

Pandoro Limited

**Directors' report and financial
statements**

Registered number 444786

31 December 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

On 1 January 1999 the business and net assets were sold to P&O Ferrymasters Limited at net asset value. Since that date the company has not traded.

Dividend

The directors do not recommend the payment of a dividend. (2004: £Nil).

Directors and directors' interests

The directors who held office during the year were:-

J Bradshaw

B Belder

PJ Rogers

Director/Company Secretary (Appointed Company Secretary on 28th April 2006)

Company Secretary (Resigned 28th April 2006)

The directors who held office at the end of the 2005 financial year had the following interests in the share capital of the company's ultimate holding company, The Peninsular and Oriental Steam Navigation Company. None of the directors had any interest in the share capital of the company.

	Deferred ordinary shares of £1 each		Number of options during the year			At end of year	Exercise price £	Date from which exercisable	Expiry date
	2005	2004	At start of year	Granted	Exercised				
J Bradshaw	2,016	3,960	245,627	-	-	245,627	2.13	23/10/2003	29/09/2014
B Belder	-	-	69,200	-	-	69,200	2.08	23/10/2003	29/09/2014

*The exercise price shown is a weighted average of all outstanding options at 31 December 2005

The mid-market price of the deferred stock at 30 December 2005 was £4.6600 (2004: £2.9750). The highest mid-market price during the year was £4.9400 and the lowest mid-market price was £2.6500.

Following the purchase of P&O by Thunder FZE, a wholly owned subsidiary of Ports, Customs and Free Zone Corporation of Dubai, on 8th March 2006. The P&O stock was de-listed on 9th March 2006. Holders of Deferred Stock received, at their option, 520 pence per unit in cash or loan notes of equivalent value, and holders of Concessionary Stock received, at their option, either 120 pence per unit, or 100 pence per unit plus a Concessionary Unit providing continued rights to discounted ferry fares. Holders of Preferred Stock received £1 per unit of stock.

No director had any material interest in any contract with the company except as disclosed in this report and financial statements.

By order of the board


 John Bradshaw
 Director

Whitehouse Industrial Estate
 3 Goddard Road
 Ipswich
 IP1 5NP

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.



KPMG Audit Plc

6 Lower Brook Street
Ipswich
Suffolk IP4 1AP
United Kingdom

Independent auditors' report to the members of Pandoro Limited

We have audited the financial statements of Pandoro Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Shirley Audit Re

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8/12/06

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses	4		(1,100)
		<hr/>	<hr/>
Operating (loss)		-	(1,100)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		-	(1,100)
		<hr/>	<hr/>
Taxation	3	-	(1,584)
		<hr/>	<hr/>
Loss on ordinary activities after taxation for the financial year		-	(2,684)
		<hr/>	<hr/>
Retained loss for the financial year		-	(2,684)
		<hr/>	<hr/>

The company had no recognised gains or losses in the financial year or preceding year other than those dealt with in the profit and loss account.

The notes on pages 7 to 9 form part of these financial statements.

Balance sheet

at 31 December 2005

	Note	2005 £000	2004 £000
Fixed assets			
Investments	4	91	91
Current assets			
Debtors	5	5,110	5,110
		<u>5,110</u>	<u>5,110</u>
Creditors: amounts falling due within one year		<u>-</u>	<u>-</u>
Net current assets		5,110	5,110
Total assets less current liabilities		<u>5,201</u>	<u>5,201</u>
Net assets		<u>5,201</u>	<u>5,201</u>
Capital and reserves			
Called up share capital	6	3,000	3,000
Profit and loss account	7	2,201	2,201
Equity shareholder's funds	7	<u>5,201</u>	<u>5,201</u>

These financial statements were approved by the board of directors on 27/11/06 and were signed on its behalf by:


J Bradshaw
Director

The notes on pages 7 to 9 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently, except as noted below, in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain fixed assets.

Exemption from preparation of cash flow statement and group accounts

The results of the company are included in the consolidated accounts of The Peninsular and Oriental Steam Navigation Company, a company incorporated in Great Britain and registered in England and Wales. Accordingly, in accordance with Financial Reporting Standard 1 (revised) a cash flow statement for the company has not been prepared.

The company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts and deliver them to the Registrar of Companies.

The financial statements present information about the undertaking as an individual company and not about its group.

Related party transactions

The company's ultimate controlling party is considered by the directors to be The Peninsular and Oriental Steam Navigation Company. The directors have taken advantage of the exemption in Financial Reporting Standard 8 paragraph 3(c) and have not disclosed related party transactions with parent, fellow subsidiary and subsidiary undertakings.

2 Remuneration of directors

Details of directors' share options are set out in the directors' report on page 1.

The director's received no remuneration from the company (2004: nil).

3 Taxation

Analysis of charge in period

	2005 £000	£000	2004 £000	£000
<i>UK corporation tax</i>				
Adjustments in respect of prior periods	-		(1,584)	
Total current tax		-		(1,584)
Tax on profit on ordinary activities		-		(1,584)

Factors affecting the tax charge for the current period

Notes (continued)

3 Taxation (continued)

The current tax charge for the period is nil (2004: higher). The standard rate of corporation tax in the UK is 30% (2004: 30%). The differences are explained below.

	2005 £000	2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	(1,100)
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	-	(330)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	330
Adjustments to tax charge in respect of previous periods	-	(1,584)
	<hr/>	<hr/>
Total current tax charge (see above)	-	(1,584)
	<hr/>	<hr/>

4 Fixed assets investments

	2005 £000	2004 £000
Shares in subsidiary undertakings at cost at beginning of year	91	1,191
Write off investment in Transcontinental (Rosslare) Limited	-	(1,100)
	<hr/>	<hr/>
Shares in subsidiary undertakings at cost at end of year	91	91
	<hr/>	<hr/>

Company	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Drogheda Ferries Limited	Republic of Ireland	Transport	100% ordinary shares
Transcontinental (Rosslare) Limited	England	Dormant	100% ordinary shares

5 Debtors

	2005 £000	2004 £000
Long term debtor – Amounts falling due after more than 1 year	5,110	5,110
	<hr/>	<hr/>
	5,110	5,110

Notes (continued)

6 Called up share capital

	2005 £000	2004 £000
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	5,000	5,000
<i>Allotted, called up and fully paid</i>		
3,000,000 ordinary shares of £1 each	3,000	3,000

7 Reconciliation of movements in shareholder's funds

	Share capital £000	Profit and loss account £000	Total 2005 £000	Total 2004 £000
At beginning of year	3,000	2,201	5,201	7,885
Movement in year	-	-	-	(2,684)
At end of year	3,000	2,201	5,201	5,201

8 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of The Peninsular and Oriental Ferrymasters Holdings Limited incorporated in England and Wales.

From an operational perspective, the ultimate controlling company is Peninsular and Oriental Ferrymasters Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by the company's ultimate parent company The Peninsular and Oriental Steam Navigation Company incorporated in England and Wales, the consolidated accounts of which are available to the public and may be obtained from:

The Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff
CF4 3HZ

Subsequent to the year end on the 8th March 2006 The Peninsular and Oriental Steam Navigation Company was acquired by Thunder FZE, a wholly owned subsidiary of Ports, Customs and Free Zone Corporation of Dubai.