

TRIBERT TANKERS LONDON LIMITED

COMPANY REGISTRATION NO. 943591

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998



TRIBERT TANKERS LONDON LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1998.

Principal activity and review of business:

The company did not trade during the year.

The results of the company are disclosed on page 5. The profit for the year has been transferred to reserves. The directors do not recommend the payment of a dividend for the year ended 31 December 1998 (1997 - £nil).

Directors and directors' interests:

The directors who held office during the year were:

R M Gradon
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			Deferred Stock under option		
	1998	1997	1998	Granted in year	Exercised in year	1997
N J Monteith	4,085	3,716	21,978	4,700	8,826	26,104
M Owen	16,545	15,443	7,642	7,200	5,587	6,029

In addition M Owen had an interest in £600 5.5% concessionary stock, at 31 December 1998 and 1997.

On 10 June 1998 R M Gradon was appointed to the board of directors of the ultimate holding company, The Peninsular and Oriental Steam Navigation Company, of which this company is a wholly owned subsidiary. His interests in shares and debentures of group companies from the date of his appointment along with his awards under the P&O Long Term Incentive Plan are disclosed in the directors' report of that company. At 31 December 1997 he had an interest in £10,107 deferred stock of that company and £28,330 deferred stock under option.

Under section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

TRIBERT TANKERS LONDON LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Year 2000 Compliance

The directors are aware of the risks and uncertainties associated with the Year 2000 although it is not anticipated that the impact on the company will be significant. The company does not expect to incur any costs in connection with the Year 2000 issue.

79 Pall Mall
London
SW1Y 5EJ

18 August 1999

On behalf of the Board



M OWEN
Director

TRIBERT TANKERS LONDON LIMITED

**DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
PREPARATION OF THE ACCOUNTS**

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the report of the auditors on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts on pages 5 to 8, the directors are required to select appropriate accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and state whether all accounting standards which they consider to be applicable have been followed. The directors are also required to use a going concern basis in preparing the accounts unless this is inappropriate.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
TRIBERT TANKERS LONDON LIMITED

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

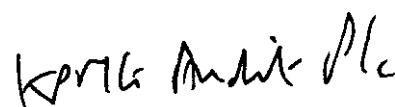
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
18 August 1999



KPMG Audit Plc
Chartered Accountants
Registered Auditor

TRIBERT TANKERS LONDON LIMITED**PROFIT AND LOSS ACCOUNT****FOR YEAR ENDED 31 DECEMBER 1998**

	Notes	1998 £	1997 £
Exchange gain/(loss)		143,952	(486,309)
Profit/(loss) on ordinary activities before and after taxation	8	<u>143,952</u>	<u>(486,309)</u>

The company has no recognised gains or losses other than those detailed above. All of the above transactions relate to discontinued business activities. A statement of the movements in reserves and shareholders' funds is included within note 8 to the financial statements.

TRIBERT TANKERS LONDON LIMITEDBALANCE SHEET AT 31 DECEMBER 1998

	Notes	1998 £	1997 £
CURRENT ASSETS			
Debtors: due after more than one year	5	1,397,530	1,397,530
Creditors: amounts falling due within one year	6	(318,916)	(322,599)
NET CURRENT ASSETS		<u>1,078,614</u>	<u>1,074,931</u>
Creditors: amounts falling due after more than one year	6	(12,144,329)	(12,284,598)
NET LIABILITIES		<u>(11,065,715)</u>	<u>(11,209,667)</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Other reserves	8	8,795,211	8,651,259
Profit and loss account	8	(19,861,026)	(19,861,026)
EQUITY SHAREHOLDERS FUNDS		<u>(11,065,715)</u>	<u>(11,209,667)</u>

These financial statements were approved by the Board of Directors on 18 August 1999 and were signed on its behalf by N J Monteith.



N J MONTEITH
Director

TRIBERT TANKERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. **PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies that have been adopted in preparation of these financial statements are given below.

Basis of preparation of financial statements

- (i) The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards and are presented in pounds sterling.
- (ii) The financial statements have been drawn up on a going concern basis as the ultimate parent company has undertaken to continue to support the company and its activities.
- (iii) Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of a company which has produced a group cash flow statement in accordance with the provisions of the standard.
- (iv) Transactions in foreign currencies are translated into sterling at the exchange rate in operation at the date of the transaction, or where appropriate at contracted forward rates. Monetary assets and liabilities denominated in foreign currencies are translated at closing rates ruling at the balance sheet date. All translation differences and realised foreign exchange differences are taken to the profit and loss account.

2. **AUDITORS' REMUNERATION**

Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to this company (1997 - nil).

3. **DIRECTORS' REMUNERATION**

The directors do not receive any remuneration for their services to the Company; their emoluments for work within the group are paid by other group companies and are dealt with in the accounts of those companies (1997 - nil).

4. **STAFF COSTS**

The Company had no employees during the year (1997 - nil).

5. **DEBTORS**

<u>Due after more than one year</u>	1998	1997
	£	£
Amounts owed by parent and fellow subsidiary undertakings	1,397,530	1,397,530
	<hr/>	<hr/>

TRIBERT TANKERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. **CREDITORS**

Amounts falling due within one year	1998 £	1997 £
Amounts owed to previously connected companies	318,916	322,599
	<hr/>	<hr/>

Amounts falling due after more than one year	1998 £	1997 £
Amounts owed to parent and fellow subsidiary undertakings	12,144,329	12,284,598
	<hr/>	<hr/>

The amount of £12,144,329 (1997 - £12,284,598) is subordinated to the claims of all other creditors, except for those loans from a previously connected company as referred to above.

The above liabilities are interest free and have no set repayment date.

7. **SHARE CAPITAL**

	1998 £	1997 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. **EQUITY SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and loss account £	Foreign exchange reserves £	Total £
Balance at 1 January 1998	100	(19,861,026)	8,651,259	(11,209,667)
Movement in the year	-	143,952	-	143,952
Transfer of exchange	-	(143,952)	143,952	-
Balance at 31 December 1998	<hr/> 100 <hr/>	<hr/> (19,861,026) <hr/>	<hr/> 8,795,211 <hr/>	<hr/> (11,065,715) <hr/>

9. **ULTIMATE PARENT COMPANY**

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.

The company is a wholly owned subsidiary of The Peninsular and Oriental Steam Navigation Company and as such, the company has taken advantage of the exemption available under Financial Reporting Standard 8, not to disclose transactions with other group companies.