

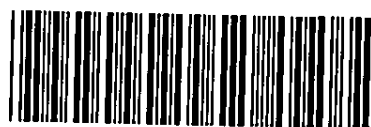
BRITISH INDIA STEAM NAVIGATION COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 133

31 DECEMBER 2007

TUESDAY



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23/09/2008

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COMPANIES HOUSE

Registered No. 133

Directors

P A Walker

M E Moore

P W Walters

(resigned 16 April 2008)

J M Woollacott

F Dalgaard

(appointed 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 profit for the year, after taxation, is £443,000 (2006 profit £680,000) No dividend was paid or proposed for the year ended 31 December 2007 (2006 nil)

Principal activity and review of business

The company is a holding company for companies in shipping and shipping related activities, principally in the Indian subcontinent

Events since the balance sheet date

On 11 February 2008 the fixed asset investment in property was transferred out of the company by way of a gift to DP World Pvt Limited, a fellow subsidiary undertaking of the company. As the assets were transferred for nil value, it was considered by the directors that the transfer constitutes a deemed distribution. Valuations of the investment at 31 December 2007 were obtained which indicated no movement in the value of the property. As such, the directors do not consider the value of the investment to be impaired at the balance sheet date

Directors

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

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

The following directors were appointed after the financial year end

F Dalgaard	(appointed 16 April 2008)
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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

Secretary

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

DIRECTORS' REPORT

Disclosure of information to the auditors

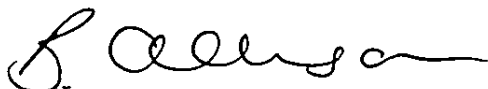
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make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

A handwritten signature in black ink, appearing to read 'B Allinson', written in a cursive style.

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 they 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 MEMBERS OF BRITISH INDIA STEAM NAVIGATION COMPANY LIMITED

We have audited the financial statements of British India Steam Navigation Company Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 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 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 MEMBERS OF BRITISH INDIA STEAM NAVIGATION COMPANY 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 accounts 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 2007 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
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 £ '000	2006 £ '000
Income from investments			
Dividends received from group undertakings		570	539
Interest received from group undertakings		-	447
Impairment charge		-	(47)
Profit on ordinary activities before taxation	2	<u>570</u>	<u>939</u>
Tax on profit on ordinary activities	3	(127)	(259)
Profit on ordinary activities after taxation and for the financial year		<u>443</u>	<u>680</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £ '000	2006 £ '000
Profit for the financial year	443	680
Revaluation of properties	-	1,820
Total recognised gains and losses relating to the financial year	<u>443</u>	<u>2,500</u>

BALANCE SHEET
AT 31 DECEMBER 2007

	Notes	2007 £ '000	2006 £ '000
Fixed assets			
Properties	4	3,771	3,771
Investments	5	284	284
		<u>4,055</u>	<u>4,055</u>
Current assets			
Amounts owed by group undertaking		12,085	11,739
Double tax relief		457	457
		<u>12,542</u>	<u>12,196</u>
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		-	33
Group relief payable		1,052	1,116
		<u>1,052</u>	<u>1,149</u>
Net current assets		<u>11,490</u>	<u>11,047</u>
Net assets		<u>15,545</u>	<u>15,102</u>
Capital and reserves			
Called up share capital	6	7,762	7,762
Capital redemption reserve	7	2,438	2,438
Revaluation reserve	7	3,771	3,771
Profit and loss account	7	1,574	1,131
Shareholders' funds		<u>15,545</u>	<u>15,102</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 THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of properties, and in accordance with 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 standards

Investments

Investments are stated at cost, less amounts provided for impairment in value

Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by The Peninsular and 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)

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

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 consolidated financial statements of The Peninsular and Oriental Steam Navigation Company, within which this Company is included, can be obtained from the address given in note 8

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

1 ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are stated at amortised costs with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Depreciation

Depreciation is not provided in respect of freehold investment properties. This treatment is a departure from the Companies Act 1985 concerning the depreciation of fixed assets in respect of certain of these properties. However, such properties are not held for consumption but for investment and the directors consider systematic annual depreciation would be inappropriate and that this policy is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investment properties

Investment properties are included in fixed assets at their latest valuations plus subsequent additions at cost, and surpluses and deficits on valuation are included in the revaluation reserve. Profits and losses on the sale of properties are calculated by reference to their net carrying value.

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

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

- (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. It is not practicable to ascertain what proportion of such fees relates to the company
- (d) The company had no employees during the year (2006 none)

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

3 TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 £ '000	2006 £ '000
Current tax		
UK corporation tax at 30% (2006 30%)	465	384
Adjustments in respect of prior periods	(153)	(125)
	<u>312</u>	<u>259</u>
Double taxation relief	(242)	(207)
	<u>70</u>	<u>52</u>
Foreign tax	57	207
Total current tax charge (note 3(b))	<u><u>127</u></u>	<u><u>259</u></u>

(b) Factors affecting tax for the current period

The tax assessed on the profit on ordinary activities for the year is lower (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are reconciled below

	2007 £ '000	2006 £ '000
Profit on ordinary activities before taxation	<u>570</u>	<u>939</u>
Profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 30% (2006 30%)	171	282
Assessable interest	223	42
Non deductible impairment charge	-	14
Adjustments in respect of prior periods	(153)	(125)
Underlying tax on overseas dividends	(114)	46
Total current tax charge (note 3(a))	<u><u>127</u></u>	<u><u>259</u></u>

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

4 PROPERTIES

	Freehold land and buildings £ '000
Cost or valuation	
At 1 January 2007	3,771
Revaluation	-
At 31 December 2007	<u><u>3,771</u></u>

The historical cost of properties net of accumulated depreciation is £nil (2006 £ nil) The directors estimate that if all properties were to be realised at their current book values the taxation liability that would arise would not exceed £1,131,455 (2006 £1,131,455) for which no provision has been made

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

5 INVESTMENTS

	Group undertakings £ '000	Other investments £ '000	Total £ '000
Cost			
At 1 January 2007 and 31 December 2007	<u>550</u>	<u>244</u>	<u>794</u>
Provision			
At 1 January 2007 and 31 December 2007	<u>(266)</u>	<u>(244)</u>	<u>(510)</u>
Net book value			
At 1 January 2007 and 31 December 2007	<u>284</u>	<u>-</u>	<u>284</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Name of company	Country of incorporation	Class of shares held	Percentage of shares held	Principal activity
<i>Subsidiary undertakings</i>				
P&O Containers Pakistan (Private) Limited	Pakistan	Ordinary shares	70%	Shipping agent and real estate management
Mackinnon Mackenzie & Co of Pakistan (Private) Limited	Pakistan	Ordinary shares	70%	Shipping agent, property ownership and travel agency

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

6 AUTHORISED AND ISSUED CAPITAL

Authorised	2007 £ '000	2006 £ '000
204,000 ordinary shares of £50 each	10,200	10,200
Allotted, called up and fully paid	2007 £ '000	2006 £ '000
155,237 ordinary shares of £50 each	7,762	7,762

7 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Called up share capital £ '000</i>	<i>Capital redemption reserve £ '000</i>	<i>Revaluation reserve £ '000</i>	<i>Profit and loss account £ '000</i>	<i>Total shareholders' funds £ '000</i>
At 1 January 2007	7,762	2,438	3,771	1,131	15,102
Profit for the year	-	-	-	443	443
At 31 December 2007	7,762	2,438	3,771	1,574	15,545

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

8 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 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