583831

CHEVERELL ESTATES LIMITED

REPORT AND FINANCIAL STATEMENTS

24 DECEMBER 2006

Registered No. 583831

Directors
A H Fletcher (Chairman)
A A Preiskel
I G H Barnett
W T Edgerley

Secretary
B Allinson

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
16 Palace Street
London SW1E 5JQ

DIRECTORS' REPORT

The dırectors present theır report and financıal statements for the year ended 24 December 2006

Results and dividends

The loss for the year, after taxatıon, ıs £345,630 (2005 loss £24,634) The dırectors have not recommended a dıvıdend to be paıd (2005 nıl)

Principal activity and review of business

The company's prıncıpal actıvıty ıs property development and dealıng The company's financial statements for the year summarıse the property and other ıncome, and property movements

Where appropriate, movements on share capıtal and reserves together with detaıls of paıd and proposed dıvıdends are set out ın the financıal statements

The company's key financıal and other performance ındıcators durıng the year were as follows

	2006	2005	Change
	£	£	%
Turnover	21,000,000	4,150,000	406
Operatıng profit on ordınary actıvıtıes before tax	185,145	933,922	(80)
Operatıng loss on ordınary actıvıtıes after taxatıon	(345,630)	(24,634)	1,303

Turnover for the year represents the sale of the Elızabeth House freehold An operatıng loss after tax has been ıncurred due to a combınatıon of a loss on the sale of the Elızabeth House freehold, lower rental income and an underprovısıon of tax from prevıous years

Principal risks and uncertanties

The dırectors do not foresee any sıgnıficant rısks and uncertaınties

Events since the balance sheet date

On 1 January 2007 Thunder FZE, an ıntermedıate parent undertakıng, was purchased by Galaxy Investments Ltd and ın the opınıon of the dırectors, the ultımate parent undertakıng from that date ıs Dubai World Corporatıon, a company ıncorporated ın Dubaı

On 7 June 2007 Galaxy Investments Ltd was renamed DP World Lımıted

DIRECTORS' REPORT

Directors

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

A H Fletcher (Chairman)
A A Preiskel
I G H Barnett
W T Edgerley (appointed 1 March 2007)

Secretary

B Allinson was appointed as secretary on 29 September 2006

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the audit report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as director in order to make himself aware of any relevant audit information and to establish that the auditor is unaware of that information

Auditors

Following the acquisition of the Peninsular and Oriental Steam Navigation Company by Thunder FZE, a wholly owned subsidiary of Ports, Customs and Free Zone Corporation Dubai, KPMG Audit Plc resigned as the company's auditor and Ernst & Young LLP was appointed in accordance with the elective resolution passed by the company under section 386 Companies Act 1985

On behalf of the board

A H Fletcher
Director

25 July 2007

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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,

- 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 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 SHAREHOLDERS OF CHEVERELL ESTATES LIMITED

We have audited the financial statements of Cheverell Estates Limited for the year ended 24 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses and the related notes 1 to 9 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

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 SHAREHOLDERS OF CHEVERELL ESTATES 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 December 2006 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
25 July 2007

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2006

	Notes	2006 £	Restated 2005 £
Turnover			
Continuing operations			
Property sales		**21,000,000**	4,150,000
Cost of sales		**(21,130,460)**	(3,395,878)
Gross profit		**(130,460)**	754,122
Sundry income		**362,226**	1,298,488
Sundry expenses		**(46,621)**	(995,688)
Group management charge		**-**	(123,000)
Operating profit			
Continuing operations		**185,145**	933,922
Profit on ordinary activities before taxation	2	**185,145**	933,922
Tax on profit on ordinary activities	3	**(530,775)**	(958,556)
Loss on ordinary activities after taxation and for the financial year		**(345,630)**	(24,634)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2006

There were no recognised gains and losses other than the loss of £345,630 attributable to the shareholders for the year ended 24 December 2006 (2005 - loss £24,634)

BALANCE SHEET
AT 24 DECEMBER 2006

	Notes	2006 £	2006 £	Restated 2005 £	Restated 2005 £
Current Assets					
Properties		**2,100,002**		23,100,004	
Debtors	4				
amounts falling due within one year		**8,255,966**		297,038	
			10,355,968		23,397,042
Creditors: amounts falling due within one year	5		**380,518**		12,918,547
Net current assets			**9,975,450**		10,478,495
Provisions for liabilities	6		**333,205**		490,620
Net assets			**9,642,245**		9,987,875
Capital and reserves					
Called up share capital	7		**1,000,000**		1,000,000
Profit and loss account	8		**8,642,245**		8,987,875
			9,642,245		9,987,875

W T Edgerley

A H Fletcher

W T Edgerley
Directors

A H Fletcher

25 July 2007

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2006

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Cheverell Estates Limited were approved for issue by the Board of Directors on 25 July 2007

The financial statements are prepared under the historical cost convention

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

Restatements

Previously the company recognised credit tenant ledger balances as trade creditors As the balances are tenant prepayments, these are now recognised as deferred income Consequently trade creditors have been reduced by £260,773 at 24 December 2005 and deferred income increased by £260,773 at 24 December 2005

Previously the company allocated the provisions for liabilities between current and non-current liabilities Provisions for liabilities are now presented on the balance sheet as one total regardless of whether they are current or non-current In addition, amounts previously classified as deferred income and other creditors are now appropriately presented in provisions for liabilities

Consequently deferred income has been reduced by £374,600 at 24 December 2005 and other creditors reduced by £10,855 at 24 December 2005 Provisions for liabilities has been increased by £385,455 at 24 December 2005

Rental income and related outgoings are now included with sundry income and expenses respectively Consequently sundry income has been increased by £1,021,606 and sundry expenses has been increased by £995,688 for the year ended 24 December 2005

Development and dealing properties

Development and dealing properties are included in current assets at the lower of cost and net realisable value Interest and other outgoings less income receivable are charged to the profit and loss account during development

Deferred taxation

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 date except as otherwise required by Financial Reporting Standard 19 (Deferred Tax)

Provisions

Provisions are made for future lease obligations at their estimated present value

1 ACCOUNTING POLICIES (continued)

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

Related party transactions

The company has taken advantage of the exemption available to it under FRS8 "Related Party Disclosures" not to disclose transactions with other group companies There were no other related party transactions during the year

2 OPERATING PROFIT

(a) The company's business is organised in the United Kingdom

(b) The basis of charging intra-group interest is agreed between the parties from time to time

(c) 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 other group undertakings

(d) Fees for audit and non-audit services provided by Ernst & Young 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

3 TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2006	2005
	£	£
Current tax		
UK corporation tax at 30% (30%)	**(175,568)**	(59,657)
Tax underprovided in previous years	**(257,677)**	(886,429)
Total current tax (note 3(b))	**(433,245)**	(946,086)
Deferred tax		
Origination and reversal of timing differences	**(97,530)**	(12,470)
Tax on profit on ordinary activities	**(530,775)**	(958,556)

3 TAX (continued)

(b) Factors affecting the tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%) The differences are reconciled below

	2006	2005
	£	£
Profit on ordinary activities before tax	**185,145**	933,922
Profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 30% (2005 - 30%)	**(55,543)**	(280,177)
Stock write up & disposal	-	97,500
(Assessable)/deductible imputed interest	**(120,025)**	118,778
Other differences	-	4,242
Tax underprovided in previous years	**(257,677)**	(886,429)
Total current tax (note 3(a))	**(433,245)**	(946,086)

4 DEBTORS

	2006	Restated 2005
	£	£
Amounts owed by group undertakings	**8,161,817**	-
Trade debtors	**25,067**	1,208
Other debtors	**69,082**	198,300
Deferred tax	-	97,530
	8,255,966	297,038

Deferred taxation

	£
25 December 2005	**97,530**
Transfer to profit and loss account	**(97,530)**
At 24 December 2006	-

The balance at 25 December 2005 consisted of primarily of short-term timing differences A deferred tax asset is no longer recognised as there is no guarantee the losses created within the group and the losses brought forward can be utilised

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	Restated 2005
	£	£
Trade creditors	-	131,925
Other creditors	**99,339**	147,810
Amounts owed to group undertakings	-	11,186,623
Group relief payable	**175,568**	1,178,493
Deferred income	**105,611**	273,696
	380,518	12,918,547

6 PROVISIONS FOR LIABILITIES

	Provision for services, insurance and rates	*Provision for onerous lease*	*Provision for repairs and legal fees*	*Total*
	£	*£*	*£*	*£*
At 25 December 2005	60,355	105,165	325,100	490,620
Arising during the year	12,500	23,180	1,000	36,680
Utilised	(32,000)	(47,095)	(115,000)	(194,095)
At 24 December 2006	40,855	81,250	211,100	333,205

Services, insurance and rates

Provision has been made for service charges, insurance premiums and rates on properties owned The provisions are adjusted every quarter and are released when there is no further requirement to recognise them It is estimated the provision will be utilised within twelve months of the balance sheet date

Onerous lease

Provisions are made for future lease obligations at their estimated present value The view of future cash flows has been discounted, even though the cash flow estimates are uncertain It is estimated the provision will be utilised within five years of the balance sheet date

Repairs and legal fees

Provision has been made for repairs and legal fees for properties in the event that such expenses occur in the future The provisions are adjusted accordingly depending on the likelihood of any resulting economic benefits and are released when there is no further requirement to recognise them It is estimated the provisions will be utilised within four years of the balance sheet date

7 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	**2006**	2005
	£	£
1,000,000 ordinary shares of £1 each	**1,000,000**	1,000,000

Allotted, called up and fully paid	**2006**	2005
	£	£
1,000,000 ordinary shares of £1 each	**1,000,000**	1,000,000

8 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 25 December 2004	1,000,000	9,012,509	10,012,509
Loss for the year	-	(24,634)	(24,634)
At 24 December 2005	1,000,000	8,987,875	9,987,875
Loss for the year	-	(345,630)	(345,630)
At 24 December 2006	1,000,000	8,642,245	9,642,245

9 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 financials statements are prepared and in which the company is consolidated is Dubai Ports Authority a company incorporated in Dubai, whose accounts are filed with the Dubai International Financial Exchange

The immediate parent undertaking at 24 December 2006 is P&O Property Holdings Limited, a company incorporated in the United Kingdom

In the opinion of the directors, the ultimate parent undertaking as at 24 December 2006 was Ports Customs and Free Zones Corporation, a company incorporated in Dubai

On 1 January 2007 Thunder FZE, an intermediate parent undertaking, was purchased by Galaxy Investments Ltd and in the opinion of the directors, the ultimate parent undertaking from that date is Dubai World Corporation, a company incorporated in Dubai

On 7 June 2007 Galaxy Investments Ltd was renamed DP World Limited