

HILLSWOOD 3000 LIMITED

REGISTERED NUMBER 03612455

DIRECTORS' REPORT AND ACCOUNTS

24 DECEMBER 2005



HILLSWOOD 3000 LIMITED
REPORT OF THE DIRECTORS

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The directors present their annual report and accounts of the company for the year ended 24 December 2005

Principal activity and review of business:

The company's principal activity is property development.

Directors and directors' interests:

The directors during the year were:

W T Edgerley
S O F Kerridge
P A Bignell

According to the register of notifications received by the company relating to interests in the share capital and debentures of group undertakings, the following directors at 24 December 2005 had beneficial interests in The Peninsular and Oriental Steam Navigation Company, the company's holding company, as set out below:

	Deferred Stock	
	24/12/2005	24/12/2004
S O F Kerridge	1,913	5,473

In addition, during the year S O F Kerridge was granted an award under the Performance Share Plan of £18,249 nominal Deferred Stock contingent on future divisional performance.

W T Edgerley and P A Bignell are members of the board of directors of P&O Property Holdings Limited of which this company is a wholly owned subsidiary undertaking. Their interests in shares and debentures of group undertakings are disclosed in the directors' report of that company.

On behalf of the board



16 Palace Street
LONDON, SW1E 5JQ
30 October 2006

P A BIGNELL
DIRECTOR

**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 the directors 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;
- to make judgments and estimates that are reasonable and prudent;
- to state whether applicable UK Accounting Standards have been followed; and
- to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the

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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

HILLSWOOD 3000 LIMITED
BALANCE SHEET AT 24 DECEMBER 2005

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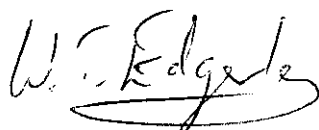
<u>NOTES</u>	24 December 2005 £	24 December 2004 £
CURRENT ASSETS		
Debtors		
Amounts owed by group undertakings	<u>10,000,000</u>	<u>10,000,000</u>
CAPITAL AND RESERVES		
3 Called up share capital	<u>10,000,000</u>	<u>10,000,000</u>
Equity shareholders' funds	<u>10,000,000</u>	<u>10,000,000</u>

During the financial year and the preceding financial year the company received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor loss.

The directors:

- (a) confirm that the company was entitled to exemption under subsection (1) of section 249AA of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 24 December 2005 audited.
- (b) confirm that members have not required the company to obtain an audit of its accounts for the financial year in accordance with sub-section (2) of section 249B of the Act.
- (c) acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, 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 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

The accounts were approved by the Board of Directors and signed on its behalf by:-



W T EDGERLEY
Directors
30 October 2006



P A BIGNELL

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 in accordance with applicable United Kingdom accounting standards, and under historical cost accounting rules.

Related party transactions

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose transactions or balances with entities which form part of the group.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2 PROFIT AND LOSS ACCOUNT

- (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) The directors do not receive any remuneration for their services to the company; their emoluments for work within the group are paid by other group undertakings and are dealt with in the accounts of those undertakings.
- (d) Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to this company.
- (e) Details of staff numbers and staff costs are disclosed in the accounts of the parent undertaking.

3 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
Ordinary shares at £1 each		
At 24 December 2005 and 24 December 2004	10,000,000	10,000,000

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.