

989531

**BIBBY LINE LIMITED**  
**(Consolidated)**

**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 DECEMBER 2004**



## BIBBY LINE LIMITED

### ULTIMATE PARENT COMPANY

Bibby Line Group Limited

### DIRECTORS

Sir Michael James Bibby - Chairman  
Cyril Joseph Green - Managing Director  
John Stewart Whewell Hogarth  
Jonathan Haymer  
Peter Guy Walton Vickers  
Jonathan Osborne  
Simon Jeremy Kitchen  
Howard Dennis Woodcock

### SECRETARY

Bibby Bros. & Co. (Management) Limited

### REGISTERED OFFICE

105 Duke Street  
Liverpool  
L1 5JQ  
[www.bibbyline.co.uk](http://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 26 May 2005 at 105 Duke Street, Liverpool for the following purposes:

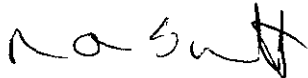
To consider the attached directors' report and financial statements for the year ended 31 December 2004.

To re-elect directors.

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.

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 2005

## BIBBY LINE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

### 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.

### 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:

Cyril Joseph Green	- appointed 17 June 2004
John Stewart Whewell Hogarth	
Sir Michael James Bibby	
Jonathan Haymer	
Peter Guy Walton Vickers	
Jonathan Osborne	
Simon Jeremy Kitchen	
Howard Dennis Woodcock	
Timothy William Sheehan	
Mark Alfred Preece	- resigned 31 January 2004

Since the year end, T. W. Sheehan resigned as a director on 4 February 2005. 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 2004 (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 2004 Beneficial	1 January 2004 Beneficial
J. S. W. Hogarth		
£1,000 ordinary shares	1	1

#### DIVIDENDS

The Directors do not propose a dividend (2003 - £Nil).

#### AUDITORS

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 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 2004 (CONTINUED)

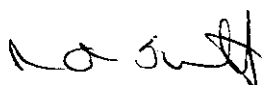
EMPLOYMENT POLICIES

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

11 April 2005

## KPMG LLP

8 Princes Parade  
Liverpool  
L3 1QH  
United Kingdom

### **Report of the independent auditors to the members of Bibby Line Limited**

We have audited the financial statements on pages 7 to 28.

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 2004 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

11 April 2005

BIBBY LINE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 DECEMBER 2004

	Note	2004 US\$000	2003 US\$000 Restated as in Note 2
Turnover: group and share of joint ventures turnover	2	136,652	109,024
Less share of joint ventures turnover	8	(17,292)	(14,200)
Group turnover		119,360	94,824
Cost of sales		(105,072)	(83,278)
Gross profit		14,288	11,546
Administration expenses		(7,167)	(4,573)
Group operating profit		7,121	6,973
Share of operating profit of joint ventures	8	<u>7,204</u>	<u>6,332</u>
Total operating profit		14,325	13,305
Loss on disposal of fixed assets		(1,187)	(43)
Profit on disposal of associate		<u>490</u>	<u>-</u>
Profit on ordinary activities before interest		13,628	13,262
Interest receivable and similar income	3	1,043	502
Interest payable and similar charges	4	(15,770)	(13,452)
(Loss)/profit on ordinary activities before taxation	5	(1,099)	312
Tax on (loss)/profit on ordinary activities	6	<u>1,385</u>	<u>1,128</u>
Retained profit for the financial year	17	<u>286</u>	<u>1,440</u>

The turnover and (loss)/profit on ordinary activities all derive from continuing activities.

**Consolidated statement of total recognised gains and losses:**

	Note	2004 US\$000	2003 US\$000
Retained profit for the financial year		286	1,440
Currency translation differences on foreign currency net investments	18	<u>663</u>	<u>683</u>
Total recognised gains and losses relating to the year		949	2,123
Prior year adjustment (2003)		<u>-</u>	<u>1,097</u>
Total gains and losses recognised since the last annual report		<u>949</u>	<u>3,220</u>

The prior year adjustment in 2003 was in respect of the reversal of a drydock provision.

The notes on pages 10 to 28 form part of these financial statements.



BIBBY LINE LIMITED

BALANCE SHEETS AS AT  
31 DECEMBER 2004

	Note	Parent Company		Group	
		2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
<b>Fixed assets</b>					
Tangible assets	9	153	174	210,154	223,747
Investments	7	1,546	1,546	-	-
Interest in joint ventures:					
- share of gross assets	8	-	-	96,117	92,093
- share of gross liabilities	8	-	-	(92,334)	(89,122)
- share of net assets		-	-	3,783	2,971
		<u>1,699</u>	<u>1,720</u>	<u>213,937</u>	<u>226,718</u>
<b>Current assets</b>					
Stock	10	-	12	145	12
Debtors	11	158,002	164,244	29,448	24,786
Cash at bank and in hand		<u>6,369</u>	<u>1,425</u>	<u>19,568</u>	<u>5,992</u>
		<u>164,371</u>	<u>165,681</u>	<u>49,161</u>	<u>30,790</u>
<b>Creditors</b> (amounts falling due within one year)	12	<u>(51,182)</u>	<u>(43,424)</u>	<u>(46,844)</u>	<u>(35,590)</u>
<b>Net current assets/(liabilities)</b>		<u>113,189</u>	<u>122,257</u>	<u>2,317</u>	<u>(4,800)</u>
<b>Total assets less current liabilities</b>		<u>114,888</u>	<u>123,977</u>	<u>216,254</u>	<u>221,918</u>
<b>Creditors</b> (amounts falling due after more than one year)	13	59,545	66,095	133,375	138,575
Convertible intergroup loan	14	30,982	30,982	30,982	30,982
Provisions for liabilities and charges	15	-	-	48,605	50,018
		<u>90,527</u>	<u>97,077</u>	<u>212,962</u>	<u>219,575</u>
<b>Capital and reserves</b>					
Called up share capital	16	7,763	7,763	7,763	7,763
Profit and loss account	17	<u>16,598</u>	<u>19,137</u>	<u>(4,471)</u>	<u>(5,420)</u>
<b>Shareholders' funds (including non-equity interests)</b>	18	<u>24,361</u>	<u>26,900</u>	<u>3,292</u>	<u>2,343</u>
		<u>114,888</u>	<u>123,977</u>	<u>216,254</u>	<u>221,918</u>

Approved by the Board on 11 April 2005



J. Osborne  
Director

The notes on pages 10 to 28 form part of these financial statements.

BIBBY LINE LIMITED

CONSOLIDATED CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2004

	Note	2004 US\$000	2004 US\$000	2003 US\$000	2003 US\$000
<b>Net cash inflow from operating activities</b>	19		26,873		25,817
<b>Returns on investment and servicing of finance:</b>					
Interest received		309		116	
Dividends received from joint ventures		1,818		-	
Interest paid		(8,694)		(8,786)	
			(6,567)		(8,670)
<b>Taxation</b>			5,546		6,490
<b>Capital expenditure and financial investment:</b>					
Purchase of tangible fixed assets		(9,291)		(10,648)	
Sale of tangible fixed assets		1,432		363	
Sale of associate		<u>250</u>		<u>-</u>	
			(7,609)		(10,285)
Cash inflow before financing			18,243		13,352
<b>Financing:</b>					
New loans repayable		52,035		6,600	
Repayment of amounts borrowed		(56,993)		(20,575)	
Repayment of finance leases due within one year		<u>-</u>		( <u>18</u> )	
			(4,958)		(13,993)
<b>Increase/(decrease) in cash</b>			<u>13,285</u>		( <u>641</u> )

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

**Basis of preparation**

The following accounting policies have been applied consistently in dealing with items considered to be material to the company's financial statements.

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.

**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 results of the Parent Company are set out in note 22.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long term interest and over which it exercises joint control. 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 Group's interest in their net assets is included in the consolidated balance sheet.

**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 a 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      |

Fleet assets in the course of construction are not depreciated until it is deemed that the asset has commenced its useful economic life and contributes economic benefits to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

**Drydock costs**

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 leases a 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.

**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.

**Stock**

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

**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 29.

**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 2004 (CONTINUED)

### 1. ACCOUNTING POLICIES (continued)

#### **Fixed asset investments**

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. 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. Joint venture turnover has been restated to include interest receivable under finance leases in joint ventures. Previously this was included within interest receivable. The change is to align the treatment of finance lease income with the joint venture accounting policy.

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>Parent Company</b>		<b>Group</b>	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
				Restated as in Note 2
Interest receivable in joint ventures (note 8)	-	-	473	146
Bank interest receivable	<u>181</u>	<u>61</u>	<u>570</u>	<u>356</u>
	<u>181</u>	<u>61</u>	<u>1,043</u>	<u>502</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
				Restated as in Note 2
On bank loans and overdrafts	4,794	4,822	7,900	7,869
On bank loans and overdrafts of joint ventures (note 8)	-	-	5,232	4,222
To group undertakings	1,240	559	1,244	560
Foreign exchange loss on loans	<u>1,394</u>	<u>801</u>	<u>1,394</u>	<u>801</u>
	<u>7,428</u>	<u>6,182</u>	<u>15,770</u>	<u>13,452</u>

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

	Group	
	2004	2003
	US\$000	US\$000
Staff costs		
- wages and salaries	17,280	18,701
- social security costs	469	630
- other pension costs	477	247
Depreciation of owned assets (Note 9)	17,104	16,864
Impairment of owned assets (Note 9)	3,182	-
Auditors' remuneration	60	47
Exchange gains	(258)	(350)
Operating lease costs:		
- hire of plant and machinery	4,198	7,085
- other	<u>451</u>	<u>399</u>

Auditors' fees and expenses are paid by the parent company. The parent audit fee was US\$59,901 (2003 - US\$46,831).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

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

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
<b>The taxation credit comprises:</b>				
Amount receivable in respect of group relief	1,725	1,380	1,071	4,930
Share of joint ventures taxation charge	-	-	(113)	(82)
Current year provision for foreign taxes	-	-	(895)	(16)
Over provision for foreign taxes in previous year	-	-	-	484
Under provision for receipt of group relief in previous year	<u>-</u>	<u>109</u>	<u>-</u>	<u>109</u>
<b>Current tax credit</b>	<b>1,725</b>	<b>1,489</b>	<b>63</b>	<b>5,425</b>
Deferred tax credit/(charge)(note 15)	(29)	2	1,322	(4,198)
Deferred tax adjustment in respect of prior periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 99)</u>
	<u><b>1,696</b></u>	<u><b>1,491</b></u>	<u><b>1,385</b></u>	<u><b>1,128</b></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 credit is lower than the anticipated credit. The anticipated tax credit 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 2004 (CONTINUED)

## 6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

The differences are explained as follows:

	Parent Company		Group	
	2004	2003	2004	2003
(Loss)/profit on ordinary activities before taxation	(4,235)	(5,637)	(1,099)	312
(Loss)/profit on ordinary activities multiplied by the rate of tax of 30% (2003 - 30%)	(1,270)	(1,691)	(330)	94
<b>Effects of:</b>				
Group relief surrendered not paid for	192	153	116	548
Depreciation in excess of/(less than) capital allowances	2		1,267	(4,297)
Foreign taxation	-	-	(650)	(484)
Non taxable expenses	(511)	180	39	180
Associated undertakings' results	-	-	(26)	(99)
Tax allowable costs included in capital additions	-	-	(40)	(45)
Sale of fixed assets	(75)	-	209	-
Non taxable exchange differences	(63)	(22)	(54)	(118)
Deferred expenditure	-	-	-	86
Timing difference on dividends	-	-	-	87
Difference in overseas tax rates	-	-	-	(673)
Tonnage tax	-	-	(594)	(595)
Adjustment in relation to prior period group relief	-	( 109)	-	( 109)
<b>Current tax credit</b>	<b>(1,725)</b>	<b>(1,489)</b>	<b>(63)</b>	<b>(5,425)</b>

## 7. INVESTMENTS

	MMM Joint Venture US\$000	Foreland Joint Venture US\$000	Subsidiary Undertakings US\$000	Total US\$000
<b>Parent company</b>				
At 1 January 2004 and				
31 December 2004	<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 28.

On 21 July 2004, IndoChina Ship Management (UK) Limited (ICSM (UK)) changed its name to Meridian Marine Management Limited (MMM). On 22 December 2004, AWSR Holdings Limited (AWSR) changed its name to Foreland Holdings Limited (Foreland).



BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

8. INCOME FROM INTERESTS IN JOINT VENTURES

The Group's share is set out below:

	MMM 2004 US\$000	Foreland 2004 US\$000	Total 2004 US\$000	Total 2003 US\$000 Restated as in Note 2
Turnover	2,417	14,875	17,292	14,200
Operating profit	90	7,114	7,204	6,332
Interest receivable	5	468	473	146
Interest payable	—	(5,232)	(5,232)	(4,222)
Group's share of profit on ordinary activities before taxation	<u>95</u>	<u>2,350</u>	<u>2,445</u>	<u>2,256</u>
Group's share of tax on ordinary activities	( 2)	(111)	(113)	( 82)

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

	MMM 2004 US\$000	Foreland 2004 US\$000	Total 2004 US\$000	Total 2003 US\$000
Tangible fixed assets	313	26,661	26,974	26,418
Non current assets	-	61,230	61,230	58,826
Current assets	362	12,692	13,054	11,670
Creditors (amounts falling due within one year)	(367)	(4,774)	(5,141)	(4,821)
Net current (liabilities)/assets	( 5)	<u>7,918</u>	<u>7,913</u>	<u>6,849</u>
Total assets less current liabilities	308	95,809	96,117	92,093
Other borrowings	—	(92,334)	(92,334)	(89,122)
Group share of net assets	<u>308</u>	<u>3,475</u>	<u>3,783</u>	<u>2,971</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

9. TANGIBLE ASSETS

	Parent Company Equipment US\$000
Cost	
At 1 January 2004	553
Additions	<u>55</u>
At 31 December 2004	<u>608</u>
Depreciation	
At 1 January 2004	379
Charge for the year	<u>76</u>
At 31 December 2004	<u>455</u>
Net book amount	
At 31 December 2004	<u>153</u>
At 31 December 2003	<u>174</u>

	Group				
	Leasehold improvements US\$000	Equipment US\$000	Fleet assets in course of construction US\$000	Fleet US\$000	Total US\$000
Cost					
At 1 January 2004	48	1,690	-	361,981	363,719
Additions	-	109	2,541	6,641	9,291
Disposals	-	-	-	(4,562)	(4,562)
Exchange differences	<u>-</u>	<u>(122)</u>	<u>-</u>	<u>-</u>	<u>(122)</u>
At 31 December 2004	<u>48</u>	<u>1,677</u>	<u>2,541</u>	<u>364,060</u>	<u>368,326</u>
Depreciation					
At 1 January 2004	48	1,271	-	138,653	139,972
Charge for the year	-	215	-	16,889	17,104
Impairment	-	-	-	3,182	3,182
Disposals	-	-	-	(1,957)	(1,957)
Exchange differences	<u>-</u>	<u>(129)</u>	<u>-</u>	<u>-</u>	<u>(129)</u>
At 31 December 2004	<u>48</u>	<u>1,357</u>	<u>-</u>	<u>156,767</u>	<u>158,172</u>
Net book amount					
At 31 December 2004	<u>-</u>	<u>320</u>	<u>2,541</u>	<u>207,293</u>	<u>210,154</u>
At 31 December 2003	<u>-</u>	<u>419</u>	<u>-</u>	<u>223,328</u>	<u>223,747</u>

Included in the cost of the fleet is pre-delivery interest at 3.3% of US\$9,670,442 (2003 - US\$9,670,442). US\$Nil was capitalised in 2004 (2003 - US\$Nil).

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

10. STOCK

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Consumables	<u>-</u>	<u>12</u>	<u>145</u>	<u>12</u>

11. DEBTORS

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Trade debtors	45	699	16,129	7,006
Amounts owed by group undertakings	155,366	159,902	21	38
Amounts owed by joint ventures	423	1,484	423	1,535
Amounts owed by associated undertakings	-	224	-	224
Group tax relief	1,805	1,502	4,373	8,381
Other debtors	-	-	7,763	6,795
Deferred tax asset (note 15)	16	45	-	-
Prepayments and accrued income	<u>347</u>	<u>388</u>	<u>739</u>	<u>807</u>
	<u>158,002</u>	<u>164,244</u>	<u>29,448</u>	<u>24,786</u>

12. CREDITORS

(Amounts falling due within one year)

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Bank loans (note 13)	5,500	5,500	17,098	16,695
Trade creditors	4,965	632	7,983	3,425
Amounts owed to group undertakings	39,281	35,762	15,456	12,849
Amounts owed to associated undertaking	150	16	150	50
Taxation and social security	269	67	269	67
Accruals and deferred income	<u>1,017</u>	<u>1,447</u>	<u>5,888</u>	<u>2,504</u>
	<u>51,182</u>	<u>43,424</u>	<u>46,844</u>	<u>35,590</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

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

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
Bank loans (see below)	<u>59,545</u>	<u>66,095</u>	<u>133,375</u>	<u>138,575</u>

US Dollar ship finance loans, secured by statutory mortgages on certain vessels of the fleet and carrying interest at up to 1.625 per cent above US Dollar LIBOR, are repayable by installments over periods to 2008 as follows:-

	Parent Company		Group	
	2004	2003	2004	2003
	US\$000	US\$000	US\$000	US\$000
<b>Bank Loans Repayable:</b>				
Within one year	5,500	5,500	17,098	16,695
Between one and two years	5,500	5,500	17,098	45,995
Between two and five years	<u>54,045</u>	<u>60,595</u>	<u>116,277</u>	<u>92,580</u>
	<u>65,045</u>	<u>71,595</u>	<u>150,473</u>	<u>155,270</u>

14. CONVERTIBLE INTERGROUP LOAN

	Parent Company and Group	
	2004	2003
	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.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred  
Taxation  
US\$000

**Parent Company**

At 1 January 2004	(45)
Charged to the profit and loss account in the year	<u>29</u>
At 31 December 2004	<u>(16)</u>

The closing deferred tax asset is included in debtors (see note 11).

	Associated Undertaking US\$000	Deferred Taxation US\$000	Drydock US\$000	Total US\$000
<b>Group</b>				
At 1 January 2004	240	49,629	149	50,018
Released	(240)	-	-	(240)
(Credited)/charged in the year (note 6)	<u>-</u>	<u>(1,322)</u>	<u>149</u>	<u>(1,173)</u>
At 31 December 2004	<u>-</u>	<u>48,307</u>	<u>298</u>	<u>48,605</u>

Deferred tax allowances relate to accelerated capital allowances. The drydock provision is expected to be utilized in 2007.

The investment in the associated undertaking was disposed of during the year.

16. CALLED UP SHARE CAPITAL

	<b>Authorised</b>		<b>Allotted &amp; Fully Paid</b>	
	2004	2003	2004	2003
	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>

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

16. 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 2004 (CONTINUED)

17. PROFIT AND LOSS ACCOUNT

	Parent Company US\$000	Group US\$000
At 1 January 2004	19,137	(5,420)
Retained (loss)/profit for the year	(2,539)	286
Exchange differences arising on consolidation	<u>-</u>	<u>663</u>
At 31 December 2004	<u>16,598</u>	<u>(4,471)</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Parent Company		Group	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
(Loss)/profit for the financial year	(2,539)	(4,145)	286	1,440
Exchange differences arising on consolidation	<u>-</u>	<u>-</u>	<u>663</u>	<u>683</u>
Net (reduction in)/addition to shareholders' funds	(2,539)	(4,145)	949	2,123
Opening shareholders' funds	<u>26,900</u>	<u>31,045</u>	<u>2,343</u>	<u>220</u>
Closing shareholders' funds	<u>24,361</u>	<u>26,900</u>	<u>3,292</u>	<u>2,343</u>

The share of shareholders' funds attributable to non-equity shareholders is US\$6,052 (2003 - US\$6,052).

19. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW  
FROM OPERATING ACTIVITIES

	2004 US\$000	2003 US\$000
Operating profit	7,121	6,973
Depreciation and impairment	20,286	16,864
Increase in debtors	(8,330)	(378)
Increase in creditors	7,780	2,273
Increase in stock	(133)	-
Increase in provisions	<u>149</u>	<u>85</u>
	<u>26,873</u>	<u>25,817</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

20. RECONCILIATION OF NET DEBT

	2004 US\$000	2003 US\$000
Increase/(decrease) in cash in the year	13,285	(641)
Decrease in finance leases	-	18
Decrease in loans	4,958	13,975
Exchange movements	<u>130</u>	<u>-</u>
Change in net debt from cash flows	18,373	13,352
Net debt at 1 January	<u>(149,278)</u>	<u>(162,630)</u>
Net debt at 31 December	<u>(130,905)</u>	<u>(149,278)</u>

21. ANALYSIS OF NET DEBT

	1 January 2004 US\$000	Cash Flow US\$000	Foreign Exchange US\$000	31 December 2004 US\$000
Cash at bank and in hand	5,992	13,285	291	19,568
Debt due after one year	(138,575)	5,361	(161)	(133,375)
Debt due within one year	<u>(16,695)</u>	<u>(403)</u>	<u>-</u>	<u>(17,098)</u>
	<u>(149,278)</u>	<u>18,243</u>	<u>130</u>	<u>(130,905)</u>



## BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

## 22. PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

	Note	2004 US\$000	2003 US\$000
Turnover		14,167	9,433
Cost of sales		<u>(6,056)</u>	<u>(5,206)</u>
Gross profit		8,111	4,227
Administration expenses		<u>(7,167)</u>	<u>(3,742)</u>
Operating profit		944	485
Profit on sale of fixed assets and investments		<u>250</u>	<u>-</u>
Profit on ordinary activities before interest		1,194	485
Income from investments		1,818	-
Interest receivable and similar income	3	181	61
Interest payable and similar charges	4	<u>(7,428)</u>	<u>(6,182)</u>
Loss on ordinary activities before taxation		(4,235)	(5,636)
Tax on loss on ordinary activities	6	<u>1,696</u>	<u>1,491</u>
Retained loss for the financial year	17	<u>(2,539)</u>	<u>(4,145)</u>

The Company has no recognised gains or losses in 2004 or 2003 other than those dealt with in the profit and loss account.

## 23. EMOLUMENTS OF DIRECTORS

	2004 US\$000	2003 US\$000
Aggregate emoluments	<u>1,207</u>	<u>1,132</u>

Retirement benefits are accruing to five (2003 - four) directors under a defined benefit scheme. Two of the directors is in a money purchase pension scheme and contributions in the year were US\$33,127 (2003 - US\$9,786). The highest paid director is a member of the money purchase pension scheme and not a member of the defined benefit scheme.

## Highest paid director

	2004 US\$000	2003 US\$000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	<u>271</u>	<u>198</u>

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

24. PARTICULARS OF EMPLOYEES

	2004 Number	2003 Number
The average number of employees during the year was:		
Administration	97	118
Marine staff	<u>742</u>	<u>614</u>
	<u>839</u>	<u>732</u>

25. OPERATING LEASE COMMITMENTS

	2004		2003	
	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	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	<u>451</u>	<u>4,198</u>	<u>388</u>	<u>4,198</u>
	<u>451</u>	<u>4,198</u>	<u>388</u>	<u>4,198</u>

26. CONTINGENT LIABILITIES

At the year end the Company had contingent liabilities of US\$6,291,053 (2003 - US\$7,614,764) in respect of guarantees given to the Group's bankers.

27. CAPITAL COMMITMENTS

	Parent Company		Group	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
Capital expenditure for which contracts have been placed but which are not otherwise provided for in these financial statements	<u>-</u>	<u>-</u>	<u>20,769</u>	<u>-</u>

# BIBBY LINE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

### 28. 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	Shipping
Bibby Gas Carrier Limited	100	United Kingdom	Shipping
Bibby International Services Group Limited	100	United Kingdom	Crew Supply
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 (Guernsey) Limited*	100	Guernsey	Crew Supply
Bibby Offshore (Guernsey) Limited*#	100	Guernsey	Crew Supply
Foreland Shipping (Guernsey) Limited*	100	Guernsey	Crew Supply
Bibby International Services (India) Private Limited*	100	India	Crew Supply
Bibby International Services (Maritime)(Cayman Islands) Limited	100	Cayman Islands	Crew Supply
Bibby International Services Philippines, Inc.*	100	Manila	Crew Supply
Bibby International Services Limited *	100	Cayman Islands	Ship Management
Bibby International Services (BHMS)(Cayman Islands) Limited	100	Cayman Islands	Crew Supply
Bibby International Services (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 *	50	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
<b>Joint Venture Undertakings</b>			
Foreland Holdings Limited	25	United Kingdom	Shipping
Meridian Marine Management Limited	50	United Kingdom	Ship Management

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

# Incorporated 19 January 2005.

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

29. 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\$153,234 (2003 - US\$166,445), 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\$24,727 (2003 - US\$35,194).

The Company has also made contributions of US\$95,350 (2003 - US\$44,968) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2003 - £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 £11,355,000 (2003 - £8,669,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

30. RELATED PARTY TRANSACTIONS

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

**Transactions with joint ventures**

MMM charged US\$2,181,047 (2003 - US\$1,592,692) for services it provided and was charged US\$72,439 (2003 - US\$7,344) for services provided by Bibby Line Limited.

MMM was owed US\$64,195 (2003 - US\$56,526) at the year end for services it provided and owed US\$18,898 (2003 - US\$Nil) for services provided by Bibby Line Limited.

BIBBY LINE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

31. POST BALANCE SHEET EVENT

On 8 February 2005, Memoranda of Agreement were signed for the sale of the Cheshire, Lancashire and Oxfordshire. These assets have now been delivered to their new owners. The profit of approximately US\$37,000,000 on the sale of these fixed assets will be recorded in the 2005 financial statements. The sale proceeds have now been received and the debt of US\$64,000,000 associated with the vessels has been repaid.

On 24 February 2005, the Marinor was sold at net book value which will be recorded in the 2005 financial statements and the sales proceeds have now been received and the debt of US\$6,000,000 associated with the vessel has been repaid.

On 6 January 2005, a Memorandum of Agreement was signed for the sale of the Stolt Durham. The sale at net book value will be recorded in the 2005 financial statements.

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](http://www.bibbygroup.co.uk)).