

TRIBERT TANKERS LONDON LIMITED

COMPANY REGISTRATION NO. 943591

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



TRIBERT TANKERS LONDON LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activity and review of business:

The company did not trade during the year.

The results of the company are disclosed on page 4. 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 1997 (1996 - £nil).

Directors and directors' interests:

The directors who held office during the year were:

K W Timmermann	(resigned 1 July 1997)
J H Beazley	(resigned 1 July 1997)
I R Shirreff	(resigned 1 July 1997)
R M Gradon	(appointed 1 July 1997)
N J Monteith	(appointed 1 July 1997)
M Owen	(appointed 1 July 1997)

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			
	1997	At appointment	1997	Granted in year	Exercised in year	At appointment
R M Gradon	10,107	5,897	63,284	3,330	-	59,954
N J Monteith	3,716	2,771	24,903	-	884	25,787
M Owen	15,443	11,918	6,029	-	3,083	9,112

In addition M Owen had an interest in £600 5.5% concessionary stock, at 31 December 1997 and 1996.

R M Gradon is a member of the P&O Long Term Incentive Plan and on 27 March 1998, under the scheme, he was awarded £14,764 of deferred stock receivable after a retention period of two years.

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.

79 Pall Mall
London
SW1Y 5EJ

On behalf of the Board



M OWEN
Director

21 July 1998

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 3, 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 4 to 7, the directors are required to select appropriate accounting policies, 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 4 to 7.

Respective responsibilities of directors and auditors

As described on page 2 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 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
21 July 1998

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

TRIBERT TANKERS LONDON LIMITEDPROFIT AND LOSS ACCOUNTFOR YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
Exchange (loss)/gain		(486,309)	1,233,164
(Loss)/profit on ordinary activities before and after taxation	8	<u>(486,309)</u>	<u>1,233,164</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 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors: due after more than one year	5	1,397,530	1,397,530
Creditors: amounts falling due within one year	6	(322,599)	(310,155)
NET CURRENT ASSETS		1,074,931	1,087,375
Creditors: amounts falling due after more than one year	6	(12,284,598)	(11,810,733)
NET LIABILITIES		(11,209,667)	(10,723,358)
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Other reserves	8	8,651,259	9,137,568
Profit and loss account	8	(19,861,026)	(19,861,026)
Equity stockholders funds		(11,209,667)	(10,723,358)

These financial statements were approved by the Board of Directors on 21 July 1998 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 (1996 - 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 (1996 - nil).

4. STAFF COSTS

The Company had no employees during the year (1996 - nil).

5. DEBTORS

<u>Due after more than one year</u>	1997 £	1996 £
Amounts owed by parent and fellow subsidiary undertakings	1,397,530	1,397,530

TRIBERT TANKERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. CREDITORS

Amounts falling due within one year	1997 £	1996 £
Amounts owed to previously connected companies	322,599	310,155

Amounts falling due after more than one year	1997 £	1996 £
Amounts owed to parent and fellow subsidiary undertakings	12,284,598	11,810,733

The amount of £12,284,598 (1996 - £11,810,733) 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

	1997 £	1996 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	100	100

8. SHAREHOLDERS' FUNDS

	Share Capital £	Profit and loss account £	Foreign exchange reserves £	Total £
Balance at 1 January 1997	100	(19,861,026)	9,137,568	(10,723,358)
Movement in the year	-	(486,309)	-	(486,309)
Transfer of exchange		486,309	(486,309)	-
Balance at 31 December 1997	100	(19,861,026)	8,651,259	(11,209,667)

All of the shareholder's funds are equity.

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.