EXHIBIT C

sea containers Sea Containers Ltd.
22 Victoria Street, P.O. Box HM 1179, Hamilton HMEX, Bermuda

22 August, 2008

Goldman Sachs International
Peterborough Court
133 Fleet Street
London
EC4A 2BB

Attention: Barend Pennings
Domenico Lia

Superseacat Four ("SSC4") and Superseacat Three ("SSC3") guarantee claims

As discussed at our meeting on Thursday 7th August 2008, I am writing to propose a full and final settlement of your outstanding guarantee claims against Sea Containers Limited ("SCL") and certain of its subsidiaries, following the sale of SSC3 and SSC4 in April 2008.

Quantum of Claims against SCL

As you are aware, and as referred to in the standstill agreement between Goldman Sachs ("Goldman"), Sea Containers Limited ("SCL"), Sea Containers British Isles Limited ("SCBI"), Sea Containers Italia Holdings S.r.l ("SCIH") and others dated 20 March 2008, Goldman has shortfall guarantee claims in respect of the residual mortgage debt (net of vessel sale proceeds) against Sea Containers Limited ("SCL"), Sea Containers British Isles Limited ("SCBI") and Sea Containers Italia Holdings S.r.l ("SCIH") for SSC4 and against SCL and SCIH for SSC3. The SSC4 and SSC3 loans are denominated in Euros and US Dollars respectively. We have received your analysis of the shortfall claims as at 8 August 2008 (attached at Schedule A) from Domenico Lia. We note that your analysis asserts shortfall claims of approximately US$18.3 million and US$5.2 million at 8 August 2008 under your SSC3 and SSC4 guarantees. These calculations assume that the proceeds received from the vessel sales are applied firstly to interest and costs and secondly to principal.

We do not believe that this proposed allocation comports with the requirements of the Bankruptcy Code in respect of any claims asserted against SCL as under the Bankruptcy Code an undersecured creditor cannot effect a recovery from a debtor-guarantor of post-petition interest and costs through allocations of recoveries from non-debtors or underlying collateral. Applying the proceeds of sale to principal, and using applicable exchange rates (at the bankruptcy filling date/vessel sale date, as applicable), we estimate that your claims in the SCL bankruptcy would be allowed at approximately $8.3 million in respect of SSC4 and $3.7 million in respect of SSC3

SCBI's Unsecured Creditors

Prior to setting out the terms of the full and final cash settlement proposal we would like to respond to certain questions you raised at our recent meeting primarily in respect of SCBI's unsecured creditors and the rights of such unsecured creditors to receive a pari passu distribution in a liquidation of SCBI.

As we indicated at our meeting, SCBI, the guarantor of the SSC4 shortfall claim, anticipates receiving a significant amount of cash from certain of its subsidiary companies which previously operated the GNER management contract and owned rail assets supporting the GNER operations. Once all available cash has been repatriated to SCBI, it is anticipated that, in a liquidation, SCBI's unsecured creditors would be entitled to receive a pari passu distribution consisting of cash (approximately 30% after the sale of the last remaining station car park asset) and Newco equity (approximately 70%)

pursuant to the implementation of the Plan of Reorganization (the "Plan") of Sea Containers Limited ("SCL") and Sea Containers Services Limited ("SCSL" and collectively the "Debtors").

In a liquidation of SCBI, the known unsecured creditors would include Goldman's shortfall guarantee claim in respect of SSC4 of approximately $18 million (based on your asserted claim at 8th August 2008) and intercompany creditor claims of approximately $177 million (based on SCBIs management accounts at 31 March 2008). Included within the total intercompany payable balance are the balances owed to SCL and SCSL of approximately $123 million and $47 million respectively.

At our meeting you requested an analysis of SCBI's intercompany balances. Please refer to Schedule B for a detailed analysis of draft and unaudited intercompany payables and intercompany receivables at 31 March 2008. As Schedule B indicates, there is no overlap/mutuality between the legal entities holding receivables from SCBI and those owing monies to SCBI. Accordingly, no netting off of balances is possible under English law.

We also enclose for your reference at Schedule C the most recent audited financial statements of SCBI (as at 31 December 2005, audited by Deloitte & Touche). You will note that of the $177 million of intercompany payables due to the debtors as at 31 March 2008, $175 million (at current exchange rates) was confirmed to be outstanding as at 31 December 2005. Accordingly, we are confident that the intercompany payables would be proven to the satisfaction of a liquidator of SCBI if liquidation were to occur.

SSC4 Proposal

Subject to the necessary consents and approvals, including the approval of the Bankruptcy Court, we would be prepared to offer a full and final settlement in cash of your SSC4 guarantee claims against SCL, SCBI and SCIH in the amount of EUR 8.7 million (approximately $12.8 million) which represents approximately 70% of your asserted claim. The full and final settlement proposal would exclude any residual amounts held by the escrow agents pursuant to the SSC3 and SSC4 vessel sale Retention Deed dated 1 April 2008. In accepting this proposal, Goldman would agree that any residual amounts must be returned by the escrow agent to Hoverspeed Italia S.r.l.

As indicated in the analysis provided to you at our meeting, based on the SCL Plan mid and high outcomes, the Entity Priority Model ("EPM") indicates that the creditors of SCBI will be settled in full through a combination of cash and Newco equity. Our analysis indicates that your pari passu distribution in respect of all your claims in respect of SSC4, including any shortfall claim asserted against SCL, would result in a cash distribution of approximately 30% of the claim (i.e. $5 million) with the balance being settled in Newco equity. We have estimated the present value to you of such a distribution, taking into account the likely delay in your receiving cash distributions on a liquidation of SCBI, the risks to you of other claims arising at SCBI, thus diluting your share of such cash, the likely illiquidity of the Newco equity you would receive upon SCL's emergence from bankruptcy and delay until Newco can achieve a listing. In light of these factors, we believe that our proposal represents a fair compromise of your claim, avoiding the likely costs and delays in distribution that would be adverse to both of our interests in the event of a contested liquidation or contested Plan. In addition, in making this proposal, the Debtors will forego approximately $7 million of cash distribution to which they would otherwise be entitled on a pari passu basis in return for a full and final settlement of the Goldman SSC4 claim

SC3 proposal

With respect to your asserted SSC3 shortfall claim against SCL, Goldman Sachs would be entitled to receive the same pari passu distribution as all other unsecured creditors of SCL under the Plan. The Plan anticipates that SCL's unsecured creditors will receive Newco equity only and a recovery ranging from 47% to 61% on the face value of claims (there is no distribution of cash to unsecured

sea containers Sea Containers Ltd.

creditors contemplated by the Plan).This would indicate that your asserted SSC3 shortfall claim (excluding post petition interest and costs) against SCL of approximately US$3.7 million would be entitled to receive a distribution of Newco equity with an implied value of approximately US$1.7 million (47%) to US$2.2 million (61%).

With respect to your asserted SSC3 shortfall claim against SCL and SCIH, subject to the necessary consents and approvals including the approval of the Bankruptcy Court, we would be prepared to offer a full and final settlement in cash of your claim in the amount of US$1.0 million which represents approximately 27% of your asserted claim (excluding interest and costs). The full and final settlement proposal would exclude any residual amounts held by the escrow agents pursuant to the SSC3 and SSC4 vessel sale Retention Deed dated 1 April 2008. In accepting this proposal, Goldman would agree that any residual amounts must be returned by the escrow agent to Hoverspeed Italia S.r.l.

This proposal is based on the likely recoveries anticipated under the Plan (as outlined above) and the benefit to Goldman of receiving immediate liquidity rather than illiquid stock in Newco. The proposal regarding the SSC3 claim is contingent upon your acceptance of the proposal above in respect of SSC 4. However, the SSC4 settlement proposal is also made on a 'stand-alone' basis if you prefer to receive Newco equity in respect of your claim for SSC3.

Summary

As indicated in our recent meeting, subject to the necessary consents and approvals, including the approval of the Bankruptcy Court Sea Containers is prepared to offer a full and final settlement in cash (as outlined above) of Goldman's SSC4 and SSC3 guarantee claims either for SSC4 alone or in respect of both claims. We believe that a dispute either in the US Bankruptcy Court or in a liquidation of SCBI would be detrimental as both parties would bear their own significant legal costs and any dispute would in turn lead to a significant delay in Goldman's distribution under the Plan or through a liquidation of SCBI.

Please feel free to revert back to either myself or my colleague, Craig Cavin, as soon as you have had time to consider the above proposal. We look forward to reaching a mutually acceptable resolution to your guarantee claims against the Sea Containers estate.

This proposal is privileged and confidential, subject to U.S. Federal Rule of Evidence 408, and all rights are reserved. Nothing contained herein is or shall be deemed an admission or waiver in connection Goldman's claims and SCL, SCBI, SCIH, and SCSL reserve all rights to object to, contest, or defend against Goldman's SSC4 - and SSC3-related claims.

Yours faithfully,

pp Craig Cavin

Laura Barlow
Chief Financial Officer
Sea Containers Limited

CC: Andrew Dalton, Sea Containers British Isles Limited
Mel Williams, Sea Containers British Isles Limited
Sea Containers Limited Unsecured Creditors Committee
Sea Containers Services Limited Unsecured Creditors Committee
Kirkland & Ellis LLP

SCHEDULE A

Goldman Sachs Asserted Guarantee Claims

Hoverspeed Italia Srl

Conversion USD/EUR	0.64267
Conversion USD/GBP	0.49300
Conversion GBP/EUR	0.76710

Assumptions

IPD	19/04/2007
Rate (incl spread)	4.90%
Current 6m LIBOR	4.75%

SSC IV

Date		15/10/2006	01/04/2008
Principal (EUR)		15,490,608.23	14,453,562.78
Overdue Interests as at Apr 19,2007		-	168,022.67
Interests		-	684,617.09
Default interests (5.00%) on principal		-	1,362,248.29
Default interests (5.00%) on capitalised interests		-	15,836.14
Principal reimbursed after Oct 15, 2006	-	1,037,045.45	-
Penalty for prepayment (5%)		722,678.14	722,678.14
L&W	80%		469,299.96
BP Lex	80%		193,600.00
Total (EURO) as of 1st April		**15,176,240.92**	**18,069,865.07**
Proceeds received from SSC IV			**6,419,618.17**

	Repayment Date	08/08/2008
Repayment of		
Legal fees		662,899.96
Prepayment Penalty		722,678.14
Default Interests		1,378,084.43
Other Interests		852,639.76
Principal		2,803,315.88
Residual Principal Outstanding (as of Apr-1)		**11,650,246.90**
Default interests on principal		407,030.50
Additional Legal Fees		19,696.97
Total Current Claim (Euro)		12,076,974.37
Current $ / € rate		0.66
Total in USD		**18,298,446.01**

SSC III

Principal ($)		15,825,000.00
Overdue Interest as of Apr 19,2007		395,148.1
Interests		902,552.50
Total In USD		17,122,700.6
Total (EURO)		**11,004,245.98**
L&W	20%	117,324.99
BP Lex	20%	48,400.00
Total in EURO as of Apr 1st		**11,169,970.97**

IPD	19/04/2007
Rate (incl spread)	4.90%

Proceeds Received from SSC III	7,799,704.00
Repayment of	
Legal Fees	165,724.99
Interests	1,297,700.58
Principal	6,336,278.43
Residual Principal Outstanding (as of Apr-1)	3,370,266.97
Interests	71,253.06
Total Euro	3,441,520.03
Current $ / € rate	0.66
Total in $	**5,214,424.29**

Legal Invoices (total)	Or. Currency	€
L & W (as of Oct, £)	450,000.0	586,625.0
BP Lex (as of Oct, €)	192,593.0	242,000.0

SCHEDULE B

Analysis of Draft and Unaudited Intercompany Balances at 31 March 2008

Sea Containers British Isles Limited
At 31 March 2008
DRAFT & UNAUDITED
Private & Confidential
Subjet to terms of confidentiality agreement dated 15th October 2007
Designated representatives' eyes only

(Rounded in US$ millions)	**At 31 March 2008**
Intercompany AR	
Sea Containers UK Limited	136.6
SC Property Services Limited	13.0
Ferry & Port Holdings Limited	22.9
YMCL	2.7
Superseacat 3 Limited	3.4
SC SPC Limited	2.4
SC Iberia Limited	2.2
Others	0.5
Total	183.7

Interco AP	
Sea Containers Limited	122.6
Sea Containers Services Limited	47.2
SC House Management Limited	3.4
Hoverspeed Italia S.r.l	4.3
SC Chartering Limited	0.2
Total	177.7

SCHEDULE C

SCBI 2005 Audited Financial Statements

Registered number
994965

SEA CONTAINERS BRITISH ISLES LIMITED

Report and Financial Statements

31 December 2005

SEA CONTAINERS BRITISH ISLES LIMITED
Report and financial statements
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SEA CONTAINERS BRITISH ISLES LIMITED
Registered number
994965

Directors
M Williams
A J Dalton

Company Secretary
P A Calvert

Auditors
Deloitte & Touche LLP
180 The Strand
London
WC2R 1LL

Registered Office
Sea Containers House
20 Upper Ground
London
SE1 9PF

Bankers
Bank of America
5 Canada Square
London
E14 5AQ

Solicitors
Richards Butler
Beaufort House
15 St Botolph Street
London
EC3A 7EE

SEA CONTAINERS BRITISH ISLES LIMITED
Directors' Report

The directors present their report and financial statements for the year ended 31 December 2005.

1 ACTIVITIES

The principal activity of the Company is the leasing of containers.

2 REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company made a profit for the year after taxation of £109,534,000 (2004 - profit of £86,000).

On 22 December 2005, the Company paid a dividend to its immediate parent undertaking, Sea Containers U.K. Limited, of £1,000 per share (2004: £nil).

The directors expect the Company to achieve similar operating results in 2006.

Further information on the prospects of the Company is set out in note 1 to the financial statements.

3 EVENTS SINCE THE BALANCE SHEET DATE

On 4 November 2005, the Company's ultimate parent, Sea Containers Ltd ("SCL"), decided to no longer support the Hoverspeed group. Without financial support from SCL, the Hoverspeed group closed its cross-Channel services between Dover and Calais and the directors of the group placed it into insolvent liquidation on 30 January 2006.

On 15 October 2006, SCL, the Company's ultimate parent and certain of SCL's subsidiaries each filed for Chapter 11 protection under the US federal bankruptcy laws. The Company is reliant on the SCL group for financial and other support.

On 17 October 2006, the Company received written confirmation from SCL and Sea Containers Services Ltd that it is not the current intention of either of those companies to take any steps to recover monies owed to them by the Company and that notification would be provided if that position changed. To date, no such notification has been received.

On 18 June 2007, the Pensions Regulator published Determination Notices indicating the intention to issue a Financial Support Directive ("FSD"), on SCL that demands that SCL put in place financial support for its Sea Containers 1983 pension scheme and Sea Containers 1990 pension scheme. The FSD will be issued 28 days from the date of the determination notice. Further information is included in note 1 and note 18 to the financial statements.

On 25 June 2007, Sea Containers Ltd was granted an extension of 7 days on the original notice issued on 18 June 2007, against the decision by the Pensions Regulator to issue the FSD. On 24 July 2007 Sea Containers Ltd announced it had lodged an appeal in respect of the FSD issued by the Pension Regulator. The appeal contests the panel's decision that FSD's should be issued against Sea Containers Ltd under section 43 of the Pensions Act 2004 in respect of the two pensions schemes.

4 DIRECTORS AND THEIR INTERESTS

The directors who served during the year and thereafter, except as noted, and their interests in the share capital of the Company were as follows:

A R Frew	(Resigned 1 July 2005)
M Williams	
G N Sanders	(Appointed 1 July 2005) (resigned 31 May 2007)
A J Dalton	(Appointed 31 May 2007)

None of the directors had any notifiable interests in the shares of the Company during the year.

SCL has indemnified one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

SEA CONTAINERS BRITISH ISLES LIMITED
Directors' Report

5 **AUDITORS**

Deloitte & Touche LLP will be re-appointed as the Company's auditors in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the board

M Williams
Director
Sea Containers House
20 Upper Ground
London
SE1 9PF

6 August 2007

SEA CONTAINERS BRITISH ISLES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view in accordance with UK GAAP of the state of the affairs of the Company and of the profit or loss of the Company for that period, and comply with UK GAAP and the Companies Act 1985. 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 U.K. accounting standards have been followed; and
- 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 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 MEMBERS OF SEA CONTAINERS BRITISH ISLES LIMITED

We have audited the financial statements of Sea Containers British Isles Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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 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 auditors' 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 and other members of the group is not disclosed.

We read the directors' report and consider the implications if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below. 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 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. However, the evidence available to us to was limited because, as described in note 1, the Company's ultimate parent, Sea Containers Ltd ("SCL") and two of its subsidiaries have sought protection from their creditors under Chapter 11 of Title 11 of the US Bankruptcy Code. Under the protection of Chapter 11, SCL and two of its subsidiaries are currently in discussions with their creditors regarding repayment with an intention to agree a restructuring of its financial obligations and to emerge from Chapter 11 protection under the US federal bankruptcy laws in due course.

As the future of the SCL group is dependent on third parties, and limited information was available to the directors of SCL group companies about the possible outcome of the ongoing negotiations with those third parties, the companies in the group have been unable to prepare detailed profit and cash flow forecasts. As a result, the directors of the Company have not been able to assess the recoverability of inter-company debtors, the extent to which inter-company creditors will be called and amounts that may be demanded under the cross-guarantee arrangements described in note 13 to which the Company is party. In addition, the Pensions Regulator published Determination Notices to issue a Financial Support Directive ("FSD") to SCL. Although an appeal against this decision has been launched, the directors have not been able to assess the extent to which the company may be required to contribute to any resulting requirements for SCL to fund the pension deficit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEA CONTAINERS BRITISH ISLES LIMITED

Basis of audit opinion (continued)

As the outcome of the Determination Notices issued by the Pension Regulator and the negotiations with creditors are both ongoing, we have been unable to obtain sufficient appropriate audit evidence over intra-group balances, pension liabilities and potential liabilities under cross-guarantee arrangements and the appropriateness of the going concern basis and, given the significance of these items, we have been unable to form a view on the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion: disclaimer on view given by financial statements

Because of the possible effect of the limitations in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2005, in accordance with United Kingdom Generally Accepted Accounting Practice, and the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect of the limitation of our work referred to above:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether proper accounting records have been kept.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

6 August 2007

SEA CONTAINERS BRITISH ISLES LIMITED
Profit and Loss Account
for the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Turnover		458	509
Cost of sales		(369)	(380)
Gross profit		89	129
Administrative expenses		(402)	-
Operating (loss)/profit	4	(313)	129
Gain on investment disposal		-	337
Profit/(loss) on fixed asset disposal		-	(173)
Net interest (payable) / receivable	5	(99)	189
Income from shares in group undertakings	6	110,000	110
Profit on ordinary activities before taxation		109,588	592
Taxation	7	(54)	(506)
Profit for the financial year	16	109,534	86

All activites are continuing.

The Company has no recognised gains or losses other than those reflected in the profit and loss account for the years ended 31 December 2005 and 31 December 2004.

SEA CONTAINERS BRITISH ISLES LIMITED
Balance Sheet
as at 31 December 2005

	Notes		2005 £'000		2004 Restated £'000
Fixed assets					
Tangible assets	8		4,724		5,571
Investments	9		857		857
			5,581		6,428
Current assets					
Debtors	10	90,346		7,172	
Cash at bank and in hand		2,762		2,650	
		93,108		9,822	
Creditors: amounts falling due within one year	11	(110)		(130)	
Net current assets			92,998		9,692
Total assets less current liabilities			98,579		16,120
Creditors: amounts falling due after more than one year	12		(94,288)		(21,454)
Provisions for liabilities and charges	14		(123)		(32)
Net assets/(liabilities)			4,168		(5,366)
Capital and reserves					
Called up share capital	15		100		100
Share premium account	16		106		106
Profit and loss account	16		3,962		(5,572)
Shareholders' funds/(deficit)			4,168		(5,366)

These financial statements were approved at a meeting of the Board of Directors held on 6 August 2007

Signed on behalf of the Board of Directors

M Williams

Director

SEA CONTAINERS BRITISH ISLES LIMITED
Notes to the financial statements
for the year ended 31 December 2005

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with applicable law and United Kingdom accounting standards. The accounting policies adopted have been applied consistently in both the current and prior year.

Consolidated financial statements have not been prepared as the Company was a wholly owned subsidiary of Sea Containers U.K. Limited at 31 December 2005. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The Company is a member of the Sea Containers Ltd. ("SCL") group of companies and is reliant on SCL for financial and other support.

On 3 October 2006 the common shares of SCL (ticker symbol SCRA and SCRB) and its senior notes were suspended from trading on the NYSE and the NYSE Arca. On 15 October 2006, SCL and two of its subsidiaries, Sea Containers Services Ltd and Sea Containers Caribbean Inc, voluntarily filed for protection under Chapter 11 of Title 11 of the United States Bankruptcy Code with the US Bankruptcy Court for the District of Delaware. Filing for Chapter 11 is an action by SCL in the United States to seek protection from its creditors and was undertaken principally because of a maturing $115m public note obligation on 15 October 2006 which SCL was unable to pay. Under Chapter 11, the directors are left in place to manage SCL under US Court supervision.

SCL has not generated positive cash flows from operations for the six months ended 30 June 2006 and the year ended 31 December 2005 and has suffered from material asset impairments. In addition to the public note payment default, SCL is in default under many of its secured credit facilities due to breaches of certain financial covenants and other requirements contained in these facilities. Since filing for Chapter 11, SCL has been in discussions generally with its creditors regarding repayment and a Committee of creditors has formed to represent the creditor's interests, with the intention that SCL agrees a restructuring of its financial obligations and emerges from Chapter 11 in due course.

The Company is continuing to trade and SCL, as well as Sea Containers Services Limited, have confirmed that, to the extent they are able to:

- they will not pursue collection of amounts due from the Company, insofar that such collection would impede the Company's ability to meet third party obligations.

As the future of the SCL group is dependent on third parties, and limited information was available to the directors of SCL group companies about the potential outcome of the ongoing negotiations with those third parties, the companies in the group have been unable to prepare detailed profit and cash flow forecasts. As they were unable to prepare such forecasts, the directors of the Company have not been able to assess the recoverability of inter-company debtors, the extent to which inter-company creditors will be called and amounts may be demanded under the cross-guarantee arrangements described in note 13 to which the Company is party. In addition, on 18 June 2007, the Pensions Regulator published Determination Notices indicating the intention to issue a Financial Support Directive "FSD", on SCL that demands that SCL put in place financial support for its Sea Containers 1983 pension scheme and Sea Containers 1990 pension scheme.

Although an appeal against the decision to issue a FSD to SCL has been launched, the directors have not been able to assess the extent to which the Company may be required to contribute to any resulting requirements for SCL to fund the pension deficits.

SEA CONTAINERS BRITISH ISLES LIMITED
Notes to the financial statements
for the year ended 31 December 2005

1 Accounting policies (continued)
Going concern (continued)

On the basis of discussions with the directors of SCL, the directors of the Company believe that it is appropriate to prepare these financial statements on the going concern basis. However, the material uncertainties around the eventual outcome of the negotiations with the group's creditors and the outcome of the FSD issued by the Pensions Regulator and the impact of these on the Company cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that may be necessary were the going concern basis to be inappropriate.

Turnover

All turnover represents income from container operating leases. Containers are regularly moving between countries in international commerce over hundreds of trade routes. The Company has no knowledge of, or control over, the movement of containers under lease which may touch ports in many different countries. Therefore a geographical analysis of turnover is not possible.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss statement turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of total contract value.

Tangible fixed assets

Tangible fixed assets are included in the balance sheets at historical cost less depreciation and provision for impairment.

Depreciation is provided on a straight-line basis, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful lives as follows:

Plant and machinery	-	20 years to a residual value of 20% of cost

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date.

Exchange gains or losses on the above translations, and conversion of foreign currency transactions arising in the ordinary course of trading, which are translated at the average exchange rate for the year, are included in the profit / (loss) on operations before interest and taxation.

SEA CONTAINERS BRITISH ISLES LIMITED
Notes to the financial statements
for the year ended 31 December 2005

1 Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

Cash flow statement

The Company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the intermediate parent undertaking (see note 2), who prepares a cash flow statement.

2 Ultimate parent company and controlling party

The Company's ultimate parent holding company and controlling party is Sea Containers Ltd, a company incorporated in Bermuda. Copies of its financial statements can be obtained from the company's registered office at 22 Victoria Street, Hamilton, Bermuda. The immediate parent company is Sea Containers U.K. Limited, a company registered in England and Wales. The smallest group of which the Company is a member and for which group accounts are prepared is Sea Containers U.K. Limited, a company registered in England and Wales. Copies of the group financial statements may be obtained from the company's registered office at 20 Upper Ground, London SE1 9PF.

3 Information regarding Directors and Employees

The directors were employed by other companies within the group and it is not practicable to apportion their total emoluments as regards their services to this Company.

The Company had no employees during the year (2004: none).

4 Operating (loss)/profit

	2005 £'000	2004 £'000
This is stated after charging:		
Depreciation of fixed assets	369	378
Impairment charge	400	-

The auditors' remuneration is paid by Sea Containers UK Limited.

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5 **Net interest payable / (receivable)**	2005 £'000	2004 £'000
Bank loan	972	565
Other	-	1
Total interest payable	972	566
Foreign exchange loss / (gain)	211	(88)
Total interest payable and similar charges	1,183	478
Less:		
Bank interest receivable	(112)	(102)
Interest receivable from group undertakings	(972)	(565)
Net interest payable / (receivable) and similar charges	99	(189)

6 **Income from shares in group undertakings**	2005 £'000	2004 £'000
Dividend income:		
Subsidiaries		
GNER Holdings Limited	110,000	-
Participating interests		
Westfield Container Depot	-	110
	110,000	110

7 **Taxation**

(a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:	2005 £'000	2004 £'000
Current tax (credit)/charge:		
Current tax on income for the year	(37)	80
Adjustments in respect of prior periods	-	380
	(37)	460
Deferred tax:		
Origination and reversal of timing differences	(87)	46
Adjustments in respect of prior periods	178	-
	91	46
Total tax (credit)/charge on profit on ordinary activities	54	506

SEA CONTAINERS BRITISH ISLES LIMITED
Notes to the financial statements
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7 Taxation (continued)

(b) Factors affecting current tax charge

The difference between the effective statutory rate and the actual current tax charge is reconciled as follows:

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	109,588	592
Profit on ordinary activities multiplied by the applicable statutory rate 30% (2004 - 30%)	32,876	178
Depreciation in access of capital allowances	87	(14)
Non taxable income	(33,000)	(101)
Expenses not deductible for tax purposes - tax adjustment	-	17
Adjustments in respect of prior years	-	380
Total current tax (credit) / charge	(37)	460

8 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 January 2005	10,301
Additions	2
Disposals	(123)
At 31 December 2005	10,180
Depreciation	
At 1 January 2005	4,730
Charge for the year	369
Impairment	400
Disposals	(43)
At 31 December 2005	5,456
Net book value	
At 31 December 2005	4,724
At 31 December 2004	5,571

SEA CONTAINERS BRITISH ISLES LIMITED
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9 Investments

	Investments in subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2005	2,486
Provisions	
At 1 January and 31 December 2005	1,629
Net book value	
At 1 January and 31 December 2005	857

All of the material investments in which the Company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are as follows. All are registered in England and Wales unless otherwise noted.

Subsidiary	Place of incorporation	Holding %	Principal activities
Fairways and Swinford (Travel) Limited		100	Travel agency
GNER Holdings Limited		100	Holding company
Great North Eastern Railway Limited		100	Train operator
Hart, Fenton & Co. Limited		100	Naval architects
Seacat Ferries Denmark ApS	Denmark	100	Property management
Sea Containers Chartering Limited		100	Ship broking
Sea Containers House Management Limited		100	Property management
Sea Containers Italia Holdings Srl	Italy	100	Holding company
SuperSeaCat Italia Srl	Italy	100	Ship chartering
Sea Containers Property Services Limited		100	Property development
Newhaven Marina Limited		100	Property management
Riverside (Newhaven) Management Company Limited		100	Property management
Tortington Manor Management Company Limited		100	Property management
Sea Containers Railway Services Limited		100	Management services
Sea Containers Services Limited		100	Management services
Periandros S.A.	Greece	100	Canal operator
Yorkshire Marine Containers Limited		100	Container manufacturing

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9 Investments (continued)

In the opinion of the directors, the carrying value of the investments is not less than market value. The investments represent 100% of the ordinary share capital of the subsidiaries.

10 Debtors

	2005 £'000	2004 £'000
Trade debtors	122	-
Amounts due from related parties	-	7,170
Amounts due from group undertakings	90,222	-
Other debtors	2	2
	90,346	7,172

The amount due from group undertakings above, of £90,222,000 (2004: £nil) is due in greater than one year.

11 Creditors: amounts falling due within one year

	2005 £'000	2004 (Restated) £'000
Trade creditors	2	25
Amounts due to related parties	57	-
Accruals and deferred income	51	105
	110	130

12 Creditors: amounts falling due after more than one year

	2005 £'000	2004 (Restated) £'000
Bank loans	-	10,417
Amounts owed to group undertakings	94,288	11,037
	94,288	21,454

The amounts owed to group undertakings have been restated in 2004 in order to comply with group policy. Where there is a payable due to another group company, it is considered to fall due after more than one year.

On 1 July 2003 a one-year US$158,000,000 credit agreement was drawn down in full and the proceeds lent to Sea Containers Ltd to enable that company to repay certain public debt obligations that matured on that date. In December 2003, the facility was reduced to US$100,000,000 and the repayment period for the loan extended to 31 October 2004. On 1 July 2004, the facility was amended and the maturity extended to 1 July 2006. On 16 November 2004, Nordea Bank joined the syndicate of banks and the facility was increased to US$120,000,000. On 23rd November 2005 the drawings under the facility were repaid and the facility was cancelled on 31 January 2006.

Interest charged on the loan was a floating rate based on Libor plus 2.5%.

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13 Contingent liabilities

The Company is a guarantor over a loan extended to a related company, Hoverspeed Italia srl, in relation to financing the vessel SuperSeacat 4. The amount of the loan outstanding is €17,008,000 (2004: €18,962,000).

14 Provisions for liabilities and charges

	2005 £'000	2004 £'000
At 1 January	32	(14)
Charge to the profit and loss account	91	46
At 31 December	123	32

The deferred tax liability relates to capital allowances in excess of depreciation.

There are no unprovided potential deferred tax liabilities at 31 December 2005 (2004: £nil).

15 Share capital

	2005 £'000	2004 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	100	100

16 Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	100	106	(5,658)	(5,452)
Profit for the year	-	-	86	86
At 1 January 2005	100	106	(5,572)	(5,366)
Dividends			(100,000)	(100,000)
Profit for the year	-	-	109,534	109,534
At 31 December 2005	100	106	3,962	4,168

17 Related parties

The Company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as it is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking.

All the Company's turnover in 2005 and 2004 was to GE SeaCo SRL and its subsidiaries. At 31 December 2005 £nil (2004: £7,170,000) was due from GE SeaCo SRL and its subsidiaries. GE SeaCo SRL is a company in which Sea Containers British Isles Limited's ultimate parent company, Sea Containers Ltd., has a 50% interest.

SEA CONTAINERS BRITISH ISLES LIMITED
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18 Events since the balance sheet date

On 4 November 2005, the Company's ultimate parent, Sea Containers Limited ("SCL"), decided to no longer support the Hoverspeed group. Without financial support from SCL, the Hoverspeed group closed its cross-Channel services between Dover and Calais and the directors of the group placed it into insolvent liquidation on 30 January 2006.

On 15 October 2006, Sea Containers Ltd, the Company's ultimate parent and certain of Sea Containers Ltd's subsidiaries each filed for Chapter 11 protection.

On 17 October 2006, the Company received written confirmation from Sea Containers Ltd and Sea Containers Services Ltd that it is not the current intention of either of those companies to take any steps to recover monies owed to them by the Company and that notification would be provided if that position changed. To date, no such notification has been received.

On 18 June 2007, the Pensions Regulator published Determination Notices indicating the intention to issue a Financial Support Directive ("FSD"), on SCL that demands that SCL put in place financial support for its Sea Containers 1983 pension scheme and Sea Containers 1990 pension scheme. The FSD will be issued 28 days from the date of the determination notice. Further information is included within note 1.

On 25 June 2007, Sea Containers Ltd was granted an extension of 7 days on the original notice issued on 18 June 2007, against the decision by the Pensions Regulator to issue the FSD. On 24 July 2007 Sea Containers Ltd announced it had lodged an appeal in respect of the FSD issued by the Pension Regulator. The appeal contests the panel's decision that FSD's should be issued against Sea Containers Ltd under section 43 of the Pensions Act 2004 in respect of the two pensions schemes.