

SIGNED

BIBBY TRADE FINANCE LIMITED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 31 DECEMBER 1998



BIBBY TRADE FINANCE LIMITED

PARENT UNDERTAKING

Bibby Financial Services (Holdings) Limited

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

David Albert Robertson - Chairman
Stuart Relton - Managing
Jonathan Haymer
Ian Downing

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ

Incorporated in England & Wales
Registration No. 3530463

AUDITORS

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

BIBBY TRADE FINANCE LIMITED

NOTICE OF MEETING

Notice is hereby given, that the first Annual General Meeting of the Company will be held on 1 June 1999 at 105 Duke Street, Liverpool for the following purposes:


To approve the Directors' Report and Accounts for the period ended 31 December 1998.

To re-elect Directors.

To re-appoint PricewaterhouseCoopers as Auditors of the Company (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of Price Waterhouse) 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.

A handwritten signature in dark ink, appearing to be 'R. Smith' or similar, with a stylized flourish at the end.

By order of the Board

Bibby Bros. & Co. (Management) Limited

Secretary

1 March 1999

BIBBY TRADE FINANCE LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report together with the Audited Accounts for the period ended 31 December 1998.

INCORPORATION

The Company was incorporated on 13 March 1998.

SHARE CAPITAL

One Ordinary £1 share was subscribed for at incorporation by the Parent Undertaking. 499,999 Ordinary £1 shares were allotted to the Parent Undertaking on 11 June 1998.

ACTIVITIES

The principal activity of the Company since trade commenced on 11 June 1998 has been the provision of transaction-based trade finance.

TRADING RESULT

The result for the period is set out in the Profit and Loss Account.

CHANGES IN FIXED ASSETS

Changes in fixed assets are set out in Note 6 to the Accounts.

DEVELOPMENT OF BUSINESS

Although the Company has traded at a loss for the period, the Directors are confident that it will be profitable in the future.

BIBBY TRADE FINANCE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

YEAR 2000

The Year 2000 issue within the Bibby Line Group is being considered and dealt with as described below.

Many computer systems and equipment with embedded microchips, express calendar dates using only the last two digits of the year. In order to avoid malfunction, causing widespread commercial disruption, those systems and equipment that are critical to the operation of the business will require modification or replacement to accommodate the year 2000 and beyond.

The Group is giving high priority to the impact of this problem and is taking positive steps to ensure that critical systems are Year 2000 compliant. Each Division of the Group is implementing a Year 2000 programme, using an agreed methodology with clear milestone dates and defined responsibilities. Progress against plans is regularly monitored by the Group and Divisional Boards.

The total costs involved in achieving compliance have not been quantified but they are considered not to be material. In the normal course of business, each of the three Divisions has replaced its main accounting systems in 1998 and this has significantly reduced the potential for large costs being expended in this area.

DIVIDENDS

The Directors do not propose to pay an ordinary dividend.

DIRECTORS AND THEIR INTERESTS

The Directors during the period were:

D. A. Robertson	- (Chairman) Appointed 13 March 1998
I. Downing	- Appointed 13 March 1998
J. Haymer	- Appointed 13 March 1998
S. Relton	- (Managing) Appointed 6 April 1998

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. J. Haymer in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company. None of the other Directors holds shares in Bibby Line Group Limited.

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

BIBBY TRADE FINANCE LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period 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:

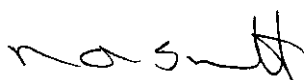
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 were appointed by the Directors as auditors of the Company on incorporation. Later in the period, Price Waterhouse merged with Coopers & Lybrand on 1 July 1998 following which Price Waterhouse resigned and the Directors appointed the new firm, PricewaterhouseCoopers as auditors to fill the casual vacancy caused by this resignation. A resolution to reappoint PricewaterhouseCoopers as auditors of the Company will be proposed at the Annual General Meeting.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

1 March 1999

BIBBY TRADE FINANCE 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

The Directors are responsible for preparing the Annual Report, including as described on page 5 the financial statements. Our responsibilities, as independent auditors, are established 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 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.

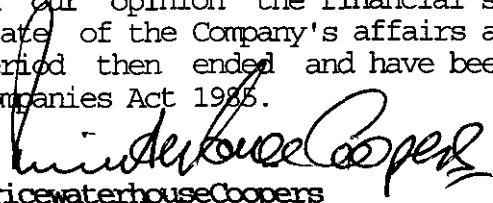
Basis of Audit Opinion

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 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
8 Princes Parade
St. Nicholas Place
Liverpool L3 1QJ

1 March 1999

BIBBY TRADE FINANCE LIMITED

PROFIT & LOSS ACCOUNT
PERIOD TO 31 DECEMBER 1998

	Note	£
Turnover	2	80,316
Operating Costs		(128,730)
Gross Loss		(48,414)
Administration Expenses		-
Operating Loss		(48,414)
Interest Receivable and Similar Income	3	12,225
Interest Payable		(5,408)
Loss on Ordinary Activities Before Taxation	4	(41,597)
Taxation	5	12,000
Loss for the Financial Period Transferred to Reserves	11	(29,597)

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

The Company was incorporated on 13 March 1998 and the turnover and loss on ordinary activities all derive from continuing activities which commenced on 11 June 1998.

BIBBY TRADE FINANCE LIMITED

BALANCE SHEET
31 DECEMBER 1998

	Note	£
FIXED ASSETS:		
Tangible Assets	6	2,461
CURRENT ASSETS:		
Debtors	7	1,135,958
Cash at Bank and in Hand		1
		<hr/>
		1,135,959
Creditors (amounts falling due within one year)	8	(668,017)
		<hr/>
Net Current Assets		467,942
		<hr/>
Total Assets less Current Liabilities		470,403
		<hr/> <hr/>
CAPITAL AND RESERVES:		
Called Up Share Capital	9	500,000
Profit and Loss Account	10	(29,597)
		<hr/>
Equity Shareholders' Funds	11	470,403
		<hr/> <hr/>

Approved by the Board on 1 March 1999



D. A. Robertson
Director

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

1. ACCOUNTING POLICIES

The Company was incorporated on 13 March 1998 and commenced trade on 11 June 1998.

Accounting Basis

The Accounts for the Company are presented on the basis of historical cost accounting conventions and in accordance with applicable accounting standards.

Fixed Assets

Fixed Assets are included at cost less depreciation.

Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

Computer and Office Equipment - Over 3-5 years

Deferred Taxation

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

Pension Costs

The cost of providing pensions is charged against profit on a systematic basis with pension surpluses 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.

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 within these accounts.

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 are included in that company's consolidated financial statements.

2. TURNOVER

Turnover, which is derived from within the United Kingdom, comprises amounts receivable as a result of ordinary activities.

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 1998 (CONTINUED)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period to 31 December 1998 £
From Group Companies	11,468
From Non-Group Companies	757
	<hr/>
	12,225
	<hr/>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging the following amounts:-

	Period to 31 December 1998 £
Staff Costs:	
Wages and Salaries	45,208
Social Security Costs	3,613
Pension Costs	3,350
Interest on Loans Wholly Repayable	
Within Five Years	5,408
Auditors' Fees and Expenses	1,600
Depreciation	192
	<hr/>

5. TAXATION

	Period to 31 December 1998 £
Amount Receivable in Respect of Group Relief	12,000
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The amount receivable in respect of Group relief represents the consideration to be paid by other Group undertakings for receipt of losses amounting to £43,000.

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 1998 (CONTINUED)

6. TANGIBLE ASSETS

	Office Equipment £
Additions	2,653
Cost at 31 December 1998	2,653
Depreciation Provision for the Period	192
At 31 December 1998	192
Net Book Amount at 31 December 1998	2,461

7. DEBTORS

	1998 £
Trade Debtors	1,094,196
Prepayments and Accrued Income	29,762
Taxation	12,000
	1,135,958

8. CREDITORS

	1998 £
(Amounts Falling Due within One Year)	
Bank Overdraft	31,965
Trade Creditors	614,715
Amount Owed to Ultimate Parent Undertaking	9,387
Accruals and Deferred Income	5,931
Other Taxation	6,019
	668,017

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 1998 (CONTINUED)

9. CALLED UP SHARE CAPITAL

	1998 £
Allotted and Fully Paid:	
Ordinary Shares of £1 each	500,000
	<u> </u>
Authorised:	
Ordinary Shares of £1 each	1,000,000
	<u> </u>

10. RESERVES

	Profit & Loss Account £
Amount Transferred to Reserves	
For the Financial Period - Debit	29,597
	<u> </u>
At 31 December 1998 - Adverse Balance	29,597
	<u> </u>

11. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period to 31 December 1998 £
Loss for the Financial Period	(29,597)
New Share Capital Subscribed	500,000
	<u> </u>
Net Addition to Shareholders' Funds	470,403
	<u> </u>

12. DIRECTORS' EMOLUMENTS

	Period to 31 December 1998 £
Emoluments	30,707
Pension Contribution	2,600
	<u> </u>
	33,307
	<u> </u>

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 1998 (CONTINUED)

13. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1998.

14. PARTICULARS OF EMPLOYEES

	Period to 31 December 1998
The average number of persons employed by the Company during the period was	<u>3</u>

15. PENSION COSTS

Two of the Company's employees are members of the Bibby Line Group's defined benefit pension scheme. The assets of the scheme are held separately from those of the Group and are invested with an insurance company.

The latest actuarial valuation was at 6 April 1998 and showed the scheme to be 97% funded. Contributions are determined in accordance with independent actuarial advice. Further actuarial information is given in the accounts of Bibby Line Group Limited. The pension charge for the period is given in Note 4.

16. OPERATING LEASE COMMITMENTS	1998 £
Annual Commitments Under Operating Leases Which Expire:	
Within Two to Five Years	
- Motor Vehicle	<u>5,610</u>

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 1998 (CONTINUED)

17. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Financial Services (Holdings) Limited, a company registered in England which is itself a wholly owned subsidiary undertaking of Bibby Line Group Limited, a company also registered in England. Bibby Line Group Limited is the parent undertaking of the smallest and largest group which consolidates these accounts and of which the Company is a member.

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