

**ISTITHMAR INTERNATIONAL LIMITED (FORMERLY NAKHEEL INTERNATIONAL
LIMITED)**

REPORT AND FINANCIAL STATEMENTS

24 DECEMBER 2009

THURSDAY



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30/09/2010

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COMPANIES HOUSE

Registered No. 805591

Directors

A H Fletcher

G Brooks

I G H Barnett

E E Wilson

R O Keshiro

G B Corser

A J Watson

A C S Coffey

Secretary

D Nicholson

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

16 Palace Street

London SW1E 5JQ

Registered No. 805591

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 24 December 2009

Results and dividends

The loss for the year, after taxation, is £34,514 (2008 profit of £211,887) The directors do not recommend the payment of a dividend

Principal activity and review of business

The company's principal activity is acting as a property investment holding company The company has not engaged in any commercial trading activity during the year

The company is a wholly owned subsidiary of P&O Property Holdings Limited On 17 December 2009, the company changed its name from Nakheel International Limited to Istithmar International Limited

Principal risks and uncertainties and going concern

Impairment of investments in subsidiaries

The financial performance of subsidiary undertakings may affect their carrying value The carrying value of these investments is monitored regularly for indications of impairment

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

A H Fletcher

G Brooks

I G H Barnett

E E Wilson

R O Keshiro

J D Hudson (resigned 22 December 2009)

G B Corser

A J Watson (appointed 3 March 2009)

A C S Coffey (appointed 3 March 2009)

A A Preiskel (resigned 3 April 2009)

W T Edgerley (resigned 15 July 2009)

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

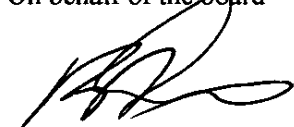
Disclosure of information to the auditors

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 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 S485 of the Companies Act 2006 that they be re-appointed

On behalf of the board



R O Keshiro

Director

24 September 2010

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 ISTITHMAR INTERNATIONAL LIMITED (FORMERLY NAKHEEL INTERNATIONAL LIMITED)

We have audited the financial statements of Istithmar International Limited for the year ended 24 December 2009 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 7. 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
ISTITHMAR INTERNATIONAL LIMITED (FORMERLY NAKHEEL INTERNATIONAL
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 2009 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 **30 SEP 2010**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2009**

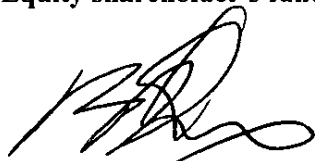
	Notes	2009 £	2008 £
Movement on investment impairment provision		(33,278)	200,690
Operating (loss)/profit on ordinary activities before taxation	2	(33,278)	200,690
Tax on (loss)/profit on ordinary activities	3	(1,236)	11,197
(Loss)/profit on ordinary activities after taxation		(34,514)	211,887

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2009**

There were no recognised gains and losses attributable to the shareholders other than the loss of £34,514 for the year ended 24 December 2009 (2008 profit of £211,887)

BALANCE SHEET
AT 24 DECEMBER 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Investements in subsidiary undertakings	4		6,637,185		6,670,463
Creditors: amounts falling due within one year					
Group relief payable		(143,331)		(142,095)	
Amounts due to group undertakings		<u>(6,068,313)</u>		<u>(6,068,313)</u>	
			(6,211,644)		(6,210,408)
Net assets			<u>425,541</u>		<u>460,055</u>
Capital and reserves					
Called up share capital	5		250,000		250,000
Profit and loss account	6		175,541		210,055
Equity shareholder's funds			<u>425,541</u>		<u>460,055</u>



R O Keshiro

Director

24 September 2010

NOTES TO THE FINANCIAL STATEMENTS AT 24 DECEMBER 2009

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Istithmar International Limited were approved for issue by the Board of Directors on 24 September 2010

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

The company is a wholly owned subsidiary of P&O Property Holdings Limited. On 17 December 2009 the company changed its name from Nakheel International Limited to Istithmar International Limited

Group financial statements are not prepared because the company is itself a wholly owned subsidiary undertaking of another company incorporated in England and Wales which, in turn, is a wholly owned subsidiary of a company incorporated in Dubai which prepares consolidated accounts which are available on request

Investments

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

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

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

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

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 substantially enacted at the balance sheet date

**NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2009**

2 OPERATING (LOSS)/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 ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Tax on (loss)/profit on ordinary activities

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

	2009	2008
	£	£
<i>Current tax</i>		
UK corporation tax at 28% (2008 28.5%)	273	62,007
Tax underprovided in previous years	(1,509)	(50,810)
Total current tax on (loss)/profit on ordinary activities (note 3(b))	<u>(1,236)</u>	<u>11,197</u>

(b) Factors affecting the tax (charge)/credit

The tax assessed on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are reconciled below

	2009	2008
	£	£
(Loss)/profit on ordinary activities before tax	<u>(33,278)</u>	<u>200,690</u>
(Loss)/profit on ordinary activities multiplied by the current rate of corporation tax in the UK of 28% (2008 28.5%)	9,318	(57,197)
Expenses not deductible for tax purposes	(9,318)	-
Income not assessable for tax purposes	-	57,197
Capital allowances in excess of depreciation	273	375
Assessable imputed interest	-	61,632
Tax underprovided in previous years	(1,509)	(50,810)
Total current tax (charge)/credit (note 3(a))	<u>(1,236)</u>	<u>11,197</u>

**NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2009**

3 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(c) Factors affecting future tax charges

In his Budget on 22 June 2010, the Chancellor of the Exchequer announced tax rate changes which, if enacted in the proposed manner, would have an effect on the company's future tax provision. As at the balance sheet date the tax changes announced in the Budget are not regarded as 'substantively enacted' and, in accordance with accounting standards, the changes have not been reflected in the company's financial statements as at 31 December 2009.

The Budget proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year from April 2011, which will be enacted annually. The rate change will impact the amount of the future tax payments to be made by the company.

The effect on the company of these proposed changes to the UK tax system will be reflected in the financial statements in future years, as appropriate, once the proposals have been substantively

4 INVESTMENTS

Shares in subsidiary undertakings	2009 £	2008 £
Cost at 24 December	7,749,016	7,749,016
Impairment at 24 December	(1,111,831)	(1,078,553)
Net book value at 24 December	<u>6,637,185</u>	<u>6,670,463</u>

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
P&O Estates Limited	Active	Ordinary	100%
Leonora Investment Company Limited	Active	Ordinary	100%
Leonora Estates Limited	Dormant	Ordinary	100%
Charlwood Alliance Properties Limited	Dormant	Ordinary	100%
Leonora Estates (Mill Hill) Limited	Dormant	Ordinary	100%

In the opinion of the directors, the value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2009

5 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	2009	2008
	£	£
250,000 ordinary shares at £1 each	250,000	250,000
Allotted, called up and fully paid	2009	2008
	£	£
250,000 ordinary shares at £1 each	250,000	250,000

6 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 25 December 2007	250,000	(1,832)	248,168
Profit for the year	-	211,887	211,887
At 24 December 2008	250,000	210,055	460,055
Loss for the year	-	(34,514)	(34,514)
At 24 December 2009	250,000	175,541	425,541

7 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 24 December 2009 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