

Towbar Properties Limited

REGISTERED NUMBER: 1110838

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2003



Towbar Properties Limited

## REPORT OF THE DIRECTORS

The directors present their annual report and the accounts of the Company for the year ended 31 December 2003.

### Principal activities of the company

The Company did not trade during the year.

### Directors and directors' interests

The directors during the year were:

R M Gradon  
S Scott  
P A Walker

According to notifications received by the Company relating to the interests of the directors and their families in the share capital and debentures of the company and other 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		
	2003	2002	2003	Granted in year	Exercised in year	2002
P A Walker	16,055	1,885	160,560	70,800	-	89,760
S Scott	60	60	68,041	14,845	-	53,196

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.

79 Pall Mall  
London SW1Y 5EJ  
5 July 2004

On behalf of the Board



S SCOTT  
Secretary

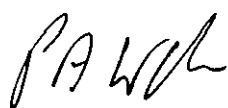
## Towbar Properties Limited

Balance sheet at 31 December 2003

Assets	Note	31 Dec 2003 £	31 Dec 2002 £
<b>Fixed assets</b>			
Investments			
Subsidiaries		-	-
		<u>          </u>	<u>          </u>
<b>Creditors: amounts falling due within one year</b>			
Creditors		(107,370,410)	(107,370,410)
Unsecured loan stock	2	(124,000,000)	(124,000,000)
Amounts owed to fellow subsidiary		(12,689,511)	(12,689,511)
		<u>          </u>	<u>          </u>
<b>Net assets</b>		(244,059,921)	(244,059,921)
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
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' funds		(244,059,921)	(244,059,921)
Non-equity shareholders' funds		-	-
		<u>          </u>	<u>          </u>
		(244,059,921)	(244,059,921)
		<u>          </u>	<u>          </u>

- a) For the year ended 31 December 2003 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:
- I. ensuring the company keeps accounting records which comply with section 221; and
  - II. 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.

Approved by the board of directors on 5 July 2004 and signed on their behalf by  
P A Walker.



P A WALKER  
Director

## Towbar Properties Limited

## Notes to the financial statements

- 1 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 The unsecured loan stock is repayable on demand and bears a rate of interest that is determined from time to time by the directors. During the year to 31 December 2003 the interest rate was nil (2002 nil).
- 3 Share capital, authorised, allotted, called up and fully paid at 31 December 2003 and 2002 was:

	Authorised £	Called up £
A' Ordinary shares of £1 each	750	750
B' Ordinary shares of £1 each	250	250
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

- 4 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.