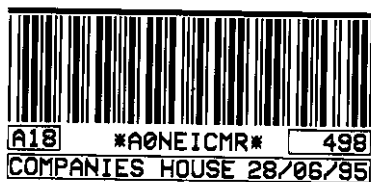


1036027

BIBBY BULK CARRIERS LIMITED  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 1994



BIBBY BULK CARRIERS LIMITED

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Simon Patrick Sherrard  
John Stewart Whewell Hogarth  
Michael James Bibby  
Jonathan Haymer

SECRETARY

Bibby Bros & Co (Management) Limited

REGISTERED OFFICE

105 Duke Street  
Liverpool  
L1 5JQ

Incorporated in England and Wales  
Registered No. 1036027

AUDITORS

Price Waterhouse,  
Silkhouse Court  
Tithebarn Street  
Liverpool L2 2LJ

FLEET		TONNES DEADWEIGHT	PROPORTION OWNED
'Cheshire'	Gas Carrier	29,171	32/64th

BIBBY BULK CARRIERS LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 2 May 1995 at 105 Duke Street, Liverpool for the following purposes:

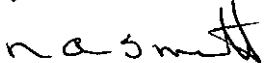
To approve the Directors' Report and Accounts for the year ended 31 December 1994.

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

To transact any other ordinary business.

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

By order of the Board



Bibby Bros & Co (Management) Limited

Secretary

31 March 1995

# BIBBY BULK CARRIERS LIMITED

## DIRECTORS' REPORT 1994

The Directors present their Report together with the Audited Accounts for the year ended 31 December 1994.

### ACTIVITIES

The principal activity is the ownership and operation of ships.

### TRADING RESULT

The result for the year is set out in the Profit and Loss account. The Directors do not recommend a dividend in respect of the year.

### FIXED ASSETS

On 15 April 1994 the Company transferred its 50% investment in 'Shropshire' together with its trade to Langton Shipping Limited, a fellow Group undertaking, and its 100% investment in 'Herefordshire' together with its trade to Herculanium Shipping Limited, another fellow Group undertaking.

### DIRECTORS

The names of the persons who were Directors of the Company during the year were:

S. P. Sherrard - Chairman  
J. S. W. Hogarth  
M. J. Bibby  
J. Haymer - Appointed 17th January 1994

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 and Mr. M. J. Bibby in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company.

The interests of the other Directors in the shares of Bibby Line Group Limited were as follows:-

	31 December 1994		1 January 1994	
	Beneficial	Other	Beneficial	Other
J. S. W. Hogarth				
£1,000 Ordinary Shares	1	-	1	-
£ 100 Preference Shares	-	-	-	-

# BIBBY BULK CARRIERS LIMITED

## DIRECTORS' REPORT (CONTINUED)

Insurance has been taken out under Section 310(3) of the Companies Act 1985, for the officers of the Company against liabilities in relation to the Company.

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

### AUDITORS

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

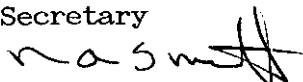
### CHANGES SINCE THE YEAR END

On 20 February 1995 the entire issued share capital of Bibby Maritime Limited was transferred to Bibby Line Limited, a fellow subsidiary undertaking.

By Order of the Board

Bibby Bros & Co (Management) Limited

Secretary



31 March 1995

BIBBY BULK CARRIERS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**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 related 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 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 Company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PRICE WATERHOUSE

Chartered Accountants  
and Registered Auditors

Liverpool

31 March 1995

BIBBY BULK CARRIERS LIMITED

PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 December 1994

	Note	1994 £	1993 £
Turnover	2	3,071,628	5,426,149
Operating Costs		(1,755,165)	(3,450,192)
Gross Profit Before Depreciation		1,316,463	1,975,957
Depreciation		(1,064,839)	(1,955,267)
Gross Profit		251,624	20,690
Administration Expenses		( 159,645)	(1,087,651)
HP Interest	3	( 599,339)	( 653,227)
Dividend Received From Group Undertaking		-	2,541,048
(Loss) Profit on Ordinary Activities Before Exchange Differences and Taxation		( 507,360)	820,860
Foreign Exchange Profit		-	729,474
(Loss) Profit on Ordinary Activities Before Taxation	3	( 507,360)	1,550,334
Taxation Credit	4	2,149,500	195,606
Profit for the Financial Year, Transferred to Adverse Balance on Reserves	11	<u>1,642,140</u>	<u>1,745,940</u>

There are no recognised gains or losses in 1994 or 1993 other than those dealt with in the profit and loss account.

The turnover and profit (loss) on ordinary activities all derive from continuing activities which are unchanged from the previous year.

BIBBY BULK CARRIERS LIMITED

BALANCE SHEET  
31 DECEMBER 1994

	Note	1994 £	1993 £
FIXED ASSETS:			
Tangible Assets	5	9,576,094	24,820,603
Investment in Subsidiary Undertakings	14	200	200
		<hr/>	<hr/>
		9,576,294	24,820,803
		<hr/>	<hr/>
CURRENT ASSETS:			
Debtors	6	1,158,498	87,000
		<hr/>	<hr/>
Creditors (Amounts Falling Due Within One Year)	7	5,683,291	19,235,227
		<hr/>	<hr/>
Net Current Liabilities		( 4,524,793)	(19,148,227)
		<hr/>	<hr/>
Total Assets Less Current Liabilities		<u>5,051,501</u>	<u>5,672,576</u>
		<hr/>	<hr/>
Creditors (Amounts Falling Due After More Than One Year)	8	9,863,224	10,546,515
		<hr/>	<hr/>
Provision For Liabilities & Charges	9	131,180	1,867,669
		<hr/>	<hr/>
Deferred Expenditure		-	( 156,565)
		<hr/>	<hr/>
		131,180	1,711,104
		<hr/>	<hr/>
CAPITAL AND RESERVES:			
Called Up Share Capital	10	4,000	4,000
		<hr/>	<hr/>
Profit & Loss Account - Adverse Balance	11	( 4,946,903)	( 6,589,043)
		<hr/>	<hr/>
Shareholders' Funds	11	( 4,942,903)	( 6,585,043)
		<hr/>	<hr/>
		<u>5,051,501</u>	<u>5,672,576</u>
		<hr/>	<hr/>

Approved by the Board on 31 March 1995

S. P. Sherrard )

M. J. Bibby )

) Directors

*Sam P. Sherrard*  
*M. J. Bibby* 7



BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS  
31 DECEMBER 1994

1. ACCOUNTING POLICIES

**Accounting Basis**

The Accounts of the Company are prepared under the historical cost accounting convention and in accordance with applicable Accounting Standards. They are presented on a going concern basis as the shareholders have informed the Board that it is their present intention to continue to support the operations of the Company.

**Fixed Assets**

The vessel has been included at original cost.

Depreciation is provided on a straight line basis to write off the vessel over its estimated useful life which is twenty years.

**Survey Costs and Drydocks**

The vessel is maintained on a continuous survey basis and survey expenses are charged in arriving at the operating results in the year in which they are incurred. Drydocking is on a 30 month cycle and provision has been made in 1994 for a pro rata proportion of the estimated costs of the next scheduled drydock.

**Fleet Insurance**

The vessel is fully insured outside of the Group.

**Deferred Taxation**

Provision for deferred taxation, resulting from accelerated tax depreciation allowances, is made where a corporation tax liability might arise within the foreseeable future.

**Foreign Currencies**

Assets and liabilities in foreign currencies are converted into sterling at the approximate rates ruling at the year end.

**Cash Flows**

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

2. TURNOVER

Turnover is the charter hire earned.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

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

	1994 £	1993 £
HP Interest on Long Term Loan	599,339	653,227
Auditors' Fees and Expenses (borne by parent undertaking in 1994)	-	2,750

4. TAXATION CREDIT

Refund of UK Corporation Tax Due to Losses Carried Back	-	4,606
Payment for Tax Losses Surrendered by Group Undertaking in 1993	-	( 20,000)
Proceeds for Tax Losses Surrendered to Group Undertaking	743,500	-
Under (Over) Provision for Proceeds for Surrender of Tax Losses in Prior Years	178,000	( 438,000)
Deferred Tax Credit for Year	1,228,000	649,000
	<u>2,149,500</u>	<u>195,606</u>

Deferred Taxation, calculated under the liability method, has been provided at a Corporation Tax rate of 33% (1993 - 33%) to the extent set out in the Statement of Accounting Policies being mainly in respect of accelerated tax depreciation allowances.

If full provision had been made for deferred taxation, the tax credit in the profit and loss account would have been increased by £819,000 (1993 - £432,000).

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. TANGIBLE ASSETS

	Fleet £
Cost at 31 December 1993	29,225,328
Disposals	(17,666,161)
	<hr/>
Cost at 31 December 1994	11,559,167
	<hr/>
Accumulated Depreciation at 31 December 1993	4,404,725
Provision for the Year	1,064,839
Disposals	( 3,486,491)
	<hr/>
At 31 December 1994	1,983,073
	<hr/>
Net Book Amount at 31 December 1994	9,576,094
	<hr/>
Net Book Amount at 31 December 1993	24,820,603
	<hr/>

6. DEBTORS

	1994 £	1993 £
Amounts Owed By Group Undertakings	1,158,498	87,000
	<hr/>	<hr/>

7. CREDITORS

(Amounts falling due within one year)

	1994 £	1993 £
Trade Creditors	-	109,039
HP Creditor Owed to Group Undertaking (See Note 8)	683,291	646,806
Amount Owed to Group Undertaking	-	13,479,382
Amount Owed to Ultimate Parent Undertaking	5,000,000	5,000,000
	<hr/>	<hr/>
	5,683,291	19,235,227
	<hr/>	<hr/>

The ultimate parent undertaking has agreed not to demand the repayment of the £5,000,000 owed to it in priority to the other creditors.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

8. CREDITORS

(Amounts falling due after more than one year)

	1994 £	1993 £
HP Creditor Owed to Group Undertaking	<u>9,863,224</u>	<u>10,546,515</u>

The HP agreement requires the capital element to be repaid by instalments over periods to May 2006.

	1994 £	1993 £
Within One Year	683,291	646,806
Between One and Five Years	3,139,130	2,971,514
After Five Years	6,724,094	7,575,001
	<u>10,546,515</u>	<u>11,193,321</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	1994 £	1993 £
Deferred Taxation	82,000	1,310,000
Provision for Drydocking	49,180	521,200
Provision for Bad Debt	-	36,469
	<u>131,180</u>	<u>1,867,669</u>

The potential amount of deferred taxation not provided for at 31 December 1994, being mainly in respect of accelerated tax depreciation allowances, is £55,000 (1993 - £873,000).

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

10. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Allotted and Fully Paid:		
450 Ordinary Voting Shares of £1 Each	450	450
3,550 10% Non-Cumulative First Preference Shares of £1 Each	3,550	3,550
	<u>4,000</u>	<u>4,000</u>
Authorised	<u>4,000</u>	<u>4,000</u>

The rights attaching to the First Preference Shares are as follows:

- (a) The First Preference Shares have 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 the rate of 10% per annum in priority to any payment to the holders of any other class of shares
- (b) The right to participate pari passu with the Ordinary Shareholders in the assets of the Company to be divided on liquidation in the proportion which the amount paid up on the First Preference Shares bears to forty times the amount paid up on the Ordinary Shares in issue at the commencement of such liquidation
- (c) No right to receive notice of or attend or vote at any general meeting of the Company except in the case of a meeting which is to consider the winding up or reducing the capital of the Company.

11. RESERVES

	Profit & Loss Account (Adverse Balance) £
At 31 December 1993	( 6,589,043)
Profit for the Financial Year	1,642,140
At 31 December 1994	<u>( 4,946,903)</u>

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

11. RESERVES (continued)

Movement on Shareholders' Funds

	1994 £	1993 £
Profit for the Financial Year	1,642,140	1,745,940
Opening Shareholders' Funds	( 6,585,043)	( 8,330,983)
	<hr/>	<hr/>
Closing Shareholders' Funds	( 4,942,903)	( 6,585,043)
	<hr/>	<hr/>

The whole of the shareholders' funds relate to equity interests.

12. EMOLUMENTS OF DIRECTORS

There were no emoluments paid to the Directors for the year (1993 - Nil)

13. CONTINGENT LIABILITIES

The Company, along with fellow group undertakings, has guaranteed certain facilities of the Bibby Group which are in the name of Bibby Line Limited to that company's bankers. At 31 December 1994 the amount covered by such guarantees was £29,459,897 (1993 - £47,244,812).

Mortgages have been registered on the vessel as security for bank loans to Bibby Line Limited.

14. SUBSIDIARY UNDERTAKINGS

	Country of Registration	Type of Business	Holding
Bibby Maritime Limited	England	Shipping	100%
Bibby Tankers Limited	England	Shipping	100%

The Company is exempt under Section 228(1) of the Companies Act 1985 from the requirement to prepare group accounts since consolidated accounts are prepared by the parent undertaking, Bibby Line Group Limited.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

15. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Line Limited which itself is a wholly owned subsidiary undertaking of Bibby Line Group Limited both of which are registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these accounts and of which the Company is a member.

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