

SIGNED

BIBBY BULK CARRIERS LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1999



BIBBY BULK CARRIERS LIMITED

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

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

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

FLEET		TONNES DEADWEIGHT
'Cheshire'	Gas Carrier	29,171

BIBBY BULK CARRIERS LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 15 May 2000 at 105 Duke Street, Liverpool for the following purposes:

To consider the attached Directors' Report and Financial Statements for the year ended 31 December 1999.

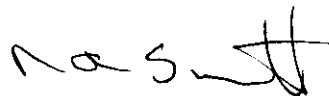
To re-elect Directors.

To re-appoint PricewaterhouseCoopers as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the remuneration of the Auditors.

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

4 April 2000

BIBBY BULK CARRIERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The Directors present their Report together with the Audited Financial Statements for the year ended 31 December 1999.

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.

YEAR 2000

The Company did not experience any significant Year 2000 issues. The Company is aware of the continuing risk from this issue but continues to rely on its preparatory work. Costs incurred were not significant.

DIRECTORS AND THEIR INTERESTS

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

S. P. Sherrard - Chairman - Resigned 31 December 1999
J. S. W. Hogarth
M. J. Bibby
J. Haymer

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

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

	31 December 1999 Beneficial	1 January 1999 Beneficial
J. S. W. Hogarth £1,000 Ordinary Shares	1	1

BIBBY BULK CARRIERS LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 1999

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:

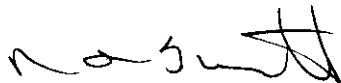
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

PricewaterhouseCoopers have expressed their willingness to continue in office as Auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

4 April 2000

BIBBY BULK CARRIERS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BIBBY BULK CARRIERS LIMITED

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 pages 8 and 9.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Liverpool

4 April 2000

BIBBY BULK CARRIERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1999

	Note	1999 US\$	1998 US\$
Turnover	3	4,334,263	5,410,628
Operating Costs		(4,299,647)	(5,565,809)
Foreign Exchange Difference		(1,029)	7,379
		<hr/>	<hr/>
Gross Profit/(Loss)		33,587	(147,802)
Administration Expenses		(290,538)	(341,857)
		<hr/>	<hr/>
Loss on Ordinary Activities Before Taxation	4	(256,951)	(489,659)
Taxation Credit/(Charge)	5	767,709	(612,094)
		<hr/>	<hr/>
Profit/(Loss) for the Financial Year			
Transferred to/(from) Reserves	10	<u>510,758</u>	<u>(1,101,753)</u>

There are no recognised gains or losses in 1999 or 1998 other than those dealt with in the profit and loss account.

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

The notes on pages 8 to 14 form part of these financial statements.

BIBBY BULK CARRIERS LIMITED

BALANCE SHEET AS AT
31 DECEMBER 1999

	Note	1999 US\$	1998 US\$
FIXED ASSETS:			
Tangible Assets	6	19,387,257	20,828,989
Investment in Subsidiary Undertakings	13	155	155
		<u>19,387,412</u>	<u>20,829,144</u>
CURRENT ASSETS:			
Creditors (Amounts Falling Due Within One Year)	7	(27,571,631)	(29,977,121)
Net Current Liabilities		<u>(27,571,631)</u>	<u>(29,977,121)</u>
Total Assets Less Current Liabilities		<u>(8,184,219)</u>	<u>(9,147,977)</u>
Provision For Liabilities & Charges	8	1,966,000	1,513,000
CAPITAL AND RESERVES:			
Called Up Share Capital	9	6,210	6,210
Profit & Loss Account	10	<u>(10,156,429)</u>	<u>(10,667,187)</u>
Shareholders' Funds (Including Non-Equity Interests)	11	<u>(10,150,219)</u>	<u>(10,660,977)</u>
		<u>(8,184,219)</u>	<u>(9,147,977)</u>

Approved by the Board on 4 April 2000


J. Haymer
Director

The notes on pages 8 to 14 form part of these financial statements.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999

1. ACCOUNTING POLICIES

Accounting Basis

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

The US Dollar value of the vessels at 31 December 1995 was arrived at by converting from Sterling at the exchange rate ruling at 31 December 1995. Subsequent additions are stated at cost.

The US Dollar value of the issued share capital at 31 December 1995 was arrived at by converting from Sterling at the exchange rate ruling at 31 December 1995.

The financial statements 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

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

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.

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 US Dollars at the approximate rates ruling at the year end.

Trading transactions denominated in foreign currencies are translated into US Dollars at the exchange rate ruling on the date of the transaction or at an average rate for the year where appropriate.

Cash Flows

A statement of Group cash flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1997).

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

1. ACCOUNTING POLICIES (Continued)

Related Party Transactions

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

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

2. CHANGE IN PRESENTATION

The Company has changed the presentation of costs incurred in relation to dry-docking on the grounds that the Directors believe that the new presentation more fairly reflects the substance of accounting for dry-docking costs.

The policy in relation to the accounting for dry-docking costs is disclosed in Note 1.

The profit and loss account is charged costs of maintaining ships to a seaworthy standard on an accrual basis. Under the previous presentation these costs were included in provisions. Under the new treatment these costs are shown as repairs allowance in fixed assets.

There is no impact on the profit and loss account.

3. TURNOVER

Turnover is the charter hire earned.

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	1999 US\$	1998 US\$
Depreciation	<u>2,050,737</u>	<u>2,050,737</u>

There were no emoluments paid to the Directors for the year (1998 - Nil).

Auditors' remuneration is borne by the parent company.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

5. TAXATION CREDIT/(CHARGE)

	1999 US\$	1998 US\$
Proceeds for Tax Losses Surrendered to/(by) Group Undertaking	788,121	(387,665)
Under/(Over) Provision for Proceeds for Surrender of Tax Losses in Prior Years	432,588	(624,429)
Deferred Tax (Charge)/Credit for Year (Note 8)	(453,000)	400,000
	<u>767,709</u>	<u>(612,094)</u>

Deferred Taxation, calculated under the liability method, has been provided at a Corporation Tax rate of 30% (1998 - 30%) 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 US\$274,521 (1998 - US\$266,620).

6. TANGIBLE ASSETS

	Fleet US\$
Cost or Valuation (see Note 1): At 31 December 1999 and 31 December 1998	<u>35,893,524</u>
Accumulated Depreciation: At 31 December 1998	(14,360,786)
Charge for the Year	(2,050,737)
	<u>(16,411,523)</u>
At 31 December 1999	
Repairs Allowance: At 31 December 1998	(703,749)
Charge for the Year	(94,744)
Utilised During the Year	703,749
	<u>(94,744)</u>
At 31 December 1999	
Net Book Amount at 31 December 1999	<u>19,387,257</u>
Net Book Amount at 31 December 1998	<u>20,828,989</u>

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

7. CREDITORS

(Amounts falling due within one year)

	1999 US\$	1998 US\$
Amount Owed to Group Undertaking	<u>27,571,631</u>	<u>29,977,121</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

8. PROVISION FOR LIABILITIES AND CHARGE

	US\$
At 31 December 1998	1,513,000
Deferred Taxation Transferred from Profit and Loss Account (Note 4)	<u>453,000</u>
At 31 December 1999	<u>1,966,000</u>

The balance on the deferred taxation account is analysed as follows:

	Provided		Unprovided	
	1999 US\$	1998 US\$	1999 US\$	1998 US\$
Accelerated Capital Allowances	<u>1,966,000</u>	<u>1,513,000</u>	<u>1,310,000</u>	<u>1,008,000</u>

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

9. CALLED UP SHARE CAPITAL

	1999 US\$	1998 US\$
Authorised, Allotted and Fully Paid:		
450 Ordinary Equity Shares of £1 Each	698	698
3,550 10% Non-Cumulative First Preference Shares of £1 Each	5,512	5,512
	<u>6,210</u>	<u>6,210</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.

10. RESERVES

	Profit & Loss Account US\$
At 31 December 1998	(10,667,187)
Profit for the Financial Year	510,758
	<u>(10,156,429)</u>
At 31 December 1999	<u>(10,156,429)</u>

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

11. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS

	1999 US\$	1998 US\$
Profit for the Financial Year	510,758	(1,101,753)
Opening Shareholders' Funds	(10,660,977)	(9,559,224)
	<hr/>	<hr/>
Closing Shareholders' Funds	(10,156,219)	(10,660,977)
	<hr/>	<hr/>

US\$5,512 (1998 - US\$5,512) of the shareholders' funds relate to non-equity interests.

12. 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 1999 the amount covered by such guarantees was US\$58,239,360 (1998 - US\$64,489,675).

A mortgage has been registered on the vessel as security for a bank loan to Bibby Line Limited.

13. SUBSIDIARY UNDERTAKINGS

	Country of Registration	Type of Business	Holding
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. Accordingly, financial information is presented about the Company as an individual undertaking. In the opinion of the Directors, the value of the investment in the subsidiary undertaking is not less than its carrying value.

BIBBY BULK CARRIERS LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 1999 (CONTINUED)

14. 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 group which consolidates these accounts and of which the Company is a member. Bibby Line Limited is the parent undertaking of the 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.