kingdom	Shipping
Bibby Travel Limited	100	United Kingdom	Travel Agents
Britain Steamship Company 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
Nisaway Transport Limited	100	United Kingdom	Dormant
NMS Limited	100	United Kingdom	Technical Services
Rumford Tankers Limited	100	United Kingdom	Shipping
Water Street Realty Inc.	100	USA	Property

* Denotes interest not held directly by Bibby Line Limited.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997 (CONTINUED)

26. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (CONTINUED)

Associated Undertakings

Barton Shipping Group Limited *	50	United Kingdom	Shipping
Bibby-Harrison Management Services Limited	50	United Kingdom	Ship Management
Botany Bay Shipping Group Pty Limited *	50	Australia	Shipping
Offshore Design Engineering Limited	50	United Kingdom	Technical Services

* Denotes interest not held directly by Bibby Line Limited.

27. PENSION COSTS

The Company is a member of the Group's two defined benefit pension schemes operated for its employees: Bibby Line Group Scheme and Bibby Bros. & Co. Superannuation Fund and Life Assurance Scheme (1972). The assets of the schemes are held in separate trustee administered funds.

The Bibby Line Group Scheme commenced on 1 January 1989 and no new members are eligible to join the Bibby Bros. & Co. Superannuation Fund and Life Assurance Scheme (1972) from 1 February 1989.

The pension costs for the year were US\$133,884 (1996 - US\$153,114) and are based on pension costs of the two schemes across the Group as a whole. Payments made to the pension funds are made by Bibby Line Group Limited and recharged to Group undertakings. In addition, other pension costs of US\$277,085 (1996 - US\$307,920) were paid to non-Bibby schemes.

Details of the actuarial valuations of the Group's schemes are included in the notes to the financial statements of Bibby Line Group Limited.

28. 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 financial statements of Bibby Line Group Limited may be obtained from the Company Secretary, Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ.