

SIGNED

**BIBBY LINE LIMITED  
(Consolidated)**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002**

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BIBBY LINE LIMITED

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Michael James Bibby - Chairman  
Mark Alfred Preece - Managing Director  
John Stewart Whewell Hogarth  
Jonathan Haymer  
Peter Guy Walton Vickers  
Jonathan Osborne

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street  
Liverpool  
L1 5JQ

Incorporated in England and Wales  
Registered Number 989531

AUDITORS

PricewaterhouseCoopers  
8 Princes Parade  
St. Nicholas Place  
Liverpool  
L3 1QJ

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 22 May 2003 at 105 Duke Street, Liverpool for the following purposes:

To consider the attached directors' report and financial statements for the year ended 31 December 2002.

To re-elect directors.

To transact any other ordinary business.

By order of the Board



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

11 April 2003

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 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

#### 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 (2001 - £Nil).

The directors anticipate a return to profitable trading in the near future.

#### 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:

J. S. W. Hogarth  
M. J. Bibby  
J. Haymer  
P. G. W. Vickers  
J. E. Harding  
N. H. Malpass - Resigned 31 December 2002  
J. Osborne

Since the year end, on 20 January 2003, J. E. Harding resigned as a director of the Company. On 24 February 2003, M. A. Preece was appointed as a director of the Company and replaced M. J. Bibby as managing director and M. J. Bibby was appointed as chairman 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.

## BIBBY LINE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

#### DIRECTORS AND THEIR INTERESTS (continued)

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.

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

	31 December 2002 Beneficial	1 January 2002 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.

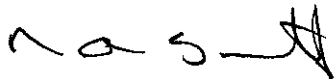
BIBBY LINE LIMITED

DIRECTORS' REPORT FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

EMPLOYMENT POLICIES (continued)

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

11 April 2003

## BIBBY LINE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIBBY LINE LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheets and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the notes to the financial statements.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 31 December 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
Liverpool

11 April 2003

**BIBBY LINE LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 DECEMBER 2002**

	Note	2002 US\$000	2001 as restated US\$000
Turnover: group and share of AWSR joint venture turnover	3	68,676	80,657
Less share of AWSR joint venture turnover		(1,362)	-
Group turnover		67,314	80,657
Cost of sales		(67,912)	(67,222)
Gross (loss)/profit		(598)	13,435
Administration expenses		(2,628)	(2,472)
Group operating (loss)/profit		(3,226)	10,963
Share of operating profit of AWSR joint venture	10	508	-
Share of operating profit of associated undertakings		713	2,332
Total operating (loss)/profit		(2,005)	13,295
Profit/(loss) on disposal of fixed assets	4	1,213	1,225
(Loss)/profit on ordinary activities before interest		(792)	14,520
Interest receivable and similar income	5	739	494
Interest payable and similar charges	6	(9,100)	(11,112)
(Loss)/profit on ordinary activities before taxation	7	(9,153)	3,902
Taxation charge	8	4,681	(2,909)
Retained (loss)/profit for the financial year	19	(4,472)	993

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

**Statement of total group recognised gains and losses:**

	Note	2002 US\$000	2001 as restated US\$000
(Loss)/profit for the financial year		(4,472)	993
Currency translation differences on foreign currency net investments	20	(27)	102
Total gain/(loss) recognised relating to the year		(4,499)	1,095
Prior year adjustment (as explained in note 2)		(18,139)	
Total losses since last annual report		(22,638)	

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

BIBBY LINE LIMITED

BALANCE SHEETS AS AT  
31 DECEMBER 2002

		Parent Company		Group	
	Note	2002 US\$000	2001 US\$000	2002 US\$000	2001 as restated US\$000
<b>Fixed assets</b>					
Tangible assets	11	79	147	228,228	204,605
Investments	9	1,528	3,286	-	123
Interest in AWSR joint venture:					
- share of gross assets	10	-	-	51,564	-
- share of gross liabilities	10	-	-	(51,010)	-
		<u>1,607</u>	<u>3,433</u>	<u>228,782</u>	<u>204,728</u>
<b>Current assets</b>					
Stock	12	12	21	12	21
Debtors	13	171,926	148,341	21,808	18,728
Cash at bank and in hand		<u>3,107</u>	<u>1,059</u>	<u>6,662</u>	<u>3,842</u>
		175,045	149,421	28,482	22,591
<b>Creditors</b> (amounts falling due within one year)	14	<u>(41,180)</u>	<u>(35,402)</u>	<u>(28,480)</u>	<u>(27,704)</u>
<b>Net current assets/(liabilities)</b>		<u>133,865</u>	<u>114,019</u>	<u>2</u>	<u>(5,113)</u>
<b>Total assets less current liabilities</b>		<u>135,472</u>	<u>117,452</u>	<u>228,784</u>	<u>199,615</u>
<b>Creditors</b> (amounts falling due after more than one year)	17	73,445	50,595	153,513	120,487
Convertible intergroup loan	16	30,982	30,982	30,982	30,982
Provisions for liabilities and charges	15	-	1	45,166	44,524
		<u>104,427</u>	<u>81,578</u>	<u>229,661</u>	<u>195,993</u>
<b>Capital and reserves</b>					
Called up share capital	18	7,763	7,763	7,763	7,763
Profit and loss account	19	<u>23,282</u>	<u>28,111</u>	<u>(8,640)</u>	<u>(4,141)</u>
<b>Shareholders' funds (including non-equity interests)</b>	20	<u>31,045</u>	<u>35,874</u>	<u>( 877)</u>	<u>3,622</u>
		<u>135,472</u>	<u>117,452</u>	<u>228,784</u>	<u>199,615</u>

Approved by the Board on 11 April 2003



J. Osborne  
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 2002

### 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.

#### **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 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.

#### **Fixed assets**

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 25% and 33%     |
| - computer equipment | - 20%                                   |
| - fleet              | - between fifteen and twenty five years |

#### **Going concern**

The financial statements have been prepared on a going concern basis as the Directors have received assurances from the directors of Bibby Line Group Limited that they will not seek repayment of US\$30,982,133 (2001 - US\$30,982,133) convertible inter group loan as detailed in note 16 prior to April 2004.

#### **Repairs allowance**

The fleet is surveyed in line with classification society and international requirements. Drydocking is carried out on a minimum 30-month cycle and an allowance 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. The costs of the drydock are capitalised when incurred and the carrying amount representing the cost of the benefits consumed is retired from both cost and the allowance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (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.

**Foreign currencies**

Assets and liabilities in foreign currencies are converted into US Dollars at the 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. In addition, the transitional disclosure requirements under FRS17 (Retirement Benefits) have been incorporated within note 27.

**Operating leases**

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

**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.

## BIBBY LINE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

#### 1. ACCOUNTING POLICIES (continued)

##### **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

As described in the accounting policies on page 10, the Company has adopted FRS 19 on deferred taxation and this has resulted in a restatement of the results in respect of the year to 31 December 2001. Details of the restatement are as follows:

- (a) The profit and loss account reflects an increase in the tax charge of US\$2,210,000 from US\$699,000 to US\$2,909,000.
- (b) The balance sheet carrying value of fixed asset investments in associated undertakings has been reduced by US\$579,000 from US\$164,000 to US\$(415,000) as detailed in note 15.
- (c) The balance sheet value of provisions for liabilities and charges has increased by US\$17,560,000 through additional provisions for deferred tax, as set out in note 15.
- (d) The Company's profit and loss reserves have been restated to reflect the above adjustments of US\$18,139,000 and, as a result, the balance on the profit and loss account has decreased from US\$13,998,000 as previously reported to US\$(4,141,000), as set out in note 19.

#### 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.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

4. PROFIT/(LOSS) ON DISPOSAL OF FIXED ASSETS

	2002 US\$000	2001 US\$000
Profit on disposal of tangible assets	1,213	1,320
Loss on disposal of tangible assets by associated undertaking	-	(1)
Loss on disposal of associated undertaking	<u>-</u>	<u>(94)</u>
	<u>1,213</u>	<u>1,225</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Parent Company		Group	
	2002 US\$000	2001 US\$000	2002 US\$000	2001 US\$000
Interest receivable under finance leases within AWSR joint venture (note 10)	-	-	416	-
Bank interest receivable	<u>17</u>	<u>79</u>	<u>323</u>	<u>494</u>
	<u>17</u>	<u>79</u>	<u>739</u>	<u>494</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Parent Company		Group	
	2002 US\$000	2001 US\$000	2002 US\$000	2001 US\$000
On bank loans, overdrafts and other loans	3,683	4,144	7,353	9,179
On bank loans, overdrafts and other loans of associated undertakings	-	-	1,015	1,720
On bank loans, overdrafts and other loans of AWSR joint venture (note 10)	-	-	435	-
To group undertakings	<u>297</u>	<u>-</u>	<u>297</u>	<u>213</u>
	<u>3,980</u>	<u>4,144</u>	<u>9,100</u>	<u>11,112</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

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

	Group	
	2002	2001
	US\$000	US\$000
Staff costs		
- wages and salaries	19,044	18,133
- social security costs	559	488
- other pension costs	291	426
Depreciation on owned assets (Note 11)	14,819	13,924
Auditors' fees and expenses	70	39
Other advice from auditors	72	70
Exchange losses	98	262
Operating lease costs (including plant & machinery)	<u>6,826</u>	<u>6,889</u>

Included within the auditors' fees and expenses are fees paid by the parent company of US\$43,790 (2001 - US\$38,135).

8. TAXATION CREDIT/(CHARGE)

	Parent Company		Group	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	as restated US\$000
Current year provision for foreign taxes	-	-	(415)	(387)
Over provision for foreign taxes in previous year	-	-	318	-
Deferred tax credit/(charge)(note 15)	44	4	(1,101)	(5,774)
Receipt of group relief	1,040	873	5,581	4,198
Under/(over) provision for receipt of group relief in previous year	101	6	101	(418)
Share of associated undertakings' taxation	<u>-</u>	<u>-</u>	<u>197</u>	<u>(528)</u>
	<u>1,185</u>	<u>883</u>	<u>4,681</u>	<u>(2,909)</u>

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

**Factors affecting the tax charge for the year:**

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

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

8. TAXATION CREDIT/(CHARGE) (continued)

The differences are explained as follows:

	Parent Company		Group	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	as restated US\$000
(Loss)/profit on ordinary activities before taxation	(6,014)	(3,154)	(9,153)	3,902
(Loss)/profit on ordinary activities multiplied by the rate of tax of 30% (2001 - 30%)	(1,804)	(946)	(2,746)	1,170
<b>Effects of:</b>				
Utilisation of tax losses	1,154	933	6,221	3,744
Capital allowances in excess of depreciation	12	8	(2,379)	(4,201)
Foreign taxation	-	-	(9)	(12)
Non taxable expenses	11	10	14	10
Associated undertakings' results	-	-	83	(183)
Tax allowable costs included in capital additions	-	-	(146)	(232)
Sale of investments	546	14	(364)	25
Non taxable exchange differences	81	(19)	29	66
Deferred expenditure	-	-	(74)	-
Timing difference on dividends	-	-	(75)	-
Joint venture results	-	-	(139)	-
Current tax charge	-	-	415	387

9. INVESTMENTS

	AWSR Joint Venture US\$000	Subsidiary Undertakings US\$000	Associated Undertakings US\$000	Total US\$000
<b>Parent company</b>				
At 1 January 2002	-	3,286	-	3,286
Additions	38	26	-	64
Provision for diminution in value	-	(1,822)	-	(1,822)
At 31 December 2002	38	1,490	-	1,528

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 2002 (CONTINUED)

9. INVESTMENTS (continued)

Group	AWSR Joint Venture US\$000	Other US\$000	Total US\$000
At 1 January 2002	-	123	123
Additions	38	-	38
Investment converted into subsidiary undertaking	-	(123)	(123)
Share of undistributed profits plus exchange differences	<u>516</u>	<u>-</u>	<u>516</u>
At 31 December 2002	<u>554</u>	<u>-</u>	<u>554</u>

The Group's interest in associated undertakings is disclosed in note 15.

10. INCOME FROM INTERESTS AWSR JOINT VENTURE

The Group's share is set out below:

	2002 US\$000
Turnover	<u>1,362</u>
Operating profit	508
Interest receivable under finance leases	416
Net interest payable	<u>(435)</u>
Group's share of profit on ordinary activities before taxation	<u>489</u>

The Group's interest in the AWSR joint venture is represented as follows:-

	2002 US\$000
Gross assets	51,564
Gross liabilities	<u>(51,010)</u>
Net investment	<u>554</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

10. INCOME FROM INTERESTS IN AWSR JOINT VENTURE (Continued)

The Group's interest in the AWSR joint venture is represented as follows:

	2002 US\$000	2002 US\$000
Tangible fixed assets		9,005
Non current assets		38,758
Current assets	4,653	
Creditors (amounts falling due within one year)	(852)	
Net current assets		<u>3,801</u>
Total assets less current liabilities		51,564
Other borrowings		<u>(51,010)</u>
Group share of net assets		<u>554</u>

11. TANGIBLE ASSETS

	Parent Company Equipment US\$000
Cost	
At 1 January 2002	371
Additions	<u>13</u>
At 31 December 2002	<u>384</u>
Depreciation	
At 1 January 2002	224
Charge for the year	<u>81</u>
At 31 December 2002	<u>305</u>
Net book amount	
At 31 December 2002	<u>79</u>
At 31 December 2001	<u>147</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

11. TANGIBLE ASSETS (Continued)

			<b>Group</b>	
	Leasehold Improvements US\$000	Equipment US\$000	Fleet US\$000	Total US\$000
Cost				
At 1 January 2002	43	1,370	321,209	322,622
Additions	-	157	37,678	37,835
Disposals	-	(132)	(7,462)	(7,594)
Exchange differences	<u>5</u>	<u>119</u>	<u>-</u>	<u>124</u>
At 31 December 2002	<u>48</u>	<u>1,514</u>	<u>351,425</u>	<u>352,987</u>
Depreciation				
At 1 January 2002	38	809	114,798	115,645
Charge for the year	4	231	14,584	14,819
Disposals	-	(107)	(7,237)	(7,344)
Exchange differences	<u>4</u>	<u>68</u>	<u>-</u>	<u>72</u>
At 31 December 2002	<u>46</u>	<u>1,001</u>	<u>122,145</u>	<u>123,192</u>
Repairs allowance				
At 1 January 2002	-	-	2,372	2,372
Charge for the year	-	-	663	663
Utilised in the year	<u>-</u>	<u>-</u>	<u>(1,468)</u>	<u>(1,468)</u>
At 31 December 2002	<u>-</u>	<u>-</u>	<u>1,567</u>	<u>1,567</u>
Net Book amount				
At 31 December 2002	<u>2</u>	<u>513</u>	<u>227,713</u>	<u>228,228</u>
At 31 December 2001	<u>5</u>	<u>561</u>	<u>204,039</u>	<u>204,605</u>

Included in the cost of the fleet is pre-delivery interest at 3.3% of US\$9,670,442 (2001 - US\$9,403,442). US\$267,000 was capitalised in 2002 (2001 - US\$1,160,377).

12. STOCK

	<b>Parent Company</b>		<b>Group</b>	
	2002 US\$000	2001 US\$000	2002 US\$000	2001 US\$000
Consumables	<u>12</u>	<u>21</u>	<u>12</u>	<u>21</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

13. DEBTORS

	<b>Parent Company</b>		<b>Group</b>	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	US\$000
Trade debtors	1,499	1,539	5,299	2,312
Amounts owed by group undertakings	165,815	143,431	-	-
Amounts owed by associated undertakings	-	346	209	346
Group tax relief	1,039	879	6,296	4,198
Other debtors	-	-	6,236	8,968
Deferred tax asset (note 15)	43	-	-	-
Prepayments and accrued income	<u>3,530</u>	<u>2,146</u>	<u>3,768</u>	<u>2,904</u>
	<u>171,926</u>	<u>148,341</u>	<u>21,808</u>	<u>18,728</u>

14. CREDITORS  
(Amounts falling due within one year)

	<b>Parent Company</b>		<b>Group</b>	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	US\$000
Bank overdraft	-	-	29	312
Finance loans (note 18)	5,500	4,000	15,750	15,598
Trade creditors	3,590	2,240	5,868	5,625
Amounts owed to Group undertakings	30,607	28,618	4,027	3,576
Amounts owed to associated undertaking	495	-	737	-
Taxation and social security	110	139	203	139
Accruals and deferred income	<u>878</u>	<u>405</u>	<u>1,866</u>	<u>2,454</u>
	<u>41,180</u>	<u>35,402</u>	<u>28,480</u>	<u>27,704</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation US\$000
<b>Parent Company- Accelerated Capital Allowances</b>	
At 1 January 2002	1
Released in the year	(44)
At 31 December 2002	(43)

The closing deferred tax asset is included in debtors (see note 13).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

	Associated Undertaking US\$000	Deferred Taxation US\$000	Drydock US\$000	Total US\$000
<b>Group - Accelerated Capital Allowances</b>				
At 1 January 2002, as previously reported	(164)	26,201	348	26,385
Prior year adjustment (note 2)	<u>579</u>	<u>17,560</u>	<u>-</u>	<u>18,139</u>
At 1 January 2002, as restated (Credited)/charged in the year	415 <u>(175)</u>	43,761 <u>1,101</u>	348 <u>(284)</u>	44,524 <u>642</u>
At 31 December 2002	<u>240</u>	<u>44,862</u>	<u>64</u>	<u>45,166</u>

16. CONVERTIBLE INTERGROUP LOAN

	<b>Parent Company and Group</b>	
	2002	2001
	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.

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

	<b>Parent Company</b>		<b>Group</b>	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	US\$000
Finance loans (see below)	73,445	50,595	153,495	120,473
Obligation under finance lease	<u>-</u>	<u>-</u>	<u>18</u>	<u>14</u>
	<u>73,445</u>	<u>50,595</u>	<u>153,513</u>	<u>120,487</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

17. 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	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	US\$000
<b>Finance Loans Repayable:</b>				
Within one year	5,500	4,000	15,750	15,598
Between one and two years	5,500	5,500	16,250	15,798
Between two and five years	67,945	15,200	125,995	74,780
After five years	<u>-</u>	<u>29,895</u>	<u>11,250</u>	<u>29,895</u>
	<u>78,945</u>	<u>54,595</u>	<u>169,245</u>	<u>136,071</u>

18. CALLED UP SHARE CAPITAL

	Authorised		Allotted & Fully Paid	
	2002	2001	2002	2001
	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 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>	<u>7,763</u>	<u>7,763</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

18. 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 2002 (CONTINUED)

19. PROFIT AND LOSS ACCOUNT

	<b>Parent Company US\$000</b>	<b>Group US\$000</b>
At 1 January 2002, as previously reported	28,111	13,998
Prior year adjustment (note 2)	<u>-</u>	<u>(18,139)</u>
At 1 January 2002, as restated	28,111	(4,141)
Retained loss for the year	(4,829)	(4,472)
Exchange differences arising on consolidation	<u>-</u>	<u>( 27)</u>
At 31 December 2002	<u>23,282</u>	<u>(8,640)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<b>Parent Company</b>		<b>Group</b>	
	2002	2001	2002	2001
	US\$000	US\$000	US\$000	as restated US\$000
(Loss)/profit for the financial year	(4,829)	(2,271)	(4,472)	993
Exchange differences arising on consolidation	<u>-</u>	<u>-</u>	<u>( 27)</u>	<u>102</u>
Net (reduction to)/increase in shareholders' funds	(4,829)	(2,271)	(4,499)	1,095
Opening shareholders' funds, as previously reported	<u>35,874</u>	<u>38,145</u>	<u>3,622</u>	<u>18,456</u>
Prior year adjustment (note 2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,929)</u>
Opening shareholders' funds , as restated	<u>35,874</u>	<u>-</u>	<u>3,622</u>	<u>2,527</u>
Closing (deficit in) shareholders' funds	<u>31,045</u>	<u>35,874</u>	<u>( 877)</u>	<u>3,622</u>

The share of shareholders' funds attributable to non-equity shareholders is US\$6,052 (2001 - US\$6,052).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

21. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

	Note	2002 US\$000	2001 US\$000
Turnover		7,477	7,219
Cost of sales		(4,564)	(3,325)
Gross profit		2,913	3,894
Administration expenses		(3,142)	(2,938)
Operating (loss)/profit		(229)	956
Loss on sale of fixed assets and investments - provision for diminution of value of subsidiary undertaking		(1,822)	(45)
Profit on ordinary activities before interest		(2,051)	911
Interest receivable and similar income	5	17	79
Interest payable and similar charges	6	(3,980)	(4,144)
Loss on ordinary activities before taxation		(6,014)	(3,154)
Taxation credit	8	1,185	883
Loss for the financial year	20	(4,829)	(2,271)

The Company has no recognised gains or losses in 2002 or 2001 other than those dealt with in the profit and loss account.

22. EMOLUMENTS OF DIRECTORS

	2002 US\$000	2001 US\$000
Aggregate emoluments	<u>445</u>	<u>355</u>
Retirement benefits are accruing to four (2001 - four) directors under a defined benefit scheme.		
Highest paid director		
	2002 US\$000	2001 US\$000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<u>138</u>	<u>145</u>
Defined benefit pension scheme:		
Accrued pension at end of year	<u>38</u>	<u>34</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

23. PARTICULARS OF EMPLOYEES

	2002 Number	2001 Number
The average number of employees during the year was:		
Administration	145	144
Marine staff	<u>483</u>	<u>396</u>
	<u>628</u>	<u>540</u>

24. OPERATING LEASE COMMITMENTS

	2002		2001	
	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	-	39
Between one and two years	-	-	-	2,628
Between two and five years	-	-	24	-
After five years	<u>344</u>	<u>4,198</u>	<u>-</u>	<u>4,198</u>
	<u>344</u>	<u>6,826</u>	<u>24</u>	<u>6,865</u>

25. CONTINGENT LIABILITIES

At the year end the Company had contingent liabilities of US\$8,217,741 (2001 - US\$37,652) in respect of guarantees given to the Group's bankers.

## BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

## 26 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

	Percentage of Equity Share Capital Held	Country of Incorporation	Type of Business
<b>Subsidiary Undertakings</b>			
Bibby Bulk Carriers Limited	100	United Kingdom	Shipping
Bibby Chemical Carriers Limited	100	United Kingdom	Shipping
Bibby Freighters Limited	100	United Kingdom	Dormant
Bibby Gas Carrier Limited	100	United Kingdom	Shipping
Bibby-Harrison Management Services Limited	100	United Kingdom	Ship Management
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	Shipping
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 Nominees (UK) Limited	100	United Kingdom	Dormant
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
<b>Associated Undertakings</b>			
Barton Shipping Group Limited *	50	United Kingdom	Shipping
Botany Bay Shipping Group Pty Limited *	50	Australia	Shipping
<b>Joint Venture Undertakings</b>			
AWSR Holdings Limited	25	United Kingdom	Shipping

\* Denotes interest not held directly by Bibby Line Limited.

## BIBBY LINE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

#### 27. 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 Group over the financial year to this Scheme have been £83,433 (2001 - £46,297), equivalent to 12% 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 £1,390 (2001 - £474).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2001 - £Nil).

#### **FRS17 Disclosures**

As noted above and under accounting policies (note 1) the Company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £9,091,000 is noted. Further information can be found in the financial statements of the ultimate holding company.

The Group also administered several other defined contribution pension schemes during the financial year. The contributions made by the Group to these schemes over the financial year amounted to US\$165,000. Outstanding contributions at the balance sheet date to all pension arrangements amounted to US\$Nil.

#### 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.