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BIBBY INTERNATIONAL SERVICES GROUP LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2003**



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BIBBY INTERNATIONAL SERVICES GROUP LIMITED

PARENT UNDERTAKING

Bibby Line Limited

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Martyn Philip Howard
Jonathan Osborne
Howard Dennis Woodcock

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ
www.bibbyline.co.uk

Incorporated in England and Wales
Registered No. 3902499

AUDITORS

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report together with the financial statements for the year ended 31 December 2003.

ACTIVITIES AND DEVELOPMENT OF BUSINESS

The Company's principal activity is the provision of marine officers and ratings.

The result for the year is set out in the profit and loss account. The directors consider the financial position of the company at 31 December 2003 to be satisfactory, given the continued financial support of the parent company. The directors do not anticipate any major changes to the company's trading activities in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

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

Mark Alfred Preece	- appointed 24 February 2003
Howard Dennis Woodcock	- appointed 9 June 2003
Martyn Philip Howard	
Jonathan Osborne	
Michael James Bibby	- resigned 24 February 2003
Rodolfo Militante Fernandez	- resigned 24 February 2003
John Stewart Whewell Hogarth	- resigned 9 June 2003
Dinesh Gautama	- resigned 11 December 2003

Since the year end, on 31 January 2004, M. A. Preece resigned as a director of the Company.

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 M. J. Bibby in the shares of Bibby Line Group Limited are disclosed in the directors' report of that company.

The interests of the other directors in the shares of Bibby Line Group Limited was as follows:-

	31 December 2003 Beneficial	31 December 2002 Beneficial
J. S. W. Hogarth £1,000 Ordinary Shares	1	1

BIBBY INTERNATIONAL SERVICES GROUP 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.

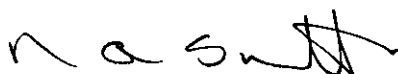
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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

31 March 2004



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors report to the members of Bibby International Services Group Limited

We have audited the financial statements on pages 5 to 10.

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 3, 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 loss 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

31 March 2004

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2003

	Note	2003 US\$	2002 US\$
Administration expenses		(32,933)	(360,918)
Dividends received		<u>-</u>	<u>289,800</u>
Loss on ordinary activities before taxation	2	(32,933)	(71,118)
Taxation on loss on ordinary activities	3	<u>(67,511)</u>	<u>(66,553)</u>
Retained loss for the financial year	8	<u>(100,444)</u>	<u>(137,671)</u>

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

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

The notes on pages 7 to 10 form part of these financial statements.

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

BALANCE SHEET AS AT
31 DECEMBER 2003

	Note	2003 US\$	2002 US\$
FIXED ASSETS			
Investments	4	<u>268,464</u>	<u>268,464</u>
CURRENT ASSETS			
Debtors	5	76,565	435,961
Cash at bank		<u>1,190</u>	<u>2,850</u>
		<u>77,755</u>	<u>438,811</u>
CURRENT LIABILITIES			
Creditors (amounts falling due within one year)	6	(470,735)	(731,347)
Net current liabilities		(392,980)	(292,536)
Total assets less current liabilities		(124,516)	(24,072)
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account	8	(124,616)	(24,172)
Equity shareholders' funds	9	(124,516)	(24,072)

Approved by the Board on 31 March 2004



J. Osborne
Director

The notes on pages 7 to 10 form part of these financial statements.

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Accounting basis

The financial statements are stated in US Dollars. They have been prepared under historical cost accounting conventions and have been prepared in accordance with applicable Accounting Standards on a consistent basis.

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 in any event for not less than 12 months from the date on which the Directors approve the accounts.

Cash flows

A statement of Group cash flows has been included in the consolidated accounts presented by the parent undertaking. Accordingly, no statement is presented in 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 and a statement of substantial shareholdings in Bibby Line Group Limited are included in that company's consolidated financial statements.

Investments

Investments are stated at cost less any provision for impairment in value.

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.

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.

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging the following amounts:

	2003 US\$	2002 US\$
Depreciation	-	8,092
Wages and salaries	-	184,471
Social security costs	-	11,091
Pension costs	-	<u>29,450</u>

Auditors' remuneration is borne by the parent company.

3. TAXATION ON LOSS ON ORDINARY ACTIVITIES

	2003 US\$	2002 US\$
The taxation credit comprises:		
Amount payable in respect of group relief	(67,511)	(66,553)
Current tax credit	(67,511)	(66,553)

Factors affecting the tax charge for the year:

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

The differences are explained as follows:

	2003 US\$	2002 US\$
Loss on ordinary activities before taxation	(32,933)	(71,118)
Loss on ordinary activities multiplied by the rate of tax of 30% (2002 - 30%)	(9,880)	(21,335)
<i>Effects of:</i>		
Capital allowances in excess of depreciation	(2,048)	(2,371)
Group relief not paid for	(7,501)	168,619
Timing differences of dividend receipt	<u>86,940</u>	<u>(78,360)</u>
Current tax credit for the year	<u>67,511</u>	<u>66,553</u>

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

4. INVESTMENTS

	2003	2002
	US\$	US\$
Cost:		
At 1 January and 31 December	<u>268,464</u>	<u>268,464</u>

	Country of Incorporation
Wholly owned subsidiaries at cost:	
Bibby International Services Limited	Cayman Islands
Bibby International Services (India) Pvt Limited	India
Bibby International Services Philippines Inc.	Philippines

The Company is exempt under s228 of the Companies Act 1985 from the requirement to prepare consolidated accounts. Accordingly, financial information is presented about the Company as an individual undertaking.

The directors consider the market value of the investments to be not less than the book value.

5. DEBTORS	2003	2002
	US\$	US\$
Amounts owed by group undertakings	<u>76,565</u>	<u>435,961</u>

6. CREDITORS	2003	2002
(Amounts falling due within one year)	US\$	US\$
Amounts owed to group undertakings	470,735	721,684
Accruals and deferred income	<u>-</u>	<u>9,663</u>
	<u>470,735</u>	<u>731,347</u>

7. CALLED UP SHARE CAPITAL	2003	2002
	US\$	US\$
Allotted and fully paid:		
Ordinary shares of US\$1 each	<u>100</u>	<u>100</u>
Authorised:		
Ordinary shares of US\$1 each	<u>100,000</u>	<u>100,000</u>

BIBBY INTERNATIONAL SERVICES GROUP LIMITED

NOTES TO THE ACCOUNTS FOR THE

8. PROFIT AND LOSS ACCOUNT

	US\$
At 31 December 2002	(24,172)
Loss for the year	<u>(100,444)</u>
At 31 December 2003	<u>(124,616)</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2003 US\$	2002 US\$
Opening deficit in shareholders' funds	(24,072)	113,599
Loss for the financial year	<u>(100,444)</u>	<u>(137,671)</u>
Closing deficit in shareholders' funds	<u>(124,516)</u>	<u>(24,072)</u>

10. EMOLUMENTS OF DIRECTORS

Aggregate emoluments paid to directors during the year were US\$Nil (2002 - US\$92,125).

In addition, US\$Nil (2002 - US\$19,189) was paid to a money purchase pension scheme on behalf of a previous director.

11. PARTICULARS OF EMPLOYEES

The number of employees other than directors during the period was Nil (2002 - 2).

12. PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Line Limited, which is a wholly owned subsidiary of Bibby Line Group Limited, the ultimate parent undertaking, a company incorporated in the United Kingdom.

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 Group financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).