

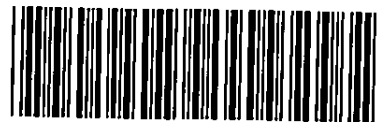
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VECTOR INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2007

MONDAY



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COMPANIES HOUSE

Registered No. 2693876

Directors

A L Howard FCA

R B Corser

Secretary

A L Howard FCA

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

Highlands

15 Vernon Road

Leigh-on-Sea

Essex

SS9 2NG

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2007.

Results and dividends

The loss for the year, after taxation, is £1,126,000 (2006: profit of £150,000). The directors are unable to recommend payment of a dividend.

Principal activity and review of business

The company's principal activity is the development of and investment in property.

Where appropriate, movements on reserves and net assets are set out in the financial statements. The directors, having made enquiries, consider that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they consider it appropriate to adopt the going concern basis in preparing the financial statements.

The company has taken advantage of the exemption for small companies under s246(4) and s247A(1b) of the Companies Act 1985 not to prepare a review of the business.

The company is a wholly owned subsidiary of Istithmar P&O Estates (UK) Limited. On 24 December 2007, ownership was transferred from P&O Steam Navigation Company to Istithmar P&O Estates (UK) Limited.

Principal risks and uncertainties

Price risk

Conditions in the UK property market are slowing down and this trend is expected to continue for the foreseeable future, particularly tenant and investor demand for commercial property. These represent uncertainties in the operating environment rather than risks which can be managed.

Outcome of legal case

The company is involved in a legal case with an old tenant, the result of which is uncertain.

Going concern

The company has net liabilities of £1,936,000. A fellow subsidiary undertaking, P&O Property Holdings Limited, has given a written undertaking that it will continue to support the company and its present activities. Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

DIRECTORS' REPORT

Directors

The directors of the company who held office during the year and up to the date of this report were as follows:

A L Howard FCA
R B Corser

Directors' Indemnity Insurance

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties.

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the directors' report.

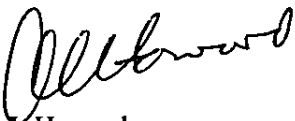
Disclosure of information to the auditors

So far as each person who was a director at the date of approving the audit report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP are auditors to the Company and a resolution is to be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act that they be re-appointed.

On behalf of the board



A L Howard
Secretary

24 November 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 judgements 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VECTOR INVESTMENTS LIMITED

We have audited the financial statements of Vector Investments Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 the section 235 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
VECTOR INVESTMENTS LIMITED (CONTINUED)**

Basis of audit opinion

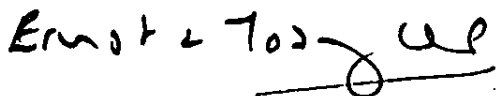
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
London

26 November 2008

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

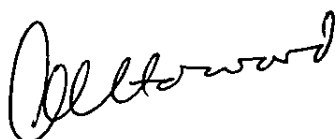
	Notes	2007 £'000	2006 £'000
Turnover	1	265	295
Administrative expenses		(4,004)	(665)
Release of accruals		-	207
Operating loss	2	<u>(3,739)</u>	<u>(163)</u>
Loss on ordinary activities before investment income, interest and taxation		(3,739)	(163)
Interest receivable		140	115
Loss on ordinary activities before taxation		<u>(3,599)</u>	<u>(48)</u>
Tax on loss on ordinary activities	3	2,473	198
(Loss)/profit on ordinary activities after taxation		<u><u>(1,126)</u></u>	<u><u>150</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £'000	2006 £'000
(Loss)/profit for the financial year	(1,126)	150
Revaluation surplus	-	395
Total recognised (losses)/gains relating to the year	<u><u>(1,126)</u></u>	<u><u>545</u></u>

BALANCE SHEET
AT 31 DECEMBER 2007

	Notes	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Investment property	4		2,400		2,400
Current assets					
Debtors	5	5,385		5,935	
Cash at bank and in hand		1,458		861	
		<u>6,843</u>		<u>6,796</u>	
Creditors: amounts falling due within one year					
	6	<u>11,179</u>		<u>10,006</u>	
			(4,336)		(3,210)
Net liabilities			<u>(1,936)</u>		<u>(810)</u>
Capital and reserves					
Called up share capital	8		18,350		18,350
Revaluation reserve	9		395		395
Profit and loss account	9		(20,681)		(19,555)
			<u>(1,936)</u>		<u>(810)</u>



A L Howard
Director

24-Nov-08

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Vector Investments Limited were approved for issue by the Board of Directors on 24 November 2008.

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties.

The financial statements are prepared in accordance with applicable UK accounting standards.

Going concern

The directors have received assurances from a fellow subsidiary undertaking that the company will be provided with sufficient financial support for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the company is a going concern.

Turnover

Turnover, which excludes value added tax, represents rents receivable. All turnover arises in the United Kingdom.

Investment property

Investment property has been included in the financial statements at directors' valuation and have not been depreciated. In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve, unless there is no surplus available from previous accounting periods to offset a deficit arising in the same property, in which circumstances the deficit is recognised in the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption available to it under FRS1 (Revised) "Cash Flow Statements" not to prepare a statement of cash flows.

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Related party transactions

The company has taken advantage of the exemption available to it under FRS8 "Related Party Disclosures" not to disclose transactions with other group companies. Other related party transactions are disclosed in note 10.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2007**

1 ACCOUNTING POLICIES (CONTINUED)

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

2 OPERATING LOSS

- (a) The company's business is organised in the United Kingdom.
- (b) The basis of charging intra-group interest is agreed between the parties from time to time.
- (c) No payments have been made to any director for services as director during the year.
- (d) Fees for audit and non-audit services provided by Ernst & Young LLP to the company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the company.

3 TAX

(a) Tax on loss on ordinary activities

The tax credit for the year is made up as follows:

	2007 £'000	2006 £'000
<i>Current tax:</i>		
UK corporation tax at 30% (2006: 30%)	466	198
Tax overprovided in prior years	2,007	-
Total current tax credit on loss on ordinary activities (note 3(b))	<u>2,473</u>	<u>198</u>

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2007**

3 TAX (continued)

(b) Factors affecting the tax credit

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006: 30%). The differences are reconciled below:

	2007	2006
	£'000	£'000
Loss on ordinary activities before tax	<u>(3,599)</u>	<u>(48)</u>
Loss on ordinary activities multiplied by the current rate of corporation tax in the UK of 30% (2006: 30%)	1,080	14
Deductible imputed interest	98	55
Capital allowances	96	128
Tax overprovided in prior years	2,007	-
Utilisation and movement on tax losses	<u>(808)</u>	<u>-</u>
Total current tax (note 3(a))	<u>2,473</u>	<u>198</u>

An unrecognised deferred tax asset of £6,988,595 (2006: £6,234,851) exists as at 31 December 2007 in respect of trading and non-trading losses, as there is uncertainty as to the existence of future profits/gains available for offset.

A deferred tax asset of £269,288 (2006: £384,697) is not recognised on the accelerated capital allowances as there is no depreciation charged to the profit and loss account. A deferred tax asset will be recognised when there are suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The UK corporation tax rate decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future cash tax payments to be made by the Company.

4 INVESTMENT PROPERTY

	2007	2006
	£'000	£'000
At valuation		
At 1 January	2,400	2,000
Additions at cost	-	5
Revaluation surplus	-	395
At 31 December	<u>2,400</u>	<u>2,400</u>

Depreciation is not provided on investment property. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, this property is not held for consumption but for investment and the directors consider that annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

The investment property was valued at 31 December 2007 by a chartered surveyor on the basis of Market Value as defined in the RICS Appraisal and Valuation Standards.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2007**

5 DEBTORS

	2007	2006
	£'000	£'000
Amounts recoverable from former tenant	3,500	3,998
Other debtors	24	1,739
Amount receivable from fellow group undertaking	837	-
Group relief receivable	1,024	198
	<u>5,385</u>	<u>5,935</u>

Other debtors include £nil (2006: £1,718,000) representing amounts refundable to the company in connection with an aborted property acquisition.

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£'000	£'000
Amounts owed to parent undertaking	7,535	7,535
Trade creditors	80	80
Accruals and deferred income	2,215	211
Amounts owed to other group and subsidiary undertakings	1,349	2,180
	<u>11,179</u>	<u>10,006</u>

7 INVESTMENTS

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<i>Subsidiary undertakings</i>			
Vector Trading Limited	Ordinary shares	100%	Property dealing

Vector Trading Limited is registered in England and Wales. The company has an investment of £100 in Vector Trading Limited.

The group qualifies as a small group and as such is exempt under paragraph 248 of Financial Reporting Standard No 2 from preparing consolidated financial statements.

8 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	2007	2006
	£'000	£'000
100,000 ordinary shares at £1 each	100	100
18,750,000 cumulative redeemable preference shares	18,750	18,750
	<u>18,850</u>	<u>18,850</u>

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2007

8 AUTHORISED AND ISSUED SHARE CAPITAL (continued)

Allotted, called up and fully paid	2007	2006
	£'000	£'000
100,000 ordinary shares at £1 each	100	100
18,250,000 cumulative redeemable preference shares	18,250	18,250
	18,350	18,350

Dividends accrue on the preference shares at 1% above Barclays Bank base rates. These shares are redeemable by the company given six months notice by shareholders. In 2007 the cumulative preference stockholders waived their rights to all dividends accumulated to date and any future dividends. Accordingly, the directors consider that these preference shares should be treated as equity in the financial statements.

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Revaluation Reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£'000	£'000	£'000	£'000
At 1 January 2006	18,350	-	(19,705)	(1,355)
Profit for the year	-	-	150	150
Unrealised surplus on valuation of properties	-	395	-	395
At 31 December 2006	18,350	395	(19,555)	(810)
Loss for the year	-	-	(1,126)	(1,126)
At 31 December 2007	18,350	395	(20,681)	(1,936)

10 RELATED PARTY TRANSACTIONS

Disclosable transactions and balances with the related parties for the year were:

Related party	Relationship	Nature of transaction	Value of transactions	
			2007	2006
			£'000	£'000
A L Howard	See below	Accountancy services	227	157

A L Howard, a director, is a partner in a firm that provides the company with accountancy, company secretarial and clerical services. No amounts are owed from or to his company as at 31 December 2007 or 31 December 2006.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2007

11 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking prior to 24 December 2007 was P&O Steam Navigation Company Limited. On 24 December 2007, the parent company disposed of its interest in the company to Istithmar P&O Estates (UK) Limited, a company incorporated in the United Kingdom.

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Istithmar Buildings FZE, a company incorporated in Dubai. The consolidated financial statements of this group are not available to the public.

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Dubai World Corporation. The consolidated financial statements of this group are not available to the public.