

SIGNED

BIBBY INTERNATIONAL LOGISTICS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**YEAR ENDED
31 DECEMBER 2005**

REGISTERED NUMBER: 1175491



BIBBY INTERNATIONAL LOGISTICS LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The principal activities of the Company continue to be shipping and forwarding agents and haulage contractors.

FUTURE DEVELOPMENTS

In the current year the Company will actively seek opportunities to expand and develop its business by pursuing forwarding opportunities both within Bibby Distribution and externally.

TRADING RESULT

The results for the year are set out in the profit and loss account on page 4.

The Directors recommend that no dividend be paid to the shareholder (2004 - £nil). The transfer of the retained profit for the year to reserves is set out in Note 11.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company during the year were:

T de Pencier
P A Cullingford

The only interests of the Directors in shares of any of the Bibby Group of Companies were in the shares of Bibby Line Group Limited and are disclosed in the accounts of that company.

BIBBY INTERNATIONAL LOGISTICS LIMITED

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

EMPLOYMENT POLICIES

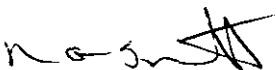
The Company is committed to the continuing development of effective employee communication, consultation and involvement, including the regular publication of company magazines.

The Company maintains a policy to consider workers for all suitable employment vacancies and to give appropriate training assistance necessary to introduce such workers to their jobs and to develop their skills and capabilities.

If any employee becomes disabled whilst employed by the Company, every effort is made to find suitable continuing employment, with re-training as necessary.

The Company has maintained a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others.

By order of the Board.



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

Secretary
12 May 2006

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors' report to the members of Bibby International Logistics Limited

We have audited the financial statements of Bibby International Logistics Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

16 May 2006

BIBBY INTERNATIONAL LOGISTICS LIMITED

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £'000	2004 £'000
TURNOVER	2	3,790	3,742
Cost of sales		(3,064)	(2,941)
GROSS PROFIT		<u>726</u>	<u>801</u>
Administrative expenses		(515)	(608)
Other operating income		-	5
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>211</u>	<u>198</u>
Taxation	6	-	63
PROFIT FOR THE FINANCIAL YEAR		<u><u>211</u></u>	<u><u>261</u></u>

The notes on pages 6 to 12 form an integral part of these accounts.

There is no difference between the profit for the year and its historical cost equivalent.

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

BIBBY INTERNATIONAL LOGISTICS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	7	1,123	1,135
		<u>1,123</u>	<u>1,135</u>
CURRENT ASSETS			
Debtors	8	802	743
Deferred tax	8	63	63
Cash at bank and in hand		140	92
		<u>1,005</u>	<u>898</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,494)</u>	<u>(1,610)</u>
NET CURRENT LIABILITIES		<u>(489)</u>	<u>(712)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>634</u>	<u>423</u>
CAPITAL AND RESERVES			
Called up share capital	10	50	50
Revaluation reserve	11	297	297
Profit and loss account	11	287	76
EQUITY SHAREHOLDERS' FUNDS	12	<u>634</u>	<u>423</u>

The notes on pages 6 to 12 form an integral part of these accounts.

APPROVED BY THE BOARD ON 12 MAY 2006


P A CULLINGFORD
DIRECTOR

BIBBY INTERNATIONAL LOGISTICS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005

1 ACCOUNTING POLICIES

(a) Accounting Convention

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standard, modified to include the revaluation of certain fixed assets.

(b) Tangible fixed assets and depreciation

Fixed assets are stated in the balance sheet at cost or valuation less depreciation provided to date. Depreciation is provided in equal annual instalments over the estimated useful life of the asset, on the original cost of the asset.

The rates of depreciation are as follows:-

Freehold land	Nil
Freehold buildings	2% on a straight line basis
Vehicles & Equipment	Varying rates from 5% - 25%

(c) Leased assets - vehicles and equipment

(i) Assets held under hire purchase agreements and finance leases

The capital element of hire purchase obligations is treated as a separate category within fixed assets. The outstanding commitment to repay these sums is shown separately within creditors.

Interest is allocated to accounting periods by a method which produces a constant periodic rate of charge on the remaining balances outstanding.

Leased vehicles and equipment are depreciated at rates varying between 12.5% - 20% or the period of the lease if this is lower.

(ii) Assets held under operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(d) Deferred taxation

Deferred taxation 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 tax profits from which the future reversal of the timing differences can be deducted.

BIBBY INTERNATIONAL LOGISTICS LIMITED**NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)****1 ACCOUNTING POLICIES (Continued)****(e) Turnover**

Turnover represents the total amount receivable in the ordinary course of business for services provided excluding value added tax. Income is recognised at the time the relevant services are provided by the business to its customer. All turnover relates to continuing operations.

(f) Pension costs

The cost of providing pensions is charged against profit on a systematic basis with pension surpluses or deficits arising allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as assets or liabilities.

(g) Cash flows

A statement of Group cash flows has been included in the consolidated accounts presented by the parent undertaking. No statement is therefore presented in these accounts, in accordance with the exception contained in FRS1 (revised).

(h) Related party transactions

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

(i) 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 of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

2 SEGMENTAL INFORMATION

The geographical analysis of turnover is as follows :-

	2005 £'000	2004 £'000
United Kingdom	2,817	1,800
Overseas - Europe	973	1,942
	<u>3,790</u>	<u>3,742</u>

BIBBY INTERNATIONAL LOGISTICS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)

3	EMOLUMENTS OF DIRECTORS	2005 £'000	2004 £'000
	Directors' emoluments	-	-
4	EMPLOYEES	2005 £'000	2004 £'000
	Staff costs		
	Wages and salaries	558	571
	Social security costs	49	52
	Pension costs	4	1
		611	624
	The average number of persons employed by the company throughout the period was :-		
		2005 Number	2004 Number
	Warehouse staff	6	5
	Drivers and distribution staff	6	6
	Managerial and administrative staff	17	16
		29	27
5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £'000	2004 £'000
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation of owned assets	17	30
	Rentals paid under operating leases		
	- plant and machinery	15	20
	Rental income	-	(5)

The auditors' remuneration for the current year and prior year was borne by the parent company, Bibby Distribution Limited.

BIBBY INTERNATIONAL LOGISTICS LIMITED
NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)
6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

2005
£'000

2004
£'000

UK Corporation Taxation based on the profit for the year :

Deferred tax	-	63
Current tax credit	<u>-</u>	<u>63</u>

The current tax credit is higher (2004: higher) than the standard rate of corporation tax in the UK of 30%.
The differences are explained as follows :-

Profit on ordinary activities before taxation	211	198
Profit on ordinary activities multiplied by the weighted average rate of tax of 30% (2003 - 30%)	63	59
Effects of :		
Utilisation of trading tax losses	(59)	(60)
Capital allowances for the year in excess of depreciation	(5)	(3)
Deferred tax asset recognised on losses and accelerated capital allowances	-	(63)
Expenses not qualifying for tax purposes	1	4
Current tax credit for the year	<u>0</u>	<u>(63)</u>

Trading tax losses of approximately £28,000 (2004 - £226,000) are available to relieve future profits of the Company.

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixture and fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation					
At 31 December 2004	1,157	8	101	35	1,301
Additions	-	-	5	-	5
At 31 December 2005	<u>1,157</u>	<u>8</u>	<u>106</u>	<u>35</u>	<u>1,306</u>
Depreciation					
At 31 December 2004	38	7	93	28	166
Charge for year	9	1	7	-	17
At 31 December 2005	<u>47</u>	<u>8</u>	<u>100</u>	<u>28</u>	<u>183</u>
Net book amount					
At 31 December 2005	<u>1,110</u>	<u>-</u>	<u>6</u>	<u>7</u>	<u>1,123</u>
At 31 December 2004	<u>1,119</u>	<u>1</u>	<u>8</u>	<u>7</u>	<u>1,135</u>

The freehold land was revalued in a previous year based on a combination of a surveyors valuation and that of the directors of the company. The historic cost of the property was £860,000.

BIBBY INTERNATIONAL LOGISTICS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)

8 DEBTORS

	2005 £'000	2004 £'000
Trade debtors	792	726
Prepayments and accrued income	10	17
	<u>802</u>	<u>743</u>

Trading tax losses of approximately £28,000 (2004 - £226,000) are available to relieve future profits of the Company.

A deferred tax asset has been recognised based on the directors' estimate of the profit of the Company between 2005 and 2008, which indicates that the asset can reasonably be expected to be recoverable over that timeframe. The amount that has been recognised at the balance sheet date amounts to £63,000 (2004 - £63,000).

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors	890	677
Other creditors	3	4
Amounts owed to group undertakings	557	808
Other taxation and social security	-	63
Accruals and deferred income	44	58
	<u>1,494</u>	<u>1,610</u>

10 CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

BIBBY INTERNATIONAL LOGISTICS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)

11 RESERVES	Revaluation reserve £'000	Profit & loss £'000
At 31 December 2004	297	76
Retained profit for the year	-	211
At 31 December 2005	<u>297</u>	<u>287</u>
12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005 £'000	2004 £'000
Profit for the financial year	211	261
Net increase in shareholders' funds	<u>211</u>	<u>261</u>
Opening shareholders' funds	423	162
Closing shareholders' funds	<u>634</u>	<u>423</u>
13 OPERATING LEASE COMMITMENTS	2005 Plant & machinery £'000	2004 Plant & machinery £'000
The Company has the following annual commitments under operating leases which expire:		
Within one year	3	3
Between two and five years	5	5
	<u>8</u>	<u>8</u>

BIBBY INTERNATIONAL LOGISTICS LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31 DECEMBER 2005 (continued)

14 PENSION COSTS

The company operates two defined contribution pension schemes. The contributions are invested with insurance companies and contributions payable to the schemes are charged in the year they are due. The charge for the period was £4,000 (2004 - £1,293). There were no contributions owing to the schemes at the year end.

15 ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Distribution Services (Holdings) Limited, which is a wholly owned subsidiary of Bibby Line Group Limited, both of which are incorporated in the United Kingdom.

Loans have been advanced to the Company by its parent undertaking, the amounts of which are included in note 10, as part of its continued support to the Company.

Bibby Distribution Services (Holdings) Limited is the parent undertaking of the smallest group which consolidates these accounts, and of which the Company is a member.

Bibby Line Group Limited is the ultimate parent undertaking of the largest group which consolidates these accounts, and of which the Company is a member.

Both sets of consolidated accounts may be obtained from 105 Duke Street, Liverpool.