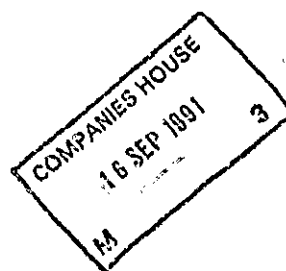


lao SUBSEA LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1990

---



P.O. SUBSEA LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and accounts of the Company for the year ended 31 December 1990.

The Company did not trade during the year.

The directors during the year were:

J M Crossman  
N J Monteith  
M Owen

According to notifications received by the Company relating to the interests of the directors and their families in the share capital and debentures of group companies, there were the following interests in the stock of the ultimate holding company, The Peninsular and Oriental Steam Navigation Company:

	Deferred Stock		Warrants		Deferred Stock under option granted during the year
	31 Dec 90	31 Dec 89	31 Dec 90	31 Dec 89	
J M Crossman	1,449	921	19	19	482
N J Monteith	651	243	-	-	9,316
M Owen	1,987	1,649	84	84	482

In addition M Owen, at 31 December 1990 and 1989, had an interest in £866 6.75% convertible stock and £600 5.5% concessionary stock.

79 Pall Mall  
London SW1Y 5EJ

26 March 1991

On behalf of the Board

*M. Owen*

M OWEN  
Director

Pen Subsea

LIMITED

BALANCE SHEET AT 31 DECEMBER 1990

	NOTE	31 Dec 1990	31 Dec 1989
<b>CURRENT ASSETS</b>			
Amount owed by fellow subsidiary		£ 35,522 =====	£ 35,522 =====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2	1,000	1,000
Share premium account		-	-
Capital reserve		-	-
Profit and loss account		(9,665,478) (9,664,478)	(9,665,478) (9,664,478)
<b>CREDITORS (due within one year)</b>			
Loan stock owed to fellow subsidiary	4	9,700	9,700
Loan stock owed to holding company	4	9,690,300	9,690,300
Within the meaning of Section 250 of the Companies Act 1985 the Company was dormant throughout the year			

*M. Owen*  
M OWEN

*N J Monteith*  
N J MONTEITH

Directors  
26 March 1991

£ 35,522 =====	£ 35,522 =====
-------------------	-------------------

**NOTES**

1 The Company has not traded during the year nor the preceding year, has received no income, has incurred no expenditure and consequently has made neither a profit nor a loss.

2 Share capital, authorised, allotted, called up and fully paid at 31 December 1989 and 1990 was:

		Authorised	Called up
Ordinary shares of	£1 each	£ 1000	£ 1000
		=====	=====

- 3 The Company's ultimate holding company is The Peninsular and Oriental Steam Navigation Company, incorporated by Royal Charter in Great Britain and therefore not registered. Its accounts are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.
- 4 The secured loan stock is held by the ultimate holding company and a fellow subsidiary company and bears interest at a rate determined from time to time by the directors. The rate in 1990 was nil (1989: nil).
- D