

PD Logistics Limited

Annual report and financial statements
for the 18 month period ended 31 December 2010

Registered number 1422772

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Directors' report

For the 18 month period ended 31 December 2010

The Directors present their annual report on the affairs of PD Logistics Limited ("the Company") together with the financial statements for the 18 month period ended 31 December 2010

Principal activities and business review

The Company is currently non-trading

On 20 November 2009 the Company's immediate parent company, Brookfield Port Acquisitions (UK) Limited ('BPAUK') (formerly BBI Port Acquisitions (UK) Limited), was acquired by Brookfield Ports (UK) Limited, a company controlled by Brookfield Asset Management Inc. The Company is now part of the Brookfield Ports Group (the 'Group')

The Company changed its Accounting Reference Date during the 18 month period to 31 December 2010 to align with that of its new ultimate parent undertaking. As a result these financial statements are for an 18 month period from 1 July 2009 to 31 December 2010.

The Company's profit for the 18 month period amounted to £nil (year ended 30 June 2009: £nil). A dividend of £nil was paid during the 18 month period (year ended 30 June 2009: £358,000).

The Directors consider the future position of the Company to be satisfactory.

Directors

The Directors of the Company who served during the 18 month period and subsequently were as follows:

D J Robinson

D M Russell

J M Hopkinson

M J Pounder resigned 31 March 2010

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks affecting the Company include financing risks and the ability of the fellow subsidiary to generate sufficient revenues to service the inter-company debt. The Company monitors and manages these risks through a series of regular meetings of the Company and divisional management to discuss operational, strategic and risk issues, as well as through meetings of the Group Risk Committee which assesses the major risks and key controls designed to manage these risks.

Directors' report (continued)

For the 18 month period ended 31 December 2010

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have 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.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in the financial statements.

Directors' responsibilities statement

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 period. 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 its profit or loss for that period. In preparing these 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 United Kingdom 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 which 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.

Auditors and disclosure of information to Auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report as defined in the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Directors' report (continued)

For the 18 month period ended 31 December 2010

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the 18 month period and remain in force at the date of this report

By order of the Board

A handwritten signature in black ink, appearing to read 'D M Russell', with a large, stylized initial 'D'.

D M Russell
Director

Company registration number 1422772

9 September 2011

Independent auditor's report

For the 18 month period ended 31 December 2010

Independent auditor's report to the shareholders of PD Logistics Limited

We have audited the financial statements of PD Logistics Limited for the 18 month period ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 12. 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

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.

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 result for the 18 month period 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

Independent auditor's report (continued)

For the 18 month period ended 31 December 2010

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 18 month period 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



Paul Feechan
(Senior Statutory Auditor)

Deloitte LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

United Kingdom

DATE 9 September 2011

Profit and loss account

For the 18 month period ended 31 December 2010

	Notes	18 months to 31 Dec 2010 £'000	12 months to 30 Jun 2009 £'000
Finance charges (net)	2	-	-
Result on ordinary activities before taxation	3	-	-
Tax on profit on ordinary activities	4	-	-
Result for the financial period/year	10	-	-

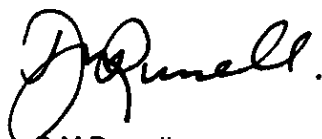
The accompanying notes are an integral part of this profit and loss account

There were no recognised gains and losses other than the result for the financial period, in either period, and accordingly no separate statement of total recognised gains and losses is presented

Balance sheet
31 December 2010

	Notes	31 Dec 2010 £'000	30 Jun 2009 £'000
Current assets			
Debtors: Amounts falling due within one year	5	70,289	60,968
Creditors Amounts falling due within one year	6	(12,864)	(12,864)
Net current assets		<u>57,425</u>	<u>48,104</u>
Total assets less current liabilities		57,425	48,104
Creditors Amounts due in more than one year	7	(53,425)	(44,104)
Net assets		<u>4,000</u>	<u>4,000</u>
 Capital and reserves			
Called-up equity share capital	8	4,000	4,000
Profit and loss account	9	-	-
Shareholders' funds	10	<u>4,000</u>	<u>4,000</u>

The financial statements of PD Logistics Limited, registered number 1422772, on pages 7 to 14 were approved by the board of Directors and authorised for issue on 9 September 2011. These were signed on its behalf by



D M Russell
Director

The accompanying notes are an integral part of this balance sheet

Statement of accounting policies

For the 18 month period ended 31 December 2010

The principal accounting policies are set out below. They have all been applied consistently throughout the 18 month period and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom accounting standards. The company has taken advantage of the exemption from the requirement of Financial Reporting Standards (FRS) 1 (revised) 'cash flow statements' to present a cash flow statement, and (FRS) 8 'related party disclosures' because at 31 December 2010 it was a wholly owned subsidiary of PD Portco Limited which prepares consolidated financial statements which are publically available.

Going concern

The Group prepares long term financial projections on an annual basis, which include cash flows. These are used to compute future financial covenant ratios in relation to all of the Group's borrowings and to assess whether these covenants are expected to be met. The Group's projects, taking into account of reasonably possible changes in the trading performance, show that the Group has sufficient resources to settle all of its liabilities as they fall due. On this basis, the directors consider that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount of debt is increased by the finance cost in respect of the accounting period and reduced by payments made during the period. Finance charges, including direct issue costs, are accounted for on an accruals basis, using the effective interest method and are amortised to the profit and loss account over the life of the associated loans. Issue costs are amortised to the profit and loss account over the life of the associated loans.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract which evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Dividends

Dividends payable are recognised when they are declared.

Interest receivable and payable

Interest income and expense is accrued on a time-basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Statement of accounting policies (continued)

For the 18 month period ended 31 December 2010

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

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

Notes to the financial statements

For the 18 month period ended 31 December 2010

1 Staff costs

The Company has no employees other than executive Directors

Messrs Hopkinson, Robinson and Russell are employed by PD Ports Limited, which is a fellow group company. It is not practicable to determine the proportions of such emoluments which are attributable to these Directors' services to the Company. The emoluments of Messrs Robinson and Russell and Mr Hopkinson are disclosed in the financial statements of the immediate parent company, PD Portco Limited and PD Teesport Limited, a fellow group company, respectively. Mr Pounder was paid wholly by PD Port Services Limited, and it is not possible to determine the proportion of such emoluments that are attributable to his services to the Company. His emoluments are therefore disclosed in the accounts of PD Port Services Limited.

Retirement benefits are accruing to one of the Directors under a defined benefit scheme (2009: one). The Group also contributed to the defined contribution pension arrangements of one Director (2009: three). The remaining director at 31 December 2010 and 30 June 2009 was a member of the Group Personal Pension Scheme.

2 Finance charges (net)

	18 months to 31 Dec 2010 £'000	12 months to 30 Jun 2009 £'000
Interest payable and similar charges	(9,321)	(5,310)
Less investment income	9,321	5,310
	<u>--</u>	<u>-</u>
<i>Interest payable and similar charges</i>		
Interest payable to fellow group companies	<u>(9,321)</u>	<u>(5,310)</u>
<i>Investment income</i>		
Interest receivable from fellow group companies	<u>9,321</u>	<u>5,310</u>

3 Profit on ordinary activities before taxation

The Company did not incur any fees payable to the company's auditors for the audit of the Company's annual financial statements (year ended 30 June 2009: £nil) or for non-audit services. Audit fees of £1,000 (year ended 30 June 2009: £1,000) were paid on behalf of the company by other subsidiaries of the intermediate parent company. There were no fees for non-audit services paid by other group companies (year ended 30 June 2009: £nil).

Notes to the financial statements (continued)

For the 18 month period ended 31 December 2010

4 Taxation

	18 months to 31 Dec 2010 £'000	12 months to 30 Jun 2009 £'000
Analysis of tax charge		
UK Corporation tax on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Timing differences	-	-
	-	-

Factors that may affect future tax charges

The Directors do not expect that the Company will be liable to corporation tax in the foreseeable future

5 Debtors

	31 Dec 2010 £'000	30 Jun 2009 £'000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings – PD Port Services Limited	70,289	60,968

Interest on the balance owed by PD Port Services Limited is charged at a rate agreed between the two companies

6 Creditors amounts falling due within one year

	31 Dec 2010 £'000	30 Jun 2009 £'000
Amounts owed to group undertakings	(12,864)	(12,864)

Notes to the financial statements (continued)

For the 18 month period ended 31 December 2010

7 Creditors amounts falling due in more than one year

	31 Dec 2010 £'000	30 Jun 2009 £'000
Amounts owed to group undertakings	<u>(53,425)</u>	<u>(44,104)</u>
Amounts owed to group undertakings fall due for payment as follows		
Between one and two years	25	25
Between two and five years	74	74
After five years	<u>(53,524)</u>	<u>(44,203)</u>
	<u>(53,425)</u>	<u>(44,104)</u>
On demand or within one year	<u>(12,864)</u>	<u>(12,864)</u>
	<u>(66,289)</u>	<u>(56,968)</u>

Of the amounts owed to group undertakings, £30,350,000 (year ended 30 June 2009 £28,108,000) is secured by way of a fixed and floating charge over the assets of the Company and is repayable in the period to 31 March 2032. This debt attracts fixed interest rates, after the effect of the interest rate swaps, currently of between 6.4% and 11.6%. The amount of £23,464,000 (year end 30 June 2009 £17,213,000) is unsecured, repayable in full on 31 March 2032, and attracts an interest rate of 23%. The balance of £12,475,000 (year ended 30 June 2009 £11,647,000) is unsecured, has no repayment date and does not attract any interest.

As a subsidiary of PD Portco Limited, the Company is a party to the terms of the whole business securitisation raised by THPA Finance Limited, a fellow subsidiary of PD Portco Limited, in 2001. PD Portco Limited and its subsidiaries (together the Portco Group, of which the Company is a member), provide cross guarantees under the terms of the securitisation. The Company's material borrowings comprise the amounts owed to group undertakings which relate to the Portco Group's securitisation loan notes and its subordinated debt. The securitisation loan notes are repayable on a semi-annual basis under a fixed amortisation schedule from September 2011 to March 2032, and their interest rates are fixed under the terms of their issue in 2001. In the 12 months after the balance sheet date the Group has rescheduled debt repayments of £2.7m and further repayments totalling £8.9m are due in the year ending 31 December 2012.

8 Called-up equity share capital

	31 Dec 2010 £'000	30 Jun 2009 £'000
<i>Allotted, called-up and fully paid</i>		
4,000,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

Notes to the financial statements (continued)

For the 18 month period ended 31 December 2010

9 Profit and loss account

£'000

At 1 July 2009 and 31 December 2010

-

10 Reconciliation of movements in shareholders' funds

	31 Dec 2010 £'000	30 Jun 2009 £'000
Shareholders' funds beginning of period/year	4,000	4,358
Result for the period/year	-	-
Dividend	-	(358)
Shareholders' funds at end of period/year	<u>4,000</u>	<u>4,000</u>

11 Financial commitments

As at 31 December 2010, the Company (along with certain other companies) had guaranteed the obligations of THPA Finance Limited, a fellow subsidiary, under the terms of the issue of that company's listed debt. The amount guaranteed by the Company at 31 December 2010 and 30 June 2009 under these arrangements totalled £245,000,000. The guarantees were secured by fixed and floating charges.

12 Ultimate parent undertaking and controlling party

The Company's intermediate parent company, controlling party and the smallest corporate entity which produces consolidated financial statements including the results of the Company is PD Portco Limited a company registered in England and Wales. Copies of the financial statements of this company are available from its registered office, 17-27 Queen's Square, Middlesbrough, TS2 1AH.

The Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements including the results of the Company, is Brookfield Asset Management Inc, a company incorporated in Canada. Copies of the financial statements of this company are available from its registered office, suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.