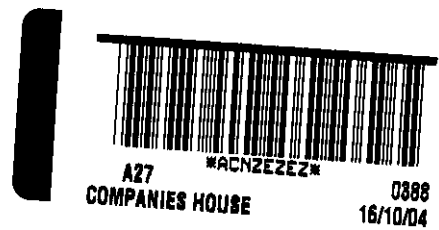


**P&O SYSTEMS LIMITED**  
**(Previously Giltall Limited)**

**REGISTERED NUMBER: 3902753**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 2003**



## **P&O Systems Limited**

### **Directors Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

#### **Principal Activity and review of business**

This company owns the intellectual property created in the 'ISIS' programme. The ISIS programme is the development of an integrated Ports software system which combines the Terminal Operating System, Asset Management and Procurement functions.

On 13<sup>th</sup> March 2003 the Company changed its name from Giltall Limited to P&O Systems Limited.

#### **Results and dividends**

The results for the year are set out in the profit and loss account on page 6. The directors were unable to recommend payment of a dividend.

#### **Directors and directors' interests**

The directors during the year were:

R M Gradon  
S Scott (Resigned 19<sup>th</sup> March 2003)  
P A Walker (Resigned 19<sup>th</sup> March 2003)  
A J Baillie (Appointed 19<sup>th</sup> March 2003)  
J D Ladd (Appointed 19<sup>th</sup> March 2003)

Subsequent to the year end R M Silvester was appointed as a director on 26<sup>th</sup> January 2004 and N H H Ng was appointed as a director 27<sup>th</sup> April 2004. J D Ladd also resigned as a director on 26<sup>th</sup> January 2004.

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 companies, there were the following interests in the stock of the ultimate holding company, The Peninsular and Oriental Steam Navigation Company:

	31 Dec 2002	Deferred stock under option Granted/(exercised) in period	31 Dec 2003
A J Baillie	1,641	-	1,641
J Ladd	-	3,531	3,531
P A Walker	1,885	9,664	11,549
S Scott	60	-	60

	31 Dec 2002	Executive Stock Options Granted /(exercised) in period	31 Dec 2003
A J Baillie	313,264	115,139	428,403
J Ladd	-	51,900	51,900
P A Walker	89,760	63,418	153,178
S Scott	53,196	13,074	66,270

	31 Dec 2002	SAYE Stock Options Granted / (exercised) in period	31 Dec 2003
A J Baillie	-	7,382	7,382
P A Walker	-	7,382	7,382
S Scott	-	1,771	1,771

	31 Dec 2002	Deferred Bonus & Co-Investment Matching Plan Granted in period	Exercised in period	31 Dec 2003
A J Baillie	3,490	12,415	1,641	15,059
J Ladd	-	8,003	-	8,003
P A Walker	-	4,506	-	4,506

R M Gradon is 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 are disclosed in the directors' report of the Company's ultimate holding company, The Peninsular and Oriental Steam Navigation Company.

#### Auditors

KPMG were appointed as auditors of P&O Systems Limited on 29 September 2004.

In accordance with section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

**A J Baillie**  
Director



14th October 2004

79 Pall Mall  
London  
SW1Y 5EJ

### **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 suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 which 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 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 independent auditors to the members of P&O Systems Limited**

We have audited the financial statements on pages 6 to 11.

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**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

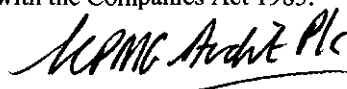
### **Basis of audit opinion**

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 the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London  
EC4Y 8BB

14<sup>th</sup> October 2004

## **P&O Systems Limited**

### **Profit and loss account**

*for the year ended 31 December 2003*

	Notes	2003 £	2002 £
Administrative expenses		(373,559)	-
Loss on ordinary activities before tax	2	<u>(373,559)</u>	<u>-</u>
Taxation on loss on ordinary activities	3	112,067	-
Retained loss for the financial year	6	<u>(261,492)</u>	<u>-</u>

The results disclosed above include all recognised gains and losses. All the above transactions relate to continuing business activities.

There is no difference between the profit reported above and that on a historical cost basis.

## P&O Systems Limited

### Balance sheet at 31 December 2003

	Note	31 Dec 2003 £	31 Dec 2002 £
Fixed assets			
Assets in the course of construction	4	<u>2,897,307</u>	<u>-</u>
Current Assets			
Debtors: Amounts owed by ultimate holding company		-	1
Amounts owed by fellow subsidiaries		112,067	-
Creditors: amounts falling due within 1 year			
Amounts owed to ultimate parent company		<u>(3,270,865)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(3,158,798)</u>	<u>1</u>
Net (liabilities)/assets		<u>(261,491)</u>	<u>1</u>
Capital and reserves			
Called up share capital	5	1	1
Profit and loss reserve	6	<u>(261,492)</u>	<u>-</u>
Equity shareholders' (deficit)/funds		<u>(261,491)</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 14<sup>th</sup> October 2004 and signed on its behalf by:



A J Baillie  
Director  
P&O Systems Limited

## **P&O Systems Limited**

### **Reconciliation of movements in shareholders' funds**

	2003 £	2002 £
Loss for the financial year	<u>(261,492)</u>	<u>-</u>
Net change in shareholders funds	(261,492)	-
Opening shareholders' funds	<u>1</u>	<u>1</u>
Closing shareholders' (deficit)/funds	<u>(261,491)</u>	<u>1</u>



## **P&O Systems Limited**

### **Notes**

*(forming part of the financial statements)*

#### **1. Accounting policies**

The principal accounting policies that have been adopted in the preparation of these accounts are given below.

##### **Basis of preparation of accounts**

The accounts have been prepared on the historical cost basis and in accordance with the Companies Act 1985.

The accounts have been prepared on a going concern basis as the parent company has undertaken to provide the Company with sufficient funds as are necessary for it to meet its liabilities as they fall due, for at least the next 12 months. The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly they have prepared the financial statements on the going concern basis.

As the Company is a wholly owned subsidiary of The Peninsular and Oriental Steam Navigation Company, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

Under Financial Reporting Standard 1 (Revised 1996), the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a group cash flow statement in accordance with the provisions of the standard.

##### **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation.

Assets constructed by the company are depreciated from the date on which they come into use.

##### **Deferred taxation**

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet dates except as otherwise required by Financial Reporting Standard 19 (Deferred tax).

##### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**P&O Systems Limited**

**Notes (Continued)**

**2. Loss on ordinary activities before taxation**

a) Directors' remuneration

The directors' remuneration for the current financial year is borne by the ultimate holding company.

b) Employee information

The average number of employees during the year excluding directors was nil (2002-nil).

c) Audit fee

The audit fee for the year was paid by a fellow group company.

**3. Taxation on loss on ordinary activities:**

	31 Dec 2003 £	31 Dec 2002 £
Current year UK Corporation tax at 30%	112,067	-

The current tax credit for the period is in line with (2002: in line with) the standard rate of corporation tax in the UK (30%, 2002:30%).

**4. Fixed Assets**

	Assets in the course of construction £
Cost as at 31 December 2002	-
Additions	2,897,307
<b>Cost as at 31 December 2003</b>	<b><u>2,897,307</u></b>

The assets are not yet in use hence are not being depreciated.

**P&O Systems Limited**

**Notes (Continued)**

**5. Share capital**

	Authorised £	Alloted, called up and fully paid £
At 31 December 2002 and 31 December 2003 Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>

**6. Reserves**

	Profit and Loss Reserve £
At 31 <sup>st</sup> December 2002	-
Loss for the year	<u>(261,492)</u>
At 31 <sup>st</sup> December 2003	<u>(261,492)</u>

**7. Ultimate holding 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.