

P&O DEVELOPMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

24 DECEMBER 2010

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COMPANIES HOUSE

Registered No. 688388

Directors

R O Keshiro

G Brooks

Secretary

C M Coombe

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

16 Palace Street

London SW1E 5JQ

Registered No 688388

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 24 December 2010

Results and dividends

The loss for the year, after taxation, is £33,527 (2009 profit of £31,850) The directors do not recommend the payment of a dividend

Principal activity and review of business

The company's principal activity is the provision of project management and other development services to other members of the Istithmar P&O Estates (UK) Limited Group

The company's key financial and other performance indicators during the year were as follows

	2010	2009	Change
	£	£	%
Operating result/profit before tax	-	85,961	-
Net assets	5,102,228	5,135,755	(1)

Fee income and expenses were in accordance with management's expectations

The company is a wholly owned subsidiary of P&O Property Holdings Limited

Principal risks and uncertainties and going concern

Having reviewed the company's business activities, together with the factors likely to affect its future development and financial position, the directors do not foresee any significant risks and uncertainties In respect of going concern, after making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The directors of the company who held office during the year and up to the date of this report were as follows

R O Keshiro

G Brooks (appointed 8 April 2010)

A H Fletcher (resigned 28 February 2011)

DIRECTORS' REPORT

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

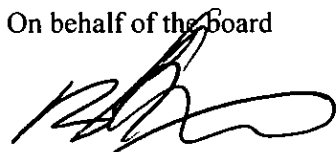
Disclosure of information to the auditors

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 company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Ernst & Young LLP are auditors to the Company and a resolution is to be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006 that they be replaced by PricewaterhouseCoopers LLP

On behalf of the Board



R O Keshiro
Director

22 September 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 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.

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

We have audited the financial statements of P&O Developments Limited for the year ended 24 December 2010 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 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 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

As explained more fully in the Directors' Responsibilities Statement 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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 24 December 2010 and of its loss 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



*Adrian Mulea (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

28 SEPTEMBER 2011

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2010**

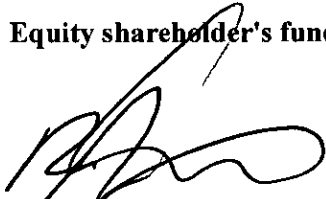
	Notes	2010 £	2009 £
Turnover			
Management fees		<u>131,798</u>	<u>308,790</u>
		131,798	308,790
Administrative expenses		<u>(127,274)</u>	<u>(228,027)</u>
Depreciation	4	<u>(4,524)</u>	<u>(7,702)</u>
Profit on disposal of fixed assets		<u>-</u>	<u>12,900</u>
Operating result/profit on ordinary activities before taxation	2	-	85,961
Tax on result/profit on ordinary activities	3	<u>(33,527)</u>	<u>(54,111)</u>
(Loss)/profit on ordinary activities after taxation		<u>(33,527)</u>	<u>31,850</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2010**

There were no recognised gains and losses other than the loss of £33,527 attributable to the shareholders for the year ended 24 December 2010 (2009 profit of £31,850)

BALANCE SHEET
AT 24 DECEMBER 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	4	3,016		7,540	
Investments	5	50		50	
			3,066		7,590
Current assets					
Debtors amounts falling due within one year	6	5,132,684		5,599,053	
		5,132,684		5,599,053	
Creditors: amounts falling due within one year	7	(33,522)		(470,888)	
Net current assets			5,099,162		5,128,165
Net assets			5,102,228		5,135,755
Capital and reserves					
Called up share capital	8		2,997,663		2,997,663
Other reserves	9		61,909		61,909
Profit and loss account	9		2,042,656		2,076,183
Equity shareholder's funds			5,102,228		5,135,755



R O Keshiro
Director
22 September 2011

NOTES TO THE FINANCIAL STATEMENTS AT 24 DECEMBER 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of P&O Developments Limited were approved for issue by the Board of Directors on 22 September 2011. The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a parent undertaking which prepares consolidated financial statements, which include the results of the company.

Cash flow statement

The company has taken advantage of the exemption available to it under FRS1 (revised) "Cash Flow Statements" not to prepare a statement of cash flows, on the grounds that the company is wholly owned and its ultimate parent undertaking, Dubai World, prepares a consolidated statement of cash flows.

Fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation and impairment losses. Impairment losses are recognised in the period they arise. The costs of tangible fixed assets are written off over their expected useful lives on a straight line basis at the following rates:

Motor vehicles	25% per annum
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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.

Investments

Investments are recorded at cost less any provision for impairment. Impairment losses are recognised in the accounting period in which they arise.

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Dividends receivable

Revenue is recognised when the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for performance, is stated net of value added tax and represents the invoiced value of services provided

Turnover is attributable to one continuing activity, being fees received from property management

2 OPERATING RESULT/PROFIT

- (a) The company has no employees (2009 None) 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
- (b) 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
- (c) Administrative expenses incurred by the company have been re-charged to other group undertakings based on the amount of property income earned as a proportion of the group's property income
- (d) Operating result/profit is stated after (charging)/crediting

	2010	2009
	£	£
Depreciation	(4,524)	(7,702)
Profit on disposal of fixed assets	-	12,900
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

3 TAX ON RESULT/PROFIT ON ORDINARY ACTIVITIES

(a) Tax on result/profit on ordinary activities

The tax charge is made up as follows

	2010	2009
	£	£
<i>Current tax</i>		
UK corporation tax at 28% (2009 28%)	(33,523)	(54,002)
Tax underprovided in previous years	(4)	(109)
Total current tax charge (note 3(b))	<u>(33,527)</u>	<u>(54,111)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Tax charge on result/profit on ordinary activities	<u>(33,527)</u>	<u>(54,111)</u>

(b) Factors affecting the tax charge

The tax assessed on the result/profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010	2009
	£	£
Result/profit on ordinary activities before tax	<u>-</u>	<u>85,961</u>
Result/profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 28% (2009 28%)	-	(24,069)
Profit on disposal of fixed assets	-	3,623
Decelerated capital allowances	723	8,035
Assessable imputed interest	(34,246)	(41,591)
Tax underprovided in previous years	(4)	(109)
Total current tax (note 3 (a))	<u>(33,527)</u>	<u>(54,111)</u>

(c) Unrecognised deferred tax

A deferred tax asset of £6,606 (2009 £14,459) has not been recognised in respect of short term timing differences and capital loss The asset is unrecognised as there is uncertainty as to whether there will be suitable profits and gains available for offset in the future

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

3 TAX (continued)

(d) Factors affecting 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, and then by a further 1% per annum to 23% by 2014. The rate change will impact the amount of the future tax charges recognised by the company. However, it is not considered to have any material effect on the current year results.

The company will only recognise the impact of these rate changes in its financial statements once they are substantively enacted. However, for indicative purposes only, the maximum effect of the proposed reduction in the corporate income tax rate to 23% is to reduce the unrecognised deferred tax balance as at 24 December 2010 to £5,844.

4 TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 25 December 2009	18,097
At 24 December 2010	<u>18,097</u>
Depreciation	
At 25 December 2009	10,557
Provided during the year	4,524
At 24 December 2010	<u>15,081</u>
Net book value	
At 24 December 2010	<u><u>3,016</u></u>
At 25 December 2009	<u><u>7,540</u></u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

5 INVESTMENTS

	Shares in subsidiaries and associates £
Cost	
At 25 December 2009 and 24 December 2010	104
	<hr/>
Provisions	
At 25 December 2009 and 24 December 2010	(54)
	<hr/>
Net book value	
At 25 December 2009 and 24 December 2010	50
	<hr/>

The company's subsidiary undertakings at the date of the balance sheet are set out below. All are wholly owned, registered in England and Wales, and engaged in property investment, development or dealing.

	Class of Capital	Proportion of voting rights and shares held
York Technology Park Limited	Ordinary	100%
P&O Developments (LRT) Limited	Ordinary	100%
Millennium Park (Grimsby) Limited	Ordinary	100%

In the opinion of the Directors, the value of the company's investments in its subsidiaries is not less than the amount at which they are stated in the balance sheet.

At 24 December 2010, P&O Developments Limited also owned 50% of the ordinary share capital of Viopoint Limited (formerly known as York Science Park Limited) which is registered in England and Wales and is engaged in property development. In the opinion of the Directors, the value of the company's investment in its associate is not less than the amount at which it is stated in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010**

6 DEBTORS

	2010	2009
	£	£
Amounts owed by group undertakings	5,062,167	5,573,317
Other debtors	70,517	25,736
	<u>5,132,684</u>	<u>5,599,053</u>

There are no debtors falling due after more than one year. Amounts due from group undertakings do not have specified terms of settlement and are therefore considered current.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Group relief payable	<u>33,522</u>	<u>470,888</u>

8 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	2010	2009
	£	£
3,000,000 ordinary shares at £1 each	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

Allotted, called up and fully paid	2010	2009
	£	£
2,997,663 ordinary shares at £1 each	2,997,663	2,997,663
	<u>2,997,663</u>	<u>2,997,663</u>

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£	£
At 25 December 2008	2,997,663	61,909	2,044,333	5,103,905
Profit for the year	-	-	31,850	31,850
At 24 December 2009	<u>2,997,663</u>	<u>61,909</u>	<u>2,076,183</u>	<u>5,135,755</u>
Loss for the year	-	-	(33,527)	(33,527)
At 24 December 2010	<u><u>2,997,663</u></u>	<u><u>61,909</u></u>	<u><u>2,042,656</u></u>	<u><u>5,102,228</u></u>

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

10 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 24 December 2010 is P&O Property Holdings Limited, a company incorporated in the United Kingdom

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Istithmar Buildings FZE, a company incorporated in Dubai. The consolidated financial statements of this group are available on request from 6th Floor, Building No 4, The Galleries, Downtown Jebel Ali, Dubai, United Arab Emirates

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Dubai World. The consolidated financial statements of this group are available on request from P O Box 1700, Dubai, United Arab Emirates