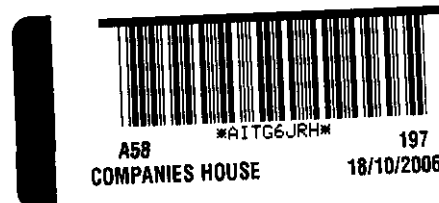


TOWBAR PROPERTIES LIMITED

REGISTERED NUMBER: 1110838

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2005



REPORT OF THE DIRECTORS

The directors present their annual report and accounts for the year ended 31 December 2005.

Principal activities and review of business

The Company was dormant during the year.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2005 (2004: £nil).

Directors and directors' interests:

The directors during the year were:

R M Gradon (resigned 30 June 2006)

P A Walker

D J Leonard (resigned 31 August 2006)

D A Shaw (appointed 30 June 2006)

M Moore (appointed 30 June 2006)

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			Closing balance 31/12/05
	2005	2004	Opening balance 01/01/05	Granted in year	Exercised in year	
PA Walker	55,359	37,933	160,560	-	-	160,560

In addition, during the year P A Walker was granted an award under the Performance Share Plan of £41,700 nominal of deferred stock, contingent on further performance.

R M Gradon was a director 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 and of his awards under the P&O Deferred Bonus and Co-Investment Matching Plan, the P&O Performance Share Plan and the P&O 2005 Matching Share Plan are disclosed in the directors' remuneration report included in the 2005 annual accounts of The Peninsular and Oriental Steam Navigation Company.

On behalf of the Board

16 Palace Street
London SW1E 5JQ



Secretary

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 £	2004 £
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	2	(244,059,921)	(244,059,921)
NET CURRENT LIABILITIES		<u>(244,059,921)</u>	<u>(244,059,921)</u>
TOTAL NET LIABILITIES		<u>(244,059,921)</u>	<u>(244,059,921)</u>
CAPITAL AND RESERVES			
Called up share capital	3	1,000	1,000
Capital reserve		(908,581)	(908,581)
Profit and loss account		(243,152,340)	(243,152,340)
Equity shareholders' deficit		<u>(244,059,921)</u>	<u>(244,059,921)</u>

- a) For the year ended 31 December 2005 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- b) Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
- c) The directors acknowledge their responsibility for:
- ensuring the company keeps accounting records which comply with section 221; and
 - preparing accounts 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 its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board on 11 October 2006 and were signed on its behalf by P A Walker



P A WALKER
Director

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2005

1 ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The company has not traded during the year nor the preceding year and thus no profit and loss account has been prepared.

2 CREDITORS

	2005	2004
	£	£
Amounts falling due within one year:		
Creditors	107,370,410	107,370,410
Amounts owed to fellow subsidiary	12,689,511	12,689,511
Unsecured loan stock	<u>124,000,000</u>	<u>124,000,000</u>
	<u>244,059,921</u>	<u>244,059,921</u>

The amount owed to fellow subsidiaries is interest free and repayable on demand. The unsecured loan stock is repayable on demand and bears a rate of interest that is determined from time to time. During the year to 31 December 2005 the interest rate was nil (2004 - nil).

3 CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised:		
750 A' Ordinary shares of £1 each	750	750
250 B' Ordinary shares of £1 each	<u>250</u>	<u>250</u>
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
750 A' Ordinary shares of £1 each	750	750
250 B' Ordinary shares of £1 each	<u>250</u>	<u>250</u>
	<u>1,000</u>	<u>1,000</u>

4 PARENT UNDERTAKING

The results of the company are included in the consolidated accounts of The Peninsular and Oriental Steam Navigation Company, its ultimate United Kingdom parent undertaking, a company incorporated by Royal Charter and therefore not registered, copies of whose accounts can be obtained from: The Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.

Subsequent to the year-end, on 8 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, Dubai.