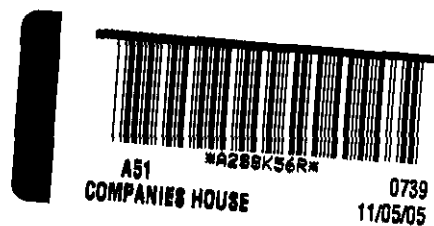


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**BIBBY BULK CARRIERS LIMITED**  
**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 DECEMBER 2004**



BIBBY BULK CARRIERS LIMITED

PARENT UNDERTAKING

Bibby Line Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

Cyril Joseph Green  
Jonathan Osborne  
Howard Dennis Woodcock  
Simon Jeremy Kitchen

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 No. 1036027

AUDITORS

KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH

FLEET

'Cheshire'

Gas Carrier

TONNES  
DEADWEIGHT

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 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.

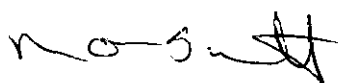
To re-elect directors.

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.

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

11 April 2005

## BIBBY BULK CARRIERS 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

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 Company has traded profitably during the year. The directors consider the financial position of the Company at 31 December 2004 to be satisfactory given the continued financial support of the parent undertaking.

Since the year end, the Cheshire has been sold (Note 14). The result for the year has not been disclosed as discontinued because this activity has not ceased permanently as the directors are seeking to purchase new vessels in the future.

The directors do not recommend a dividend in respect of the year.

#### DIRECTORS AND THEIR INTERESTS

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

Cyril Joseph Green	- appointed 1 November 2004
Mark Alfred Preece	- resigned 31 January 2004
Jonathan Osborne	
Howard Dennis Woodcock	

Since the year end, S. J. Kitchen was appointed as a Director of the company on 24 January 2005. None of the Directors held any interests in either the shares of the Company or any of the Bibby Line Group Limited group of companies.

#### 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.

BIBBY BULK CARRIERS LIMITED

DIRECTORS' REPORT FOR THE  
YEAR ENDED 31 DECEMBER 2004

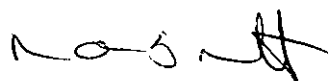
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

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 Bulk Carriers Limited**

We have audited the financial statements on pages 6 to 14.

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 company 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 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 2004 and of its profit 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 BULK CARRIERS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31 DECEMBER 2004

	Note	2004 US\$	2003 US\$
Turnover	2	5,908,550	5,349,455
Cost of sales		(5,149,398)	(3,647,236)
Gross profit		759,152	1,702,219
Administration expenses		(196,882)	(293,548)
Profit on ordinary activities before taxation	3	562,270	1,408,671
Tax on profit on ordinary activities	4	(125,480)	(366,289)
Retained profit for the financial year	10	<u>436,790</u>	<u>1,042,382</u>

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

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

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

	2004 US\$	2003 US\$
Profit for the financial year	<u>436,790</u>	<u>1,042,382</u>
Total recognised gains and losses relating to the year	436,790	1,042,382
Prior year adjustment	<u>-</u>	<u>361,023</u>
Total gains and losses recognised since the last annual report	<u>436,790</u>	<u>1,403,405</u>

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

BIBBY BULK CARRIERS LIMITED

BALANCE SHEET AS AT  
31 DECEMBER 2004

	Note	2004 US\$	2003 US\$
<b>Fixed assets:</b>			
Tangible assets	5	<u>12,274,190</u>	<u>13,557,650</u>
<b>Current assets:</b>			
Debtors	6	99,099	253,219
<b>Creditors</b> (amounts falling due within one year)	7	(14,625,603)	(16,181,474)
<b>Net current liabilities</b>		(14,526,504)	(15,928,255)
<b>Total assets less current liabilities</b>		(2,252,314)	(2,370,605)
Provision for liabilities and charges	8	<u>3,482,641</u>	<u>3,801,140</u>
<b>Capital and reserves:</b>			
Called up share capital	9	6,210	6,210
Profit and loss account	10	(5,741,165)	(6,177,955)
<b>Equity shareholders' funds</b>	11	(5,734,955)	(6,171,745)
		(2,252,314)	(2,370,605)

Approved by the Board on 11 April 2005



J. Osborne  
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 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 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 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.

##### **Going concern**

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 for the foreseeable future and that Bibby Line Limited will not seek repayment of US\$14,625,603 (2003 - US\$16,181,474) due to that company before 11 April 2006.

##### **Tangible fixed assets and depreciation**

Fixed assets are included at cost less depreciation. 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\$. Subsequent additions are stated at cost.

Depreciation is provided on a straight line basis to write off the cost of the vessel over its useful economic life, which is estimated to be 25 years.

##### **Drydock costs**

All revenue costs associated with the periodic drydocking of vessels are written off in the year in which the drydock takes place.

##### **Fleet insurance**

The vessel is fully insured outside of the Group.

##### **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.

BIBBY BULK CARRIERS LIMITED

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

1. ACCOUNTING POLICIES (continued)

**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.

**Cash flows**

A statement of Group cash flows has been included in the consolidated accounts presented by the 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).

**Related party transactions**

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

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

2. TURNOVER

Turnover is the freight and charter hire earned and is recognised at the time the relevant service is provided to customers.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2004 US\$	2003 US\$
Foreign exchange differences	20,434	58,564
Depreciation	<u>1,283,460</u>	<u>1,291,205</u>

There were no emoluments paid to the Directors for the year (2003 – Nil).  
Auditors' remuneration is borne by the parent company.

BIBBY BULK CARRIERS LIMITED

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

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 US\$	2003 US\$
<b>The taxation charge/(credit) comprises:</b>		
Amount payable in respect of group relief	(443,979)	(664,932)
<b>Current tax charge</b>	(443,979)	(664,932)
Deferred tax credit for year (note 8)	<u>318,499</u>	<u>298,643</u>
	<u>(125,480)</u>	<u>(366,289)</u>

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

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

The differences are explained as follows:

	2004 US\$	2003 US\$
Profit on ordinary activities before taxation	<u>562,270</u>	<u>1,408,671</u>
Profit on ordinary activities multiplied by the rate of tax of 30% (2003 - 30%)	168,681	422,601
Effects of:		
Group relief received and not paid for	(49,331)	(73,881)
Non taxable exchange loss	6,130	17,569
Depreciation in excess of capital allowances	<u>318,499</u>	<u>298,643</u>
<b>Current tax charge for the year</b>	<u>443,979</u>	<u>664,932</u>

BIBBY BULK CARRIERS LIMITED

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

5. TANGIBLE ASSETS

Fleet  
US\$

**Cost:**

At 1 January 2004 and 31 December 2004 35,893,524

**Accumulated Depreciation:**

At 1 January 2004 22,335,874

Charge for the year 1,283,460

At 31 December 2004 23,619,334

Net book amount at 31 December 2004 12,274,190

Net book amount at 1 January 2004 13,557,650

6. DEBTORS

(Amounts falling due within one year)

2004 2003  
US\$ US\$

Trade debtors 99,099 253,219

7. CREDITORS

(Amounts falling due within one year)

2004 2003  
US\$ US\$

Amount owed to group undertaking 14,625,603 16,181,474

Amounts due to group undertakings are unsecured, interest free and repayable on demand.  
(note 1)

BIBBY BULK CARRIERS LIMITED

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

8. PROVISION FOR LIABILITIES AND CHARGES

	Deferred Taxation US\$
At 1 January 2004	3,801,140
Deferred taxation transferred to profit and loss account (note 4)	(318,499)
At 31 December 2004	<u>3,482,641</u>

Deferred tax allowances relate to accelerated capital allowances.

9. CALLED UP SHARE CAPITAL

	2004 US\$	2003 US\$
<b>Authorised, allotted and fully paid:</b>		
450 ordinary equity shares of £1 each	698	698
3,550 10% non-cumulative first preference shares of £1 each	<u>5,512</u>	<u>5,512</u>
	<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.

BIBBY BULK CARRIERS LIMITED

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

10. RESERVES

	Profit & Loss Account US\$
At 1 January 2004	(6,177,955)
Profit for the financial year	<u>436,790</u>
At 31 December 2004	<u>(5,741,165)</u>

11. RECONCILIATION OF MOVEMENTS IN DEFICIT  
EQUITY SHAREHOLDERS' FUNDS

	2004 US\$	2003 US\$
Profit for the financial year	436,790	<u>1,042,382</u>
Opening shareholders' funds	<u>(6,171,745)</u>	<u>(7,214,127)</u>
Closing shareholders' funds	<u>(5,734,955)</u>	<u>(6,171,745)</u>

US\$5,512 (2003 – 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 2004 the amount covered by such guarantees was US\$65,094,958 (2003 - US\$72,215,930).

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

13. CAPITAL COMMITMENTS

There were no capital commitments at the end of the current or preceding financial year for which no provision has been made.

BIBBY BULK CARRIERS LIMITED

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

14. POST BALANCE SHEET EVENT

On 8 February 2005, a Memorandum of Agreement was signed for the sale of the Cheshire, and on 29 March 2005 the vessel was delivered to her new owners. Accordingly, the profit on the sale of this fixed asset is recorded in the 2005 financial statements. The sale proceeds have been received and the debt associated with the vessel repaid.

15. 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 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)).