

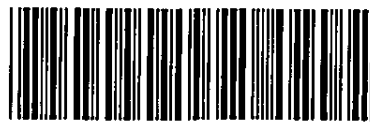
**INTEGRATED PORT SYSTEMS LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**REGISTERED NUMBER 3902753**

**31 DECEMBER 2007**

**TUESDAY**



**\*LHLSA3D5\***

**LD2**

**23/09/2008**

**312**

**COMPANIES HOUSE**

**Registered No 3902753**

**Directors**

P A Walker  
F Dalgaard (appointed 16 April 2008)  
J M Woollacott  
P W Walters (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 2007

### **Results and dividends**

The loss for the year, after taxation, is £18,447,950 (2006 loss £11,813,092) No dividend was paid or proposed for the year ended 31 December 2007 (2006 - £nil)

### **Principal activity and review of business**

The 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.

### **Going concern**

The company has net liabilities of £31,295,769. The parent undertaking, The Peninsular and Oriental Steam Navigation Company, has given a written undertaking that it will continue to support the company and its present activities. The directors acknowledge that there can be no certainty that this support will continue, although they have no reason to believe that it will not do so. Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

### **Directors**

The directors of the company who held office during the year were as follows:

P A Walker	
J M Woollacott	(appointed 23 April 2007)
P W Walters	(appointed 23 April 2007, resigned 16 April 2008)
D A Shaw	(resigned 23 April 2007)

The following directors were appointed after the year end:

F Dalgaard	(appointed 16 April 2008)
------------	---------------------------

### **Directors Indemnity Insurance**

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.

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

## **DIRECTORS' REPORT**

### **Secretary**

N H Rees (resigned 23 April 2007)  
S Damle (appointed 23 April 2007, resigned 5 October 2007)  
B Allinson (appointed 5 October 2007)

### **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

### **Auditors**

Ernst & Young LLP resigned as the company's auditor and KPMG LLP was appointed in accordance with the elective resolution passed by the company under section 386 Companies Act 1985

In accordance with section 385 Companies Act 1985, a resolution proposing the reappointment of KPMG LLP will be put to the annual general meeting

On behalf of the board



B Allinson  
Secretary

22 September 2008

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED PORT SYSTEMS LIMITED**

We have audited the financial statements of Integrated Port Systems Limited for the year ended 31 December 2007 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 UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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.

### **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 statement.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTEGRATED PORT SYSTEMS LIMITED**

### **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 2007 and of its loss 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**  
Chartered Accountants London  
Registered Auditor  
8 Salisbury Square  
London, UK  
EC4Y 8BB

**22** September 2008

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Sundry income		(2,242)	3,465
Administrative expenses		<u>59,552</u>	<u>(4,294,491)</u>
<b>Operating profit</b>	2	<b>57,310</b>	<b>(4,291,026)</b>
Impairment loss	4	<u>(18,952,086)</u>	<u>(6,949,126)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(18,894,776)</b>	<b>(11,240,152)</b>
Tax on loss on ordinary activities	3	<u>446,826</u>	<u>(572,940)</u>
<b>Loss for the financial year after taxation</b>		<b><u>(18,447,950)</u></b>	<b><u>(11,813,092)</u></b>

All the above transactions relate to continuing business activities

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



**BALANCE SHEET**  
**AT 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Fixed Assets</b>			
Software	4	57,684	115,367
Assets under the course of construction	4	<u>6,391,167</u>	<u>24,675,970</u>
		<b>6,448,851</b>	<b>24,791,337</b>
<b>Current Assets</b>			
Corporation Tax		446,826	-
Trade debtors		<u>-</u>	<u>2,492</u>
		<b>446,826</b>	<b>2,492</b>
<b>Creditors: Amounts falling due within one year</b>			
Accruals		(273,231)	(3,413,010)
Amounts owed to fellow subsidiary		<u>(37,918,215)</u>	<u>(34,228,638)</u>
		<b>(38,191,446)</b>	<b>(37,641,648)</b>
<b>Net current liabilities</b>		<u>(37,744,620)</u>	<u>(37,639,156)</u>
<b>Net liabilities</b>		<u><b>(31,295,769)</b></u>	<u><b>(12,847,819)</b></u>
<b>Capital and reserves</b>			
Called-up share capital		1	1
Profit and loss account		<u>(31,295,770)</u>	<u>(12,847,820)</u>
<b>Shareholder's deficit</b>		<u><b>(31,295,769)</b></u>	<u><b>(12,847,819)</b></u>

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



P A Walker  
Director

**22** September 2008

## **NOTES TO FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

### **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

The company has net liabilities of £31,295,769. The parent undertaking, The Peninsular and Oriental Steam Navigation Company, has given a written undertaking that it will continue to support the company and its present activities. The directors acknowledge that there can be no certainty that this support will continue, although they have no reason to believe that it will not do so. Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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

#### **Related party transactions**

As 100% of the Company's voting rights are controlled within the group headed by 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). The consolidated financial statements of The Peninsular and Steam Navigation Company, within which this Company is included, can be obtained from the address given in note 7.

#### **Cash flow statement**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation.

Software is depreciated on a straight line basis over the estimated useful life of the asset.

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

#### **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).

**NOTES TO FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2007**

**2 Operating Profit**

- i) The directors are also directors/employees of, and were paid by, the ultimate parent undertaking and/or 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 ultimate parent undertaking and/or other group undertakings (2006 - £ nil)
- ii) Fees for audit and non-audit services provided by KPMG LLP to the company have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the company (2006 - £nil)
- iii) The Company had no employees during the year (2006 - none)
- iv) The basis of charging inter-group interest is agreed between the parties from time to time

**NOTES TO FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2007**

**3 Tax on loss on ordinary activities**

(a) The tax (credit)/charge is made up as follows

	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2006 30%)	(218,612)	-
Adjustments in respect of prior periods	(228,214)	572,940
Total current tax (credit)/charge (note 3(b))	<u>(446,826)</u>	<u>572,940</u>

(b) Factors affecting tax for the current period

The tax assessed for the year is higher than (2006 higher than) the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	<u>(18,894,776)</u>	<u>(11,240,152)</u>
Loss on ordinary activities multiplied by the current rate of corporation tax in the UK of 30% (2006 30%)	(5,668,433)	(3,372,046)
Effects of		
Adjustments in respect of prior periods	(228,214)	572,940
Adjustment for pre-trading expenditure	-	1,267,424
Transfer pricing adjustment	(218,612)	-
Non-deductible expenditure	5,685,800	-
Depreciation in excess of capital allowances	17,305	-
UK Income not taxable and other UK permanent adjustments	-	2,104,622
Other short-term timing differences	<u>(34,672)</u>	<u>-</u>
Total current tax (credit)/charge (note 3(a))	<u>(446,826)</u>	<u>572,940</u>

(c) Factors that may affect future tax charges

The company has cumulative pre-trading expenditure arising in the UK of £6,164,585 (2006 £7,033,509) which is available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of this expenditure as there is insufficient evidence that the asset will be recoverable.

**NOTES TO FINANCIAL STATEMENTS  
AT 31 DECEMBER 2007**

**4 Fixed Assets**

	<i>Software (Mainpac)</i>	<i>Assets in the course of construction</i>	<i>Total</i>
	£	£	£
Cost at 1 January 2007	288,416	31,625,096	31,913,512
Additions	-	667,283	667,283
Cost at 31 December 2007	<u>288,416</u>	<u>32,292,379</u>	<u>32,580,795</u>
Depreciation as at 1 January 2007	(173,049)	(6,949,126)	(7,122,175)
Impairment loss	-	(18,952,086)	(18,952,086)
Provided during the year	(57,683)	-	(57,683)
Accumulated depreciation as at 31 December 2007	<u>(230,732)</u>	<u>(25,901,212)</u>	<u>(26,131,944)</u>
NBV at 1 January 2007	<u>115,367</u>	<u>24,675,970</u>	<u>24,791,337</u>
NBV 31 December 2007	<u><u>57,684</u></u>	<u><u>6,391,167</u></u>	<u><u>6,448,851</u></u>

The assets in the course of construction are not yet in use hence are not being depreciated

The impairment loss charged on the assets in the course of construction arose due to decisions made by an intermediate parent company on the future management and structure of the company

**5 Share capital**

<b>Authorised</b>	<b>2007</b>	<b>2006</b>
	£	£
1,000 ordinary shares of £1 each	<u><u>1,000</u></u>	<u><u>1,000</u></u>
<b>Allotted, called up and fully paid</b>	<b>2007</b>	<b>2006</b>
	£	£
1 ordinary share of £1	<u><u>1</u></u>	<u><u>1</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
**AT 31 DECEMBER 2007**

**6 Reconciliation of shareholders' funds and movement on reserves**

	<i>Called-up share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' deficit</i>
	£	£	£
At 1 January 2007	1	(12,847,820)	(12,847,819)
Loss for the year	-	(18,447,950)	(18,447,950)
At 31 December 2007	<u>1</u>	<u>(31,295,770)</u>	<u>(31,295,769)</u>

**7 Parent Undertaking**

The smallest group of companies for which consolidated financials 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 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 2007 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 2007 was Port & Free Zone World FZE, which owns 81.45% 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