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Integrated Port Systems Limited

Directors' report and financial statements

for the year ended 31 December 2010

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Integrated Port Systems Limited

Company Information

| | |
|--------------------------|--|
| Directors | F Dalgaard S M Qureshi (appointed 11 May 2010) P A Walker J M Woollacott (resigned 11 May 2010) |
| Company secretary | B Allinson |
| Company number | 3902753 |
| Registered office | 16 Palace Street London SW1E 5JQ |
| Auditors | KPMG LLP 15 Canada Square Canary Wharf London E14 5GL |

Integrated Port Systems Limited

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Integrated Port Systems Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activities and review of business

The company owns the intellectual property created in the development of an integrated ports software system which combines the Terminal Operating System, Asset Management and Procurement functions

The company is exempt, by virtue of its size, from the requirement to include an enhanced business review

Results

The profit for the year, after taxation, amounted to £NIL (2009 - loss £2,331,535)

Directors

The directors who served during the year were

F Dalgaard
S M Qureshi (appointed 11 May 2010)
P A Walker
J M Woollacott (resigned 11 May 2010)

Political and charitable contributions

During the year the company has made no charitable or political donations (2009 £NIL)

Principal risks and uncertainties

Funding and liquidity

The company has net current liabilities of £34,719,787. 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.

Qualifying third party indemnity provisions

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.

Integrated Port Systems Limited

**Directors' report
for the year ended 31 December 2010**

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf



P A Walker
Director

Date 7 September 2011

Integrated Port Systems Limited

Statement of directors' responsibilities for the year ended 31 December 2010

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Integrated Port Systems Limited

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 2010, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of directors' responsibilities, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its results for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mike Harper (Senior statutory auditor)

for and on behalf of

KPMG LLP

Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

8 September 2011

Integrated Port Systems Limited

**Profit and loss account
for the year ended 31 December 2010**

| | Note | 2010 £ | 2009 £ |
|---|-------------|-------------------|-------------------|
| Administrative expenses | | - | (577,828) |
| Operating profit/(loss) | 2 | - | (577,828) |
| Impairment loss | | - | (1,715,142) |
| Profit/(loss) on ordinary activities before taxation | | - | (2,292,970) |
| Tax on profit/(loss) on ordinary activities | 3 | - | (38,565) |
| Profit/(loss) for the financial year | | - | (2,331,535) |

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

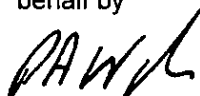
The notes on pages 7 to 10 form part of these financial statements

Integrated Port Systems Limited
Registered number: 3902753

Balance sheet
as at 31 December 2010

| | Note | 2010 £ | 2009 £ |
|---|------|----------------------------|----------------------------|
| Fixed assets | | | |
| Tangible assets | 4 | - | - |
| Creditors: amounts falling due within one year | 5 | (34,719,787) | (34,719,787) |
| Total assets less current liabilities | | <u>(34,719,787)</u> | <u>(34,719,787)</u> |
| Capital and reserves | | | |
| Called up share capital | 6 | 1 | 1 |
| Profit and loss account | | <u>(34,719,788)</u> | <u>(34,719,788)</u> |
| Shareholders' deficit | 7 | <u>(34,719,787)</u> | <u>(34,719,787)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



P A Walker
Director

Date 7 September 2011

The notes on pages 7 to 10 form part of these financial statements

Integrated Port Systems Limited

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The company has net current liabilities of £34,719,787. 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.

1.3 Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company. Therefore the company has not disclosed transactions or balances with entities that form part of the group headed by The Peninsular and Oriental Steam Navigation Company. There were no other related party transactions in the year.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Software is depreciated on a straight line basis over the 5 years of the estimated useful life of the asset.

1.6 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).

Integrated Port Systems Limited

Notes to the financial statements for the year ended 31 December 2010

2 Operating profit/(loss)

The directors do not believe that it is practicable to apportion emoluments between their services as directors of the company and their services as directors/employees of other group companies

Fees for audit and non-audit services provided by KPMG LLP to the company have been borne by other group companies. The fees for the year were £4,000 (2009 £4,000) and £NIL (2009 £NIL) in respect of audit and non-audit services, respectively

3. Taxation

| | 2010 £ | 2009 £ |
|---|-----------|---------------|
| Adjustments in respect of prior periods | - | 38,565 |
| Tax on loss on ordinary activities | - | 38,565 |

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2009 - *higher than*) the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below

| | 2010 £ | 2009 £ |
|--|-----------|---------------|
| Loss on ordinary activities before tax | - | (2,292,970) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%) | - | (642,032) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 481,951 |
| Capital allowances for year in excess of depreciation | - | 160,081 |
| Adjustments to tax charge in respect of prior periods | - | 38,565 |
| Current tax charge for the year (see note above) | - | 38,565 |

Factors that may affect future tax charges

In his budget on 23 March 2011, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 26% from 1 April 2011, with further annual 1% cuts to reduce the rate to 23% by April 2014. This will impact the amount of the future tax charges recognised by the company. The tax rate reduction to 26% has been enacted on 29 March 2011 and has no material effect on the financial statements for the year ended 31 December 2010. The further changes to reduce the tax rate to 23% have not been reflected in these financial statements as they have not yet been enacted and the impact has not yet been estimated.

Integrated Port Systems Limited

**Notes to the financial statements
for the year ended 31 December 2010**

4. Tangible fixed assets

| | Computer software £ |
|--|------------------------------------|
| Cost | |
| At 1 January 2010 and 31 December 2010 | 29,048,198 |
| Accumulated depreciation and impairment | |
| At 1 January 2010 and 31 December 2010 | 29,048,198 |
| Net book value | |
| At 31 December 2010 | - |
| At 31 December 2009 | - |

**5. Creditors:
Amounts falling due within one year**

| | 2010 £ | 2009 £ |
|---------------------------------|-------------------|-------------------|
| Amounts owed to group companies | 34,719,787 | 34,719,787 |

Amounts owed to group companies are unsecured, bear no interest and have no fixed repayment terms

6. Share capital

| | 2010 £ | 2009 £ |
|---|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | 1 | 1 |

7. Reconciliation of movement in shareholders' deficit

| | 2010 £ | 2009 £ |
|-------------------------------|---------------------|---------------------|
| Opening shareholders' deficit | (34,719,787) | (32,388,252) |
| Profit/(loss) for the year | - | (2,331,535) |
| Closing shareholders' deficit | (34,719,787) | (34,719,787) |

Integrated Port Systems Limited

Notes to the financial statements for the year ended 31 December 2010

8. Ultimate parent undertaking and controlling party

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 Centre and where 19.55% of its shares are traded on NASDAQ Dubai

The immediate parent undertaking at 31 December 2010 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 2010 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. Both Port & Free Zone World FZE and Dubai World Corporation are incorporated in Dubai.