

SIGNED

BIBBY TRADE FINANCE LIMITED

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2003**



BIBBY TRADE FINANCE LIMITED

IMMEDIATE PARENT UNDERTAKING

Bibby Financial Services Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

David Albert Robertson
Stuart Relton - Managing Director
Ian Downing
Hugh Francis

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ
www.bibbyfinancialservices.com

Incorporated in England & Wales
Registration No. 3530463

AUDITORS

KPMG LLP
8 Princes Parade
St. Nicholas Place
Liverpool
L3 1QJ

BIBBY TRADE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their Report together with the Audited Financial Statements for the year ended 31 December 2003.

SHARE CAPITAL

On 31 July 2003, 500,000 Ordinary shares of £1 were subscribed for by and allotted to the parent undertaking at par.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of transaction based trade finance.

REVIEW OF BUSINESS

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

The Company continued to make progress with the level of business increasing substantially as has profitability.

Based on the Company's financial projections, the directors expect that the Company's profitability will increase in the current financial year.

DIVIDENDS

The directors do not propose to pay a dividend.

DIRECTORS AND THEIR INTERESTS

The directors during the year were:

David Albert Robertson - Chairman
Stuart Relton - Managing Director
Ian Downing
Hugh Francis

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 D. A. Robertson in the shares of Bibby Line Group Limited are disclosed in the directors' report of that company.

BIBBY TRADE FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

AUDITORS

On 2 July 2003 PricewaterhouseCoopers resigned as auditors following the transfer of substantially all of their business to a limited liability partnership and the Directors filled the casual vacancy so arising by appointing PricewaterhouseCoopers LLP. On 28 November 2003 PricewaterhouseCoopers LLP resigned and the Directors filled the casual vacancy so arising by appointing KPMG LLP.

In accordance with the Companies Act 1985 the directors have passed an elective resolution to dispense with the annual appointment of auditors, the holding of Annual General Meetings and the laying of accounts at the Annual General Meeting. KPMG LLP have expressed their willingness to remain in office.

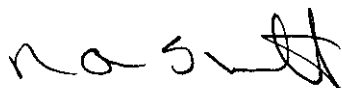
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. In preparing those 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 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

22 March 2004

KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors report to the members of Bibby Trade Finance Limited

We have audited the financial statements on pages 5 to 15.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

22 March 2004

BIBBY TRADE FINANCE LIMITED

PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2003

| | Note | 2003 £ | 2002 £ |
|---|------|--------------------|--------------------|
| Turnover | 2 | 1,659,139 | 1,300,248 |
| Operating costs - administration | | <u>(1,115,588)</u> | <u>(1,088,557)</u> |
| Operating profit | | 543,551 | 211,691 |
| Interest receivable | | 5,573 | - |
| Interest payable | 3 | <u>(166,388)</u> | <u>(112,702)</u> |
| Profit on ordinary activities before taxation | 4 | 382,736 | 98,989 |
| Taxation | 5 | <u>(104,900)</u> | <u>(25,700)</u> |
| Amount transferred to reserves | 11 | <u>277,836</u> | 73,289 |

There are no recognised gains or losses in 2003 or 2002 other than those dealt with in the profit and loss account.

Turnover and profit on ordinary activities all derive from the provision of transaction based finance.

There is no difference between the profit stated above, and its historical cost equivalent.

The notes on pages 7 to 15 form part of these financial statements.

BIBBY TRADE FINANCE LIMITED

BALANCE SHEET
31 DECEMBER 2003

| | Note | 2003 £ | 2002 £ |
|---|------|--------------------|--------------------|
| FIXED ASSETS: | | | |
| Tangible assets | 6 | <u>22,899</u> | <u>33,176</u> |
| CURRENT ASSETS: | | | |
| Debtors | 7 | 6,645,692 | 3,670,165 |
| Cash at bank and in hand | | <u>229,334</u> | <u>333,762</u> |
| | | 6,875,026 | 4,003,927 |
| Creditors (amounts falling due within one year) | 8 | <u>(4,340,509)</u> | <u>(2,257,523)</u> |
| Net current assets | | <u>2,534,517</u> | <u>1,746,404</u> |
| Total assets less current liabilities | | <u>2,557,416</u> | <u>1,779,580</u> |
| CAPITAL AND RESERVES: | | | |
| Called up share capital | 10 | 2,000,000 | 1,500,000 |
| Profit and loss account | 11 | <u>557,416</u> | <u>279,580</u> |
| Equity shareholders' funds | 12 | <u>2,557,416</u> | <u>1,779,580</u> |

Approved by the Board on 22 March 2004



I. Downing
Director

The notes on pages 7 to 15 form part of these financial statements.

1. ACCOUNTING POLICIES

Accounting basis

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

Fixed assets

Fixed assets are included at cost less accumulated depreciation.

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

- office equipment - over 3-5 years

Deferred taxation

Deferred tax is provided at current rates on a non-discounted basis, on all timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

Pension costs

The Company participates in the Bibby Line Group Limited defined benefit pension scheme. However, as it is not possible to separately identify the Company's assets and liabilities from the scheme, pension charges are accounted for as a defined contribution scheme and charged as incurred.

The Company also participates in a defined contribution scheme. Payments to the scheme are charged as incurred.

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 with group companies, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at closing rates.

Letters of credit

Unpresented letters of credit at the balance sheet date are shown as a contingent liability.

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

1. ACCOUNTING POLICIES/continued

Income recognition

The administration fee is recognised in the profit and loss account at the time the transactions are finance. Other fees are normally recognised in the profit and loss account at the time the charge is made. However, where fees are charged in respect of non-performing debt, the proportion credited to the profit and loss account is limited to the extent that total recoveries will exceed the debt outstanding.

Bad debts

Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made for losses not specifically identified based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in administration expenses.

2. TURNOVER

Turnover, which is derived from within the United Kingdom, comprises amounts receivable as a result of providing transaction based finance. Income is earned on the provision of short term credit finance for customers. The Company purchases goods on behalf of, and/or sells them, to, its customers. The value of new transactions financed during the year was £35,528,880 (2002 - £24,871,000).

3. INTEREST PAYABLE

| | 2003 £ | 2002 £ |
|--|----------------|----------------|
| Interest on loans wholly payable within five years | - | 46,438 |
| Payable to parent undertaking | <u>166,388</u> | <u>66,264</u> |
| | <u>166,388</u> | <u>112,702</u> |

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

| | 2003 £ | 2002 £ |
|-----------------------------|---------------|---------------|
| Staff costs: | | |
| - wages and salaries | 329,153 | 319,682 |
| - social security costs | 34,048 | 29,739 |
| - pension costs | 21,331 | 14,670 |
| Hire of plant and equipment | 34,035 | 26,312 |
| Rental of properties | 16,201 | 15,515 |
| Auditors' fees and expenses | 3,000 | 3,000 |
| Depreciation | <u>16,205</u> | <u>23,323</u> |

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

5. TAXATION

| | 2003 £ | 2002 £ |
|---|----------------|---------------|
| Amount payable in respect of group relief | 108,000 | 40,000 |
| Deferred tax credit (note 9) | (3,100) | (14,300) |
| | <u>104,900</u> | <u>25,700</u> |

Factors affecting the tax charge for the year:

The current tax charge is lower than the anticipated charge. The anticipated charge is based on the average rate of tax (weighted in proportion to accounting profit) across the group.

The differences are explained as follows:

| | 2003 £ | 2002 £ |
|--|----------------|---------------|
| Profit on ordinary activities before taxation | <u>382,736</u> | <u>98,989</u> |
| Profit on ordinary activities multiplied by the weighted average rate of tax of 30% (2002 - 30%) | 114,821 | 29,697 |
| Effects of: | | |
| Group relief not paid for | (12,152) | (4,421) |
| Depreciation in excess of capital allowances | 1,112 | 3,029 |
| Other timing differences | 2,040 | 9,960 |
| Expenses not deductible for tax purposes | <u>2,179</u> | <u>1,735</u> |
| Current tax charge for the year | <u>108,000</u> | <u>40,000</u> |

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

6. TANGIBLE ASSETS

| | Office Equipment £ |
|------------------------------------|--------------------------|
| Cost | |
| At 1 January 2003 | 112,235 |
| Additions for the year | 8,066 |
| Disposals | (2,872) |
| At 31 December 2003 | 117,429 |
| Accumulated Depreciation | |
| At 1 January 2003 | 79,059 |
| Disposals | (734) |
| Charge for the year | 16,205 |
| At 31 December 2003 | 94,530 |
| Net book value at 31 December 2003 | 22,899 |
| Net book value at 31 December 2002 | 33,176 |

7. DEBTORS

| | 2003 £ | 2002 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 6,514,198 | 3,475,026 |
| Prepayments and accrued income | 111,205 | 178,071 |
| Amounts owed by group undertakings | 889 | 768 |
| Deferred taxation (note 9) | 19,400 | 16,300 |
| | <u>6,645,692</u> | <u>3,670,165</u> |

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

8. CREDITORS

| | 2003 £ | 2002 £ |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Bank overdraft and short term loans | 2,381,039 | 836,296 |
| Trade creditors | 1,616,533 | 104,929 |
| Amount owed to ultimate parent undertaking | 108,000 | 40,000 |
| Amount owed to other Group undertakings | 63,991 | 1,112,802 |
| Taxation and social security | 92,315 | 123,186 |
| Accruals and deferred income | <u>78,631</u> | <u>40,310</u> |
| | <u>4,340,509</u> | <u>2,257,523</u> |

The bank overdrafts are part of a bank facility which is secured by a fixed and floating charge over the assets of the Company with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under factoring agreements. The bank facility is also secured by cross guarantees of the companies set out in note 15.

The bank overdrafts and intercompany loans carry interest rates that vary with base rates.

9. DEFERRED TAXATION ASSET

| | 2003 £ | 2002 |
|---------------------------------|---------------|---------------|
| As at 1 January | 16,300 | 2,000 |
| Profit and loss credit (note 5) | <u>3,100</u> | <u>14,300</u> |
| As at 31 December | <u>19,400</u> | <u>16,300</u> |

The amounts of deferred taxation recognised at 30% (2002 - 30%) are as follows:

| | 2003 £ | 2002 £ |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 4,400 | 3,300 |
| Other timing differences | <u>15,000</u> | <u>13,000</u> |
| | <u>19,400</u> | 16,300 |

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

10. CALLED UP SHARE CAPITAL

| | 2003 £ | 2002 £ |
|---------------------------------|------------------|------------------|
| Allotted and fully paid: | | |
| Ordinary shares of £1 each | <u>2,000,000</u> | 1,500,000 |
| Authorised: | | |
| Ordinary shares of £1 each | <u>2,000,000</u> | <u>2,000,000</u> |

11. RESERVES

| | Profit & Loss Account £ |
|---|-------------------------------|
| At 1 January 2003 | 279,580 |
| Amount transferred to reserves for the financial year | <u>277,836</u> |
| At 31 December 2003 | 557,416 |

12. MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2003 £ | 2002 £ |
|-------------------------------|------------------|------------------|
| Profit for the financial year | 277,836 | 73,289 |
| New share capital subscribed | 500,000 | - |
| Opening shareholders' funds | <u>1,779,580</u> | <u>1,706,291</u> |
| Closing shareholders' funds | <u>2,557,416</u> | <u>1,779,580</u> |

13. DIRECTORS' EMOLUMENTS

| | 2003 £ | 2002 £ |
|----------------------------|----------------|----------------|
| The total emoluments were: | | |
| emoluments | 130,957 | 109,502 |
| pension contributions | <u>13,916</u> | <u>10,530</u> |
| | <u>144,873</u> | <u>120,032</u> |

Pension contributions were made in respect of two (2002 - two) of the Company's Directors to a defined benefit scheme.

BIBBY TRADE FINANCE LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

14. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2003 (2002 - Nil).

15. GUARANTEE

The Company has guaranteed the banking facilities of its fellow group undertakings:

Bibby Asset Finance Limited
Bibby Factors Bedford Limited
Bibby Factors Bristol Limited
Bibby Factors International Limited
Bibby Factors Leicester Limited
Bibby Factors Limited
Bibby Factors Manchester Limited
Bibby Factors Northeast Limited
Bibby Factors Northwest Limited
Bibby Factors Polska Sp. z o.o.
Bibby Factors Scotland Limited
Bibby Factors Slough Limited
Bibby Factors Sussex Limited
Bibby Factors Wessex Limited
Bibby Factors West Midlands Limited
Bibby Factors Yorkshire Limited
Bibby Financial Services Australia Pty Limited
Bibby Financial Services (CA) Limited
Bibby Financial Services (Holdings) Inc.
Bibby Financial Services Inc.
Bibby Financial Services Limited
Bibby Group of Factors Limited
Bibby Invoice Discounting Limited

| | 2003 £ | 2002 £ |
|-------------------------------|------------------|------------------|
| Unpresented letters of credit | <u>1,529,760</u> | <u>1,238,641</u> |

Letters of credit issued to overseas suppliers of the Company's customers are shown as contingent liabilities until the terms of those letters of credit are fulfilled.

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

16. PARTICULARS OF EMPLOYEES

| | 2003 | 2002 |
|---|------|------|
| The average number of persons employed by the Company during the period was | 10 | 11 |

All employees are engaged in providing transaction-based finance.

17. PENSION COSTS

The Company participates in the Bibby Line Group Pension Scheme (the “**Scheme**”), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2002 using the projected unit method and showed the Scheme to be 88% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Company over the financial year to this Scheme have been £13,915 (2002 - £10,530), equivalent to 14½% (2002 - 12%) of pensionable pay.

Since 1st April 2000, the Company has participated in the Bibby Line Group Money Purchase Pension Plan (the “**Plan**”), which is a defined contribution scheme for new employees. The contributions made by the Company over the financial year to the Plan have been £7,416 (2002 - £4,140).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2002 - £Nil).

FRS17 Disclosures

As noted above and under accounting policies (note 1) the Company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £8,669,000 (2002 - £9,091,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

18. OPERATING LEASE COMMITMENTS

| | 2003 £ | 2002 £ |
|---|---------------|---------------|
| Annual commitments under operating leases which expire: | | |
| Within one year: | | |
| - motor vehicles | - | 9,479 |
| Within two to five years: | | |
| - motor vehicle | <u>24,678</u> | <u>16,196</u> |
| | <u>24,678</u> | <u>25,675</u> |

19. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary undertaking of Bibby Financial Services Limited which is itself a wholly owned subsidiary undertaking of Bibby Line Group Limited. 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 financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).