

BIBBY MARITIME LIMITED

PARENT UNDERTAKING

Bibby Line 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. 1195555

AUDITORS

Price Waterhouse
Silkhouse Court
Tithebarn Street
Liverpool L2 2LJ

FLEET

'Bibby Marinia'
'Casa Marina'
'Bibby Progress'
'Bibby Challenge'
'Bibby Altona'
'Bibby Kalmar'
'Bibby Stockholm'

Jack-Up Accommodation Vessel
Floating Accommodation Vessel
Floating Accommodation Vessel
Floating Accommodation Vessel
Floating Accommodation Vessel
Floating Accommodation Vessel
Floating Accommodation Vessel



BIBBY MARITIME LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 7 May 1996 at 105 Duke Street, Liverpool for the following purposes:

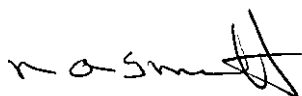
To approve the Directors' Report and the Accounts for the year ended 31 December 1995.

To reappoint 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

**duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co.
(Management) Limited**

1 April 1996

BIBBY MARITIME LIMITED

REPORT OF THE DIRECTORS 31 DECEMBER 1995

The Directors present their Report together with the Audited Accounts at 31 December 1995.

ACTIVITIES

The principal activity of the Company is the ownership and operation of ships.

DEVELOPMENT OF BUSINESS

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

On 28 February 1995 the floating accommodation vessels 'Bibby Challenge', 'Bibby Progress', and 'Casa Marina' together with their trade were transferred to the Company from Bibby Freighters Limited, a fellow group undertaking.

On 28 February 1995 the Company purchased the floating accommodation vessels 'Flotel Altona', 'Flotel Kalmar' and 'Flotel Stockholm' from Grizzly Shipping AB. The names of these three vessels have subsequently been changed to 'Bibby Altona', 'Bibby Kalmar' and 'Bibby Stockholm'.

TRADING RESULT

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

DIRECTORS

The Directors during the year were:

S. P. Sherrard - Chairman
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. 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.

BIBBY MARITIME LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS (CONTINUED)

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

| | 31 December 1995 | | 1 January 1995 | |
|--|------------------|-------|----------------|-------|
| | Beneficial | Other | Beneficial | Other |
| J. S. W. Hogarth £1,000 Ordinary Shares | 1 | - | 1 | - |
| J. Haymer £1,000 Ordinary Shares | 2 | - | - | - |

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.

BIBBY MARITIME LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

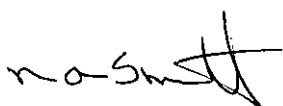
AUDITORS

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

CHANGES SINCE THE YEAR END

With effect from 1 January 1996 the Company will account for all of its activities in U.S. Dollars.

By Order of the Board



Bibby Bros & Co (Management) Limited
Secretary

Duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co.
(Management) Limited

1 April 1996

BIBBY MARITIME LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

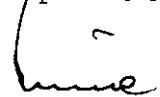
As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors
Silkhouse Court
Tithebarn Street
Liverpool L2 2LJ

1 April 1996

BIBBY MARITIME LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1995

| | Note | 1995 £ | 1994 £ |
|--|------|-------------|-------------|
| Turnover | 2 | 7,710,767 | 2,561,733 |
| Operating Costs | | (3,405,096) | (1,624,961) |
| | | <hr/> | <hr/> |
| Gross Profit Before Depreciation | | 4,305,671 | 936,772 |
| Depreciation | | (1,990,479) | (302,637) |
| | | <hr/> | <hr/> |
| Gross Profit | | 2,315,192 | 634,135 |
| Administration Expenses | | (674,880) | (87,579) |
| | | <hr/> | <hr/> |
| Profit on Ordinary Activities Before Interest and Foreign Exchange Differences | | 1,640,312 | 546,556 |
| Interest Receivable | | 50,702 | - |
| Interest Payable | 3 | (1,222,152) | (89,603) |
| Foreign Exchange Differences | 4 | (332,173) | 79,104 |
| | | <hr/> | <hr/> |
| Profit on Ordinary Activities Before Taxation | 3 | 136,689 | 536,057 |
| Taxation Charge | 5 | (2,572,000) | (76,600) |
| | | <hr/> | <hr/> |
| (Loss) Profit for the Financial Year Transferred (from) to Reserves | 12 | (2,435,311) | 459,457 |
| | | <hr/> | <hr/> |

There are no recognised gains or losses in 1995 or 1994 other than those dealt with in the profit and loss account.

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

BIBBY MARITIME LIMITED

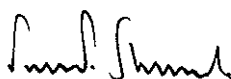
BALANCE SHEET
31 DECEMBER 1995

| | Note | 1995 £ | 1994 £ |
|---|------|---------------------|-------------------|
| FIXED ASSETS: | | | |
| Tangible Assets | 6 | 24,231,778 | 2,890,188 |
| CURRENT ASSETS: | | | |
| Debtors | 7 | 229,076 | - |
| Cash at Bank | | 1,212,699 | 165,953 |
| | | <u>1,441,775</u> | <u>165,953</u> |
| Creditors (Amounts falling due within one year) | 8 | 15,176,007 | 712,235 |
| Net Current Liabilities | | <u>(13,734,232)</u> | <u>(546,282)</u> |
| Total Assets less Current Liabilities | | <u>10,497,546</u> | <u>2,343,906</u> |
| Creditors (Amounts falling due after more than one year) | 9 | 9,017,133 | 639,182 |
| Provision for Liabilities and Charges | 10 | 2,402,000 | 191,000 |
| CAPITAL AND RESERVES: | | | |
| Called up Share Capital | 11 | 100 | 100 |
| Profit and Loss Account | 12 | (921,687) | 1,513,624 |
| Shareholders' Funds | 12 | <u>(921,587)</u> | <u>1,513,724</u> |
| | | <u>10,497,546</u> | <u>2,343,906</u> |

Approved by the Board on 1 April 1996

S. P. Sherrard)

M. J. Bibby)



Directors



BIBBY MARITIME LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1995

1. ACCOUNTING POLICIES

Accounting Basis

The accounts have been prepared under the historical cost accounting convention and in accordance with applicable Accounting Standards.

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 note 4.

Fixed Assets

The accommodation vessels are included at cost, less depreciation.

Depreciation is provided on a straight line basis to write off the cost of the accommodation vessels over their remaining useful lives, which are estimated to be between four and twenty five years.

Fleet Insurance

The accommodation vessels are fully insured outside of the Group.

Deferred Tax

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. (Note 4)

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 MARITIME LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

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

| | 1995 £ | 1994 £ |
|--|------------------|---------------|
| Auditors' Fees and Expenses (borne by parent undertaking) | - | - |
| Interest on Loans Wholly Repayable Within Five Years | <u>1,222,152</u> | <u>89,603</u> |

4. FOREIGN EXCHANGE DIFFERENCES

In accordance with Statement of Standard Accounting Practice No. 20 monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and exchange gains and losses are taken to the profit and loss account. The inclusion in the profit and loss account of unrealised translation gains on long term monetary items is a departure from the requirements of the Companies Act 1985 and is necessary for the financial statements to give a true and fair view in accordance with applicable Accounting Standards.

5. TAXATION CHARGE

| | 1995 £ | 1994 £ |
|--|--------------------|------------------|
| Overseas Withholding Tax Suffered | - | (242,600) |
| Deferred Taxation (Charge) Credit (Note 10) | (2,211,000) | 198,000 |
| Provision for Purchase of Tax Losses | (361,000) | (32,000) |
| | <u>(2,572,000)</u> | <u>(76,600)</u> |

Deferred taxation, calculated under the liability method, has been provided at a Corporation Tax rate of 33% (1994 - 33%) to the extent set out in the Statement of Accounting Policies being mainly in respect of accelerated tax depreciation allowances.

BIBBY MARITIME LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. TAXATION ON PROFIT ON
ORDINARY ACTIVITIES

In compliance with this policy, the Directors have reviewed at 31 December 1995, the potential tax liability which may arise within the foreseeable future and a deferred tax charge of £2,211,000 (1994 credit - £198,000) is required primarily as a result of the acquisition of accommodation vessels from a fellow group undertaking.

If full provision had been made for deferred taxation, the tax charge on the profit and loss account would have been increased by £1,601,000 (1994 - £132,000).

Taxable losses of £1,213,959 (1994 - Nil) have been purchased from another Group undertaking by way of Group Relief for £361,000 (1994 - Nil).

6. TANGIBLE ASSETS

| | Fleet £ |
|--|-------------|
| Cost at 31 December 1994 | 4,539,285 |
| Transfer From Group Undertaking | 14,303,343 |
| Additions | 10,807,943 |
| | <hr/> |
| Cost at 31 December 1995 | 29,650,571 |
| | <hr/> |
| Accumulated Depreciation at 31 December 1994 | 1,649,097 |
| Provision for the Year | 1,990,479 |
| Transfer from Group Undertaking | 1,779,217 |
| | <hr/> |
| At 31 December 1995 | 5,418,793 |
| | <hr/> |
| Net Book Amount at 31 December 1995 | 24,231,778 |
| | <hr/> <hr/> |
| Net Book Amount at 31 December 1994 | 2,890,188 |
| | <hr/> <hr/> |

7. DEBTORS

| | 1995 £ | 1994 £ |
|---------------|-------------|-------------|
| Trade Debtors | 229,076 | - |
| | <hr/> <hr/> | <hr/> <hr/> |

BIBBY MARITIME LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

8. CREDITORS
(Amounts Falling Due Within One Year)

| | 1995 £ | 1994 £ |
|------------------------------------|-------------------|----------------|
| Finance Loan (see note 9) | 5,152,647 | 639,182 |
| Trade Creditors | 133,346 | - |
| Accrued Interest | 94,890 | 18,261 |
| Amounts Owed to Group Undertakings | 9,795,124 | 17,161 |
| Withholding Tax | - | 37,631 |
| | <u>15,176,007</u> | <u>712,235</u> |

9. CREDITORS
(Amounts Falling Due After
More Than One Year)

| | 1995 £ | 1994 £ |
|--------------------------|------------------|----------------|
| Finance Loan (see below) | <u>9,017,133</u> | <u>639,182</u> |

The US Dollar ship finance loan, secured by statutory mortgages over certain vessels of the fleet, is repayable by instalments over the period to 1999 as follows:-

| | 1995 £ | 1994 £ |
|----------------------------|-------------------|------------------|
| Within One Year | 5,152,647 | 639,182 |
| Between One and Two Years | 3,606,853 | 639,182 |
| Between Two and Five Years | 5,410,280 | - |
| | <u>14,169,780</u> | <u>1,278,364</u> |

10. PROVISION FOR LIABILITIES AND CHARGES

| | 1995 £ | 1994 £ |
|----------------------------|------------------|----------------|
| Deferred Taxation (Note 5) | <u>2,402,000</u> | <u>191,000</u> |

The potential amount of deferred taxation not provided for at 31 December 1995, being mainly in respect of accelerated tax depreciation allowances, is £1,601,000 (1994 - £132,000).

BIBBY MARITIME LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

11. CALLED UP SHARE CAPITAL

| | 1995 £ | 1994 £ |
|-----------------------------------|------------|------------|
| Allotted and Fully Paid: | | |
| Ordinary voting shares of £1 each | 100 | 100 |
| Authorised | <u>100</u> | <u>100</u> |

12. RESERVES

| | Profit and Loss Account £ |
|-----------------------------|---------------------------------|
| At 31 December 1994 | 1,513,624 |
| Loss for the Financial Year | (2,435,311) |
| | <hr/> |
| At 31 December 1995 | (921,687) |
| | <hr/> |

Movement on Shareholders' Funds

| | 1995 £ | 1994 £ |
|--------------------------------------|--------------|-----------|
| (Loss) Profit for the Financial Year | (2,435,311) | 459,457 |
| Opening Shareholders' Funds | 1,513,724 | 1,054,267 |
| | <hr/> | <hr/> |
| Closing Shareholders' Funds | (921,587) | 1,513,724 |
| | <hr/> | <hr/> |

The shareholders' funds are attributable wholly to equity interests.

13. EMOLUMENTS OF DIRECTORS

There were no emoluments paid to the Directors for the year (1994 - nil).

BIBBY MARITIME LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

14. CONTINGENT LIABILITIES

At the year end the Company had contingent liabilities of £547,235 (1994 - £757,886) in respect of a guarantee given by Bibby Line Limited to that company's bankers.

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 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.