

P&O PORTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 751061

31 DECEMBER 2008

WEDNESDAY



"LZ31KEH3"

LD5

28/10/2009

362

COMPANIES HOUSE

Registered No. 751061

Directors

J M Woollacott

F Dalgaard

P W Walters

(appointed 16 April 2008)

(resigned 16 April 2008)

Secretary

B Allinson

Auditors

KPMG LLP

8 Salisbury Square

London EC4Y 8BB

Registered Office

16 Palace Street

London SW1E 5JQ

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2008.

Results and dividends

The profit for the year, after taxation, was £1,026,206 (2007: nil). No dividend was paid or proposed for the year ended 31 December 2008 (2007: £nil).

Principal activity and review of business

The company acts as a holding company for its investments in Southampton Container Terminals Limited and Tilbury Container Services Limited.

The company has not prepared an enhanced business review on account of the size of the company, in terms of its turnover and that there are no employees.

Principal risks and uncertainties

The directors do not foresee any significant risks/uncertainties facing the company.

Directors

The directors during the year and to the date of this report were as follows :

J M Woollacott

P W Walters (resigned 16 April 2008)

F Dalgaard (appointed 16 April 2008)

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

Secretary

B Allinson

Disclosure of information to the auditors

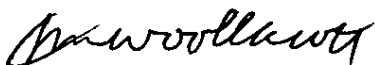
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

A handwritten signature in black ink, appearing to read 'J M Woollacott', written in a cursive style.

J M Woollacott
Director

28 September 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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; 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF P&O PORTS LIMITED

We have audited the financial statements of P&O Ports Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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' responsibilities for preparing the Annual Report and 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 on page 5.

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 not 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 P&O PORTS LIMITED

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit 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.

KPMG LLP

KPMG LLP

Chartered Accountants
Registered Auditor
8 Salisbury Square
London, UK
EC4Y 8BB
28 September 2009

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Other operating income		8,680	-
Operating profit	2	<u>8,680</u>	<u>-</u>
Income from investments :			
Dividends receivable		1,020,000	-
Profit on ordinary activities before taxation		<u>1,028,680</u>	<u>-</u>
Tax on profit on ordinary activities	3	(2,474)	-
Profit on ordinary activities after taxation		<u><u>1,026,206</u></u>	<u><u>-</u></u>

All the above transactions relate to continuing business activities.

There are no recognised gains or losses other than the profit in the year.

BALANCE SHEET
AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
Fixed assets			
Investment in group undertaking	4	1,588,454	1,588,454
Investment in associates	4	<u>1,346,211</u>	<u>1,346,211</u>
		<u>2,934,665</u>	<u>2,934,665</u>
Current assets			
Amounts owed by group undertaking		<u>1,651,983</u>	<u>623,303</u>
Creditors: amounts falling due within one year			
Group relief payable		<u>(2,474)</u>	<u>-</u>
Net current assets		<u>1,649,509</u>	<u>623,303</u>
Net assets		<u>4,584,174</u>	<u>3,557,968</u>
Capital and reserves			
Called up share capital	5	2,934,667	2,934,667
Profit and loss account	6	<u>1,649,507</u>	<u>623,301</u>
		<u>4,584,174</u>	<u>3,557,968</u>

These financial statements were approved by the board of directors and were signed on its behalf by:



J M Woollacott
Director

28 September 2009

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985.

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

In preparing the financial statements for the current year, the company has adopted the following:

Investments

Investments in subsidiary and associate undertakings are stated at cost, less amounts written off for impairment in value. In the opinion of the directors, the investments in subsidiaries and associates are worth at least their book value.

Related party transactions

Under FRS 8, the company is exempt from the requirement to disclose transactions or balances with entities which form part of the group. There are no other related party transactions during the year.

Cash flow statement

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

Group financial statements

The company is exempt under s228 of the Companies Act 1985 from the requirement to prepare group financial statements because its results are included in the consolidated financial statements of its ultimate United Kingdom parent company, The Peninsular and Oriental Steam Navigation company. The consolidated financial statements of the Peninsular and Oriental Steam Navigation Company within which this company is included can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

1 ACCOUNTING POLICIES (Continued)

Taxation

UK corporation tax is provided on taxable profits at the current rate. The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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).

2 OPERATING PROFIT

- (a) The basis of charging intra-group interest is agreed between the parties from time to time.
- (b) The directors are also directors/employees of, and were paid by, other group undertakings. The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors/employees of the other group undertakings.
- (c) Fees for audit and non-audit services provided by KPMG LLP to the company have been borne by other group undertakings. The fee in respect of the audit is £4,000 (2007: £4,000).
- (d) The company had no employees during the year (2007: none).

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

3 TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
<i>Current tax :</i>		
UK corporation tax at 28.5% (2007: 30%)	2,474	-
Total current tax (note 3(b))	<u>2,474</u>	<u>-</u>

(b) Factors affecting the current tax charge

On 1 April 2008 the rate of corporation tax in the UK changed to 28%. The tax assessed on the profit on ordinary activities for the year at the hybrid rate of 28.5% is lower than (2007: equal to) the hybrid rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before tax	1,028,680	-
Profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 28.5% (2007: 30%)	293,174	-
Non taxable income	(290,700)	-
Total current tax charge (note 3(a))	<u>2,474</u>	<u>-</u>

No deductible or taxable temporary differences arose during the course of the year, thus no deferred tax assets or deferred tax liabilities were recognised.

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

4 INVESTMENTS

	Subsidiary undertaking £	Associates £	Total £
Cost			
At 1 January 2008 and 31 December 2008	1,588,454	1,346,211	2,934,665
Net book value			
Net book value at 1 January 2008 and 31 December 2008	1,588,454	1,346,211	2,934,665

The subsidiary is Southampton Container Terminals Ltd, a container terminal operator registered in England. The Company owns 100% of the ordinary "P" shares which represents an interest of 51% in the business.

The associate is Tilbury Container Services Ltd, a container terminal operator registered in England. The company owns 100% of the ordinary "P" shares, which represents an interest of 34% in the ordinary shares of Tilbury Container Services Ltd, and 51% of the preference shares.

5 AUTHORISED AND ISSUED CAPITAL

Authorised	2008 £	2007 £
2,934,667 ordinary shares of £1.00 each	2,934,667	2,934,667
Allotted, called up and fully paid	2008 £	2007 £
2,934,667 ordinary shares of £1.00 each	2,934,667	2,934,667

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 DECEMBER 2008**

6 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2008	2,934,667	623,301	3,557,968
Profit for the year	-	1,026,206	1,026,206
At 31 December 2008	<u>2,934,667</u>	<u>1,649,507</u>	<u>4,584,174</u>

7 PARENT UNDERTAKING

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is The Peninsular and Oriental Steam Navigation Company, 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.

The largest group of companies for which consolidated financial statements are prepared and which are publicly available, and in which the company is consolidated is DP World Limited, a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Exchange and where 19.55% of its shares are traded.

The immediate parent undertaking as at 31 December 2008 was The Peninsular and Oriental Steam Navigation Company, a company incorporated in the United Kingdom.

In the opinion of the directors the ultimate controlling parent undertaking as at 31 December 2008 was Port & Free Zone World FZE, which owns 80.45% of DP World Limited. Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the Company, but which does not exert control over the Company.