PD Logistics Limited

Annual report and financial statements
for the year ended 30 June 2009

Registered number 1422772

Contents

Directors' report
For the year ended 30 June 2009

The Directors present their annual report on the affairs of PD Logistics Limited ("the Company") together with the financial statements for the year ended 30 June 2009

Principal activities and business review
The Company is a wholly owned subsidiary of Brookfield Port Acquisitions (UK) Limited On 31 March 2005, the Company transferred its trade to PD Port Services Limited, a fellow group company, together with all of its assets and liabilities with the exception of the liabilities in respect of the long term loans from THPA Finance Limited and Ports Holdings Limited The Company is currently non-trading and therefore, given the nature of the business and operating structure of the BBI Port Acquisitions (UK) Limited group, the Directors are of the opinion that analysis using other key performance indicators is not necessary for an understanding of the development, performance or position of the Company

On 20 November 2009, the Company's UK parent company was sold to Brookfield Ports (UK) Limited, an investment holding company and intermediate parent company, ultimately controlled by Brookfield Asset Management Inc (Brookfield) Brookfield is a global asset manager with funds of over $90 billion, and is listed on the New York and Toronto Stock Exchanges as well as Euronext Brookfield will provide a stable platform to support the future growth and development of the parent company and its subsidiaries ("the Group") and the Directors consider the Group to be well placed to meet the challenges and opportunities for growth in the future

The Company's profit for the year amounted to £nil (2008 £nil) A dividend of £358,000 was paid during the year (2008 9,000,000)

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

Directors
The Directors of the Company who served during the year and subsequently were as follows

D J Robinson
D M Russell
J M Hopkinson
M J Pounder

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 BBI Port Acquisitions (UK) Limited Risk Committee which has been set-up to assess the major risks and key controls designed to manage these risks

Going concern

The Company's material borrowings comprise the subordinated debt The subordinated debt is subject to the terms of the Subordinated Debt Agreement dated April 2001 with the Subordinated Creditor, Ports Holdings Limited Under the terms of this agreement, the Subordinated Creditor cannot demand repayment of the subordinated debt until all of the securitisation loan notes have been repaid The Company and its fellow subsidiaries of PD Portco Limited (the "Group") therefore has no requirement to repay any of the subordinated debt until 2032 at the earliest There is therefore no refinancing risk attached to this debt in the short or medium term The Group also has material borrowings comprising securitisation loan notes 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 There is therefore no refinancing risk attached to this debt The Company's receivables relate to amounts owed by fellow subsidiaries of PD Portco Ltd and attract a marginally higher interest rate than the securitisation loan notes, and are repayable on the same terms

The terms of the securitisation include a number of covenants, both financial and non financial The Group prepares long term financial projections on an annual basis, which include cash flows These are used to compute future financial covenant ratios, and to assess whether those covenants are expected to be met The Group's projections, taking account of reasonably possible changes in trading performance, show continued future compliance with the relevant covenants and that the Group has sufficient resources to settle all of its liabilities as they fall due

As a consequence, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and consider that the use of the going concern basis of accounting is appropriate in drawing up the financial statements

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)

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 year 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' indemnities

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

By order of the Board

D M Russell
Director

Company registration number 1422772

29 March 2010

Independent auditors' report to the shareholders of PD Logistics Limited

We have audited the financial statements of PD Logistics Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 13 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 auditors' 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, 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 (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 30 June 2009 and of its result 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

Independent auditors' report (continued)
For the year ended 30 June 2009

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

PFeechan

Paul Feechan
(Senior Statutory Auditor)
Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
United Kingdom

DATE
29th March 2010

Profit and loss account

For the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit			
Finance charges (net)	2	-	-
Profit on ordinary activities before taxation	3	-	-
Taxation	4	-	-
Profit for the financial year	10	-	-

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

The operations are all continuing

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

Balance sheet
30 June 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Debtors Amounts falling due within one year	5	60,968	55,581
Creditors Amounts falling due within one year	6	(12,864)	(7,437)
Net current assets		48,104	48,144
Total assets less current liabilities		48,104	48,144
Creditors: Amounts due in more than one year	7	(44,104)	(43,786)
Net assets		4,000	4,358
Capital and reserves			
Called-up equity share capital	8	4,000	4,000
Profit and loss account	9	-	358
Shareholders' funds	10	4,000	4,358

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 29 March 2010 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 year ended 30 June 2009

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

The Company has taken advantage of the exemption from the requirement of Financial Reporting Standard ("FRS") 1 (revised 1996) "Cash flow statements" to present a cash flow statement because it is a wholly owned subsidiary of PD Portco Limited which prepares consolidated financial statements which are publicly available

Going concern

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As a consequence, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and consider that the use of the going concern basis of accounting is appropriate in drawing up 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 year and reduced by payments made during the year 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

Related party transactions

The Company has taken advantage of the exemptions of FRS 8 "Related party disclosures" which allow non-disclosure of all intra-group transactions, as the consolidated financial statements for the year ended 30 June 2009 of its ultimate parent company, as at that date, are publicly available

Dividends

Dividends payable are recognised when they are declared

1 Staff costs

The Company has no employees other than executive Directors

Messrs Hopkinson, Robinson and Russell were paid wholly 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 and the emoluments are therefore disclosed in the financial statements of PD Ports Limited 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 (2008 one) The Group also contributed to the personal pension scheme of two Directors (2008 two) The remaining director at 30 June 2009 and 30 June 2008 was a member of the Group Personal Pension Scheme

2 Finance charges (net)

	2009 £'000	2008 £'000
Investment income		
Interest receivable from fellow group undertakings	5,310	4,562
Interest payable and similar charges		
Interest payable to fellow group undertakings	(5,310)	(4,562)
	-	-

3 Profit on ordinary activities before taxation

Fees payable to the Company's auditors for the audit of the annual accounts of £1,000 (2008 £1,000) were met by other Group companies There were no fees payable for other non-audit services

4 Taxation

	2009 £'000	2008 £'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

	2009 £'000	2008 £'000
Amounts falling due within one year		
Amounts owed by group undertakings – PD Port Services Limited	60,968	55,581

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

	2009 £'000	2008 £'000
Amounts owed to group undertakings	(12,864)	(7,437)

7 Creditors: amounts falling due in more than one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	(44,104)	(43,786)
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	(44,203)	(43,885)
	(44,104)	(43,786)
On demand or within one year	(12,864)	(7,437)
	(56,968)	(51,223)

Of the amounts owed to group undertakings, £28,108,000 (2008 £26,614,000) is secured by way of a fixed and floating charge over the assets of the Company and is repayable in the years to 31 March 2031 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 £17,213,000 (2008 £14,721,000) is unsecured, repayable in full on 31 March 2031, and attracts an interest rate of 23% The balance of £11,647,000 (2008 £9,888,000) 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

8 Called-up equity share capital

	2009 £'000	2008 £'000
Authorised		
4,000,000 Ordinary shares of £1 each	4,000	4,000
Allotted, called-up and fully paid		
4,000,000 Ordinary shares of £1 each	4,000	4,000

9 Profit and loss account

	£'000
At 1 July 2008	358
Dividend	(358)
At 30 June 2009	-

10 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Shareholders' funds at 1 July 2008	4,358	13,358
Profit for the year	-	-
Dividend	(358)	(9,000)
Shareholders' funds at 30 June 2009	4,000	4,358

11 Financial commitments

As at 30 June 2009, 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 30 June 2009 and 30 June 2008 under these arrangements totalled £245,000,000 The guarantees were secured by fixed and floating charges

12 Subsequent events

On 20 November 2009, the Company's intermediate parent company and ultimate UK parent company was sold to a new holding company, Brookfield Ports (UK) Limited, a company registered in England and Wales

13 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

At 30 June 2009, the Company's ultimate parent company, and the largest corporate entity which has produced consolidated financial statements for the year ended 30 June 2009, including the results of the Company was Babcock and Brown Infrastructure Limited, a company incorporated in Australia Copies of the financial statements of this company are available from its registered office, Level 39, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia

As a result of the sale which completed on 20 November 2009, the Company's ultimate parent company, and the largest corporate entity which produces consolidated financial statements including the results of the Company is now 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