

INDEXREAL LIMITED

COMPANY REGISTRATION NUMBER 2251705

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 1994



KPMG

8 SALISBURY SQUARE, LONDON, EC4Y 8BB

INDEXREAL LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the financial statements for the year ended 31 December 1994.

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 for that period. In preparing those financial statements, 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 maintaining proper accounting records which disclose with reasonable accuracy at any time 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity is that of an investment holding company. During the year and the preceding year no dividends or other income was received from the company's investments and consequently the company made neither a profit nor a loss.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December, 1994 (1993:£Nil).

DIRECTORS

The directors who held office during the year were:

K.W. Timmermann	Chairman
J.H. Beazley	appointed 25 November 1994
S.M. Bishop	resigned 25 November 1994
G.J. Chalk	resigned 31 March 1994
J.D. Hicks	resigned 29 April 1994
H.S. Hungin	appointed 31 March 1994
R.P. Mountford	appointed 29 April 1994

INDEXREAL LIMITED

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS

According to the notifications received by the Company relating to the interests of the directors and their families in the share capital and debentures of group undertakings, none of the directors had any interest in the share capital of the company. The directors who held office at the end of the financial year had the following interests in the £1 Deferred Stock of the ultimate parent company, The Peninsular and Oriental Steam Navigation Company:

	£1 Deferred Stock		£1 Deferred Stock under Option	
	At date of appointment or		Granted	Exercised
	31 Dec 94	31 Dec 93	during the year	during the year
K.W. Timmermann	£11,253	£10,909	£17,500	-
J.H. Beazley	£227	£227(*)	£7,000	-

(*) At date of appointment

None of the other directors who held office at the end of the financial year had any disclosable interests in the Deferred Stock of the ultimate parent company.

AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



J H Beazley
Secretary
London Television Centre
58-72 Upper Ground
LONDON SE1 9NE

19 June 1995

REPORT OF THE AUDITORS

TO THE MEMBERS OF

INDEXREAL LIMITED

We have audited the financial statements on pages 4 to 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 affairs of the company at 31 December, 1994 and of its result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON

19 June 1995

INDEXREAL LIMITED
BALANCE SHEET
AS AT 31 DECEMBER, 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Investments	4	<u>1</u>	<u>1</u>
CURRENT ASSETS			
Debtors	5	100	100
Creditors: Amounts falling due within one year	6	<u>(1)</u>	<u>(1)</u>
NET CURRENT ASSETS		<u>99</u>	<u>99</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		100 ===	100 ===
CAPITAL AND RESERVES			
Called up share capital	7	100 ===	100 ===
Equity shareholders' funds		2	2
Non-equity shareholders' funds		<u>98</u>	<u>98</u>
Shareholders' funds		100 =====	100 =====

These financial statements were approved by the Board of Directors on 19 June 1995 and were signed on its behalf by:



J H Beazley

INDEXREAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards in the United Kingdom.

The company is exempt under S228 of the Companies Act 1985 from the requirement to prepare group accounts.

2. PROFIT AND LOSS ACCOUNT

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years, the company made neither a profit nor a loss and has no recognised gains nor losses.

3. (a) DIRECTORS' EMOLUMENTS

None of the directors received any remuneration from the company during the year, nor the preceding year.

(b) STAFF COSTS

The company does not employ any staff directly.

AUDITORS' REMUNERATION

(c) Auditors' remuneration is borne by a fellow subsidiary undertaking.

4. FIXED ASSET INVESTMENTS

	1994	1993
	£	£
Shares at cost at 1 January and 31 December	1	1
	===	===

The fixed asset investment represents the cost of the ordinary share capital of Tribert Tankers Limited, a company registered in England and Wales.

In the opinion of the directors the value of the investment is not less than the amount at which it is shown in the balance sheet. The subsidiary has ceased to trade.

On acquiring the subsidiary company in 1988, the Company was assigned, for a nominal sum, the benefit of a loan of US\$33 million due by the subsidiary. This amount was fully provided against on acquisition.

INDEXREAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd)

5. DEBTORS

	1994	1993
	£	£
Sundry debtors	100	100
	===	===

6. CREDITORS: Amounts falling due within one year

	1994	1993
	£	£
Other creditors	1	1
	===	===

7. SHARE CAPITAL

	1994	1993
	£	£
Authorised:		
902 Ordinary Shares of £1 each	902	902
2 "A" Ordinary Shares of £1 each	2	2
96 Participating Preference Shares of £1 each	96	96
	<u>1000</u>	<u>1000</u>
	=====	=====
	1994	1993
	£	£
Allotted, called up and fully paid:		
2 Ordinary Shares of £1 each	2	2
2 "A" Ordinary Shares of £1 each	2	2
96 Participating Preference shares of £1 each	96	96
	<u>100</u>	<u>100</u>
	===	===

Non-equity shareholders' funds comprise 96 participating preference shares of £1 each, and 2 "A" Ordinary Shares of £1 each.

INDEXREAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd)

The holders of the Participating Preference Shares are entitled to a non-cumulative fixed dividend of 10% per annum (excluding tax credit), subject to their entitlement to a pro rata distribution, with the holders of the Ordinary Shares, of any profits which the Company distributes not exceeding £7 million. On a winding up, they are entitled to the amount paid up on each share and the next £7 million of capital or assets, in priority to all other shareholders. There are no voting rights attached to the shares.

The holders of the "A" Ordinary Shares are entitled to a pro rata share of 1% of any profits which the Company may determine to distribute exceeding £7 million. On a winding up they are entitled to the amount paid up on each share.

8. ULTIMATE PARENT COMPANY

The ultimate parent company is the Peninsular and Oriental Steam Navigation Company, which is incorporated by Royal Charter in the United Kingdom. The results of Indexreal Limited are consolidated into the ultimate parent company, a copy of whose financial statements may be obtained from the following address:

The Registrar of Companies
Companies House
Crown Way
CARDIFF
CF4 3UZ