
# Creating the Future, **Now.**

Annual Report and Accounts 2015

DP WORLD

DP World is a leading enabler of global trade and an integral part of the supply chain. By thinking ahead, foreseeing change and innovating, we aim to create the most productive, efficient and safe trade solutions globally.

## Contents

# A Year of Growth

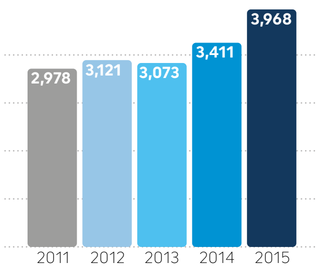
## Operational Highlights

- 61.7 million twenty foot equivalent container units (TEU) were handled across our global portfolio in 2015, with gross container volumes up by 3% on a reported basis.
- Gross capacity across our portfolio is now 79.6 million TEU and is expected to increase to over 100 million TEU of gross capacity by 2020, subject to market demand.
- We continued to invest in our business, with $1.4 billion in capital expenditure across our portfolio, including projects in India, Turkey, the UAE and the UK. This was in addition to $4 billion invested in acquisitions during the year.
- We have reduced our energy per total terminal move by 6% and our $CO_2e$ emissions per modified TEU intensity by 4% compared with our 2013 baseline year.
- Our reported injuries fell by 23%, continuing a trend of fewer injuries for each of the last five years.
- Over 8,000 online training modules were completed by our team across 32 countries.
- 821 employees in 19 countries took part in our Global Volunteer Week.

## Financial Highlights

**Revenue**
USD million

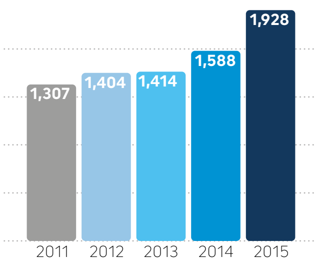
**3,968m**




Revenue is in USD million before separately disclosed items. The results of the Group are set out in detail in the Consolidated Financial Statements and accompanying notes commencing on page 78.

**Adjusted EBITDA**
USD million

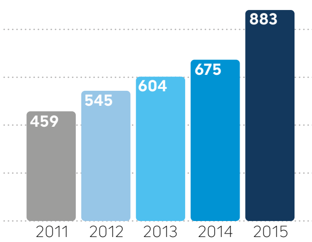
**1,928m**




Growing adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is a key measure of value delivered to shareholders. Adjusted EBITDA is calculated including our share of profit from equity-accounted investees before separately disclosed items.

**Profit attributable to owners of the Company**
USD million

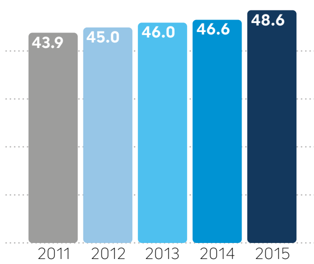
**883m**




Profit attributable to owners of the Company is before taking separately disclosed items into account and excludes any profit attributable to non-controlling interests (minorities).

**Adjusted EBITDA margin**
%

**48.6%**




The adjusted EBITDA margin is calculated by dividing EBITDA by revenue, including our share of profit from joint ventures and associates.

# What We Do… is More

As a leader in global marine and inland trade services, we are at the heart of world trade, helping our customers navigate the challenges, manage the complexities, and reduce the costs of the global supply chain. We achieve this by developing and operating multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions. Across 40 countries and six continents, we have a global portfolio of 77 operating marine and inland terminals with a further eight terminals currently under development. Our global footprint gives us a significant presence in both high-growth and mature markets.

We aim to be essential to the bright future of global trade, ensuring everything we do has a long-lasting positive impact on economies and societies. Our dedicated team of over 37,000 people cultivates long-standing relationships with Governments, shipping lines, importers and exporters, communities, and many other important constituents of the global supply chain, to add value and provide quality services today and tomorrow.


Embraport (Brazil)

DP World is one of the largest marine terminal operators in the world by throughput

**77**

Our portfolio consists of 77 marine and inland terminals

**with**
**37,000+**
**people**

**from**
**110**
**countries**

**handling**
**170,000+**
**TEU a day**

operating more than 1,600 cranes across the world

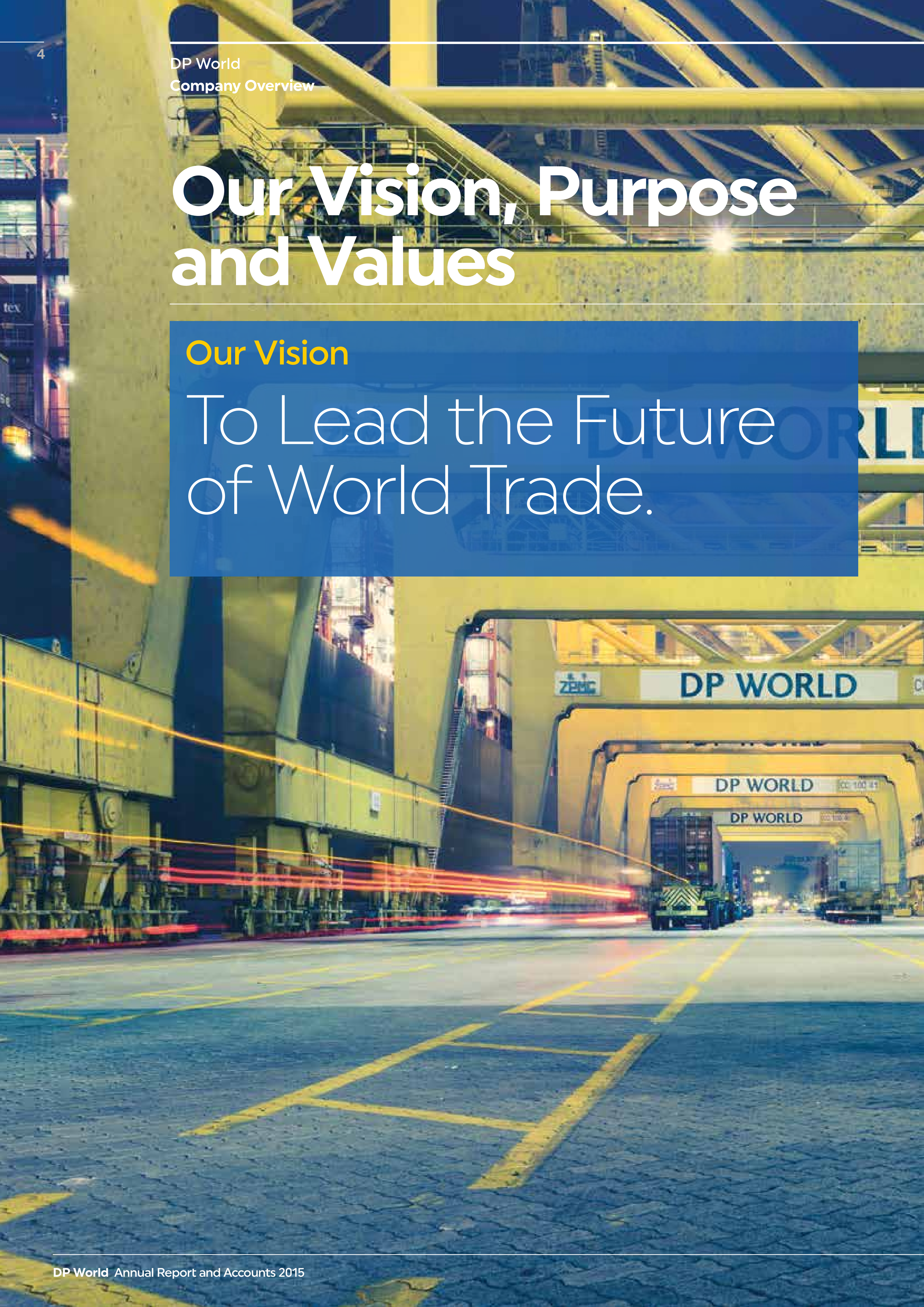
**serving around**
**70,000**
**vessels a year**

**or nearly**
**190**
**vessels a day**

# Our Vision, Purpose and Values

## Our Vision

To Lead the Future of World Trade.



# Our Purpose

## Add Value

To deliver exceptional customer service and build lasting partnerships through global excellence and local know how.

## Think Ahead

To foresee change and innovate to create the most efficient, safe and profitable trade solutions.

## Build a Legacy

To ensure everything we do leaves long-term benefits for the world we live in.

# Our Values

## Courage

- We challenge, innovate and dare to be great.
- We embrace change and have the courage to do things differently.

## Respect

- We believe in respect for all.
- We welcome and value a wide-range of opinions and ideas.

## Intelligence

- We are in tune with global risks and opportunities.
- We provide a learning environment to help our people reach their full potential.

## Pride

- We take pride in being a responsible global citizen.
- Together we make a positive difference to our world and our future.

# Our Global Footprint

## Middle East, Europe and Africa

**17** countries

**38** operating terminals

**35** million TEU capacity

## Asia Pacific and Indian Subcontinent

**11** countries

**26** operating terminals

**35** million TEU capacity

## Australia and Americas

**12** countries

**13** operating terminals

**10** million TEU capacity

**DP World Prince Rupert**
A key gateway port for trans-Pacific trade between Asia and North America and complements our existing services in Canada at Vancouver and Nanaimo Port.

**DP World Caucedo**
The Caucedo Logistics Centre operated by DP World provides regional distribution facilities, connecting businesses to a comprehensive and efficient multimodal network provided by DP World at the Port of Caucedo.

**DP World London Gateway Port**
The UK's newest major deep-sea container port adjacent to Europe's largest logistics park that is also owned and managed by DP World.

**DP World Jebel Ali**
Our flagship facility sets the standard for productivity, logistical capabilities and the implementation of technological innovations to better serve our stakeholders.

**Pusan Newport Co (PNC)**
PNC is the largest green terminal in South Korea with state-of-the-art facilities delivering the most flexible and reliable one-stop services to our stakeholders through innovation and excellent customer service.

**DP World Dakar**
DP World is providing global expertise in port and free zone operations to help Senegal build infrastructure for trade and economic development.

**India**
We are a market leader in Indian container terminal operations and have the largest portfolio of ports along the Indian coastline, supporting over 32% of India's container trade.

**DP World Brisbane**
We operate the most advanced semi-automated terminal in Australia featuring 14 automated stacking cranes, improving safety, productivity and energy consumption.

# Strategic Report

01


DP World Jebel Ali (UAE)


ZPMC
D03
C03
DP WORLD
CHINA SHIPPING
UASC
CMA CGM

# Planning Ahead

We are pleased to announce a strong set of financial results for 2015, reporting earnings growth of 31% year on year, driven by the acquisition of Economic Zones World (EZW) and robust underlying growth.

**Sultan Ahmed Bin Sulayem** Group Chairman and Chief Executive Officer

The theme of this year's Annual Report, 'Creating the Future, Now', signifies new horizons for our business and supports our vision to lead the future of world trade. We have matured to become a leading enabler of global trade, with a diverse portfolio of 77 operating marine and inland cargo terminals in 40 countries, supported by more than 50 related businesses - from maritime services, logistics and ancillary services to technology-driven trade solutions.

In 2015, we delivered another year of strong growth with full year attributable earnings increasing 30.7% year-on-year to $883 million. Revenue grew 16.3% to $3,968 million, our adjusted EBITDA[1] increased 21.4% to $1,928. Our adjusted EBITDA margin[2] reached a record high of 48.6% due to improved contributions from higher margin locations and the EZW acquisition. We continue to increase value for our shareholders with return on capital (ROCE)[3] increasing to 7.9% in 2015 from 7.1% in 2014.

DP World Yarimca (Turkey)

We achieved these solid results despite the challenging market conditions of the past twelve months when weaker currencies made trade more expensive, softer commodity prices hurt economies reliant on natural resources, and geopolitical issues contributed to uncertainty in domestic demand. Our agility and forward planning facilitated our success in the face of these economic headwinds and we continued to grow our business during the year in a sustainable way, maximising revenue and helping our customers improve efficiencies at each stage of the supply chain.

**Creating Value – Smarter Trade, Smarter Thinking**
We create value for our stakeholders by making trade smarter, faster, safer and more profitable. To realise this value, our strategy is focused on three key priorities:

- developing and operating a world-class portfolio of assets and creating innovative trade solutions;
- identifying unique and visionary opportunities that strengthen world trade; and
- managing risk and return to drive sustained long-term shareholder value.

In 2015, we made steady progress towards implementing our strategic priorities with the integration of a number of key acquisitions and significant investment in our existing portfolio. Our strong cash generation facilitated our investment of $1.4 billion in capital expenditure during the year, including projects in India, Turkey, the UAE and the UK. This was in addition to approximately $4 billion invested in strategic acquisitions during the year, which included Economic Zones World (UAE), terminals in Mannheim and Stuttgart (Germany) and the Fairview Container Terminal in Prince Rupert (Canada), a key gateway port for trans-Pacific trade.

We continued to invest in capacity for the future, including developing deep water capacity along the Asia-Europe trade route where the Ultra Large Container Carriers with over 13,000 TEU[4] capacity (ULCCs) have been deployed. Our terminals in South Korea, China, the UAE, Belgium, France and the UK now have the ability to handle ULCCs, while our flagship Jebel Ali port (UAE) can handle ten ULCCs at the same time. This offers a compelling proposition for our customers, which we expect will continue to drive throughput growth and enhance stakeholder value.

Further progress on our strategic objectives is discussed in the Strategy section of this report on pages 25 to 27.

**Sustainability**


**Our World, Our Future**

To lead the future of world trade, we must be committed to being world leaders in sustainability and build a legacy of which we can be proud. Our global sustainability programme, 'Our World, Our Future', aims to integrate sustainability into every aspect of our business. We are committed to investing in our people, protecting our environment, ensuring the highest safety standards and taking steps towards building a vibrant, secure and resilient society.

See pages 28–39 for our Sustainability Report

We could not achieve our vision without the commitment of our greatest asset; our people. On behalf of the Board, I would like to thank each member of our team for their contribution in 2015 and their continued dedication to the success of DP World. Our 2015 My World survey told us that our people are happier, developing, are dynamic and poised to take on the future. We will continue to invest in their training and development to create a learning and growth environment which is fundamental to our ongoing corporate success.

We aim to minimise our environmental impact by better managing natural resources and emissions. During the year, we announced our plans to launch a major renewable energy project with the installation of rooftop solar panels across various DP World locations in Dubai (UAE). The total system capacity of the renewable generators that will be installed during the first phase of the project is 20MWp which is equivalent to 33,000,000 kWh/year (average energy yield). This will result in an annual $CO_2e$ savings of 19,701 tonnes of carbon. I look forward to the contribution this project will make to reduce our carbon footprint and we will continue to implement innovative solutions across our portfolio in support of our commitment to being a sustainable business.

During 2015, we focused on strategically investing in issues that affect our society. We ran community investment projects across our portfolio and provided natural disaster relief in Nepal and Chennai (India). DP World also joined the United for Wildlife taskforce to combat the trade of endangered species, and we led a unique Go-Green initiative to bring together the world's top port operators in a joint effort to protect the environment.

Safety is a key commitment for our Group and we are dedicated to protecting our people and those who visit our terminals. In 2015, we further reduced our lost time injury frequency rate[5], which fell from 5.2 in 2014 to 4.3 in 2015. Despite these improvements, two people sadly lost their lives in 2015. We must relentlessly strive towards our goal of zero harm and our Board and senior management are dedicated to achieving this goal.

Our 2015 sustainability initiatives and our goals for the future are further described in the Sustainability section of this report commencing on page 28.

### Our Governance

Corporate Governance and corporate performance are inseparable. Through the development and adoption of good Corporate Governance practices we add value to our performance, improve our strategic thinking, run our business more effectively and better monitor the risks we face. Our Corporate Governance Report starting on page 56 describes our governance framework and practices.

We are proud that our governance practices have again been recognised, with DP World topping the S&P Hawkamah Pan Arab ESG Index which ranks the transparency and disclosure of regional listed companies based on environmental, social and corporate governance metrics.

Our Board is at the heart of our governance framework. During 2015 there were some changes to the Board and Committee composition, with Senior Independent Non-Executive Director and Vice Chairman Sir John Parker retiring from the Board in June. Sir John was a member of DP World's Board since the acquisition of The Peninsular and Oriental Steam Navigation Company (P&O) in 2006. On behalf of the Board, I would like to thank him for his long-standing support. It has been a privilege to have him serve as Vice Chairman of our Board.

Independent Non-Executive Director Deepak Parekh assumed the position of Senior Independent Non-Executive Director, Chairman of the Nominations and Governance Committee and Chairman of the Remuneration Committee following Sir John Parker's retirement.

Mohammed Sharaf, who has been with the Group for 23 years, eleven as Group CEO, also announced his retirement in January 2016. Mohammed was an invaluable part of the success we have achieved and I would like to thank him for his years of dedication and service to the Group.

On 8 February 2016, the Company announced my appointment to the role of Group Chief Executive Officer in addition to my role as Chairman. Since my appointment as Chairman in 2007, I have been proud to lead the Group as we have gone from strength to strength. I look forward to continuing to lead DP World with the support of a strong and dedicated Board that possesses the skills, expertise and resources to drive the long-term success of the Company.

The biographies of our Board members and further information on the roles and responsibilities of our Board Committees is in the Corporate Governance section of this report commencing on page 52.

### Dividend

The Board is recommending an annual dividend of 30 US cents per share up from 23.5 US cents in the prior year. Subject to shareholder approval, the dividend will be paid on 5 May 2016 to shareholders on the Register as at close of business on 31 March 2016.

### Creating the Future, Now and Beyond

We have made an encouraging start to 2016 and current trading is in line with Group expectations. While we expect 2016 to be as challenging as 2015 due to uncertain macroeconomic conditions, we believe we are well positioned to deliver volume growth ahead of the market. We will continue to invest in our business but will retain the flexibility to adjust our net spend in line with market demand. Our business remains well positioned to grow in the medium to long-term, and we are confident that we will make further progress towards our 2020 target of 100 million TEU capacity, subject to market demand.

Our transformation into a leader of world trade is a journey that provides endless opportunities for our business. I am excited to take this journey with you. I am deeply grateful to the DP World family, our partners, customers and our investors for making our success possible.

**Sultan Ahmed Bin Sulayem**
Group Chairman and Chief Executive Officer

1 Adjusted EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is calculated including our share of profit from equity-accounted investees before separately disclosed items.
2 The adjusted EBITDA margin is calculated by dividing EBITDA (Earnings before Interest, Taxation, Depreciation & Amortisation) by revenue, and includes our share of profit from joint ventures and associates.
3 Return on capital employed (ROCE) is EBIT (Earnings Before Interest and Taxation) before separately disclosed items as a percentage of total assets less current liabilities.
4 TEU means twenty foot equivalent container units.
5 The lost time injury frequency rate is the total number of lost time injuries divided by the total hours worked and then multiplied by one million.


DP World Nhava Sheva (India)

"We believe our portfolio is well positioned to deliver volume growth ahead of the market which will enable us to deliver attractive earnings growth and shareholder value in the long-term"

**Sultan Ahmed Bin Sulayem**
**Group Chairman and Chief Executive Officer**

# Year in Review

### How would you describe DP World's performance in 2015?

DP World delivered a resilient performance in 2015 despite facing a challenging macroeconomic environment. Our portfolio has once again shown its strength with volume growth of 3% which outperformed market growth. Financially we have delivered a solid performance with year-on-year revenue and earnings growth of 16.3% and 30.7% respectively. Our adjusted EBITDA margins continued to grow to 48.6%, up from 46.6% in 2014.

### Why was 2015 such a challenging year for trade operators like DP World?

A combination of negative market conditions resulted in a testing year for global trade operators in 2015. Currency volatility was a key challenge as trade is generally a US Dollar based industry and with the US Dollar strengthening against most currencies, it made trade relatively expensive for consumers around the world. For example, Asia-Europe is the largest international trade route and the Euro weakened by almost 20% against the US Dollar in 2015, making goods expensive to purchase and leading to a decline in volumes on this key route. Trade into Russia was also significantly reduced following sanctions and currency weakness. In Latin America, lower commodity prices, currency weakness and geopolitical issues had a negative GDP impact on many of the local economies. GDP growth slowdown in China was well documented, while geopolitical issues in the Middle-East continued.

Despite these challenges we continued to deliver growth ahead of the market, which is testament to the strength of our portfolio and our strategy.

For more information on our financial performance during 2015, see pages 48 to 49

### You often talk about the 'shape of your portfolio'. Why is this important?

The shape of our portfolio did not change in 2015 and we intend to maintain a 70% exposure to origin and destination cargo (O&D cargo) and a 75% exposure to faster growing markets.

Our volumes typically grow faster than the market, and this is in part due to our greater presence in higher-growth geographies. Our revenues typically grow ahead of our volume growth, highlighting pricing power within our portfolio. Our focus on O&D cargo contributes to this pricing power as this type of cargo is less affected by competition than transhipment cargo and creates opportunities to provide ancillary services to our customers beyond the terminal gate.

We believe maintaining this portfolio shape will allow us to continue to outperform the industry both from a volume and pricing perspective.

### You acquired Jebel Ali Free Zone (JAFZ), the core asset of Economic Zones World (EZW), in 2015. How has JAFZ performed since the acquisition?

The acquisition of JAFZ was concluded in March 2015, and its performance to date has been ahead of expectations with 552 new companies registered during 2015. Occupancy rates remain high, with land utilisation rising to 89% from 83% in 2014.

The asset was acquired to strengthen Jebel Ali's position as a port-centric logistics hub, and we believe the port, together with the free zone, will deliver significant value to our portfolio over the medium to long-term. We will continue to invest in JAFZ to add new capacity, providing room for further growth.

For more information on our key performance indicators and progress in 2015, see pages 26 to 27

### What progress did you make in 2015 in achieving your 2020 capacity target of 100 million TEU's?

Globally we added 3.5 million TEU of new gross capacity and 2.2 million TEU of consolidated capacity during 2015 to take our total gross and consolidated capacity to 79.6 million and 40.1 million TEU respectively. Our state-of-the-art fully automated terminal in Rotterdam which opened in 2015 accounted for 2.4 million TEU of this additional capacity.

Our aim is to operate over 100 million TEU of gross capacity by 2020, subject to demand. In 2015 we continued to invest in the growth of our portfolio, with $1.4 billion of capital expenditure. During the year, our projects at Mumbai (India) and Yarimca (Turkey) became operational, with 800,000 TEU of new capacity at each terminal. Construction of the third berth at DP World London Gateway Port started during the year and we expect this berth to be operational in 2016, adding another 600,000 TEU of capacity.

We also commenced work on Terminal 4 in Jebel Ali (UAE) and we expect an additional two million TEU in Jebel Ali Terminal 3 to be operational in mid-2016.

### 2015 was a year of innovation for the UAE and DP World. What were the key highlights for DP World?

Innovation is a part of our DNA and we have pioneered some of our industry's most innovative solutions. We innovate by challenging business as usual and combining old and new, art and science, internal and external, and logical and emotional to create new shared value for our stakeholders.

"Innovate to Compete" was the theme for our 2015 Global Leadership meeting attended by our terminal general managers and senior management team. The meeting provided a solid foundation for our year of innovation as we provided an open forum for our management team to share and cultivate ideas.

During the year, we opened the state-of the-art fully automated terminal in Rotterdam (Netherlands). We showcased some of our achievements at DP World's Dubai Mall exhibition, including fully automated and driverless cars at Rotterdam World Gateway and remote controlled drones to control security at ports.

We will continue to develop and implement innovative solutions. Our success is measured by our willingness to adapt to best serve the evolving needs of our customers and partners.


DP World Brisbane (Australia)

## The Year in Review: A discussion with our Group Chairman and Chief Executive Officer

### You have repeatedly improved your productivity levels over the past years. Did this trend continue in 2015?

Our team works tirelessly to improve our productivity levels across our portfolio. Berth moves per hour (BMPH), which measures the turn-around time for a vessel, increased again in 2015. Over the past five years, we have improved our BMPH by 35%. Our gross moves per hour (GMPH), which measures the productivity of our cranes, has also improved 14% over the same period.

### Where do you see new opportunities for DP World?

We seek opportunities across the globe where we can add value. Latin America and Africa are interesting markets due to their relatively low container capacity, and we believe they offer strong long-term growth potential for us. We also believe that Russia is an attractive market and we are interested in furthering our investment in India.

Our balance sheet remains strong and we have the ability to fund projects should they become available at attractive rates and meet our return targets.

### DP World has stated that sustainability informs its decision-making process. What are some of the most pressing issues ahead?

We have a focused approach to sustainability that is based on key commitments to our people, society, environment and safety. In 2015 we undertook a number of initiatives based on these commitments. However, I would like to focus on one issue in particular; DP World's involvement in the United for Wildlife Taskforce. Illegal trade is one of the biggest threats to some of the world's most iconic wild species. As a leading terminal operator, we have an important role to play in stamping out wildlife trafficking. We are now part of an industry taskforce launched by United for Wildlife; a collaboration between seven international conservation organisations, which aims to encourage greater cooperation between official bodies, organisations and the transport sector to combat illegal wildlife trade. We have joined the taskforce in signing a range of global commitments on issues such as awareness raising, information sharing and practical measures to detect and prevent the transportation of illegal wildlife products.


DP World Maputo (Mozambique)

DP World Jebel Ali (UAE)

# Leading the Future of World Trade

In everything we do, we seek to provide value – value to our customers, to our business partners, and to our shareholders. This is key to our success as we continue to create the future of world trade and remain leaders in our sector, enabling global economic and social progress.

# How We Add Value

## Marine and inland trade infrastructure and services

To meet the requirements of new and ever evolving global supply chains, DP World develops and operates trade enabling infrastructure and services, including marine terminals, inland terminals, maritime services, trade solutions, logistics and ancillary services.

## Smart trade solutions

To unlock greater performance and efficiency for our customers, DP World provides innovative trade facilitation port community services, develops unique port-centric logistics for import or export supply chains, and implements state-of-the-art technologies across our portfolio.

# How We Lead Our Business

## Customer focus and operational excellence

DP World continually strives to improve and enhance the services provided to our customers. We pride ourselves on being renowned for our customer commitment. We achieve that through operational excellence that provides industry-leading processes and systems so that our customers remain completely satisfied with our global portfolio and solutions.

**For more information on our strategy implementation, see page 25**

## Governance and risk management

One of the reasons DP World has become an industry leader is our approach to understanding and measuring risk and managing risk and returns from our investments. As a global organisation, the corporate governance policies followed by DP World are compatible with international standards and best practices. This is supported by adopting the highest standards of professionalism and ethical behaviour at all levels within DP World.

**For more information on our risk management approach, see pages 40 to 47**

## People and culture

DP World prides itself on embedding a culture that nourishes diversity and innovation. We offer continuous development to our people, providing the resources, training, and career opportunities needed to achieve the highest professional standards. The DP World Institute, our internationally recognised industry education provider, runs training and development programmes globally for employees and industry professionals across the supply chain.

**For more information on our people and culture, see pages 32 to 35**

## Sustainability

DP World believes that working sustainably and responsibly is essential to building a strong business for our customers, our people, and our society. Through our global programme 'Our World, Our Future', DP World is bringing sustainability into every aspect of our work. This includes commitments and action plans to protect our environment, invest in our people, ensure the highest safety standards, and take steps towards building a vibrant, secure, and resilient society.

**For more information on our approach to sustainability, see pages 28 to 39**

# Performing Through Challenging Times

2015 was a challenging year for the container industry with a modest volume growth of approximately 1.5% compared with an initial forecast of 5% growth at the start of the year. The disappointing growth rate was due to a combination of weaker currencies, lower commodity prices and geopolitical issues across the globe.

Volumes declined on the key trade route of Asia-Europe as demand in Europe was particularly weak. This prompted port operators to scale back on capital expenditure which should ease capacity growth and maintain relatively high utilisation for the industry.

## 2015 developments

### Overcapacity leads to new alliances and further consolidation

### Lower fuel prices result in more direct calls


### Growth of inland container terminals and multi-modal hubs

We continue to monitor the market and our 2015 capital expenditure of $1.4 billion was below our guidance of $1.6 billion to $1.9 billion as we scaled back spending due to the slower growth environment.

We will retain our ability to be flexible with our capital expenditure and add capacity in line with demand.

Overcapacity has been a problem for a number of years and in 2015 capacity grew by almost 8% which resulted in weakening freight rates given the softer demand environment. To manage capacity, the shipping lines have formed alliances or vessel sharing agreements. Industry consolidation includes the merger of China Shipping and COSCO, while CMA CGM has acquired Neptune Orient Lines (NOL) which sails under the APL brand.

Managing an alliance requires more sophisticated operations from a terminal operator due to the capacity increase and large volumes carried. DP World offers the capability and capacity to meet the needs of these alliances.

CKYHE alliance

O3 alliance

2M alliance

G6 alliance

While shipping line revenues have suffered from low freight rates due to overcapacity, they have benefitted from lower fuel costs following the oil price fall. The cost advantage of operating an ultra large vessel has reduced which has resulted in the greater use of smaller vessels and more direct shipping calls in some ports around the world. This has had a negative impact on some transhipment hubs.

Our focus on origin and destination cargo reduces the risk of changes to transhipment trends. The diversified nature of our portfolio also ensures that we are not overly exposed to any particular route.

Inland container terminals and multi-modal hubs that are efficiently managed have witnessed strong growth over recent years. An inland port can speed the flow of cargo between ships and major land transportation networks, creating a more central distribution point. Inland terminals can improve the movement of imports and exports, moving time-consuming container sorting and processing inland, away from congested seaports.

This can be an inexpensive method of adding capacity as many seaports face capacity constraint on the landside. Multi-modal hubs, where goods can be efficiently transported by either sea, rail, road or air are attractive to cargo owners as they can reduce transportation time.

In 2015, we acquired inland terminals in Mannheim and Stuttgart (Germany), complementing our existing trimodal container terminal on the river Rhine, DP World Germersheim, and further facilitating trade within northern Europe. The inland terminals form an attractive platform in a major cargo-generating area, offering direct links to all deep sea container terminals in northern mainland Europe. Furthermore, they complement our Belgian inland terminals of Antwerp East on the Albert Canal and DP World Liège, another wholly-owned trimodal terminal, scheduled to open in due course.

# Prince Rupert **Acquisition**

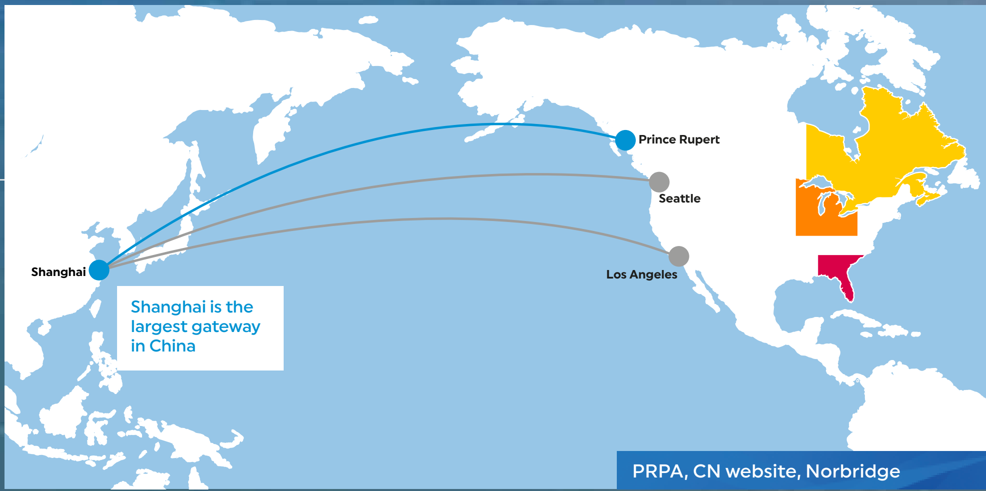
The Fairview Terminal at Prince Rupert Port (Canada) is one of the latest additions to the DP World portfolio. The port sits astride the North American and Asian trade routes and much of its success is due to this superior location and intermodal efficiency, having efficient rail links to the hinterland.

| Distance to Shanghai | |
|---|---|
| **4,642m** | **Prince Rupert** |
| 5,101m | Seattle |
| 5,810m | Los Angeles |

**Key Maher PR Inland Markets**

- Midwest
- Southeast
- Quebec-Ontario

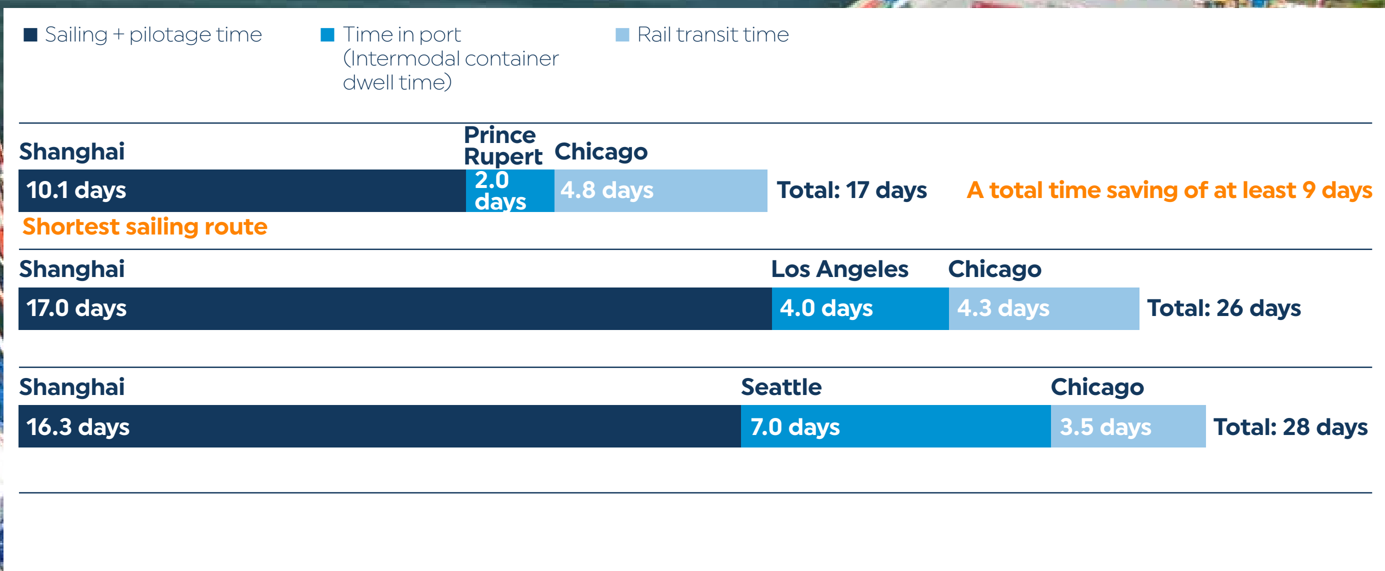
Quebec-Ontario, the Midwest and the Southeast account for 32% of total Asia-North America loaded container traffic.




As the graphic above illustrates, Prince Rupert offers the shortest sailing distance for the key Shanghai to West Coast route with at least 459 fewer nautical miles compared to its closest US competitor, which equates to a saving of approximately six days.

The table below breaks down the travel time in days from Shanghai to Chicago between Prince Rupert and two of its US competitors, and illustrates the benefits of an efficient intermodal system. The port of Prince Rupert is able to evacuate the containers onto rail within two days on average, which is at least twice as fast as its US competitors. The port has a close relationship with the Canadian National Railways, which is well-connected to major cities and cargo is able to reach Chicago within a total time of 17 days. This is a saving of at least nine days, which is compelling for cargo owners.

The addition of this terminal to our portfolio increases our origin and destination throughput exposure and demonstrates our commitment to identifying unique and visionary opportunities to strengthen world trade while driving sustained long-term shareholder value.



# Our Strategic Objectives

Our strategy aims to create value for our stakeholders by developing and operating a world-class portfolio, identifying growth opportunities and driving innovation in our sector to strengthen world trade. We measure progress against our strategic objectives through performance indicators that review our financial, customer, people and operational performance.

## Strategic objectives

### Develop and operate a world-class portfolio of assets and create innovative trade solutions:

- Be known as a trusted brand that can be relied on by our customers globally
- Drive productivity, efficiency and safety improvements through continuous innovation
- Leverage our global portfolio to bring about economies of scale on all fronts
- Recruit, retain and train the best employee talent globally
- Continuously strive to find more sustainable ways of doing business

**Link to Values**

### Identify unique and visionary opportunities that strengthen world trade:

- Forge strong partnerships with customers, governments and local communities
- Target underserved growth markets with potential
- Focus on origin and destination cargo
- Develop value adding services inside and outside gateway ports

**Link to Values**

### Manage risk and return to drive sustained long-term shareholder value:

- Balance operations in both growing and mature markets, diversifying geographical risks
- Maintain a strong balance sheet with disciplined capital allocation to deliver the right capacity to meet customer requirements
- Enhance value through optimal acquisitions and divestments

**Link to Values**

# Implementing our Strategy

2015 was a year of growth and opportunity as we challenged our team to work harder and smarter to increase value for all our stakeholders.

## Capacity

We added significant new capacity of 2.4 million TEU with the opening of the state-of-the art fully automated terminal in Rotterdam (Netherlands). The extension in Mumbai (India) opened in mid-2015, providing much needed new capacity while our greenfield terminal in Yarimca (Turkey) became operational at the end of the year. We took advantage of the softer market conditions to delay the second phase of the expansion at Jebel Ali Terminal 3 (UAE), while work on Terminal 4 commenced during the year and capacity will come on stream in line with demand.

## Sustainability

We strengthened our commitment to operating as a sustainable business with staff around the world supporting the Go Green Campaign and we joined the United for Wildlife Taskforce to battle the trade in endangered species. Our sustainability initiatives over the past five years have resulted in a carbon emissions reduction of 12% and we have cut our energy use by 14%.

## Funding

During the year, we reviewed our funding plans and raised $500 million through our Global Medium Term Note programme at attractive terms. This was used to finance approximately $4 billion of acquisitions including EZW (UAE) and Prince Rupert (Canada). We used $500 million from our three-year term loan to finance acquisitions during the year. The remaining $2.5 billion of our revolving credit/term loan facility remains in place, offering us the flexibility to support growth in our existing businesses and expand capacity in line with market demand.

## Innovations

In 2015, we continued to drive Innovation. The opening of the Rotterdam Terminal set a new benchmark for automation and efficiency, while gate automation boosted productivity at Nhava Sheva (India) and we introduced real-time monitoring of global operations from our corporate head office. We welcomed over 10,000 visitors during UAE innovation week where we showcased a selection of our innovations designed to enhance efficiency in the supply chain, reduce energy use in our operations and protect our people through safer practices.

## Beyond the gate

Listening to our customers' needs, we developed our "beyond the gate" initiatives, providing value-added services and infrastructure to support the movement of cargo beyond our terminals. The acquisition of Economic Zones World which completed in March 2015 enhanced Jebel Ali's port-centric offering. During the year, we integrated our Dubai Trade and World Security acquisitions, adding more industry-related services to our portfolio. We acquired inland terminals in Mannheim and Stuttgart (Germany), enhancing our presence in Germany and facilitating greater trade within Northern Europe.

## Supply

We have pioneered the integrated port and logistics model globally. In 2015, rail operations commenced at Embraport (Brazil), the new Logistics Centre at DP World London Gateway Logistics Park opened, as did the first warehouse at the Caucedo Logistics Centre. We are building long-term supply chain assets for future generations and expect these initiatives to create sustainable returns for all our stakeholders, with increased efficiencies for importers and exporters, and greater volumes for shipping lines.

## People

We invited staff globally to share their views in our 2015 My World Survey and the launch of our new talent management system has streamlined access to training and performance management tools online. Our DP World Institute delivered over 8,000 online and face-to-face training programmes. We are also investing in the safety of our people and visitors to our terminals. Safety and Operations teams took part in emergency drills, DP World Vancouver (Canada) deployed a laser-based system to protect against container topples, and we continued to reduce risk through engagement programmes. The success of our programmes resulted in a 23% reduction in reported injuries during the year.

## Portfolio

We strengthened our origin and destination cargo focused portfolio in 2015 with the acquisition of Fairview Container Terminal in Prince Rupert (Canada). This is a key gateway port for trans-Pacific trade, offering the fastest access for vessels travelling between Asia and North America. The terminal also delivers the highest productivity rates on the West Coast with an efficient rail link to the hinterland. In addition to a 25-year licence extension, we also took sole ownership of DP World Southampton (UK), one of the UK's most productive ports. This extends our average concession life which should bring sustained long-term value to our shareholders.

# Measuring our Progress

DP World identifies clear, measurable key performance indicators that asses how we are delivering on our strategy. The DP World Balanced Scorecard is structured around the following four core areas and allows us to measure our progress:

- Financial: driving sustained long-term shareholder value.
- Customer: providing a satisfied and profitable customer experience.
- People: creating a learning and growth environment that encourages innovation
- Operations: delivering high levels of productivity, efficiency and safety

## Financial

**Driving sustained long-term shareholder value**

### Return on Capital Employed (ROCE)

%

**7.9%**

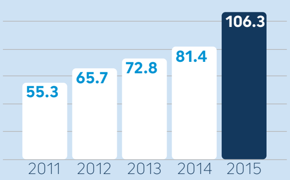

**Definition**
ROCE is earnings before interest and tax and before separately disclosed items (SDI), as a percentage of total assets less current liabilities.

**Comment**
Our ROCE is reduced by the very low age profile of our portfolio and the consequent up-front capital investment required. We have an average concession life of approximately 40 years and we expect our ROCE to continue to increase as our portfolio matures.

### Earnings Per Share (EPS)

Excluding SDI

**106.3**




**Definition**
EPS is calculated by dividing the profit after tax attributable to the owners of the Company (before separately disclosed items) by the weighted average number of shares outstanding.

**Comment**
In 2015, our EPS grew by 30.7%, driven by the acquisition of EZW and robust like-for-like revenue growth.

## Customer

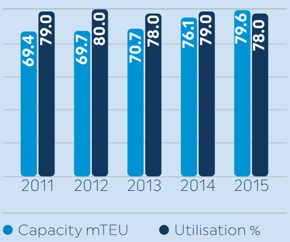
**Providing a satisfied and profitable customer experience**

### Gross Capacity mTEU

Gross Capacity Utilisation %

**79.6**

**78%**




**Definition**
Gross capacity is the total capacity of our global portfolio of terminals. Gross capacity utilisation is the total throughput in the year divided by the total capacity.

**Comment**
Gross capacity increased by 3.5 million TEU to 80 million TEU at the year-end, reflecting additional capacity at Rotterdam, Mumbai and Prince Rupert. Our utilisation remains high and above the industry average.

### Capital Expenditure in 2015

**$1,389m**

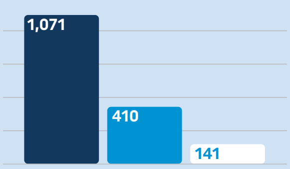

**Definition**
Capital expenditure is the total cost of property, plant, equipment and port concession rights added during the year.

**Comment**
Capital expenditure totalled $1,389 million during the year and was predominantly related to adding new facilities and expanding existing ones.

## People
Creating a learning and growth environment that encourages innovation

### DP World Institute Training Programme Participants in 2015

# 1,622



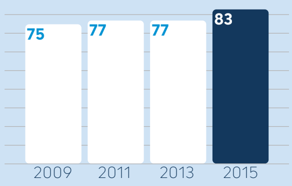

- **Middle East, Europe & Africa**
  Leadership – 709
  Operations – 362
- **Asia Pacific & Indian Subcontinent**
  Leadership – 369
  Operations – 41
- **Australia & Americas**
  Leadership – 111
  Operations – 30

**Definition**
The number of participants who took part in training programmes run by the DP World Institute across the Group.

**Comment**
The DP World Institute continued to deliver a wide range of operational and leadership training programmes, with high levels of engagement across the Group. During the year we introduced a new learning management system, enabling easier access to a variety of training, with over 100 new e-learning titles and additional language options. As a result of these initiatives, we achieved an 88% increase in e-learning participation.

### My World Employee Engagement Survey Response Rate

# 83%




**Comment**
We are committed to engaging with our employees to understand their views and receive their suggestions for improvement. Bi-annually we support this dialogue with our My World employee engagement survey, offering a formal process through which our team can provide feedback, identify opportunities for improvement and drive change. In 2015 we achieved an 83% participation rate from business units taking part in the survey. This high level of response has provided us with improved insight into areas where we have increased satisfaction levels and those areas where opportunities exist for improvement.

## Operations
Delivering high levels of productivity, efficiency and safety

### Increase in Gross Berth Moves (GMPH)
Against Our 2010 Baseline

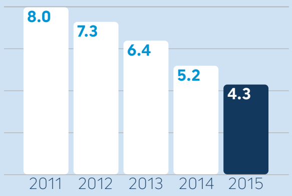
# 14%


**Definition**
GMPH is the number of containers moved over the quay from and to a ship divided by the sum of hours in the period, for all cranes, between first and last lift.

**Comment**
We have calculated the GMPH as an average across our portfolio and the graph shows our GMPH improvement as a percentage against our 2010 baseline.

### Lost Time Injury Frequency Rate (LTIFR)

# 4.3




**Definition**
LTIFR is the total number of lost time injuries divided by the total hours worked and then multiplied by one million.

**Comment**
Over the course of 2015, we reduced our LTIFR, with a 17% reduction from our 2014 figures. This is consistent with our performance over the past five years where we have achieved a reduction of 46% which reflects our commitment to ensuring the safety of our people.

# Our World Our Future

Sustainability is a fundamental aspect of being a responsible business; for our customers, our people, our society and our environment. We believe doing the right thing today is the best way to thrive in the future.

Only by taking this long-term view can we guarantee our continued corporate growth and development and ensure we are building a legacy that we can be proud of.

Our approach to sustainability goes beyond fulfilling a legal obligation, and is more than just a sense of corporate responsibility. It seeks to create new value for all our stakeholders. It is not a simple process, and we welcome the discussion and debates that inevitably arise from diverse perspectives and different operating conditions.

We aim to embed sustainability into our business model, our culture, our governance and our operations around the world. Our Sustainability Advisory Committee, provides leadership and support in achieving this integration.

We are working closely with our businesses to develop our Group approach to sustainability. We have appointed nearly 100 sustainability champions across the Group and a number of regions and terminals have established local advisory committees to support sustainability development and integration.

We filed our first submission for the Dow Jones Sustainability Index in 2015. This was a useful exercise, and highlighted several areas where we need to direct our focus. We continue to disclose our carbon emissions to CDP, an organisation working with corporations to measure and manage environmental impacts. In 2015, we received our strongest results with a score of 95 A- compared with our 2014 score of 81B. This result ranked us in the top 10% in both the transport industry and the industrials sector.

**Our World, Our Future**
We see sustainability as an essential part of the DP World culture, and we are dedicated to sharing our work with our customers, people, communities, suppliers and partners. In 2015 we worked with social change and communication specialists Forster, to develop our sustainability approach and strengthen the way we communicate our initiatives.

In 2016 we will launch Our World, Our Future, a global programme to bring sustainability into every aspect of our work. This is a long-term investment aimed at driving best practice and fostering innovation in sustainability around the world, while measuring and reporting on our progress.

Our World, Our Future focuses on the following four core commitments, with each commitment further broken down into a number of priority areas:

- Protecting our **environment**
- Investing in our **people**
- Building a vibrant, secure and resilient **society**
- Ensuring the highest **safety** standards

For each commitment, we ask ourselves:
- What **have** we done so far?
- What **are** we doing at the moment?
- What **will** we do in future?

The answers to these questions will guide our efforts as we embed sustainability across the Group.

**Sultan Ahmed Bin Sulayem**
**Group Chairman and Chief Executive Officer**

"We are committed to being world leaders in sustainability. It is as important to us commercially as it is to the societies in which we operate. As a major global employer we know we can play a significant role in improving people's lives, strengthening their communities, and protecting their environment. This is what sustainability is all about, and it is a responsibility we take very seriously. I am proud of what we have achieved in this area over the past year – not only through our corporate efforts but also from the huge contribution made by our team across the globe. I'm looking forward to building on what we've achieved so far, and finding ways to do more, to do better, and to continue to prove that sustainability is something that matters to everybody."


What **have** we done so far? › What **are** we doing at the moment? › What **will** we do in the future?

Our World
Our Future

# Protecting Our **Environment**

Responsible use of **natural resources**

**We have**
accurately measured our resource consumption

**We are**
actively seeking to reduce our use and monitoring our performance

**We will**
innovate and invest in new technologies so we can continue to be more efficient and responsible in our resource use

Preventing **pollution**

**We have**
identified potential sources of pollution

**We are**
minimising our emissions

**We will**
continue to eliminate sources of pollution where we can

Taking an **industry leading position** on environmental policy and practice

**We have**
built dialogue with our stakeholders to anticipate change and develop long-term solutions

**We are**
transparent in our communication, publishing our results through our annual report and www.dpworld.com

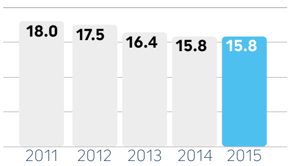
**We will**
continue to set targets for improvement and report our progress annually

## Our Performance

### Emissions Intensity

$KgCO_2e$/Mod TEU[6]

**15.8**

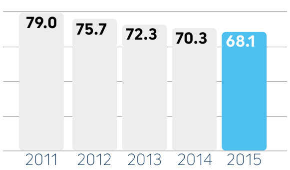



For the fifth consecutive year, we reduced our emissions intensity which measures the greenhouse gases produced for each unit we shift, including both direct emissions (such as fuel used on site) and indirect emissions (such as electricity purchased from the grid). Over the past five years, our efforts have resulted in a steady decline of emissions, with a 12% reduction achieved during this period.

### Energy Use

MJ Energy/TTM

**68.1**




In 2015, we again reduced our energy use, which we measure as mega joules of energy used per total terminal move (MJ Energy /TTM). Over the past five years, we have reduced our energy use, by 14%.

DP World Callao (Peru)

Our ultimate goal is to cause zero harm to the environment, and environmental protection is a consideration across all our activities. We seek to constantly improve our understanding of our environmental impact, and the risks and opportunities related to our operations. We actively look for ways to reduce our environmental footprint and to contribute to lasting environmental benefits across our regions, focusing our resources on those areas where we can make the biggest difference. We capture and report on all environmental impacts at terminals in our Group where we have operational control for the full calendar year.[7]

We set global environmental targets which are then applied regionally and in our terminals. To achieve these targets, we have launched initiatives at terminals across our global portfolio and in their wider communities. Innovations range from solar-powered street lighting in Sokhna (Egypt) to the introduction of biodiesel in vehicles in Australia.

6 $KgCO_2e$/Mod TEU (kilograms of carbon dioxide equivalent per twenty-foot equivalent unit) is the sum total of both scope 1 and scope 2 emissions normalised against Modified TEU for business to business comparative measurement.

7 We have operational control over a terminal in our Group if we have the full authority to introduce and implement our operating policies at the terminal.

## Objectives for 2015

| Objectives | Progress |
|---|---|
| Continue our efforts to reduce our carbon emission and energy use through different programmes and initiatives | DP World facilities reduced carbon emissions through a broad range of actions, including the improved measurement of fuels and electricity, optimising and improving efficiencies in terminal operations, embracing renewable energy projects, retrofitting lighting with energy-efficient LEDs and investing in low-carbon technologies such as eco rubber-tyred gantry cranes.<br><br>In Dubai, we completed the first successful year of our partnership with the Carbon Ambassadors Programme, which aims to create the next generation of environmental innovators. Students selected from UAE universities received training in sustainability, carbon emission reduction, and climate change mitigation and adaptation. As part of the programme, teams of young Carbon Ambassadors each transformed a 20-foot shipping container into a self-sustained bus shelter. We provided the containers and a budget of US$10,000 for each team, and our staff helped evaluate the project proposals and acted as mentors to coach and support the teams. |
| Focus on water conservation and waste management initiatives, with the aim of reducing our water footprint and increasing the percentage of recycled waste at our terminals | Our 'Use Water Wisely' campaign encouraged employees to reduce daily water consumption in our buildings. We developed supporting materials to help terminals and teams organise and plan water conservation events.<br><br>Thousands of port employees around the world contributed their time and effort to a joint environmental initiative launched by marine terminal operators. In line with our strategy of adopting a local approach to the implementation of our global environmental initiatives, 38 of our marine terminals across 29 countries organised activities tailored to the needs of the communities they impact. Employees across the world took part in a wide range of events from a cycling marathon, public square beautification and tree planting in Sokhna (Egypt) and Karachi (Pakistan), alongside beach clean-up drives in Chennai (India), a 'Green Race' in Buenos Aires (Argentina) and the recycling of old drums and tyres into planter pots in Jeddah (Saudi Arabia). |
| Broaden our programmes to other areas of environmental concern such as air quality, ecosystems and supply chains and consider the potential for large scale environmental controls at our terminals | In collaboration with regulatory bodies and neighbouring stakeholders, our DP World London Gateway hibernacula project took waste materials from the port and reused them to provide habitats for important species that occupy land adjacent to our site. Our Friends of the Bay project in Caucedo (Dominican Republic) was born with the objective of saving the coral reef by relocating the colonies to a suitable area and in the process engage the local community and develop a sustainable programme to protect the eco system and marine environment around the Port of Caucedo.<br><br>We also worked to improve supply chain efficiency with the ongoing implementation of our vehicle booking system that reduces third party vehicle waiting times with the additional benefit of decreasing emissions through idling vehicle engines. |

Our World Our Future

# Investing In Our People

Actively encouraging **diversity and inclusion**

**We have**

created a global approach to encourage an inclusive culture, which recognises and values diversity

**We are**

sharing guidelines and giving practical support to implement this approach across the business

**We will**

take active steps to create a workforce which reflects diversity across our whole business

**Developing talent** and **creating personal development** opportunities for everyone

**We have**

established our Talent Management Programme to identify and provide development opportunities across our organisation

**We are**

actively identifying internal talent and working with employees to take up learning and development through channels like the DP World Institute

**We will**

continue to identify and support new and existing learning interventions to ensure that all our people can develop their full potential

**Listening to our employees and stakeholders** and delivering on our promises

**We have**

developed mechanisms including My World survey which offers employees and stakeholders an opportunity to express their views about the business

**We are**

actively incorporating programmes and practices in response to feedback received from employees and stakeholders

**We will**

continue to develop different channels to gather the feedback and views of our employees and stakeholders and use these insights to enhance our policies and practices

DP World Doraleh (Djibouti)

We continue to invest in our people by embracing diversity, encouraging personal development and empowering them with the tools to drive change.

Our people are at the heart of our success, and understanding their views is essential to creating an environment in which everybody can thrive. During 2015, nearly 23,000 of our team took part in our My World employee engagement survey. This latest survey has provided a wealth of information, revealing significant links between employee perceptions and business performance. As well as enabling us to monitor the effectiveness of actions taken in response to previous feedback, the 2015 survey has resulted in several commitments by senior leadership which will help shape the direction we take as a business.

Our results stood up strongly against a comparison group within our sector at both global and regional levels. Encouragingly, there was a significant improvement in the perception that we provide a work environment that accepts ethnic, gender and religious differences. The responses showed an increased sense of pride in being part of the DP World Group. Key areas where we can boost engagement include promoting career development through training, encouraging communication from top management and upholding our focus on providing a work environment that is safe for all.

We continue to invest in the development of our team's skills and knowledge. In 2015, the DP World Institute delivered a wide range of courses, opening up a selection of courses to external individuals and organisations for the first time. We are offering more online learning to maximise participation and reduce the environmental impact associated with corporate travel. In 2015, over 8,000 online training modules were completed by our team members across 32 countries.

**Sultan Ahmed Bin Sulayem**
Group Chairman and
Chief Executive Officer

"We are proud that our team overwhelmingly feel that they work for a responsible employer. In our 2015 My World survey, 79% agreed with the statement "I believe my business unit is environmentally responsible", 77% that "DP World is corporately responsible in the community" and 74% that "Top management of my business unit demonstrate responsible behaviour."

## Objectives for 2015

| Objectives | Progress |
|---|---|
| Roll out further executive and senior leadership development programmes | We engaged with leading business schools, such as Harvard, London Business School (LBS) and Cranfield, to enhance the strategic thinking of our executives and senior managers. Six of our management team joined chief executives from five major global companies in the LBS Global Business Consortium, a six-month programme with learning events across four countries. A further 39 of our global managers participated in an online Harvard Business leadership series tailored to our four strategic leadership pillars, with live lectures streamed from Harvard. We also launched 30 new leadership courses in a variety of delivery formats including leadership competency e-learning modules. This enabled us to engage with over 1,000 of our management team across our Group. |
| Introduce a global e-learning module in a number of languages, covering subjects including leadership, personal skills and safety training | In 2015 we re-launched our iLearn learning platform as an integrated solution offering over 100 online training modules covering a variety of subjects, from safety to self-development. Modules have been released in 17 languages to increase participation across our diverse and global group. |
| Focus on initiatives such as encouraging and creating workplaces suitable for disabled workers | Following the approval of our Diversity and Inclusion Policy, we developed a toolkit in 2015 for our businesses to assess their progress in implementing the policy. A number of our terminals reported initiatives to create workplaces suitable for disabled workers, including electric desks at Rotterdam World Gateway (Netherlands) that provide easier access for employees using wheel chairs. In our subcontinent terminals, braille signage has been installed in elevators and all terminals now have wheelchair accessible entrances.<br><br>We also reviewed our recruitment practices, encouraging business units to recruit in a more progressive way and engage with communities to create inclusive recruitment environments.<br><br>Our team at DP World London Gateway Port attended disability job fairs during the year and ran insight days for British soldiers, who have or are likely to be medically discharged, to introduce them to opportunities within the DP World Group. |

# Our Team

## Region

| | |
|---|---|
| Asia Pacific & Indian Subcontinent | 28% |
| Australia & Americas | 15% |
| Middle East, Europe & Africa | 57% |

The regional spread of our workforce reflects our business focus on growing markets. With 38 operating terminals across our Middle East, Europe and Africa region, compared with 26 in the Asia Pacific and Indian Subcontinent region and 13 in the Australia and Americas region, this metric reflects the shape of our portfolio. The shift in percentage against our 2014 figures also reflects the acquisitions made during 2015, particularly in the Middle East, Europe and Africa region.

## Years of Service

| | |
|---|---|
| 0 to 5 years | 42% |
| 6 to 10 years | 26% |
| 11 to 20 years | 24% |
| Above 20 years | 8% |

We continue to attract new employees into the business which is reflected in the 0 to 5 years' service category. We also continue to maintain low attrition levels which is reflected in the increased numbers in the 11 to 20 years' service category as compared with our 2014 figure of 19%.

## Job Level

| | |
|---|---|
| Executive Management | 3% |
| Middle Management | 14% |
| Operational and Support Staff | 83% |

Reflecting the nature of our business, the majority of our workforce is employed in operational roles. Our team of supervisory and middle management staff provides appropriate support to our senior and executive management in achieving our strategic priorities.

## Age of Employees

| | |
|---|---|
| Up to 30 years | 26% |
| 31 years to 50 years | 63% |
| 51 years and above | 11% |

We continue to have a well-diversified age profile across our Group, which remains consistent with our 2014 figures.

## Gender Diversity

| | |
|---|---|
| Male | 93% |
| Female | 7% |

This metric shows the gender diversity of our team as at 31 December 2015.

Wherever we operate we strive to create an inclusive culture in which diversity is recognised and valued. We continue to introduce initiatives to improve the diversity of our team, particularly with regards to gender diversity. For example, in Jebel Ali (UAE), remote control quay cranes have been introduced to encourage a more diverse workforce, including the attraction of female crane operators. As aresult of this initiatives, and others across our portfolio, we are pleased to see improvement in our gender diversity figures. While we are proud of this progress, gender diversity is one area that we will continue to focus on in 2016 and beyond.


DP World Dakar (Senegal)

Our World Our Future

# Ensuring The Highest **Safety Standards**

Meeting and exceeding **best safety policy and practice**

**We have**

identified our legal obligations and ways to exceed these with industry-leading practice

**We are**

monitoring and reporting on our performance

**We will**

continue to work with all stakeholders and employees towards our zero harm approach

**Identifying and controlling** health and safety risks

**We have**

employed safety leaders to identify and control safety risks

**We are**

working with our most challenged sites to improve safety standards

**We will**

continue to share leading practices to establish and maintain an industry leading position on safety standards

Supplying, providing and maintaining **safe equipment**

**We have**

established minimum standards and identified clear processes for replacement of equipment to meet these

**We are**

setting industry standards for maintaining our equipment

**We will**

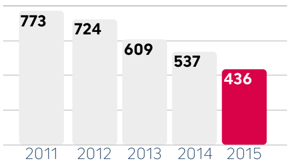
continue to work with original equipment manufacturers to drive innovation and develop safer equipment

## Our Performance

Despite a further increase in containers handled by our team in 2015, we significantly reduced our lost time injuries, which fell by nearly 19% compared to 2014. This contributed to a reduction in the lost time injury frequency rate from 5.2 in 2014 to 4.3 in 2015.

### Lost Time Injuries

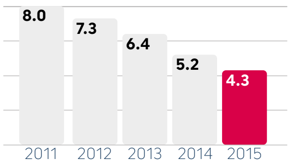
**436**




A lost time injury is an injury directly related to a workplace incident resulting in injury or illness where, through medical direction or personal circumstances, the person is unable to return and complete their next scheduled work shift.

### Lost Time Injury Frequency Rate

**4.3**




The lost time injury frequency rate is the total number of lost time injuries divided by the total hours worked and then multiplied by one million:

$$\text{LTIFR} = \frac{\text{Number of LTIs x 1000000}}{\text{Number of hours worked}}$$

Our people are the key to our success and their safety, security and wellbeing is our top priority. Safety is at the heart of our operations as we strive towards our goal of zero harm.

Our corporate and regional teams implement global policies and guidelines to achieve the safest and most efficient methods of operation, and carry out regular audits to review the operation of these processes. We have zero tolerance of conditions and behaviours that contribute to workplace incidents. As well as meeting or exceeding legislative requirements in the markets where we operate, we comply with the framework of the internationally recognised certification system OHSAS 18001.

We conduct engagement programmes across our global portfolio to ensure our terminals effectively manage high-risk activities to protect our people, our assets and our environment. The programmes identify, assess and provide controls for key areas of risk including our equipment, frequent visitors to our terminals, quay operations and terminal access gates.

We capture and report on all safety impacts at terminals in our Group where we have operational control for the full calendar year. This includes collecting, analysing, reporting and monitoring data on a monthly basis in order to measure the safety performance of our terminals. Incidents are investigated and we have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.

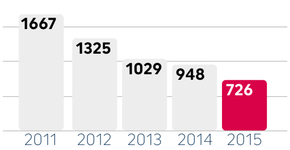
## Objectives for 2015

| Objectives | Progress |
|---|---|
| Enhancing our reporting through our critical incident reporting system | We introduced training for terminal teams, aimed at improving our ability to learn from incidents. This training covered accident causation, preliminary investigation, interviewing skills, analysing information and preventative controls. |
| Continuing to reduce risk through engagement programmes and developing our risk control capabilities as our operational profile changes | We introduced two new engagement programmes aimed at managing safety risks in 2015. We also developed a best practice toolkit, to help terminals further control their risks.<br><br>In 2015, we continued our rolling programme of assessments and began our due diligence and risk reduction visits. During the year, we conducted 21 visits to 15 sites. |
| Focus on raising the competency of our safety and environment team by providing industry-specific training programmes | Safety and environment modules for different competency levels were prepared in 2015 and will be rolled out in 2016. Content and exercises are tailored to DP World and port industry applications, systems, policies and procedures. |

Reportable injuries were 23% lower than 2014, leading to a reportable injury frequency rate of 7.2 in 2015, compared with 9.3 in 2014. We are encouraged that the implementation of our safety initiatives and the dedication of our Board, senior management and terminal teams has further improved our safety performance in 2015. We remain committed to achieving our goal of zero harm.

### Reportable Injuries

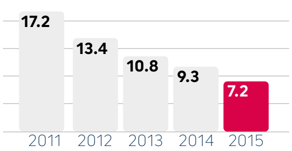
**726**




A reportable injury includes fatalities, lost time injuries and injuries or illness from a workplace incident where the person needs medical attention, either onsite or offsite, by an authorised medical practitioner.

### Reportable Injury Frequency Rate

**7.2**




The reportable injury frequency rate is the number of reportable injuries divided by the total hours worked and then multiplied by one million:

$$\text{RIFR} = \frac{\text{Number of RIs} \times 1000000}{\text{Number of hours worked}}$$

Our World Our Future

# Building a Vibrant, Secure and Resilient Society

Building **social infrastructure**

**We have**

created employment opportunities in the communities in which we operate

**We are**

continually vigilant about the security of our people and assets. Our commitment to ISO 28000 is one example of our commitment to go beyond the minimum global security standards within the supply chain

**We will**

develop a formal approach to assessing risk in our supply chain and developing a response

Strategic **community investment**

**We have**

established programmes across the globe supporting issues of social relevance such as education, health and marine protection

**We are**

working with leading benchmarking organisations to monitor and measure the impact of our community investment and report this through our annual report and www.dpworld.com

**We will**

launch a global education programme in 2016 which aims to reach out to 34,000 young people (8–14 years) by 2020 with 70% reporting a positive impact from the programme

**Strategically partnering** with organisations on issues of importance to the industry

**We have**

worked in partnership with industry and governments on counter-piracy

**We are**

active members of the United for Wildlife taskforce looking at the serious issue of illegal wildlife transportation

**We will**

develop a formal approach to stakeholder engagement to identify issues that are relevant to our industry.


DP World Dakar (Senegal)

We are committed to building a vibrant, secure and resilient society through strategic investment in areas affecting our people and our industry.

Education is an important focus area for DP World. An educated and skilled workforce is critical to commercial success, and to the development of a peaceful and stable global society. In 2015, education accounted for approximately 36% of our contribution to local communities.

To ensure that our community investment is as effective as possible, we measure its real value and impact, both to society and to our business. In 2015, we strengthened our approach by joining the London Benchmarking Group (LBG), the global standard for measuring corporate community investment. LBG is a network of businesses that are committed to positive social change, working together to learn and share ways to improve measurement and make a greater difference.

Our commitment to leading our industry in developing innovative measures that address global security risks is clear. In 2015, we chaired the security work of the Global Port Group, which brings together all major port operators to exchange ideas and expertise. During the year, we attended regional and global workshops and conferences, and ran a number of programmes to bridge the gap between Government and industry on security initiatives.

As part of our commitment to enhance security, all our terminals are part of our programme focused on achieving ISO 28000 certification. To date, 38 of our terminals have achieved certification.

To support our commitment to building social infrastructure, we increased our engagement with our suppliers on sustainability issues. In 2015, we carried out an initial, high-level risk analysis of our suppliers, and will develop this in 2016 by strengthening long-term procurement planning, ensuring suppliers are aligned with our sustainability priorities, and establishing criteria to measure their performance against sustainability objectives.

## Objectives for 2015

| Objectives | Progress |
| --- | --- |
| Focus on collecting and reporting the right data, to ensure we can effectively measure and manage our community investments and to inform management decisions | In 2015, we implemented a new system for collecting data on community investment. The results have already been used to revise our strategy. For example, analysing our education investments showed that we could make a bigger impact with a more strategic, focused approach. This has resulted in a new education programme that we are launching in 2016. |
| Further build on the success of DP World's first Global Volunteer Week | More than 821 employees in 19 countries took part in our second Global Volunteer Week in December 2015. They supported 8459 people through 55 organisations in priority areas such as education, health and marine conservation. |
| Continue to encourage and support our people getting involved across the community | Our teams were involved in a wide range of community initiatives during the year. These included our Go Green week in September 2015, as well as volunteering and fundraising in response to humanitarian emergencies in Nepal, India, Mozambique and Pakistan. Our support helped provide essentials including food, blankets, hygiene kits and medical equipment to people made homeless by disasters. |
| Continue to develop frameworks and share guidelines across the Group to improve our global sustainability progress | In March 2015, we held our first ever meeting for our sustainability champions. During the two-day event, 21 champions from 12 countries shared experiences and explored issues such as communications, diversity and working with customers and suppliers on sustainability initiatives. |
| Develop a framework for working constructively with suppliers to assess their sustainability approach | We completed a spend analysis snapshot for a better understanding of our most critical suppliers, focusing on increasing spend visibility, supplier rationalisation and identifying potential sourcing opportunities. This provides an important foundation for changing our future buying behaviour and supplier risk tracking, where supplier engagement on sustainability issues will be of increased importance. |
| Develop tools for our terminals to engage locally with stakeholders on sustainability issues and initiatives | We developed a toolkit for sustainability champions, available as a hard copy and online. It provides guidance and tools for stakeholder engagement and issues such as volunteering. |
| Develop a framework and value proposition for regions and terminals when working with customers to understand their sustainability issues | Customer interaction formed part of the toolkit developed and distributed to our sustainability champions. |

# Effective Risk Management

We are exposed to a variety of uncertainties that could have a material adverse effect on the Company's financial condition, operational results and reputation.

Our Board recognises that effective risk management is critical to enable us to meet our strategic objectives. The Board establishes the control environment, sets the risk appetite, approves the policies, and delegates responsibilities under our Enterprise Risk Management Framework (ERM). The Audit Committee, under delegation from the Board, monitors the nature and extent of risk exposure for our principal risks. Details of the activities of the Audit Committee are in the Corporate Governance section of this report commencing on page 52.

**Our Risk Management Approach**
Our ERM facilitates a consistent, Group-wide approach to the identification, assessment and prioritisation of risks, including the way in which they are managed, monitored and reported as shown in the diagram opposite. The framework is designed to support the delivery of our vision and strategy as described on pages 4 and 24 of this report.

Our framework involves a continuous exercise of "bottom up" risk review and reporting and "top down" risk review and oversight.

The bottom up risk management exercise is performed by businesses across our Group. They identify significant risks to achieving their objectives and specify mitigation strategies to manage these risks. The risks are assessed on the basis of impact and likelihood, enabling prioritisation of major and significant risks. This is a continual process, and may be associated with a variety of financial, operational and compliance matters including organisation structures, business strategies, disruption to information technology systems, competition, natural catastrophe and regulatory requirements. These risks are collated in risk profiles and are reported at local, regional and Group level. The top down exercise includes interviews with senior management executives.

The output from the aggregated results of the top down and bottom up exercises culminates in a list of principal risks which are agreed with the Executive Committee, prior to review by the Audit Committee.

The Group Head of Risk Management works to establish and implement our risk management policy, independently reviews and challenges risk information, compiles and analyses risk profiles, monitors risk management processes within the Group, and regularly reports on risks to our oversight bodies including the Board.

**DP World's assessment of strategic, operational, project and sustainable development related risks.**


1 **Risk Identification**
A robust methodology is used and a broad spectrum of risks are considered to identify key risks at local, regional and Group level as well as for major projects. This is consistently applied through the development and ongoing implementation of the ERM Framework.

2 **Risk Assessment and Prioritisation**
Once risks are identified, they are evaluated to establish root causes, financial and non-financial impacts and likelihood of occurrence. Consideration of risk treatments is taken into account to enable the creation of a prioritised risk profile.

3 **Risk Mitigation Strategy**
The risk mitigation strategy is based upon the assessment of potential risk exposure and the acceptable risk tolerance levels. Management controls are designed to mitigate risks, and their effectiveness and adequacy are assessed. If additional controls are required, these are identified and responsibilities assigned.

4 **Reporting & Monitoring**
Management is responsible for monitoring progress of actions to treat key risks and is supported through the Group's internal audit programme which evaluates the design and effectiveness of controls. The risk management process is continuous and key risks are reported to the Audit Committee.

## Managing our Risks: Our Three Lines of Defence


We operate a model with three levels of defence, enabling Group-wide accountability for risk management and the control environment. The three lines of defence are:

**First line of defence**
Businesses across the Group perform day-to-day risk management activities, with quarterly risk reviews by management and the creation of risk mitigation strategies. It is their responsibility to maintain an effective risk and control environment as part of daily operations. This includes regular monitoring and review by regional management of the processes and controls to ensure alignment with the Group's policies and appetite for risk.

Each year the Group performs an extensive process of self-certification to assess the effectiveness of risk management and internal controls and confirm compliance with Group policies. The self-certification was completed at full year and a summary provided by Group Internal Audit to the Audit Committee.

**Second line of defence**
Corporate oversight mechanisms monitor our significant risks. Regional management and other corporate functions including Finance, Safety and Environment, Human Capital, IT, Company Secretariat, Legal, Tax, Insurance, Risk and Treasury develop policies and procedures and undertake other activities to mitigate a wide range of risks including employee retention, financial control, bribery and corruption and business continuity. They provide support to the businesses across the Group to ensure objectives are met within risk tolerance levels and hold regular updates with management.

**Third line of defence**
Independent assurance to the Board over the Group's risk management, control and governance processes is provided by Group Internal Audit, in addition to other assurance functions.

The Board and Audit Committee provide oversight and direction in accordance with their respective responsibilities. Further information is available in the Corporate Governance section of this report commencing on page 52.

# Our Principal Risks

## The nature of our business is long-term, which means that many of our risks are enduring in nature. However, risks can develop and evolve over time and their potential impact or likelihood may vary in response to internal and external events.

During 2015, we continued to monitor and review the principal risks relating to the Group's business performance that could materially affect our business, financial condition and reputation. While other risks exist outside those listed, we have made a conscious effort to disclose those of greatest importance to our business. A summary of our principal risks and how these could affect our strategic objectives is included below. The nature and management of these risks is further described on pages 43 to 47.

Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the principal uncertainties we face in delivering our strategic objectives. We employ controls and mitigation strategies to reduce these inherent risks to an acceptable level. Our principal risks and uncertainties will evolve as these controls and mitigating activities succeed in reducing the residual risk over time, or as new risks emerge.

Many risk factors remain beyond our direct control. The Enterprise Risk Management Framework, however effective, can only provide reasonable but not absolute assurance that key risks are managed to an acceptable level.

| | Strategic Objectives | | |
|---|---|---|---|
| **Risk trend** | **Develop and operate a world-class portfolio of assets and create innovative trade solutions** | **Identify unique and visionary opportunities that strengthen world trade** | **Manage risk/return to drive sustained long-term shareholder value** |
| **Increasing** | • IT Systems - Infrastructure Failure and Cyber Threat<br>• Labour unrest | • Legal and Regulatory<br>• Macroeconomic Stability | • Geopolitical |
| **Stable** | • Major Projects – Development and Planning<br>• Safety Risk<br>• Environmental – Climate Change<br>• Business Ethics | • Industry capacity<br>• Customer Consolidation | • Financial Risks |
| **Reducing** | • Employee Attraction and Retention | | |

## Macroeconomic Instability

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Container handling correlates with GDP growth of the global economy. Market conditions in many of the geographies where we operate can be challenging due to macroeconomic or geopolitical issues, which can potentially impact our volume growth and profitability.<br><br>Currency weakness, making imports relatively expensive, can have an adverse impact on domestic demand, resulting in lower volume growth. | • Measures have been taken to minimise exposure and mitigate the impact of any downturn in the macroeconomic environment. Our business remains focused on origin and destination cargo which is less susceptible to economic instability. Although our focus on faster-growing emerging markets may result in volume volatility in the short-term, we believe that the medium to long-term prospects remain solid. We aim to deliver high levels of service to meet our customers' expectations and continue to proactively manage costs.<br>• We have a well-diversified global portfolio of investments across a number of jurisdictions, spreading our concentration risk due to an even geographical spread of our business activity. |

## Financial Risks

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Our Group operates in many geographies around the world. Within the scope of our normal business activities, we are exposed to financial risks that include liquidity needs, availability of capital to achieve our growth objectives, foreign currency and exchange rate volatility.<br><br>The outlook for the banking and capital markets, particularly in the context of emerging markets, remains uncertain. This is in large part due to differing, albeit somewhat coordinated, policy by the various Central Banks (including the Federal Reserve) on quantitative easing and the tapering thereof. | • Our balance sheet remains strong with a net debt to adjusted EBITDA of 3.2 times in 2015 and the only major refinancing due in 2017.<br>• The Group has a committed facility of $3 billion of which only $0.5 billion has been drawn with the balance remaining for draw down.<br>• Our tariffs are predominantly US Dollar based, providing us with a natural hedge against foreign exchange risk. Our internal policy is to mitigate all asset-liability mismatch risk where possible and hedge against interest rate risk. |

## Industry Capacity

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| The utilisation of our operations is influenced by any available capacity to handle container volumes. If port authorities tender many projects simultaneously and create capacity beyond medium-term demand, this will lead to overcapacity in that market. An increase in capacity can lead to intensified competition between port operators, resulting in weak pricing power, loss of revenue and low return on investment. | • Barriers to entry are typically high in the container terminal industry due to the capital intensive nature of the business.<br>• Our focus on gateway locations means we are usually the terminal of choice.<br>• We bring on capacity in line with demand with a view to avoiding overcapacity.<br>• The Group's investment in deep-sea capacity allows us to handle ultra-large vessels and offers a competitive advantage.<br>• In many jurisdictions where there are ramp-up risks associated with new capacity, we are able to seek terms with the port authorities to restrict the granting of additional capacity until a reasonable level of ramp-up has been achieved. |

## Major Projects – Development and Planning

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Major projects contribute significantly to reshaping our portfolio and delivering our strategy. We are involved in number of high-value, long-term projects that can take months or years to complete. These projects can be subject to delays and cost overruns due to delays in technology development, equipment deliveries, engineering problems, work stoppages, unanticipated cost increases, shortages of materials or skilled labour or other unforeseen problems. Failure to deliver these major projects can expose the Group to the risk of reduced profitability and potential losses. | • Our internal process for the approval of major contracts continues to be enforced and improved with authority levels and strict procurement processes in place to make sure vendors are properly pre-qualified and filtered and contracts negotiated to mitigate any identified project risks. Large scale contracts with large monetary value require several levels of approval, up to the level of our Board. Project risks are regularly assessed, mitigated and managed by the Project Management Department (PMD).<br>• Highly skilled project management individuals are engaged for each project, assigned to oversee the project and actively manage risks throughout the implementation stage in line with the PMD procedures and best practices project management standards.<br>• Strategic equipment procurement and implementation controls are in place throughout the duration of projects and clear lines of responsibility assigned to the project implementation team.<br>• Where multilateral or bank finance is a source of funding, the projects are required to meet internationally established project financing requirements. Where appropriate, financing packages are structured and covenants set to ensure sufficient headroom to accommodate non-material delays. |

## Geopolitical

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| The Group seeks new opportunities and operates across a large number of jurisdictions, resulting in exposure to a broad spectrum of economies, political and social frameworks. Political instability, changes to the regulatory environment or taxation, international sanctions, expropriation of property, civil strife and acts of war can disrupt the Group's operations, increase costs, or negatively impact existing operations, service, revenues and volumes. | • We have a well-diversified global portfolio of investments across a number of geographical jurisdictions which spreads our risk.<br>• Our experienced business development team undertakes initial due diligence and we analyse current and emerging issues and maintain business continuity plans to respond to threats and safeguard our operations and assets.<br>• Authoritative and timely intervention is made at both national and international levels in response to legislative, fiscal and regulatory proposals that we feel are disproportionate and not in our interests. Ongoing security assessments and continuous monitoring of geopolitical developments along with engagement with local authorities and joint venture partners, ensures we are well positioned to respond to changes in political environments. |

## IT Systems, Infrastructure Failure and Cyber Threat

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Our business operations are supported by Information Technology systems that maintain a high degree of availability, integrity and security. A breach or failure of our IT systems and infrastructure due to natural risks including floods and hurricanes, physical attack, fire, explosion, power failure, the unforeseen impact of IT changes to new and existing systems, and failure of key suppliers may disrupt our business operations.<br><br>With the increasing pace of technological innovation and change, the use of social media and the evolving sophistication of cyber threats, corporates are targets for malicious and unauthorised attempts to access their IT systems for information and intelligence. Our Group could be compromised by an incident that breaches our IT security. This could result in liabilities, including claims, loss of revenue, litigation and harm to the Group's reputation. | • We analyse current and emerging issues and maintain business continuity plans to respond to threats. We safeguard our operations and assets with robust IT disaster recovery plans in place.<br>• We focus on maintaining a secure IT environment to protect our corporate data.<br>• We have established quality information security processes, procedures and controls in place to address IT security risks across the Group. Global IT and Group Internal Audit work together to provide assurance on IT security across the Group.<br>• Risk is mitigated through a decentralised approach, with a spread of servers and networks across the business. |

## Customer Consolidation

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Our major and middle-tier customers are expected to continue to form alliances and change their strategy on preferred ports and hubs which could lead to downward pressure on tariffs and profit margins. | • We focus on high levels of customer service and develop sustainable, high-value and trusted customer relationships throughout our portfolio.<br>• We have a customer contract strategy in place. Senior executive sponsors are in constant dialogue with our customers and we maintain a watching brief on all markets.<br>• We operate customer engagement projects to improve and extend supply chain relationships.<br>• We remain focused on origin and destination cargo, which is less affected by competition than transhipment cargo. |

## Safety Risks

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| The nature of our operations exposes us to a range of health and safety hazards that could result in harm to our employees, third parties and communities near our operations. In addition to harm, impacts could include regulatory action, legal liability, increased costs and damage to our reputation. | • The Board and senior management are committed to creating a safe culture throughout the Group and regularly monitor the implementation of our safety strategy at our terminals which includes employee training, regular audits and management objectives in relation to the safety of our people.<br>• Terminal management is responsible for local terminal safety risks and is supported by safety guides, operational manuals, procedures and oversight from our local, regional and Global Safety teams, which co-ordinate consistent approaches to safety risks.<br>• These risks are stabilised through rigorous and continuous monitoring and review by management.<br>• We have established safety risk assessment and verification tools.<br>• Contractors must agree to specific safety standards and procedures that are aligned with our safety policies prior to commencing work on our terminals. |

## Environmental – Climate Change

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| DP World's terminal operations are energy-intensive and our mobile equipment fleet largely depends on fossil fuels. 98% of our $CO_2e$ emissions (including direct and indirect emissions) result from the use of fossil fuels in the form of diesel and electricity.<br><br>We operate under numerous national and regional regulations, with increasing laws governing environmental protection matters such as carbon emissions. A breach in any of these regulations can result in the Group facing regulatory action and legal liability, including penalties and remediation obligations, increased costs and damage to our reputation. | • We have a dedicated team responsible for continually reviewing regulatory risks, focused on retrofitting of existing equipment and innovation towards cleaner, more efficient technologies and a focus on best practice policies and procedures as well as risk reduction, energy efficiency initiatives and researching alternative energy sources.<br>• We monitor and report our carbon emissions globally.<br>• Further information on our environmental initiatives and performance is in the sustainability section of this report commencing on page 28. |

## Business Ethics

| Risk Description & Impact | How we Manage our Risk |
|---|---|
| Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential to protect the reputation of DP World and our corporate performance. Despite our commitment to being an ethical business and the steps we take to adhere to this commitment, a risk remains that behaviour or events will occur that fall short of our expected standards.<br><br>We comply with a wide range of local and international anti-corruption and bribery laws. As our business spreads geographically, we are increasingly operating in countries identified as having a higher risk of bribery and corruption. We also have to ensure compliance with trade sanctions, and import and export controls. Failure by our employees, or agents to comply with these regulations could result in substantial penalties, criminal prosecution and significant damage to our reputation. This could in turn impact our future revenue and cash flow. Allegations of corruption or bribery or violation of sanctions regulations could also lead to reputation and brand damage with investors, regulators and customers. | • DP World has a Code of Ethics and an Anti-Bribery policy in place, with a zero tolerance approach to bribery and fraud and has developed online training and fraud risk workshops across the Group to raise awareness and promote compliance.<br>• We have an anti-fraud framework in place for preventing, detecting and responding to frauds to meet the stringent requirements of the UK Bribery Act. This is particularly focused on higher risk regions to ensure the Group's policies are understood and enforced.<br>• We have a whistleblowing hotline and a dedicated compliance mailbox for reporting any concerns. These are investigated and reported to the Audit Committee on a quarterly basis.<br>• We provide new starters and existing employees with training on anti-bribery and corruption as part of the induction process.<br>• We have a gift and hospitality register and approvals process. |

## Employee Attraction and Retention

**Risk Description & Impact**

Our people are fundamental to the long-term success and growth of our Company. The attraction, retention, development and succession of senior management and individuals with key skills are critical success factors in the achievement of our strategy. Failure to attract or retain these employees can result in increased costs to the Group and affect our business continuity and productivity levels.

**How we Manage our Risk**

- This risk is reducing as we continue to invest in our people and their performance.
- Retention strategies are in place for identified scarce skills.
- We promote a safe working environment for our employees and operate a global 'health and wellbeing' programme.
- We continuously monitor and benchmark our remuneration packages in order to attract and retain employees of a suitable calibre and skill set.
- The DP World Institute develops and delivers training programmes across all levels, focused on improving operational and managerial competencies.
- Effective performance management remains a high priority and is regularly monitored across the Group.
- Staff turnover rates are monitored and are currently stable.

## Labour Unrest

**Risk Description & Impact**

Labour strikes and unrest or other industrial relations disputes pose a risk to our operational and financial results.

Unions are now communicating trans-nationally and coordinating actions against multi-national companies. Dealing with issues in isolation is therefore becoming more challenging. Some of our Group's employees are represented by labour Unions under collective labour agreements. The Group may not be able to renegotiate agreements satisfactorily when they expire and may face industrial action. In addition, labour agreements may not be able to prevent a strike or work stoppage and labour disputes may arise even in circumstances where the Group's employees are not represented by labour Unions.

**How we Manage our Risk**

- We have an engagement strategy with Unions and employees in those areas most affected by employee disputes. This includes multi-year agreements and clearly assigned responsibilities for maintaining close relationships with Unions locally and nationally. We are proactive and timely in our responses to the needs of the Unions. A senior management representative holds a Chairperson role on the European Works Council which provides a forum to interact directly with Union representatives on a timely and continuous basis.
- We continue to monitor operational downtime arising from local disputes.
- We conduct employee engagement surveys bi-annually, with a formal process for following up on employee concerns.

## Legal and Regulatory

**Risk Description & Impact**

Our Group is subject to detailed local, regional and global laws and regulations across different jurisdictions. These laws and regulations are becoming more complex and increasingly stringent and are subject to various legal and regulatory obligations.

New legislation and other evolving practices could impact our operations and increase the cost of compliance.

Failure to comply with legislation could lead to substantial financial penalties, disruption to business, personal and corporate liability and loss of reputation.

**How we Manage our Risk**

- The Group monitors changes to regulations across its portfolio to ensure that the effect of any changes are minimised and compliance is continually managed.
- Comprehensive policies, procedures and training are in place to promote legal and regulatory compliance.

# A Year of Solid Growth

DP World delivered a strong set of financial results in 2015 with profit attributable to owners of the Company growing 30.7% to $883 million.

**Yuvraj Narayan** Group Chief Financial Officer

Our adjusted EBITDA was $1,928 million, while adjusted EBITDA margins reached a new high of 48.6%, as we make further progress towards our medium term target of 50%+ adjusted EBITDA margins. Reported revenue grew by 16.3% to $3,968 million.

On a like-for-like basis, 2015 revenues grew by 5.6%, driven by strong Containerised Other and Non-Containerised revenue growth. This resulted in like-for-like adjusted EBITDA growth of 5.7%; like-for-like adjusted EBITDA margin of 47.3% and like-for-like EPS growth of 6.2%.

Our portfolio continues to deliver above market volume growth while continuing to displaying pricing power.

### Middle East, Europe and Africa

| Results before separately disclosed items | 2015 | 2014 | % change | Like-for-like at constant currency % change[8] |
|---|---|---|---|---|
| **USD million** | | | | |
| Consolidated throughput (TEU '000)[9] | **21,556** | 20,973 | 2.8% | 2.7% |
| Revenue | **2,911** | 2,386 | 22.0% | 5.9% |
| Share of profit from equity-accounted investees | **10** | 18 | (47.0%) | 3.1% |
| Adjusted EBITDA | **1,612** | 1,260 | 27.9% | 5.6% |
| Adjusted EBITDA margin | **55.4%** | 52.8% | – | 52.9%[10] |

Market conditions in the Middle East, Europe and Africa region softened in the second half of 2015 as trading conditions became more challenging. However, the UAE region delivered another record throughput year with 15.6 million TEU handled, while Europe outperformed a difficult market. This resulted in revenue of $2,911 million, up 22.0% year-on-year aided by the acquisition of EZW. Like-for-like Containerised revenue per TEU was up by 1.4%.

Our share of profit from equity-accounted investees decreased to $10 million due to start-up costs at Rotterdam (Netherlands).

Adjusted EBITDA was $1,612 million, 27.9% ahead of the same period last year mostly due to the addition of EZW, while adjusted EBITDA margin rose to 55.4%. Like-for-like revenue and adjusted EBITDA growth on prior year at constant currency was 5.9% and 5.6% respectively. Like-for-like adjusted EBITDA margins stood at 52.9%.

The UAE delivered a solid performance with containerised revenue growing by 1.8% and non-container revenue by 9.2% as the economy in the UAE and wider region remained robust.

We invested $1,230 million in this region during the year. Investment was focused across the Middle East and Europe including Jebel Ali (UAE), EZW (UAE), DP World London Gateway Port (UK) and Yarimca (Turkey).

The resilient performance in the Middle East, Europe and Africa region is in part due to our investment in deep water capacity. Our portfolio has a number of ports along the key East-West trade route where the ultra large vessels are deployed and consequently our locations continue to gain market share.

### Asia Pacific and Indian Subcontinent

| Results before separately disclosed items | 2015 | 2014 | % change | Like-for-like at constant currency % change[8] |
|---|---|---|---|---|
| **USD million** | | | | |
| Consolidated throughput (TEU '000)[9] | **4,870** | 4,897 | (0.6%) | (0.6%) |
| Revenue | **414** | 397 | 4.4% | 8.3% |
| Share of profit from equity-accounted investees | **111** | 97 | 14.0% | 18.2% |
| Adjusted EBITDA | **281** | 257 | 9.5% | 13.3% |
| Adjusted EBITDA margin | **67.8%** | 64.7% | – | 67.4%[10] |

The Asia Pacific and Indian Subcontinent region delivered a strong financial performance due to continued growth from joint ventures and associates. Volume growth was broadly flat as growth in Asia was subdued while capacity constraints impacted our ability to grow in Mumbai (India) during the first half of 2015.

Revenue grew by 4.4% to $414 million while our share of profit from equity-accounted investees rose 14.0% to $111 million mainly due to the strong performance in China, Hong Kong and Indonesia.

Adjusted EBITDA of $281 million was 9.5% higher than the same period last year, while the adjusted EBITDA margin increased to 67.8%. Like-for-like growth was stronger as currency fluctuations adversely impacted top line growth.

Capital expenditure in this region during the year was $82 million, mainly focused on the capacity expansion in Mumbai (India).

The Asia Pacific and Indian Subcontinent region was able to deliver robust earnings growth as our portfolio is mainly focused on origin and destination cargo which has been less volatile than the larger transhipment hubs in the region. In the Indian Subcontinent, we expect the capacity addition in Mumbai (India) to further drive adjusted EBITDA margins in the medium-term.

### Australia and Americas

| Reported results before separately disclosed items | 2015 | 2014 | % change | Like-for-like at constant currency % change[8] |
|---|---|---|---|---|
| **USD million** | | | | |
| Consolidated throughput (TEU '000)[9] | **2,684** | 2,471 | 8.6% | (2.9%) |
| Revenue | **642** | 628 | 2.2% | 2.8% |
| Share of profit from equity-accounted investees | **(68.0)** | (38.0) | (81.2%) | (39.0%) |
| Adjusted EBITDA | **190** | 217 | (12.7%) | (2.1%) |
| Adjusted EBITDA margin | **29.5%** | 34.6% | – | 35.7%[10] |

Market conditions in the Australia and Americas region were mixed. Volatile currency and weaker commodity prices led to softer economic growth in the Americas, however despite these headwinds, we delivered a resilient performance. Australia delivered a more robust performance. Reported volumes grew by 8.6% as it benefitted from the inclusion of Prince Rupert (Canada) from August 2015 onwards. Revenues grew by 2.2% to $642 million. The loss from equity-accounted investees increased to $68 million, reflecting a weak performance from Embraport (Brazil), which was driven by foreign exchange losses.

Adjusted EBITDA was $190 million, down 12.7% on the prior period mainly due to lower share of profit from equity-accounted investees. Like-for-like total revenue growth at constant currency was 2.8% ahead of the prior year whilst like-for-like adjusted EBITDA declined by 2.1%.

We invested $74 million of capital expenditure in our terminals across this region during the year mainly focused in Callao (Peru).

We continue to manage capacity in key markets in the Australia and Americas region which has allowed our portfolio to deliver a relatively resilient financial performance. The acquisition of Fairview Terminals in Prince Rupert (Canada) adds capacity in a fast growing trade lane.

### Cash Flow and Balance Sheet

Cash generation remained strong with cash from operations standing at $1,928 million for 2015. Our capital expenditure reached $1,389 million as we delivered new capacity in Mumbai (India), Yarimca (Turkey), EZW (UAE). Gross debt rose to $7,670 million mainly due to the addition of the $650 million JAFZA Sukuk following the EZW acquisition; additional $500 million borrowings from our GMTN programme and $500 million draw down of our term loan, while net debt climbed to $6,234 million due to acquisitions. Cash on the balance sheet at the year-end was $1,437 million.

Our year-end balance sheet shows leverage (net debt to adjusted EBITDA) at 3.2 times. Overall, the balance sheet remains strong with ongoing strong cash generation and we have plenty of headroom and flexibility to add to our portfolio should favourable assets become available at attractive prices.

### Capital Expenditure

Capital expenditure in 2015 was $1,389 million, with maintenance capital expenditure of $186 million. The total spend was below our guidance of $1,600 to $1,900 million as we delayed the second phase of Terminal 3 in the UAE. We expect 2016 capital expenditure to be in the range of $1,200 to $1,400 million and we look forward to adding further capacity at Jebel Ali (UAE), EZW (UAE), and London Gateway (UK).

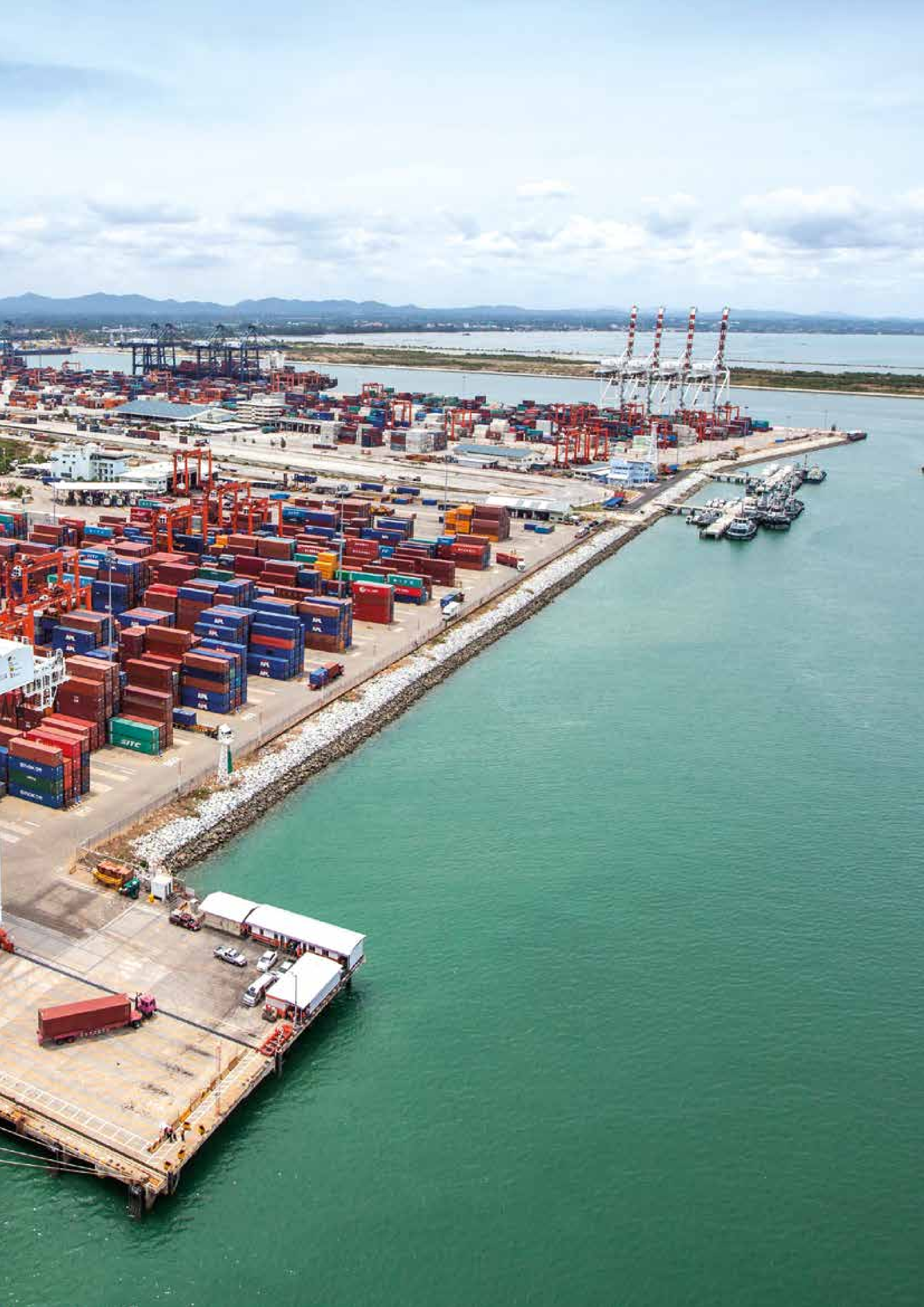
**Yuvraj Narayan**
Group Chief Financial Officer

8 Like-for-like at constant currency is without the addition of new capacity at Rotterdam (Netherlands), London Gateway Park (UK), EZW (UAE), Yarimca (Turkey), Prince Rupert (Canada), Dubai Trade (UAE), World Security (UAE), Stuttgart Germany.
9 Consolidated throughput is throughput from all terminals where we have control under IFRS.
10 Like-for-like adjusted EBITDA margin

# Corporate Governance

# 02


Laem Chabang International Terminal (Thailand)



# Board of Directors

| |  |  |  |
|---|---|---|---|
| | **Sultan Ahmed Bin Sulayem**<br>Group Chairman and Chief Executive Officer | **Jamal Majid Bin Thaniah**<br>Non-Executive Director and Vice Chairman | **Deepak Parekh**<br>Senior Independent Non-Executive Director |
| **Date of appointment** | Appointed to the Board as Chairman on 30 May 2007.<br><br>Appointed to the Board as Group Chairman and Chief Executive Officer on 8 February 2016. | Appointed to the Board as Vice Chairman on 30 May 2007. | Appointed to the Board as an Independent Non-Executive Director on 22 March 2011. |
| **Committee membership** | Member of the Nominations and Governance Committee. | Member of the Audit Committee and Member of the Nominations and Governance Committee. | Chairman of the Audit Committee, Chairman of the Remuneration Committee and Chairman of the Nominations and Governance Committee. |
| **Skills and experience** | In his previous role as Chairman of Dubai World, His Excellency Sultan Ahmed Bin Sulayem oversaw businesses in industries as diverse as real estate development, hospitality, tourism, retail, e-commerce, commodities, transportation and logistics. He was instrumental in establishing and leading Nakheel, a real estate and tourism property development firm; establishing and leading Istithmar World, a major global private equity investment house; and pioneering the Dubai Multi Commodities Centre. As Chairman of DP World he has led the Company's international expansion, including the $6.85 billion acquisition of P&O Group. Mr. Bin Sulayem holds a BS in Economics from Temple University, United States. | Jamal Majid Bin Thaniah brings significant industry experience to the Board, having joined Dubai Ports in 1981 and, from 2001, he led Dubai Ports Authority. He previously served as a Director of Port & Free Zone World FZE and he remains one of the two representatives of DP World's majority shareholder on the Board of DP World. | Deepak Parekh has an extensive and highly commended executive career which includes serving on the boards of several Indian and international corporations. He has been a member of numerous Indian Government appointed advisory committees and task forces on matters ranging from infrastructure reform to capital markets and financial services. His contributions to business have been recognised on numerous occasions and he was the first international recipient of the Outstanding Achievement Award from the Institute of Chartered Accountants in England and Wales, in 2010. |
| **Key external appointments** | Non-Executive Director of Asteco LLC and Noor Islamic Bank. | Non-Executive Director of Etihad Rail (Abu Dhabi), Independent Non-Executive Director of Emaar Properties PJSC. | Non-Executive Chairman of HDFC Ltd, GlaxoSmithkline Pharmaceuticals Ltd Siemens India. Non-Executive Director of BAE Systems India (Services) Private Limited, Vedanta Resources PLC, Mahindra and Mahindra and the Indian Hotels Co Ltd. |
| **Board meetings attended during the year** | 6 | 8 | 8 |

**Mark Russell**
Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director on 11 August 2014.

Member of the Audit Committee, Member of the Remuneration Committee and Member of the Nominations and Governance Committee.

Following an extensive career in corporate finance, including Partner in the corporate finance departments of KPMG in London and Frankfurt and senior positions at PwC Corporate Finance, Robert Fleming, Lazard Brothers and A.T. Kearney, Mark Russell joined the Shareholder Executive in the UK where he is currently Chief Executive and sits on the Departmental Board and Executive Committee of the UK Government's Department for Business, Innovation & Skills. He is the Senior Independent Non-Executive Director of London Continental Railways Limited and was formerly a Non-Executive Director of Eurostar International Limited.

BIS (Postal Services Act 2011) Company Limited.

8

**Robert Woods**
Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director on 1 January 2014.

Member of the Remuneration Committee and Member of the Nominations and Governance Committee.

Robert Wood's career in the shipping and port industry includes over 40 years of experience. He was formerly the Chief Executive of The Peninsular and Oriental Steam Navigation Company, and a Non-Executive Director of Cathay Pacific, Tilbury Container Services Limited and John Swire & Sons. In 2012, he was appointed President of the Chartered Institute of Shipbrokers and he is an Honorary Captain of the Royal Naval Reserve.

Chairman of P&O Ferries and DP World Southampton, and Non-Executive Director of Caledonia Investments.

7

**Mohammed Sharaf**
Group Chief Executive Officer

Served as Group Chief Executive Officer of the Group since 2005 and appointed to the Board on 30 May 2007.

Mohammed Sharaf's retirement as Director and Group Chief Executive Officer was announced on 27 January 2016.

Mohammed Sharaf joined Dubai Ports Authority in 1992, and in 2001 he became Managing Director of DP World FZE. In this position, he oversaw the Group's growth into an international business and performed central roles in developing its first international operations. He began his shipping career at Holland Hook terminal in The Port of New York/New Jersey and has more than 20 years' experience in the transport and logistics business. He previously served as Chairman of Tejari World FZ LLC.

Joint Vice Chairman of the US-UAE Business Council and a member of the UK-UAE and UAE-Canada Business Council Boards.

8

**Yuvraj Narayan**
Group Chief Financial Officer

Served as Group Chief Financial Officer of the Group since 2005 and appointed to the Board on 9 August 2006.

Yuvraj Narayan previously served as Non-Executive Director of Istithmar World PJSC and as ANZ Group's Head of Corporate and Project Finance for South Asia before becoming Chief Financial Officer of Salalah Port Services in Oman. He was previously a Non-Executive Director of IDFC Securities Limited. He is a qualified Chartered Accountant and has a wealth of experience in the ports and international banking sectors.

Non-Executive Director on HDFC International Life and Re Company Limited.

8

# Report of the Directors

**Ritva Kassis**
Group Company Secretary

The Directors present their report and accounts for the year ended 31 December 2015.

The Corporate Governance section, commencing on page 56, and the Audit Committee report, commencing on page 67, form part of this Directors' Report. Disclosures elsewhere in the Annual Report and Accounts are cross-referenced where appropriate. Taken together, they fulfil our disclosure requirements as discussed in the Corporate Governance section, commencing on page 57.

The Strategic Report, commencing on page 10, describes the principal activities, operations, performance and financial position of DP World Limited (the Company) and its subsidiaries (collectively referred to as the Group). The results of the Group are set out in detail in the Consolidated Financial Statements and accompanying notes, commencing on page 78.

The principal subsidiaries, joint ventures and associates are listed on pages 136 to 137.

**Directors**
Biographical details of the Directors of the Company as at 31 December 2015 are given on pages 52 to 53 together with details of Board Committee memberships.

Details on the Board and Committee membership changes during 2015 are contained in the Corporate Governance Report, commencing on page 56.

In accordance with the Company's Articles of Association, all Directors offer themselves annually for re-election at the Annual General Meeting (AGM). Details of the Directors' remuneration and their interests in the Company's shares are given on page 74 in the Corporate Governance section of this Report.

**Financial Instruments**
Details regarding the use of financial instruments and financial risk management are included in the Notes to Consolidated Financial Statements commencing on page 85.

**Results**
The Group's Consolidated Financial Statements for the year ended 31 December 2015 are shown on pages 79 to 84.

**Dividends**
The Directors recommend a final dividend in respect of the year ended 31 December 2015 of 30 US cents per share, up from 23.5 US cents in the prior year. Subject to approval by shareholders, the dividend will be paid on 5 May 2016 to shareholders on the Register at close of business on 31 March 2016.

**Post-Balance Sheet Events**
There are no post-balance sheet events that require disclosure in the Notes to Consolidated Financial Statements.

**Sustainability**
The Group is committed to integrating responsible business practices in all aspects of our operations across our Group. Further information regarding our approach to sustainability is contained in the Sustainability section of this Report commencing on page 28. This section of the report outlines our commitment to invest in our people, protect our environment, ensure the highest safety standards and build a vibrant, secure and resilient society.

**Board Diversity**
The Company recognises and embraces the benefits of having a diverse Board, and seeks increasing diversity at Board level which it sees as an essential element in maintaining the Company's competitive advantage. A truly diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of directors. These differences are considered in determining the optimum composition of the Board.

The Board Nominations and Governance Committee ("the Committee") reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. In reviewing Board composition, the Committee considers the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the Committee considers candidates on merit against objective criteria and with due regard to the benefits of maintaining a balanced and diverse Board.

The Board considered its diversity as part of the annual evaluation of the performance and effectiveness of the Board, Board Committees and individual Directors.

**Substantial Shareholdings**

As at the date of this report, the Company has been notified that the following entity has an interest in the Company's shares amounting to 5% or more.

| | Class | Shares | Percentage of class |
|---|---|---|---|
| **Port and Free Zone World FZE** | Ordinary | 667,735,000 | 80.45% |

**Going Concern**

The Directors, having made enquiries, consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore they consider it appropriate to adopt the going concern basis in preparing the accounts.

Further details can be found under note 2(c) to the Consolidated Financial Statements.

**Audit Information**

Having made the required enquiries, so far as the Directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Articles of Association**

The Articles set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment and removal of Directors and the conduct of the Board and general meetings. Subject to DIFC Companies Law and the Articles, the Directors may exercise all the powers of the Company and may delegate authorities to Committees and day-to-day management and decision making to individual Executive Directors. Details of the main Board Committees can be found on pages 67 to 71.

At the Company's AGM on the 27 April 2015, the Shareholders of the Company approved the adoption of amended Articles of Association that were updated following the delisting of the Company from the London Stock Exchange in January 2015. The amendments included the removal of references to various requirements to which the Company was subject while its shares were listed on the London Stock Exchange and updated references to laws and regulations applicable in the Dubai International Financial Centre.

**Indemnity**

All Directors are entitled to indemnification from the Company, to the extent permitted by the law, against claims and legal expenses incurred in the course of their duties.

**Authority to Purchase Shares**

At the Company's AGM on 27 April 2015, the Company was authorised to make market purchases of up to 29,050,000 ordinary shares (representing approximately 3.5% of the Company's issued share capital). No such purchases were made during 2015. Shareholders will be asked to approve the renewal of a similar authority at the Company's AGM to be held on 28 April 2016.

**Auditors**

The auditors, KPMG LLP, have indicated their willingness to continue in office. A resolution to re-appoint them as auditors will be proposed at the AGM to be held on 28 April 2016.

**Share Capital**

As at 31 December 2015, the Company's issued share capital was US$1,660,000,000 comprising 830,000,000 ordinary shares of US$2.00 each.

**Annual General Meeting**

The Company's AGM will be held on 28 April 2016 at The Wheelhouse, Jebel Ali Port, Dubai, United Arab Emirates. Full details are set out in the Notice of AGM.

By order of the Board

**Ritva Kassis**
Group Company Secretary
24 March 2016

# Chairman's Introduction

**Sultan Ahmed Bin Sulayem**
Group Chairman and Chief Executive Officer

Our vision as a Group is to lead the future of world trade. Our business model is our blueprint to achieving this vision, and recognises that good governance and risk management is core to our business achieving its objectives. Through the adoption of good governance practices we add value to our performance, improve our strategic thinking, run our business more effectively and better monitor the risks we face. The Corporate Governance Report that follows sets out the actions that we have taken as a Board during 2015 to implement these practices.

Following the delisting from the London Stock Exchange which took effect on 21 January 2015, we are now guided by the Corporate Governance Best Practice Standards as set out in the Dubai Financial Service Services Authority (DFSA) Market Rules and we have therefore structured our Report to align with the principles contained therein.

**Leadership**
A balanced Board with the necessary skills, knowledge and industry experience to lead our Group is key to achieving our strategic objectives and long-term goals. Details of the role of the Board, the Directors' responsibilities, the Board composition and activities during the year are given on pages 58 to 62 of this Corporate Governance section. The membership and work of the principal Board Committees are included on pages 67 to 71.

During 2015, and in early 2016, there were some changes to the Board and its Committees. Deepak Parekh succeeded Sir John Parker as the Senior Independent Non-Executive Director, Chairman of the Nominations and Governance Committee and Chairman of the Remuneration Committee upon Sir John's retirement. Deepak Parekh has been on our Board since March 2011 and will bring valuable knowledge and skills from his extensive and highly commended executive career to these new appointments.

After 23 years with the Group, eleven of which were as Group Chief Executive Officer, Mohammed Sharaf retired from the DP World Board effective 27 January 2016. With the unanimous support of the Independent Non-Executive Directors, the Nominations Committee and the Board as a whole, I was proud to accept the appointment as Group Chief Executive Officer in addition to my role as Chairman following Mohammed's retirement.

I would like to thank Mohammed and Sir John for their years of dedication and service to the Group. Their leadership was an invaluable part of the success we have achieved and I wish them both well in their future endeavours.

Following the leadership changes, the Board remains committed to effectively leading the Company, ensuring that our business is managed prudently and soundly to drive sustained long-term value for our shareholders. I am confident that we have a strong Board, with the right balance of skills and expertise.

**Accountability**
Our Corporate Governance practices lay down the framework for creating long-term trust between us and our shareholders, customers, employees, suppliers, Governments and communities. We will continue to engage with our stakeholders and encourage effective dialogue with our shareholders.

As the Board, we are ultimately responsible for determining the Group's risk appetite and its willingness to accept certain risks in pursuit of achieving the Group's strategic objectives. The Board is also responsible for maintaining appropriate risk management and internal control systems. During 2015 we continued to review the Group's principal risks that could have material effects on our business, financial condition and reputation. The principal risks and our approach to managing them are discussed on pages 42 to 47 on the Strategic Report and an outline of our internal controls and compliance procedures is contained on pages 64 to 65 in this Corporate Governance section.

We also report on the remuneration structures and their alignment with the long-term interests of the Group on pages 72 to 73 in the Remuneration Committee Report.

We look forward to another prosperous year as we strive to be leaders in world trade by leading our business with the highest standards of good governance.

**Sultan Ahmed Bin Sulayem**
Group Chairman and Chief Executive Officer
24 March 2016

# Overview

DP World Limited (the Company) is incorporated in the Dubai International Financial Centre (DIFC) and was admitted in 2007 to the official list of securities on NASDAQ Dubai. The Company must therefore comply with the regulatory obligations of the DIFC Markets Law and the various rules made by the Dubai Financial Services Authority thereunder (together with DIFC Markets Law, the NASDAQ Dubai Rules). The Board reviewed and monitored the policies and procedures that were in place during the year to ensure compliance with the Corporate Governance principles of the NASDAQ Dubai Rules as briefly summarised below.

The Directors believe that these rules, including the mandatory Corporate Governance principles enshrined in them and the best practice standards which support the principles, provide a robust basis on which to maintain corporate governance best practice for the benefit of the Company's shareholders.

## Leadership

- Principle 1: requires an effective Board of Directors which is collectively accountable for ensuring that the Reporting Entity's business is managed prudently and soundly.
- Principle 2: requires a clear division between the responsibilities of the Board and the Senior Management.
- Principle 3: Board and its committees must have an appropriate balance of knowledge, experience etc. and adequate resources

**To read more about our Board's Leadership see page 58**

## Accountability

- Principle 4: The Board must ensure that there is an adequate, effective, well-defined and well-integrated risk management, internal control and compliance framework.
- Principle 5: The Board must ensure that the rights of shareholders are properly safeguarded and there is effective dialogue between the Board and Shareholders.

**To read more about our internal controls and compliance framework see page 64**

**To read more about our shareholder engagement, see page 66**

## Position and Prospects

- Principle 6: The Board must ensure any reports present an accurate, balanced and understandable assessment of the Company's financial position and prospects.

**See the Statement of Directors' Responsibilities on page 75**

## Remuneration

- Principle 7: The Board must ensure that the Company's remuneration structures and strategies are well aligned with the long-term interests of the Company.

**To read more see our Remuneration Committee report on page 71**

## Board Committee Reports

A separate section of a company's Annual Report should, under the NASDAQ Dubai Rules, describe the work carried out by each of the Audit, the Remuneration and the Nomination committees in discharging their responsibilities.

**See page 67 for the Audit Committee Report**

**See page 70 for the Nomination and Governance Committee Report**

**See page 71 for the Remuneration Committee Report**

# Leadership


2016 DP World Global Leadership Meeting

The Company's Board of Directors manages the business of the Company and its subsidiaries (collectively referred to as the Group). The Board's primary responsibility is to foster the long-term success of the Group.

Effective Board leadership requires a clear division between the Board's responsibilities and those responsibilities which the Board has delegated to management. The matters reserved for Board decision include:

- setting the strategic objectives of the Group,
- declaring dividends,
- approving major transactions,
- setting the annual budget for the Group,
- approving safety and environment policies, and
- insurance, risk management and internal controls.

The Board has delegated the following responsibilities to management:

- the development and recommendation of strategic plans for consideration by the Board that reflect the long-term objectives and priorities established by the Board;
- implementation of the Group's strategies and policies as determined by the Board;
- monitoring the operating and financial results against plans and budgets;
- monitoring the quality of the investment process against objectives, prioritising the allocation of capital and technical resources; and
- developing and implementing risk management systems, subject to the continued oversight of the Board and the Audit Committee as set out on page 64.

A full description of the matters reserved for Board decision are available on the Company's website, www.dpworld.com

In accordance with the Company's Articles of Association (the "Articles"), all Directors offer themselves annually for re-appointment.

Details of the Directors of the Company are given on pages 52 and 53.

Following the retirement of Mohammed Sharaf from the role as Group Chief Executive Officer, the Board appointed Sultan Ahmed bin Sulayem as Group Chairman and Chief Executive Officer on 8 February 2016. The Board is committed to maintaining its standards of corporate governance, and has implemented effective measures to ensure that the Board is able to properly discharge its function of providing effective oversight of the management of the business of the Company by its senior management.

## Roles and Responsibilities of the Directors and Officers of the Company

| | |
|---|---|
| **Chairman** | The Chairman, in conjunction with the Senior Independent Director is responsible for the leadership and management of the Board. The Chairman chairs the Board meetings ensuring, with the support of the Senior Independent Director, that the agendas are forward looking and that relevant business is brought to the Board for consideration in accordance with the schedule of matters reserved to the Board and that each Director has the opportunity to consider the matters brought to the meeting and to contribute accordingly. |
| **Group Chief Executive Officer** | The Group Chief Executive Officer, as leader of the Group's executive team, retains responsibility for the leadership and day-to-day management of the Group and the execution of its strategy as approved by the Board. The Group Chief Executive Officer chairs the Executive Committee and facilitates the flow of information to and from the Board and the management and management committees of the Group. |
| **Group Chief Financial Officer** | The Group Chief Financial Officer is responsible for ensuring that objective financial, statutory and management information is provided to the Board and that the accounts and accounting principles of the Company are of the highest standards and integrity. Reporting responsibilities also include updating the Board on the progress made by the Company in achieving its financial objectives.<br><br>The Group Chief Financial Officer's operational responsibilities include working closely with the Company's auditors, financial advisers and banks to manage the financial planning and risks of the Company. |
| **Senior Independent Director** | The Senior Independent Director (SID) is a Non-Executive Director appointed by the Board to provide support for the Chairman in leading the Board and serve as an intermediary for the other directors where this is required to help them challenge and contribute effectively.<br><br>In addition, the SID is required to work closely with the Chairman to ensure effective communication with shareholders and meet with the Independent Non-Executive Directors at least once a year to appraise the Chairman's performance.<br><br>Sir John Parker acted as Senior Independent Director since the initial public offering of the Company in 2007 up until his retirement from the Board on 30 June 2015 when Independent Non-Executive Director, Deepak Parekh assumed this position. Together with the Chairman, Deepak Parekh leads the Board on governance matters and the annual performance review of the Board and its Committees. The Board believes that the support of the Senior Independent Non–Executive Director ensures that robust governance is maintained and that appropriate challenge to the Executive Directors is in place. |
| **Independent Non-Executive Director** | An Independent Non-Executive Director is a member of the Board who is not an employee of the Company or affiliated with it such that they bring to the Board qualities of independence and impartiality. They are often appointed due to their wide executive and industry experience, special knowledge and personal attributes that add value to the effectiveness of the Board.<br><br>In compliance with the Corporate Governance Best Practice Standards in the NASDAQ Dubai Rules, at least one third of the Board was comprised of Non-Executive Directors and more than the required minimum of two were considered by the Company to be independent. The independence of the Independent Non-Executive Directors is considered annually and the Board believes that they have retained their independent character and judgement. The Board considers that the varied and relevant experience of all the Independent Directors provides an exceptional balance of skills and knowledge which is of great benefit to the Group.<br><br>Following the delisting from the London Stock Exchange on 21 January 2015, the Board believes that the Group continues to benefit from the breadth of experience represented by its existing balance of Independent and Non-Independent Directors. The Company will continue to review the composition of the Board from time to time to ensure that an appropriate balance of Independent and Non-Independent Directors is maintained. |
| **Company Secretary** | The Company Secretary is responsible for the efficient administration of the Company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. All Directors have access to the Company Secretary and independent professional advice at the Company's expense, if required.<br><br>After nine years with DP World, Bernadette Allinson, Board Legal Adviser and Company Secretary, left the Company in 2015 to pursue other opportunities. Bernadette was a valued member of our management team, who showed consistent dedication to the Company since joining in 2006. Ritva Kassis, the Deputy Company Secretary, was appointed as Company Secretary following Bernadette's departure. |

## Corporate Governance Framework

Our Board is central to our Corporate Governance Framework and is supported by a number of committees to which certain Board responsibilities are delegated. These committees in turn formally report to the Board following each meeting to ensure that the Board remains fully updated on their activities. The Board's principal Committees include the Remuneration, Audit and Nominations and Governance Committees, with formally delegated duties and responsibilities and written terms of reference. From time to time, the Board may set up additional committees to consider specific issues when the need arises.

Reports on the activities of the principal Board Committees can be found on the following pages and their terms of reference are available on the Company's website, www.dpworld.com. The Company Secretary provides support as the secretary for the principal Board Committees.

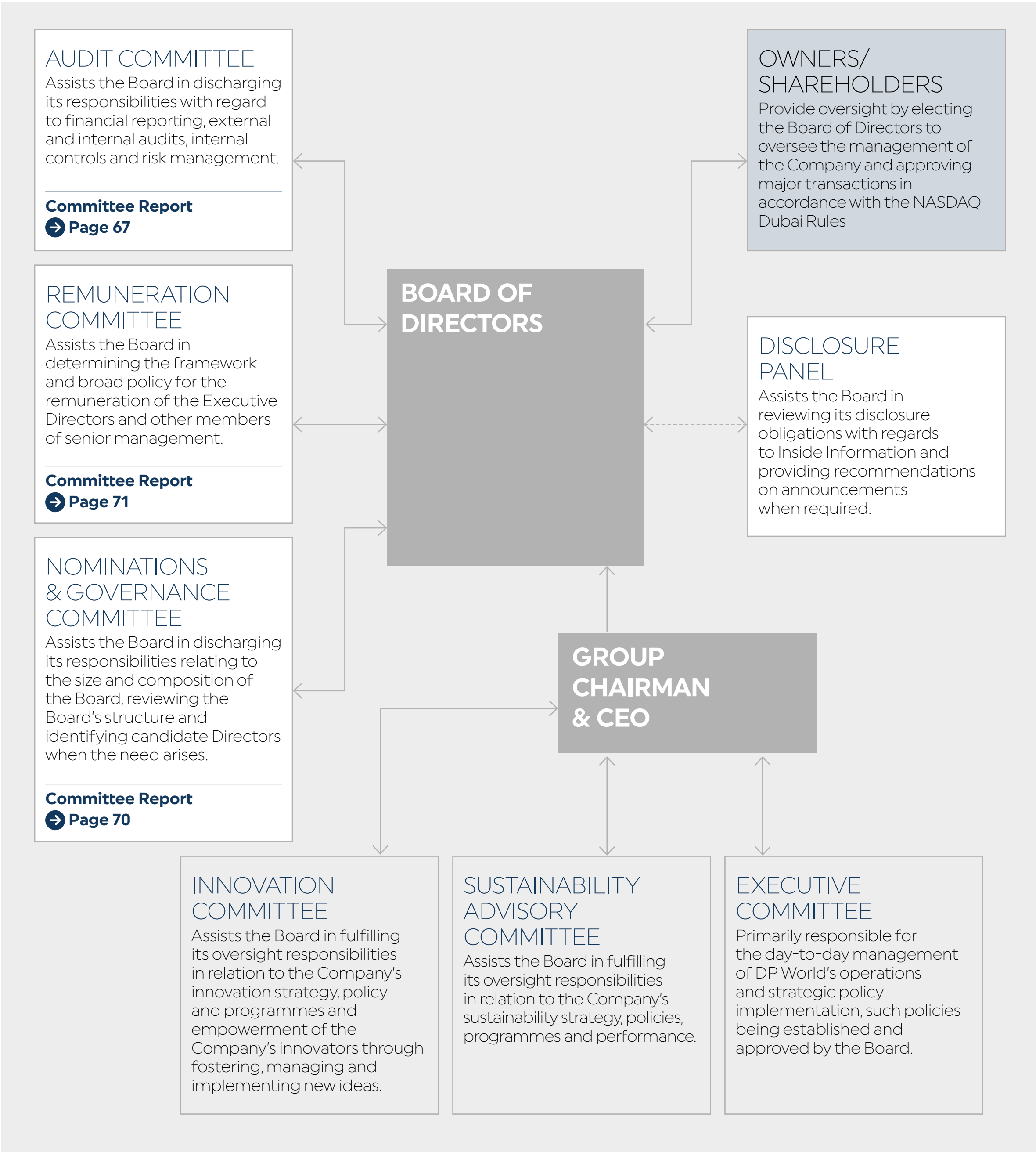
The Board considers that the Corporate Governance Framework promotes the prudent and sound management of the Company in the long-term interest of the Company and its shareholders and is effective in promoting compliance with the Corporate Governance principles of the NASDAQ Dubai Rules.

**Key to Committees**

Board

Non Board

Other



## Board Meetings

Although there is a prescribed pattern of presentation to the Board, including matters specifically reserved for the Board's decision, all Board meetings tend to have further subjects for discussion and decision taking. Board papers, including an agenda, are sent out in advance of the meetings. Board meetings are discursive in style and all Directors are encouraged to offer their opinions.

The Board met eight times during the year either in person or via telephone or video conference. In addition, written resolutions (as permitted by the Company's Articles of Association) were used as required for the approval of decisions that exceeded the delegated authorities provided to Executive Directors and Committees.

The table below sets out the attendance of the Directors at the Board and Committee meetings during the year.

### Attendance of the Directors at the Board and Committee meetings

| Director | Board | Audit | Nominations and Governance | Remuneration |
|---|---|---|---|---|
| **Sultan Ahmed Bin Sulayem** | 6(8) | | 1(1) | |
| **Jamal Majid Bin Thaniah** | 8(8) | 2(2) | 2(2) | |
| **Mohammed Sharaf** (Retired on 27 January 2016) | 8(8) | | 2(2) | |
| **Yuvraj Narayan** | 8(8) | | | |
| **Sir John Parker** (Retired on 30 June 2015) | 4(4) | 2(2) | 1(1) | 3(3) |
| **Deepak Parekh** | 8(8) | 4(4) | 2(2) | 5(5) |
| **Robert Woods** | 7(8) | | 2(2) | 5(5) |
| **Mark Russell** | 8(8) | 4(4) | 2(2) | 5(5) |

Figures in brackets denote the maximum number of meetings that the Director could have attended.

## 2015 Board Activites

### Matters Considered at all Board Meetings

- Report on safety and environment performance and developments
- Report on strategic and business developments from the Chief Executive Officer
- Report on the financial performance of the Group, including budgeting and financing updates
- Report on corporate governance, including governance developments across the Group and regulatory updates

### Matters Considered during the Year

| | |
|---|---|
| **Leadership** | • Reviewed and approved changes to the structure, size and composition of the Board and Board Committees.<br>• Appointed new Group Company Secretary. |
| **Financial Reporting & Controls** | • Considered results and declared dividends.<br>• Approved Group Budget.<br>• Considered and approved major capital projects, including the acquisition of Fairview Container Terminal in Prince Rupert, (Canada) and the purchase of the remaining shares in DP World Southampton (UK).<br>• Reviewed funding plans and approved the $500 million GMTN programme. |
| **Strategy & Management** | • Received detailed regional presentations on performance against strategic objectives and key performance indicators.<br>• Approved revised vision, purpose and values, rebranding of the Company and the Our World, Our Future global sustainability programme.<br>• Approved revised policies, including Share Dealing Code and Disclosure Policy.<br>• Received reports outlining projects under current consideration by the Group.<br>• Considered the integration of acquisitions into the Group, including delegations of financial approvals. |

**Matters Considered during the Year** continued

| | |
|---|---|
| **Risk Management** | • Received the risk reviews and updated ERM Policy and Framework, as considered by the Audit Committee.<br>• Monitored the status of legal claims.<br>• Received updates on insurance matters and approved the renewal of the Directors' and Officers' insurance. |
| **Corporate Governance** | • Reviewed Board and Committee performance through formal evaluation process, see page 62 for further information.<br>• Reviewed and approved regulatory disclosures. |
| **Shareholders** | • Approved throughput announcements released during the year.<br>• Reviewed and approved preliminary, full and half-year results announcements.<br>• Approved the Company's Annual Report and Accounts.<br>• Received Annual General Meeting briefing, approved the notice and ancillary documents to be sent to shareholders and attended meeting. |

## Board Evaluation

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation of the Board and its Committees is a key component of effective corporate governance. It is a vital tool to ensure that the Board discharges its responsibilities effectively and assists in identifying possible ways for improving the performance of the Board.

**Evaluation Process**

For the financial year ending 31 December 2015, the Board evaluation was facilitated internally by the Company Secretary in accordance with the following process:

STEP 1
**Self-evaluation**
Questionnaire completed by each Director to review Board and Committee performance.

STEP 2
**Interview with SID and Chairman**
Individual meetings held with Chairman and Senior Independent Non-Executive Director to review responses.

STEP 3
**Consolidate and Report**
Company Secretary consolidates responses and presents results to Board for its consideration.

STEP 4
**Review and Plan**
Board reviews the evaluation results and prepares an action plan for the following year.

The evaluation process covered a wide range of issues including leadership, board meeting dynamics, competency of board members, succession planning, information quality and flow, relationship with senior management, quality of board supervision and decision making with emphasis on the Board's role in strategic decisions.

The Committee evaluations focused on the following areas:

- Assessing the balance and skills within each Committee
- Identifying attributes required for any new appointments
- Reviewing practice and process to improve efficiency and effectiveness
- Considering the effectiveness of each Committee's decision making processes
- Recognising each Committee's outputs and achievements

### Tracking from Previous Evaluation and Action for 2016

As a result of the evaluation of the Board's performance in December 2014 and the action plan that was subsequently developed, the Company concentrated on improving the opportunities for strategic debate by the Board during 2015. The table below illustrates the findings from the December 2014 performance review, the actions taken by the Board and principal Committees during 2015 and the action identified for 2016 as a result of the December 2015 performance review.

### The DP World Limited Board – Performance Evaluation Cycle

| | |
|---|---|
| **December 2014 Findings** | The following were identified during the review as areas for potential improvement:<br>• Enhance the Board debate by improving reporting between Board and Management.<br>• Enhance the strategic debate and discussions to ensure sound strategic decisions and clear direction and planning for implementation.<br>• Improve the skills and competencies of Board members. |
| **Progress in 2015** | • An improvement in the quality and structure of reporting from management to the Board facilitated healthy debate and challenge. Improvements included the additional distribution of monthly financial reports to the Board outside the regular Board meeting schedule.<br>• The Board received regular regional and corporate strategy updates during the year, including briefings on the progress of the business in achieving its strategic objectives.<br>• A development framework for Directors is provided annually, with training opportunities identified at each Board meeting. The Board received a Corporate Governance Manual at the outset of the year which contained key governance documents and information. A Corporate Compliance Handbook was also produced by the Group Company Secretariat team during the year to provide further information and guidance on governance roles and responsibilities. This was distributed to the Board and Directors of subsidiary companies. |
| **Actions for 2016** | • Review the Board Composition to ensure the Board has the optimum balance of skills, experience and diversity.<br>• Review the Company's Succession Planning and improve the Board's interaction with members of senior management.<br>• Continue to focus on communication with institutional investors. |

| | Audit Committee | Nominations & Governance Committee | Remuneration Committee |
|---|---|---|---|
| **December 2014 Findings** | Committee constitution to be reviewed and adjusted if considered appropriate to ensure continuity and sound corporate governance practice. | Succession planning to be considered in greater depth to ensure continuity and sound corporate governance practice. | Improve quality of information provided to the Committee to help them understand and evaluate agenda items more effectively. |
| **Progress in 2015** | Terms of Reference for the Committee and Committee membership were reviewed and revisions approved by the Board. | The Nominations & Governance Committee considered a detailed succession plan for key/critical roles. | Detailed information regarding salary and incentive plans, with three year comparative data against a wider population, was presented to the Committee for their consideration. |

# Accountability

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

**Risk Management Framework**
The Board is responsible for setting the risk appetite of the Group and for maintaining a sound risk management and internal control system. Certain elements of this responsibility are overseen on behalf of the Board by the Executive Committee and the Audit Committee.

The Group's risk management and internal control processes which have been in place throughout the period under review identify, manage and monitor the key risks facing the Group. The risks which are considered to be material are reviewed by the Audit Committee and then, together with their associated controls, are summarised in the risk profile and presented to the Board for review.

At the year-end, regional management certifies that the risk management process is in place, that an assessment has been conducted throughout their businesses and that appropriate internal control procedures are in place or in hand to manage the risks identified.

During the year we reviewed our risk management process and revised it to ensure that it remained relevant to changes in the Group's internal and external risk profiles. We recruited a new Group Head of Risk Management and adopted an enterprise risk management (ERM) framework that facilitates a Group-wide, consistent and integrated approach to the identification and assessment of risk. A description of the process for managing enterprise risk, together with a summary of risks which could have a material impact on the Group and actions in place to mitigate those risks, is given on pages 40 to 47.

**Internal Controls**
The Board is responsible for establishing and maintaining an effective system of internal control and has established a control framework within which the Group operates. This system of internal control is embedded in all key operations and is designed to provide reasonable assurance that the Group's business objectives will be achieved. The Audit Committee has reviewed the effectiveness of the system of internal controls and the risk management framework in accordance with its remit.

The risk management process and the system of internal control are subject to continuous improvement.

**Group's System of Internal Controls**

| | |
|---|---|
| **Organisational structure** | A clearly defined organisational structure that provides clear roles, responsibilities and delegated levels of authority to enable effective decision making across the Group. |
| **Code of Conduct** | A code of conduct that sets out how the Group expects its employees to act. |
| **Whistle blowing policy** | A whistle blowing programme for employees to report complaints and concerns about conduct which is considered to be contrary to DP World's values. The programme is monitored by the Audit Committee. |
| **Anti-bribery and corruption policy** | An anti-bribery and corruption policy implemented by DP World, supported by online training that is directed and proportionate to the identified areas of risk. |
| **Strategy and financial management** | Clear strategy and financial management which is consistent throughout the organisation and can be actively translated into practical measures. Comprehensive reporting systems include monthly results, annual budgets and periodic forecasts, monitored by the Board, with key performance indicators produced to summarise and monitor business activity. Annual budgeting and strategic planning processes are in place, along with evaluation and approval procedures for major capital expenditure and significant treasury transactions. |
| **Policies and procedures** | Documented policies and procedures which are communicated to all Group functions and terminals. |
| **Management reporting and self-certification** | The Board receives regular management reporting and annual management self-certification which provides a balanced assessment of key risks and controls and is an important component of the Board's assurance. |
| **Risk management and performance** | Risk-profiling is completed for all terminals and the Group to identify, monitor and manage significant risks which could affect the achievement of the Group's objectives. |

| | |
|---|---|
| **Information and communication** | Board meetings take place regularly throughout the year and include a review of Group performance against budget and Group strategy and a review of monthly management accounts and financial reports. Financial forecasts are prepared every quarter. Actual performance is compared to budget, latest forecast and prior year on a monthly basis. Significant variances are investigated and explained through normal monthly reporting channels. |
| **Assurance** | The Group's assurance activities cover key business risks and contribute to the overall assurance framework. They include an independent Group Internal Audit function responsible for reporting to the Audit Committee on the evaluation of the adequacy of the internal control systems in place. The Board receives updates from the Audit Committee, based on regular information provided by both internal and external audit reports on the Group's risks and internal controls. |

### Guidelines regarding Insider Trading
The Company takes all reasonable steps to avoid the risk of insider trading. It has adopted processes to keep all members of staff informed about their duties with respect to the handling of inside information, as well as dealings in DP World's shares.

The Company has a share dealing code which sets out the restrictions and "close" periods applicable to trading in securities. Memoranda and guidelines regarding dealings in shares (either selling or buying) have been circulated within the Group.

### Fraud
The Company has a fraud policy and a fraud incident response plan, which takes effect in the event of serious incidents to oversee case management and to ensure appropriate actions are taken. Fraud risk assessments are conducted across the Group to identify potential fraud risk scenarios in core business processes and to monitor the internal controls in place to mitigate such risks.

The Audit Committee receives an update at each meeting on any material frauds. The Audit Committee has reviewed the Company's "whistle blowing" procedures to ensure that arrangements are in place to enable employees to confidentially raise concerns about possible improprieties.

### Anti-bribery and Corruption
The Company has an anti-bribery and corruption policy with supporting processes and procedures that implement the requirements of the UK Bribery Act 2010 and underpin its commitment to preventing, detecting and responding to fraud, bribery and all other corrupt practices. The Company promotes and expects from its team the highest standards of personal and professional ethical behaviour.

To strengthen the Company's zero tolerance to fraud, bribery and corrupt practices, an online anti-bribery and corruption training course is rolled out to identified employees and new joiners. The course provides an overview of the Company's anti-corruption policies and procedures, the importance of having an anti-bribery culture and its place in the Company's business practices, the consequences of breaching anti-bribery legislation, and how employees can report any suspicions of fraud and breaches of anti-bribery legislation.

The Company will continue to review its policies, processes and procedures and is networking with other international businesses to share best practice in this area.

### Compliance Statement
DP World Limited (the Company) is incorporated in the Dubai International Financial Centre (DIFC) and was admitted in 2007 to the official list of securities on NASDAQ Dubai. In June 2011, the Company's shares were admitted to trading on the Main Market of the London Stock Exchange. Following the delisting from the London Stock exchange which took effect on 21 January 2015, the Company was subject solely to the regulatory obligations of the DIFC Markets Law and the various rules made by the Dubai Financial Services Authority thereunder (together with DIFC Markets Law, the NASDAQ Dubai Rules). The Board reviewed and monitored the policies and procedures that were in place during the year to ensure compliance with the Corporate Governance principles of the NASDAQ Dubai Rules.

For the year ended 31 December 2015, the Company complied with the provisions of the NASDAQ Dubai Rules other than paragraph 20 of App 4 to the NASDAQ Dubai Rules in that the Chairman did not meet the independence criteria laid out in paragraph 31 of App 4 to the NASDAQ Dubai Rules at the time of his appointment. The Chairman, Sultan Ahmed Bin Sulayem, was Chairman of Dubai World and Port & Free Zone World FZE at the time that DP World was admitted to listing in Dubai and remains one of Port & Free Zone World FZE's representatives on the DP World Board.

## Relations with Shareholders

### Shareholder Engagement Calendar for 2015

| JANUARY TO MARCH | APRIL TO JUNE | JULY TO SEPTEMBER | OCTOBER TO DECEMBER |
|---|---|---|---|
| Deutsche Bank MENA Conference in London (UK) | Annual General Meeting, Dubai (UAE) | 2015 Half Year Throughput Conference Call | Third Quarter Throughput Conference Call |
| Full Year 2014 Throughput Conference Call | First Quarter 2015 Throughput Call | 2015 Half Year Interim Results | DFM United States Roadshow |
| Full Year 2014 Financial Results Roadshow in UK & United States | DFM London Roadshow | Roadshow in the UK and US following Half Year Results | BoAML Conference, Dubai (UAE) |
| EFG Hermes MENA Conference, Dubai (UAE) | | Deutsche Bank Emerging Markets Conference, New York (United States) | |
| | | Arqaam MENA conference, Abu Dhabi, UAE | |

The Company is committed to communicating its strategy and activities clearly to its shareholders and, to that end, maintains an active dialogue with investors through a planned programme of investor relations activities.

In 2015 we held over 300 meetings and met over 200 institutions. We attended six major conferences and organised over 50 port tours and one major capital markets event in the UAE. We are pleased that our efforts to engage with our investors during the year were recognised, with four awards, including 'Leading Corporate for Investor Relations in the Middle East' at the 2015 Middle East Investor Relations Society Awards.

The Company's full and half-year results and quarterly throughput announcements are reported to investors through a combination of presentations and conference calls. The full and half-year reporting is then followed by investor meetings in major cities where the Company has or is targeting institutional shareholders. These locations may include Australia, Asia, Europe, the Americas and the UAE.

Regular attendance at industry and regional investor conferences provides opportunities to meet with existing and prospective shareholders in order to update them on performance or to introduce them to the Group. In addition, the Group frequently hosts investor and analyst visits to its ports around the world, offering analysts and shareholders a better understanding of the day-to-day business and the opportunity to meet regional and port management teams.

The Board receives regular updates on shareholders' views through briefings from the Chairman, Group Chief Executive Officer and Group Chief Financial Officer as well as reports from the Company's corporate brokers and investor relations team. In 2015, the Company maintained corporate broking relationships with Citigroup Global Markets Limited and Deutsche Bank AG.

The Chairman, the Senior Independent Director and the chairmen of the Board's Committees are available to meet major investors on request. The Senior Independent Non-Executive Director has a specific responsibility to be available to shareholders who have concerns, and for whom contact with the Chairman, Group Chief Executive Officer or Group Chief Financial Officer has either failed to resolve their concerns, or for whom such contact is inappropriate.

Visit our dedicated Investors page on our corporate website, **www.dpworld.com/investor-centre**

**Contact our Investor Relations team:**
Redwan Ahmed, Investor Relations Director
Email: Investor.Relations@dpworld.com
Phone: +971 (0)4 881 1110

**Share & Dividend Enquiries**
Link Market Services (EMEA) Limited
Email: dpworld@linkmarketservices.com
Phone: +971 (0)4 401 9983

## Audit Committee

### Members

Deepak Parekh (Chairman)

Mark Russell

Jamal Majid Bin Thaniah

Following the retirement of Sir John Parker from the Board in June 2015, Jamal Majid Bin Thaniah was appointed by the Board to be a member of the Audit Committee.

The Committee is comprised of three members, two of which are Independent Non-Executive Directors and one Non-Executive Director. The secretary to the Committee is Ritva Kassis, Group Company Secretary.

### Committee Meetings

The Audit Committee meets formally at least four times a year and otherwise as required.

Attendance at the Audit Committee meetings is set out in the table on page 61.

### Role of Committee

The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process and to oversee the maintenance of sound internal control and risk management systems. This includes the responsibility to:

- make recommendations to the Board on the appointment and remuneration of the external auditor, review and monitor the external auditors' performance, expertise, independence and objectivity along with the effectiveness of the audit process and its scope;
- review and monitor the integrity of the Group's financial statements and the significant reporting judgements contained in them;
- monitor the appropriateness of accounting policies and practices;
- review the adequacy and effectiveness of financial reporting and internal control policies and procedures and risk management systems;
- monitor and review the activities and effectiveness of the internal audit function;
- review the effectiveness of the Group's whistleblowing policies;
- monitor risks and compliance procedures across the Group.

External and internal auditors are invited to attend the Audit Committee meetings, along with any other Director or member of staff considered necessary by the Committee to complete its work. The Committee meets with external auditors and internal auditors without Executive Directors or members of staff present at least once a year, and additionally as it considers appropriate.

**The full terms of reference of the Audit Committee can be found on DP World's website, www.dpworld.com.**

## Significant Issues

We identified the issues below as significant in the context of the 2015 financial statements. We consider these areas to be significant taking into account the level of materiality and the degree of judgement exercised by management. We debated the issues in detail to ensure that the approaches taken were appropriate.

| Areas of Focus | Committee Action |
|---|---|
| **Impairment testing**<br>(see note 16 to the financial statements)<br><br>An impairment review is carried out annually by management to identify cash generating unit (CGU – operating port or group of ports) in which the recoverable amount of the CGU is less than the value of the assets carried in the Group's accounts. Impairment results in a charge to the Group income statement.<br><br>Key judgements and assumptions need to be made when valuing the assets of the cash generating units and the quantum of potential future cash flows arising from those assets. | We considered the significant judgements, assumptions and estimates made by management in preparing the impairment review to ensure that they were appropriate. In particular, the cash flow projections, margins, discount rates, inflation, perpetuity growth rates and sensitivity analysis were reviewed.<br><br>We obtained the external auditors' view in relation to the appropriateness of the approach and outcome of the review. Taking this into account, together with the documentation presented and the explanations given by management, we were satisfied with the thoroughness of the approach and judgements taken.<br><br>The review did not result in any impairment during the year. |
| **Contingencies**<br>(see note 34 to the financial statements)<br><br>There are various factors that could result in a contingent liability being disclosed if the probability of any outflow in settlement is not remote. The assessment of the outcome and financial effect is based upon management's best knowledge and judgement of current facts as at the reporting date. | We focused on the potential liabilities arising from litigation claims.<br><br>To determine whether the level of provisioning in the balance sheet or disclosure in the financial statements was appropriate, we considered inputs from the Group's legal counsel and external lawyers.<br><br>We obtained external auditors' comments on this area and concluded that the approach taken in respect of provisioning and disclosure continued to be appropriate. |
| **Tax provision**<br>The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. | We reviewed the updates from the Tax Director and reports from the external auditors and tax-consultants.<br><br>We considered the appropriateness of tax provisions and deferred tax assets in relation to the updates and reports received and concluded that the treatment adopted was fair and reasonable. |
| **Post-employment obligations (Pensions)**<br>Determining the current value of the Group's future pension obligations require a number of assumptions. These assumptions relate principally to life expectancy, discount rates applied to future cash flows and rates of inflation and future salary increases. | Valuation assumptions, prepared by external actuaries and adopted by management, were considered in the light of prevailing economic indicators and the view of the external auditors. These were accepted as appropriate. |

**Financial Reporting**
The Committee reviewed the annual update to Group's Accounting Policies. The significant accounting judgements and policies adopted in respect of the Group's financial statements were agreed and considered appropriate. The appropriateness of the transactions separately identified as SDI (Separately Disclosed Items) in the financial statements in order to highlight the underlying performance for the period were discussed and approved. The Committee also reviewed external auditors' reports and documentation prepared to support the going concern judgement.

**Internal Audit & Risk Management**

| Areas of Focus | Committee Action |
|---|---|
| **Review of internal control processes & procedures and oversight of Internal Audit function** | The Committee review of internal controls encompassed a review of the internal audit reports (including divisional control matters) and the Group's approach to IT controls including cyber security.<br><br>The Committee reviewed the ongoing effectiveness of the Company's risk management processes as part of wider review of the effectiveness of internal controls.<br><br>The Committee approved the annual internal audit plan and reviewed the internal audit reports. |
| **Review of risk management processes** | The Committee reviews the ongoing effectiveness of the Company's risk management processes as part of wider review of the effectiveness of internal controls.<br><br>The Committee reviewed and endorsed the updated Enterprise Risk Management (ERM) Policy and Framework.<br><br>The Committee considered the updates to the Corporate Risk Register.<br><br>The Committee reviewed and endorsed the Principle Risks as disclosed in this Report on pages 42 to 47 |

**External Audit**
Throughout the year, the Committee monitored the cost and nature of non-audit work undertaken by the auditors and was in a position to take action if it believed that there was a threat to the auditors' independence through the award of this work.

KPMG LLP are the Company's external auditors. The Audit Committee Chairman meets the lead audit partner before each meeting and the whole Committee meets with KPMG in private at least once a year.

The Committee has undertaken an annual review of the independence and objectivity of the auditors and an assessment of the effectiveness of the audit process, which included a report from the external auditors of their own internal quality procedures. It also received assurances from the Auditors regarding their independence. On the basis of this review, the Committee recommended to the Board that it recommend that shareholders support the re-appointment of the Auditors at the AGM on 28 April 2016.

## Nominations and Governance Committee

### Members

- Deepak Parekh (Chairman)
- Robert Woods
- Mark Russell
- Jamal Majid Bin Thaniah
- Sultan Ahmed Bin Sulayem

The Committee is comprised of five members, three of whom are Independent Non-Executive Directors. The secretary to the Committee is Ritva Kassis, Group Company Secretary.

During the year, the composition of the Committee was considered and the Board approved the appointment of Sultan Ahmed Bin Sulayem to the Committee in April 2015.

Following the retirement of Sir John Parker from the Board, Deepak Parekh was appointed as the Chairman to the Committee and Mohammed Sharaf stood down from the Committee to comply with the DFSA Market Rules Corporate Governance Best Practice Standards which state that the majority of the members of the Nominations Committee should be Independent Non-Executive Directors.

### Committee Meetings

The Nominations and Governance Committee meets formally at least twice a year and otherwise as required.

Attendance at the Nominations and Governance Committee meetings is set out in the table on page 61

### 2015 Activities

During the year, the Committee:

- considered the composition of the Board following Sir John Parker's retirement during the year;
- considered and recommended the appointment of Ritva Kassis as Company Secretary to the Company;
- reviewed and recommended to the Board amended composition and terms of reference for each of the principal Board committees; and
- reviewed the adequacy of the Group's succession plan.

### Role of Committee

The Nominations and Governance Committee is responsible for evaluating the balance of skills, knowledge, experience and diversity of the Board and, in particular:

- recommending individuals to be considered for election at the next AGM of the Company or to fill vacancies; and
- preparing a description of the role and capabilities required for a particular appointment.

The Committee is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors.

As an initial stage in the Director appointment process, the Company collects and reviews potential candidates' CVs against an established set of appointment criteria, following which the chosen candidate meets with the Company's Senior Independent Non-Executive Director, as the chairman of the Nominations and Governance Committee, as well as with other Board members as appropriate. Alongside this, the Company collects detailed background information regarding the chosen candidate, including their professional experience and qualifications, through the completion of a pre-appointment questionnaire. Following the completion of this process, the candidate is put forward to the Nominations and Governance Committee for consideration. If the Nominations and Governance Committee recommends the candidate's appointment, the appointment is put to the Board for consideration and, if appropriate, approval.

**The full terms of reference of the Nominations and Governance Committee can be found on DP World's website, www.dpworld.com.**

## Remuneration Committee

### Members

Deepak Parekh (Chairman)
Robert Woods
Mark Russell

All members of the Remuneration Committee are Non-Executive Directors. The secretary to the Committee is Ritva Kassis, Group Company Secretary.

Following the retirement of Sir John Parker, effective 30 June 2015, Deepak Parekh was appointed as Chairman to the Committee.

### Committee Meetings

The Remuneration Committee meets formally at least twice a year and otherwise as required.

Attendance at the Remuneration Committee meetings is set out in the table on page 61.

### 2015 Activities

The principal activities of the Committee during 2015 included the following annual reviews:

- The cash allowances, salary structures and DP World's Executive Directors and senior management total remuneration competitiveness;
- The Company's Performance Delivery Plan and Long-Term Incentive Plan's design and rules; and
- The remuneration disclosure in the Annual Report and Accounts.

In 2015 we did not make any significant changes to our remuneration arrangements and we will continue to adopt a disciplined approach that will promote the long-term success of our Company.

### Role of Committee

The Remuneration Committee determines and agrees with the Board the framework and broad policy for the remuneration of the Group Chief Executive Officer and Group Chief Financial Officer and other members of senior management.

The Committee's policy is to review remuneration based on independent assessment and market practice.

The remuneration of Independent Non-Executive Directors is a matter for the Chairman and executive members of the Board. No executive is involved in any decisions as to their own remuneration.

The Remuneration Committee's responsibilities include:

- reviewing and providing the Board with a recommendation for a suitable remuneration framework for the Company;
- monitoring the level and structure of remuneration for senior management and recommending adjustments where appropriate;
- keeping under review its own performance, constitution and terms of reference; and
- considering other matters as referred to it by the Board.

**The full terms of reference of the Remuneration Committee can be found on DP World's website, www.dpworld.com.**

## Remuneration

**Executive Reward Policy**
The reward policy for Executive Directors and senior management (Executive Committee and other experienced managers) is guided by the following key principles:

- business strategy support: aligned with our business strategy with focus on both short-term goals and the creation of long-term value ensuring alignment to shareholders' interests;
- competitive pay: ensures competitiveness against our target market;
- fair pay: ensures consistent, equitable and fair treatment within the organisation; and
- performance-related pay: linked to performance targets via short and long-term incentive plans and the pay review process.

The reward policy for Executive Directors and senior management consists of the following key components:

**1. Market benchmark:**

- the target market position is between median and upper quartile on a total remuneration basis;
- for Executive Directors and senior management based in Dubai, practice and policy reflect the structure of the Dubai pay market, whilst at the same time ensuring competitiveness on an international basis. Variable pay is also reviewed and balanced against the total remuneration package; and
- DP World engages the services of Hay Group as the main provider of market information and as advisers on particular remuneration matters. This is subject to periodic review.

**2. Base salary:**

- fixed cash compensation based on level of responsibility as determined by applying a formal job evaluation methodology;
- reflects local practice in each of the geographies in which DP World operates, but is also set against common market policy positions; and
- reviewed annually on 1 April to take into account market pay movements, individual performance, relativity to market on an individual basis and DP World's ability to pay.

**Allowances and Benefits**

- Can either be cash or non-cash elements based on level of responsibility as determined by applying a formal job evaluation methodology.
- Reflects local practice in each of the geographies in which DP World operates, but are also set against common market policy positions.
- For Executive Directors and senior management based in Dubai, cash allowances are a normal component of the package and typically cover accommodation, utility, transport and club elements in line with Dubai market practice. Benefits include providing children's education assistance, travel assistance, medical and dental insurance and post-retirement benefits.
- Reviewed annually to ensure that DP World remains competitive within the market place and that it continues to provide the reward mechanisms to aid retention in line with its ability to pay.

## Incentive Plans

The Company has adopted a short-term performance delivery plan and a long-term incentive plan for its Executive Directors and senior managers. Details of these plans are outlined below.

| | Description of Plan | 2015 Implementation |
|---|---|---|
| **Performance Delivery Plan (PDP)** | • Cash-based incentive plan to motivate, drive and reward performance over an operating cycle of one year.<br>• The PDP combines business financial performance and individual performance objectives. Levels of awards, financial and personal measures and weightings will vary depending on the individual's role, geography and level of responsibility. For individuals outside the Executive Directors and senior management category, the principle is then typically cascaded throughout the terminals' organisational levels in line with local policies.<br>• Appropriateness of the levels of awards, financial and personal measures and weightings are reviewed on an annual basis to ensure they continue to support our business strategy.<br>• Payment is in cash and is expected to be made in April each year for performance over the previous financial year, subject to review and sign-off by the Remuneration Committee. | The Performance Delivery Plan (PDP) for the financial year ended 2015 (award to be paid in 2016) and 2014 (award paid in 2015) is worth a maximum of 75% of annual base salary. It is made up of two components; a financial component worth 70% of the overall award value and a personal component worth 30% of the overall award value.<br><br>The financial component is based on performance assessed against a budgeted Profit After Tax (PAT) measure. Payout on the financial component is triggered if the Company achieves 95% of its target. Maximum payout on the financial component will occur if the Company achieves 105% of its target. The payout for performance between the 95% and 105% of target is on a straight-line basis.<br><br>The personal component is based on performance assessed against Specific, Measurable, Achievable, Relevant & Timebound (SMART) objectives. The objectives are particular to each individual role and can include financial based objectives and more qualitative ones. |
| **Long-term Incentive Plan (LTIP)** | • Cash-based rolling incentive plan to motivate, drive and reward sustained performance over the long-term operating cycle of three years.<br>• The LTIP reflects business financial performance only. Levels of awards, financial measures and weightings will vary depending on the individual's role, geography and levels of responsibility. In addition to the Executive Directors and senior managers, employees performing the top 100 jobs (as determined by job size) are also eligible to participate in the LTIP in line with the same financial metrics as described for Executive Directors and senior managers with varying levels of award in line with their job size.<br>• Appropriateness of the levels of awards, financial measures and weightings are reviewed on an annual basis to ensure they continue to support our business strategy.<br>• Payment is in cash and is expected to be made in April each year for performance over the previous three financial years, subject to review and sign-off by the Remuneration Committee. | The LTIP for the 2013–2015 (award to be paid in 2016), 2014–2016 (award to be paid in 2017) and 2015–2017 (award to be paid in 2018) performance cycles is based on performance over three years assessed against two budgeted measures with 70% of the award linked to a Return On Capital Employed measure and 30% linked to an Earnings Per Share measure.<br><br>The LTIP for the cycles described above is worth a maximum of 100% of average annual base salary for the Executive Directors and the Chief Operating Officer and a maximum of 75% of average annual base salary for other senior managers. |

**Executive Directors' Service Contracts and Remuneration as at 31 December 2015**
As mentioned above, the Executive Directors' remuneration structure follows the market practice in the UAE, and all payments are made tax free reflecting the UAE's status.

Each of the Executive Directors is employed pursuant to a service agreement.

**Mohammed Sharaf**
Mohammed Sharaf's service agreement is with DP World FZE (a subsidiary of the Company). It can be terminated on six months' notice by either party. In addition, DP World FZE can terminate the agreement, without notice, on payment of six months' base salary.

Mohammed Sharaf is entitled to receive a base salary and certain other benefits under his service agreement.

He was also granted a Performance Delivery Plan award of 75% (out of a maximum of 75%) for performance linked to the 2014 financial year and a Long-Term Incentive Plan award of 95.19% (out of a maximum of 100%) for performance linked to the 2012–2014 cycle.

His total remuneration for the year ended 31 December 2015 (which includes his base salary and these other benefits) was $1,851,082.

**Yuvraj Narayan**
Yuvraj Narayan's service agreement is with DP World FZE. It can be terminated on six months' notice by either party. In addition, DP World FZE can terminate the agreement, without notice, on payment of six months' base salary.

Yuvraj Narayan is entitled to receive a base salary and certain other benefits under his service agreement. He was also granted a Performance Delivery Plan award of 75% (out of a maximum of 75%) for performance linked to the 2014 financial year and a Long-Term Incentive Plan award of 95.19% (out of a maximum of 100%) for performance linked to the 2012–2014 cycle.

In addition, he was also granted an ex-gratia payment in recognition of his outstanding performance over the past years as an Executive of the Company.

His total remuneration for the year ended 31 December 2015 (which includes his base salary and these other benefits) was $1,868,290.

**Post Retirement Benefits**
Mohammed Sharaf participates in the government pension scheme in accordance with local labour law. Yuvraj Narayan participates in an end of service benefit scheme in accordance with local labour law.

**Non-Executive Directors' Letters of Appointment and Fees**
The Non-Executive Directors do not have service contracts with the Company. Their terms of appointment are governed by letters of appointment. The Company has no contractual obligation to provide any benefits to any of the Non-Executive Directors upon termination of their directorship.

Each Non-Executive Director's letter of appointment is with the Company and is envisaged to be for a period of three years, subject to annual re-appointment by the shareholders at each AGM. It can be terminated on six months' notice by either party.

For the year ended 31 December 2015, the fees and other remuneration payable to each of the Non-Executive Directors, which includes remuneration for their services in being a member of, or chairing, a Board Committee are set out below:
- Deepak Parekh received a Non-Executive Director fee of $206,406.30[11]
- Robert Woods received a Non-Executive Director fee of $114,620.10
- Mark Russell received a Non-Executive Director fee of $114,620.10
- Sir John Parker (who retired on 30 June 2015) received a Non-Executive Director fee of $252,164.22 for his service from 1 January 2015 to 30 June 2015.

During the financial year ending 31 December 2015, the Chairman, Sultan Ahmed Bin Sulayem, and Non-Executive Vice Chairman, Jamal Majid Bin Thaniah were not remunerated by the Company.

**Interests In Shares**
The following is a table of the Directors' and Senior Managers' shareholdings:

| | $2.00 ordinary shares held as at 1 January 2015 | $2.00 ordinary shares held as at 31 December 2015 | Change |
|---|---|---|---|
| **Mohammed Sharaf** | 28,221 | 28,221 | – |
| **Yuvraj Narayan** | 13,864 | 13,864 | – |
| **Mohammed Al Muallem** | 4,712 | 4,712 | – |

11 This figure includes a fee for serving on the Board of Economic Zones World FZE, a DP World Limited subsidiary company.

# Statement of Directors' Responsibilities
## in respect of the preparation of the Annual Report and the Consolidated Financial Statements

The following statement, which should be read in conjunction with the Auditors' responsibility section of the Independent Auditors' Report, is made with a view to distinguishing the respective responsibilities of the Directors and of the Auditors in relation to the Consolidated Financial Statements.

The Directors are required to prepare Consolidated Financial Statements for each financial year which give a true and fair view of the state of affairs of DP World Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at the end of the financial year and of the profit and loss for the financial year.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards. In preparing the Consolidated Financial Statements, the Directors are required to select appropriate accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and state whether all accounting standards which they consider to be applicable have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements. The Directors also use a going concern basis in preparing the Consolidated Financial Statements unless this is inappropriate.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the Consolidated Financial Statements comply with the applicable laws in the relevant jurisdiction.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement in accordance with applicable law and regulations.

The Directors consider the Annual Report and the Consolidated Financial Statements, taken as a whole, to be fair, balanced and understandable, and provide necessary information for shareholders to assess the Company's performance, business model and strategy.

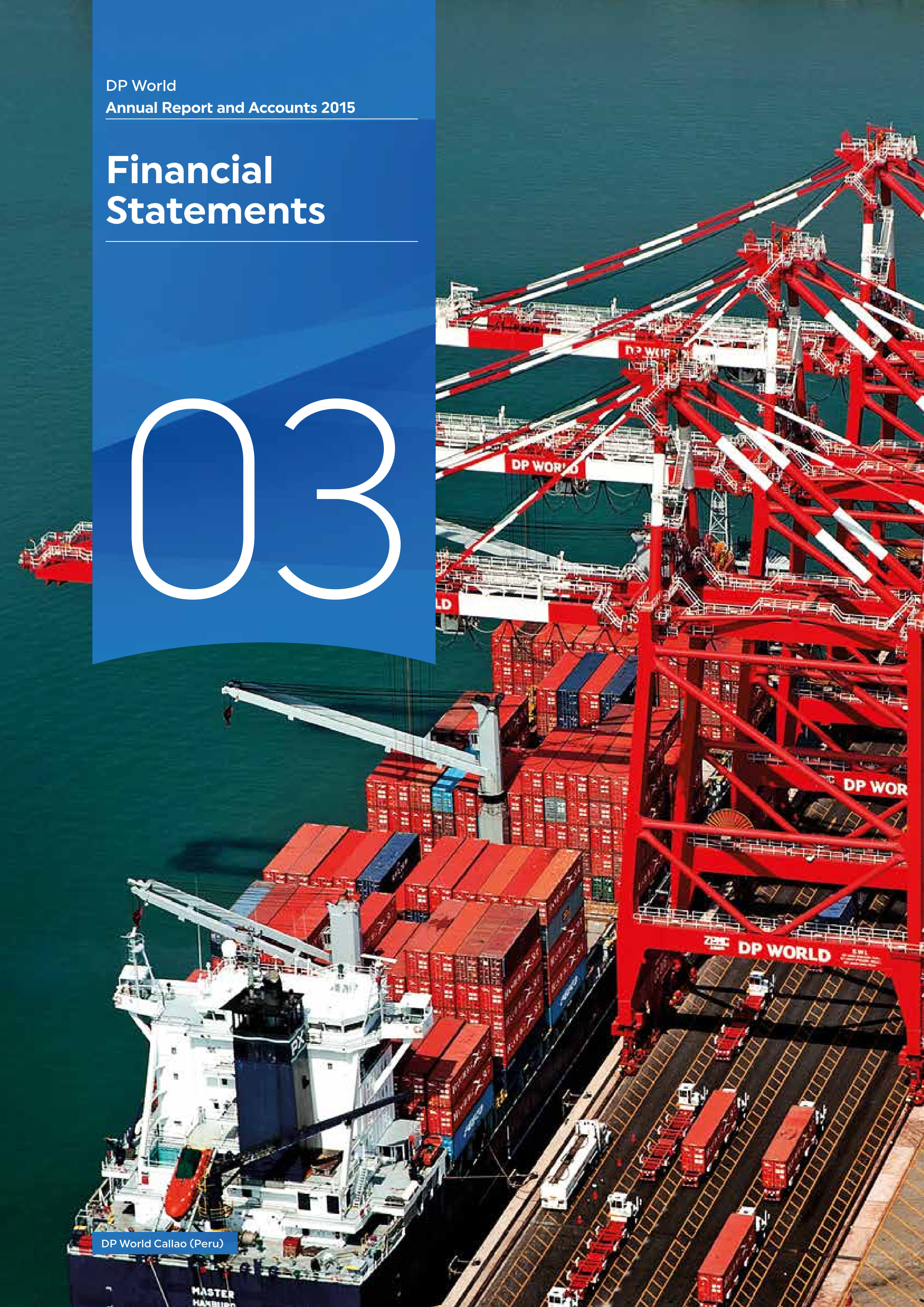
By order of the Board

**Ritva Kassis**
Group Company Secretary
24 March 2016

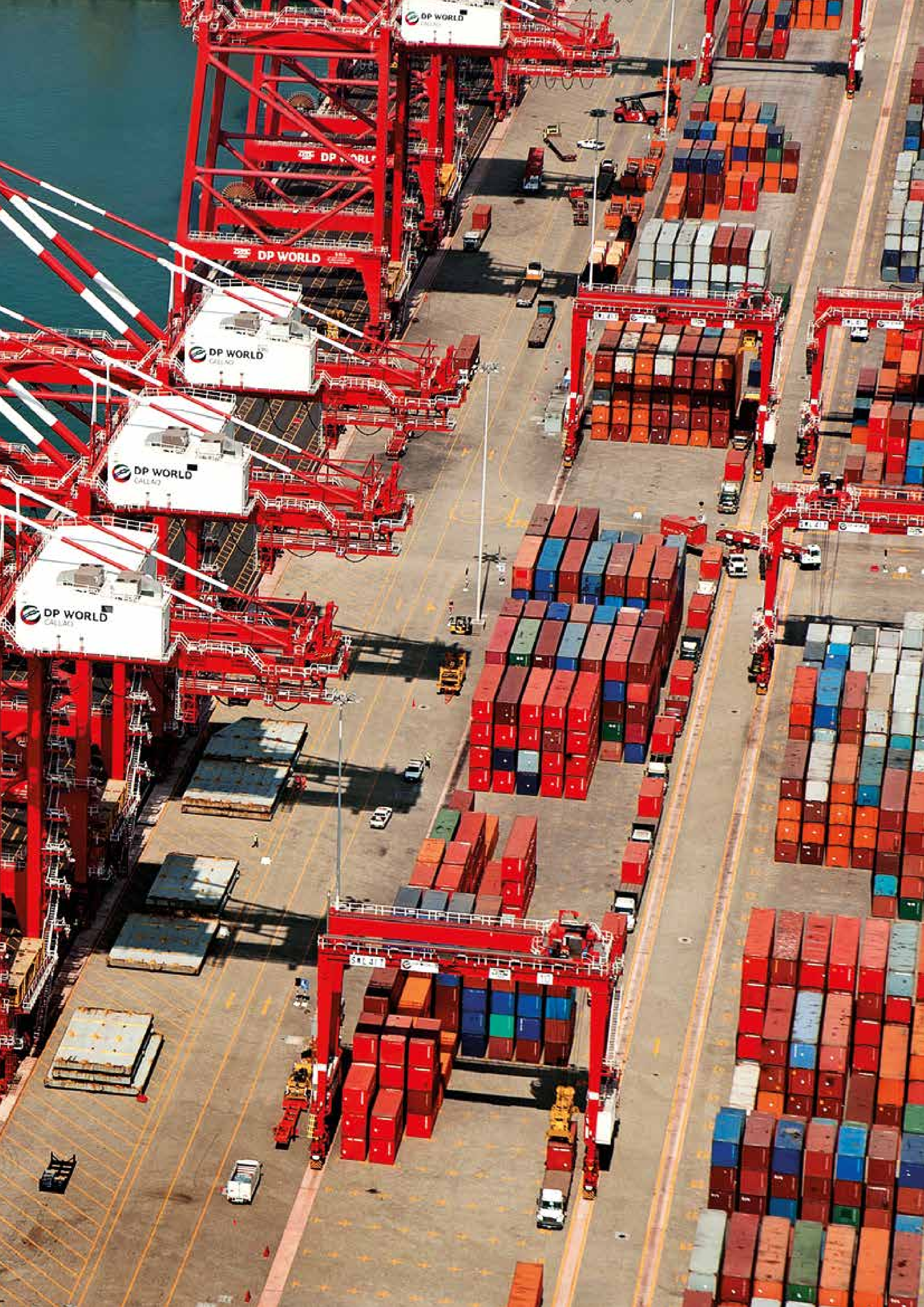
DP World
Annual Report and Accounts 2015

# Financial Statements

03




DP World Callao (Peru)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# Independent Auditors' Report

The Shareholders

DP World Limited

**Report on the consolidated financial statements**
We have audited the accompanying consolidated financial statements of DP World Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**KPMG LLP**
**Rohit Rajvanshi**
**Dubai, UAE**
17 March 2016

# Consolidated Statement of Profit or Loss
## for the year ended 31 December 2015

| | Note | **Year ended 31 December 2015** | | | Year ended 31 December 2014 | | |
|---|---|---|---|---|---|---|---|
| | | **Before separately disclosed items USD'000** | **Separately disclosed items (Note 12) USD'000** | **Total USD'000** | Before separately disclosed items USD'000 | Separately disclosed items (Note 12) USD'000 | Total USD'000 |
| **Revenue** | 8 | **3,967,739** | **75,171** | **4,042,910** | 3,411,014 | 52,337 | 3,463,351 |
| Cost of sales | | **(2,009,145)** | **(75,171)** | **(2,084,316)** | (1,958,295) | (52,337) | (2,010,632) |
| **Gross profit** | | **1,958,594** | **–** | **1,958,594** | 1,452,719 | – | 1,452,719 |
| General and administrative expenses | | **(590,284)** | **(653)** | **(590,937)** | (385,878) | (19,400) | (405,278) |
| Other income | | **26,979** | **16,867** | **43,846** | 22,363 | 9,153 | 31,516 |
| Profit on sale and termination of business | 12 | **–** | **(610)** | **(610)** | – | – | – |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | 17 | **52,702** | **–** | **52,702** | 77,961 | (1,754) | 76,207 |
| **Results from operating activities** | | **1,447,991** | **15,604** | **1,463,595** | 1,167,165 | (12,001) | 1,155,164 |
| Finance income | 10 | **104,969** | **9,705** | **114,674** | 89,765 | 1,582 | 91,347 |
| Finance costs | 10 | **(492,087)** | **(23,352)** | **(515,439)** | (372,841) | (4,122) | (376,963) |
| **Net finance costs** | | **(387,118)** | **(13,647)** | **(400,765)** | (283,076) | (2,540) | (285,616) |
| **Profit before tax** | | **1,060,873** | **1,957** | **1,062,830** | 884,089 | (14,541) | 869,548 |
| Income tax expense | 11 | **(90,988)** | **–** | **(90,988)** | (127,418) | 40,000 | (87,418) |
| **Profit for the year** | 9 | **969,885** | **1,957** | **971,842** | 756,671 | 25,459 | 782,130 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | **882,576** | **355** | **882,931** | 675,430 | 25,143 | 700,573 |
| Non-controlling interests | | **87,309** | **1,602** | **88,911** | 81,241 | 316 | 81,557 |
| | | **969,885** | **1,957** | **971,842** | 756,671 | 25,459 | 782,130 |
| **Earnings per share** | | | | | | | |
| Basic earnings per share – US cents | 25 | **106.33** | | **106.38** | 81.38 | | 84.41 |
| Diluted earnings per share – US cents | 25 | **103.96** | | **105.87** | 80.65 | | 83.61 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The Independent Auditors' Report is set out on page 78.

# Consolidated Statement of Other Comprehensive Income
## for the year ended 31 December 2015

| | Note | 2015 USD'000 | 2014 USD'000 |
|---|---|---|---|
| **Profit for the year** | | **971,842** | 782,130 |
| **Other comprehensive income** | | | |
| *Items that are or may be reclassified to profit or loss:* | | | |
| Foreign exchange translation differences - foreign operations * | | **(541,752)** | (452,563) |
| Net change in fair value of available - for-sale financial assets | | **(283)** | (1,895) |
| Share of other comprehensive income of equity-accounted investees | 17 | **(211)** | (10,906) |
| Cash flow hedges - effective portion of changes in fair value | | **13,532** | (67,705) |
| Related tax on fair value of cash flow hedges | | **(4,646)** | 16,000 |
| *Items that will never be reclassified to profit or loss:* | | | |
| Re-measurements of post-employment benefit obligations | 27 | **(5,990)** | (69,817) |
| Related tax | | **(1,030)** | 3,059 |
| **Other comprehensive income for the year, net of tax** | | **(540,380)** | (583,827) |
| **Total comprehensive income for the year** | | **431,462** | 198,303 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **348,162** | 129,769 |
| Non-controlling interests | | **83,300** | 68,534 |
| | | **431,462** | 198,303 |

* A significant portion of this includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. The translation differences arising on account of translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is pegged to the presentation currency (refer to note 2(d)).

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The Independent Auditors' Report is set out on page 78.

# Consolidated Statement of Financial Position
## as at 31 December 2015

| | Note | **31 December 2015 USD'000** | 31 December 2014 USD'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **6,969,126** | 6,356,160 |
| Investment properties | 14 | **1,177,229** | – |
| Land use rights | 15 | **2,654,621** | – |
| Goodwill | 15 | **1,460,386** | 1,448,194 |
| Port concession rights | 15 | **3,019,910** | 2,779,268 |
| Investment in equity-accounted investees | 17 | **2,408,321** | 2,534,320 |
| Other investments | 18 | **68,736** | 70,015 |
| Accounts receivable and prepayments | 19 | **249,056** | 194,491 |
| **Total non-current assets** | | **18,007,385** | 13,382,448 |
| **Current assets** | | | |
| Inventories | | **61,520** | 58,277 |
| Accounts receivable and prepayments | 19 | **753,627** | 740,943 |
| Bank balances and cash | 20 | **1,436,595** | 3,723,073 |
| **Total current assets** | | **2,251,742** | 4,522,293 |
| **Total assets** | | **20,259,127** | 17,904,741 |
| **Equity** | | | |
| Share capital | 21 | **1,660,000** | 1,660,000 |
| Share premium | 22 | **2,472,655** | 2,472,655 |
| Shareholders' reserve | 22 | **2,000,000** | 2,000,000 |
| Retained earnings | | **4,722,382** | 3,918,177 |
| Hedging and other reserves | 22 | **(83,320)** | (88,245) |
| Actuarial reserve | 22 | **(411,541)** | (404,072) |
| Translation reserve | 22 | **(1,593,342)** | (1,061,117) |
| **Total equity attributable to equity holders of the Company** | | **8,766,834** | 8,497,398 |
| **Non-controlling interests** | 23 | **367,764** | 529,262 |
| **Total equity** | | **9,134,598** | 9,026,660 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 11 | **940,636** | 897,378 |
| Employees' end of service benefits | 26 | **97,762** | 74,127 |
| Pension and post-employment benefits | 27 | **180,887** | 210,683 |
| Interest bearing loans and borrowings | 28 | **7,527,231** | 5,603,658 |
| Accounts payable and accruals | 29 | **463,057** | 538,214 |
| **Total non-current liabilities** | | **9,209,573** | 7,324,060 |
| **Current liabilities** | | | |
| Income tax liabilities | 11 | **147,320** | 162,495 |
| Pension and post-employment benefits | 27 | **10,009** | 10,175 |
| Interest bearing loans and borrowings | 28 | **143,047** | 251,330 |
| Accounts payable and accruals | 29 | **1,614,580** | 1,130,021 |
| **Total current liabilities** | | **1,914,956** | 1,554,021 |
| **Total liabilities** | | **11,124,529** | 8,878,081 |
| **Total equity and liabilities** | | **20,259,127** | 17,904,741 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements. The consolidated financial statements were authorised for issue on 17 March 2016.

**Sultan Ahmed Bin Sulayem**
**Group Chairman and Chief Executive Officer**

**Yuvraj Narayan**
**Group Chief Financial Officer**

The Independent Auditors' Report is set out on page 78.

# Consolidated Statement of Changes in Equity
## for the year ended 31 December 2015

| |
|---|
| **Balance as at 1 January 2015** |
| **Total comprehensive income for the year** |
| Profit for the year |
| Total other comprehensive income, net of tax |
| **Total comprehensive income for the year** |
| **Transactions with owners, recognised directly in equity** |
| Dividends paid (refer to note 24) |
| **Total transactions with owners** |
| **Changes in ownership interests in subsidiaries without change of control** |
| Acquisition of non-controlling interests without change in control |
| **Transactions with non-controlling interests, recognised directly in equity** |
| Dividends paid |
| Acquisition of subsidiary with non-controlling interests |
| **Total transactions with non-controlling interests** |
| **Balance as at 31 December 2015** |
| Balance as at 1 January 2014 |
| Total comprehensive income for the year |
| Profit for the year |
| Total other comprehensive income, net of tax |
| Total comprehensive income for the year |
| Transactions with owners, recognised directly in equity |
| Dividends paid (refer to note 24) |
| Additional contribution by owners |
| Total transactions with owners |
| Transactions with non-controlling interests, recognised directly in equity |
| Dividends paid |
| Acquisition of subsidiary with non-controlling interests |
| Derecognition of non-controlling interests on loss of control |
| Additional non-controlling interests created on account of conversion of loan |
| Total transactions with non-controlling interests |
| Balance as at 31 December 2014 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The Independent Auditors' Report is set out on page 78.

| Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Share capital USD'000 | Share premium USD'000 | Shareholders' reserve USD'000 | Retained earnings USD'000 | Hedging and other reserves USD'000 | Actuarial reserve USD'000 | Translation reserve USD'000 | Total USD'000 | Non-controlling interests USD'000 | Total equity USD'000 |
| **1,660,000** | **2,472,655** | **2,000,000** | **3,918,177** | **(88,245)** | **(404,072)** | **(1,061,117)** | **8,497,398** | **529,262** | **9,026,660** |
| **–** | **–** | **–** | **882,931** | **–** | **–** | **–** | **882,931** | **88,911** | **971,842** |
| **–** | **–** | **–** | **–** | **4,925** | **(7,469)** | **(532,225)** | **(534,769)** | **(5,611)** | **(540,380)** |
| **–** | **–** | **–** | **882,931** | **4,925** | **(7,469)** | **(532,225)** | **348,162** | **83,300** | **431,462** |
| **–** | **–** | **–** | **(195,050)** | **–** | **–** | **–** | **(195,050)** | **–** | **(195,050)** |
| **–** | **–** | **–** | **(195,050)** | **–** | **–** | **–** | **(195,050)** | **–** | **(195,050)** |
| **–** | **–** | **–** | **116,324** | **–** | **–** | **–** | **116,324** | **(241,903)** | **(125,579)** |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(11,845)** | **(11,845)** |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **8,950** | **8,950** |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(2,895)** | **(2,895)** |
| **1,660,000** | **2,472,655** | **2,000,000** | **4,722,382** | **(83,320)** | **(411,541)** | **(1,593,342)** | **8,766,834** | **367,764** | **9,134,598** |
| 1,660,000 | 2,472,655 | 2,000,000 | 3,408,504 | (31,384) | (343,269) | (620,706) | 8,545,800 | 475,741 | 9,021,541 |
| – | – | – | 700,573 | – | – | – | 700,573 | 81,557 | 782,130 |
| – | – | – | – | (69,590) | (60,803) | (440,411) | (570,804) | (13,023) | (583,827) |
| – | – | – | 700,573 | (69,590) | (60,803) | (440,411) | 129,769 | 68,534 | 198,303 |
| – | – | – | (190,900) | – | – | – | (190,900) | – | (190,900) |
| – | – | – | – | 12,729 | – | – | 12,729 | – | 12,729 |
| – | – | – | (190,900) | 12,729 | – | – | (178,171) | – | (178,171) |
| – | – | – | – | – | – | – | – | (22,323) | (22,323) |
| – | – | – | – | – | – | – | – | 7,047 | 7,047 |
| – | – | – | – | – | – | – | – | (2,160) | (2,160) |
| – | – | – | – | – | – | – | – | 2,423 | 2,423 |
| – | – | – | – | – | – | – | – | (15,013) | (15,013) |
| 1,660,000 | 2,472,655 | 2,000,000 | 3,918,177 | (88,245) | (404,072) | (1,061,117) | 8,497,398 | 529,262 | 9,026,660 |

# Consolidated Statement of Cash Flows
## for the year ended 31 December 2015

| | Note | 2015 USD'000 | 2014 USD'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | **971,842** | 782,130 |
| **Adjustments for:** | | | |
| Depreciation and amortisation | 9 | **480,125** | 420,985 |
| Impairment loss | 9 | **653** | – |
| Share of profit from equity-accounted investees (net of tax) | | **(52,702)** | (76,207) |
| Finance costs | 10 | **515,439** | 376,963 |
| (Gain)/ loss on sale of property, plant and equipment and port concession rights | | **(17,094)** | 3,419 |
| Profit on sale and termination of business | | **610** | – |
| Finance income | 10 | **(114,674)** | (91,347) |
| Income tax expense | 11 | **90,988** | 87,418 |
| **Gross cash flows from operations** | | **1,875,187** | 1,503,361 |
| Change in inventories | | **(2,985)** | (8,302) |
| Change in accounts receivable and prepayments | | **44,739** | (48,019) |
| Change in accounts payable and accruals | | **119,121** | 74,401 |
| Change in provisions, pensions and post-employment benefits | | **(107,843)** | (35,861) |
| **Cash generated from operating activities** | | **1,928,219** | 1,485,580 |
| Income taxes paid | | **(147,472)** | (131,365) |
| **Net cash from operating activities** | | **1,780,747** | 1,354,215 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | 13 | **(1,167,395)** | (715,312) |
| Additions to investment properties | 14 | **(108,307)** | – |
| Additions to port concession rights | 15 | **(113,419)** | (91,717) |
| Addition to other investments | 18 | **–** | (10,000) |
| Proceeds from disposal of property, plant and equipment and port concession rights | | **73,505** | 6,228 |
| Net cash outflow on acquisition of subsidiaries | 35(i) | **(2,586,846)** | (32,031) |
| Net cash outflow on acquisition of non-controlling interests without change in control | 35(ii) | **(125,579)** | – |
| Cash derecognised on loss of control of a subsidiary | | **–** | (2,890) |
| Interest received | | **34,399** | 40,470 |
| Dividends received from equity-accounted investees | | **74,748** | 152,036 |
| Additional investment in equity-accounted investees | | **(57,385)** | (38,301) |
| Net loan advanced to equity-accounted investees | | **(48,293)** | (9,282) |
| **Net cash used in investing activities** | | **(4,024,572)** | (700,799) |
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | | **(714,417)** | (234,047) |
| Drawdown of interest bearing loans and borrowings | | **1,282,644** | 309,932 |
| Proceeds from issue of convertible bonds | | **–** | 1,000,000 |
| Transaction cost paid on convertible bonds | | **–** | (10,900) |
| Interest paid | | **(373,117)** | (323,908) |
| Dividend paid to the owners of the Company | | **(195,050)** | (190,900) |
| Dividend paid to non-controlling interests | | **(11,845)** | (22,323) |
| **Net cash (used in)/from financing activities** | | **(11,785)** | 527,854 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(2,255,610)** | 1,181,270 |
| Cash and cash equivalents as at 1 January | | **3,723,073** | 2,571,063 |
| Effect of exchange rate fluctuations on cash held | | **(30,868)** | (29,260) |
| **Cash and cash equivalents as at 31 December** | 20 | **1,436,595** | 3,723,073 |

At 31 December 2015, the undrawn committed borrowing facilities of USD 2,861,930 thousand (2014: USD 3,627,235 thousand) were available to the Group, in respect of which all conditions precedent had been met.

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

The Independent Auditors' Report is set out on page 78.

# Notes to Consolidated Financial Statements
(forming part of the financial statements)

### 1 Reporting entity
DP World Limited ("the Company") was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the Companies Law, DIFC Law No. 3 of 2006. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine terminal operations, economic zones, free zones and industrial zones.

Port & Free Zone World FZE ("the Parent Company"), which originally held 100% of the Company's issued and outstanding share capital, made an initial public offer of 19.55% of its share capital to the public and the Company was listed on the Nasdaq Dubai with effect from 26 November 2007. The Company was further admitted to trade on the London Stock Exchange with effect from 1 June 2011 and voluntarily delisted from the London Stock Exchange on 21 January 2015.

Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation ("the Ultimate Parent Company").

The Company's registered office address is P.O. Box 17000, Dubai, United Arab Emirates.

### 2 Basis of preparation
#### (a) Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Board of Directors on 17 March 2016.

#### (b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and available-for-sale financial assets which are measured at fair value.

The methods used to measure fair values are discussed further in note 5.

#### (c) Funding and liquidity
The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Operating and Financial Review. In addition, note 6 sets out the Group's objectives, policies and processes for managing the Group's financial risk including capital management and note 31 provides quantitative details of the Group's exposure to credit risk, liquidity risk and interest rate risk from financial instruments.

The Board of Directors remain satisfied with the Group's funding and liquidity position. At 31 December 2015, the Group has net debts of USD 6,233,683 thousand (2014: USD 2,131,915 thousand). The Group's credit facility covenants are currently well within the covenant limits. The Group generated gross cash of USD 1,875,187 thousand (2014: USD 1,503,361 thousand) from operating activities and its interest cover for the year is 5 times (2014: 5.6 times) (calculated using adjusted EBITDA and net finance costs before separately disclosed items).

Based on the above, the Board of Directors have concluded that the going concern basis of preparation continues to be appropriate.

#### (d) Functional and presentation currency
The functional currency of the Company is UAE Dirhams. Each entity in the Group determines its functional currency based on the currency that mainly influences revenue and costs as required under IFRS. The financial statements of each entity are measured and recorded using that functional currency.

These consolidated financial statements are presented in United States Dollars ("USD"), which in the opinion of management is the most appropriate presentation currency of the company in view of the global presence of the Group. All financial information presented in USD is rounded to the nearest thousand.

UAE Dirham is pegged to USD and there are no differences on translation from functional to presentation currency.

#### (e) Use of estimates and judgements
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**2 Basis of preparation** continued

### (a) Provision for income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax payments based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (b) Impairment of available-for-sale financial assets

Available-for-sale financial assets are impaired when objective evidence of impairment exists. A significant or prolonged decline in the fair value of an investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20% will be considered as significant and a decline of over 9 months will be considered as prolonged.

### (c) Fair value of derivatives and financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as market risk, credit risk and volatility.

### (d) Consolidation of entities in which the Group holds less than 50% shareholding

Note 36 describes that Doraleh Container Terminal SARL is a subsidiary of the Group even though the Group has only 33.33% ownership and voting rights. The Directors of the Company assessed whether or not the Group has the practical ability to direct the relevant activities of this entity unilaterally. After assessment, the Directors concluded that the Group has a sufficient dominant voting interest to direct the relevant activities and therefore the Group can consolidate this entity as its subsidiary.

### (e) Non-consolidation of entities in which the Group holds more than 50% shareholding

Note 36 describes that Antwerp Gateway N.V and Asian Terminals Inc. are equity accounted investees of the Group even though the Group has majority in ownership and voting rights. The Directors of the Company assessed whether or not the Group has the practical ability to direct the relevant activities of this entity unilaterally. After assessment, the Directors concluded that the underlying joint venture agreement with the other shareholder does not provide significant control to the Group and therefore investment in these entities are equity accounted and not consolidated.

### (f) Contingent liabilities

There are various factors that could result in a contingent liability being disclosed if the probability of any outflow in settlement is not remote. The assessment of the outcome and financial effect is based upon management's best knowledge and judgement of current facts as at the reporting date.

### (g) Useful life of property, plant and equipment and port concession rights with finite life

The useful life of property, plant and equipment and port concession rights with finite life is determined by the Group's management based on their estimate of the period over which an asset or port concession right is expected to be available for use by the Group. This estimate is reviewed and adjusted if appropriate at each financial year end. This may result in a change in the useful economic lives and therefore depreciation and amortisation expense in future periods.

### (h) Impairment testing of goodwill and port concession rights

The Group determines whether goodwill and port concession rights with indefinite life are impaired, at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated or in which the port concession rights with indefinite life exist. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### (i) Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected, will be recognised in the consolidated statement of profit or loss.

### (j) Pension and post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**2 Basis of preparation** continued

### (k) Business combinations

In accounting for business combinations, judgement is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets acquired and liabilities assumed, involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the management.

### (l) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### (m) Valuation of investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less accumulated depreciation and impairment, if any.

### (n) Operating lease commitments–Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

## 3 Changes in accounting policies

There were no changes in accounting policies and the Group has consistently applied the accounting policies set out in note 4 to all periods presented in these consolidated financial statements.

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently in the years presented in these consolidated financial statements and have been applied consistently by the Group entities.

### (a) Basis of consolidation

#### (i) Business combinations

Business combinations (including business combinations under common control) are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets (including previously unrecognised port concession rights) acquired and liabilities (including contingent liabilities and excluding future restructuring) assumed.

In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated statement of profit or loss.

In case of business combinations under common control, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised directly in equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss.

#### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**4 Significant accounting policies** continued

**(iii) Change in ownership interests in subsidiaries without loss of control**
Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid and relevant share acquired in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

**(iv) Disposal of subsidiaries (loss of control)**
On the loss of control, the Group derecognises the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is re-measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(v) Non-controlling interests**
For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets, which is generally at fair value.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so, causes the non-controlling interests to have a debit balance.

**(vi) Structured entities**
The Group has established DP World Sukuk Limited (a limited liability company incorporated in the Cayman Islands) as a structured entity ("SE") for the issue of Sukuk Certificates. These certificates are listed on Nasdaq Dubai and London Stock Exchange. The Group does not have any direct or indirect shareholding in this entity.

The Group has also incorporated JAFZ Sukuk (2019) Limited as a SE for issuing New JAFZ Sukuk which are currently listed on Nasdaq Dubai and the Irish Stock Exchange

A SE is consolidated based on an evaluation of the substance of its relationship with the Group and its risks and rewards. The SE was established by the Group under the terms that impose strict limitations on the decision-making powers of the SE's management thereby resulting into the majority of the benefits related to the SE's operations and net assets being received by the Group. Consequently, the Group is also exposed to risks incident to the SE's activities and retains the majority of the residual or ownership risks related to the SE or its assets. Therefore, the Group concludes that it controls the SE. Refer to accounting policy on non-derivative financial liabilities in note 4 (c) (ii).

**(vii) Investments in associates and joint ventures (equity-accounted investees)**
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in equity-accounted investees are accounted for using the equity method and are initially recorded at cost including transaction costs. The Group's investment includes fair value adjustments (including goodwill) net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the equity-accounted investees subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the equity-accounted investees are prepared for the same reporting period as the Group. The transactions between the Group and its equity-accounted investees are made at normal market prices.

At each reporting date, the Group determines whether there is any objective evidence that the investments in the equity-accounted investees are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the same in the consolidated statement of profit or loss.

**4 Significant accounting policies** continued

Upon loss of significant influence, the Group measures and recognises any retained investment at its fair value. The difference between the carrying amount of the equity–accounted investees upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised as profit or loss in the consolidated statement of profit or loss.

**(viii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from the transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

**(i) Functional and presentation currency**

These consolidated financial statements are presented in USD, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which it operates (functional currency).

**(ii) Foreign currency transactions and balances**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and exchange differences, if any, are recognised in the income statement.

Non-monetary items in a foreign currency that are measured at historical cost are translated to the functional currency using the exchange rate at the date of initial transaction and are not retranslated at a later date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation of monetary items are recognised in the consolidated statement of profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in consolidated statement of other comprehensive income as explained below.

**(iii) Foreign operations**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy), that have functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date.

(b) The income and expenses of foreign operations are translated to USD at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(c) All resulting foreign exchange differences arising on translation are recognised in the other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is not a wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**4 Significant accounting policies** continued

**(iv) Hedge of a net investment in a foreign operation**

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the consolidated statement of profit or loss. When the hedged net investment is disposed of, the associated cumulative amount in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss as part of the gain or loss on disposal.

## (c) Financial instruments

### (i) Non-derivative financial assets

#### Initial recognition and measurement

The Group classifies non-derivative financial assets into the following categories: held to maturity financial assets, loans and receivables and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

All non-derivative financial assets are recognised initially at fair value, plus, any directly attributable transaction costs.

The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group's non-derivative financial assets comprise investments in an unquoted infrastructure fund, debt securities held to maturity, trade and other receivables, due from related parties and cash and cash equivalents.

#### Subsequent measurement

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

#### Held to maturity financial assets

If the Group has a positive intent and ability to hold debt securities to maturity, then these are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the consolidated statement of profit or loss. Gains and losses are also recognised in the consolidated statement of profit or loss when these financial assets are derecognised.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise bank balances and cash, due from related parties, trade receivables and other receivables.

#### Bank balances and cash

Bank balances and cash in the consolidated statement of financial position comprise cash in hand, bank balances and deposits.

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above and cash classified as held for sale, net of bank overdrafts. Bank overdrafts form an integral part of the Group's cash management and is included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

#### Available-for-sale investments

Available-for-sale financial assets comprise equity securities. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the above categories of financial assets. Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in the consolidated statement of other comprehensive income and presented in other reserves in equity. When an investment is derecognised, the balance accumulated in equity is reclassified to the consolidated statement of profit or loss.

#### De-recognition of non-derivative financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that are created or retained by the Group is recognised as a separate asset or liability.

**4 Significant accounting policies** continued

### (ii) Non-derivative financial liabilities

#### Initial recognition and measurement

The Group's non-derivative financial liabilities consist of loans and borrowings, bank overdrafts, amounts due to related parties, and trade and other payables. The Group determines the classification of its financial liabilities at initial recognition.

All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

The Group initially recognises debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### Subsequent measurement

The subsequent measurement of non-derivative financial liabilities depends on their classification as follows:

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

A substantial modification of the terms of an existing financial liability or a part of it shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in the consolidated statement of profit or loss. If discounted present value of the cash flows (including any fees paid) under a new term arrangement is at least 10% different from the discounted present value of the remaining cash flows of the original liability, this is accounted for as an extinguishment of the old liability and the recognition of a new liability. Furthermore, qualitative assessment to assess extinguishment is also performed. Some of the factors considered in performing a qualitative assessment include change in interest basis, extension of debt tenure, change in collateral arrangements and change in the currency of lending.

#### Convertible bond

Convertible bonds issued by the Group are denominated in USD and can be converted into ordinary shares. Convertible bonds are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial liability, represents the value of the option that bond holders can convert into ordinary shares.

At inception, the net proceeds of the convertible issue are split between the liability element and the derivative component, representing the fair value of the embedded option. The latter has not been recorded within equity due to the existence of cash settlement terms with the Company.

The debt component of the convertible bond is initially recognised at the fair value of a similar liability that does not have an equity conversion option. Subsequent to initial recognition, the debt component is measured at amortised cost using the effective interest rate method.

The embedded derivative is initially recognised at the difference between the fair value of the convertible bond as a whole and the fair value of the debt component (including interest). Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date with the change in the fair value recognised in the consolidated statement of profit or loss.

#### De-recognition of non-derivative financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

### (iii) Derivative financial instruments

The Group holds derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency and interest rate risk exposures. On initial designation of the derivatives as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge transaction and hedged risk together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within the acceptable range.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**4 Significant accounting policies** continued
Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

### Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment that could affect the consolidated statement of profit or loss, then such hedges are classified as cash flow hedges.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in consolidated statement of other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of profit or loss.

When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss in the same period that the hedged item affects the consolidated statement of profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

**(iv) Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to set off on a net basis, or to realise the asset and settle the liability simultaneously.

### (d) Property, plant and equipment
**(i) Recognition and measurement**
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 4(k) (ii)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

Property, plant and equipment includes any other costs (self-constructed assets) which are directly attributable to bringing the asset to a working condition for its intended use. Such property, plant and equipment, does not directly increase the future economic benefits of any particular existing item of property, plant and equipment, but may be necessary for an entity to obtain the future economic benefits from its other assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within 'other income' in the consolidated statement of profit or loss.

### Capital work-in-progress
Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

**4 Significant accounting policies** continued

### Dredging

Dredging expenditure is categorised into capital dredging and major maintenance dredging. Capital dredging is expenditure which includes creation of a new harbour, deepening or extension of the channel berths or waterways in order to allow access to larger ships which will result in future economic benefits for the Group. This expenditure is capitalised and amortised over the expected period of the relevant concession agreement.

Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. On an average, the Group incurs such expenditure every 10 years. At the completion of maintenance dredging, the channel has an average service potential of 10 years. Any unamortised expense is written-off on the commencement of any new dredging activities. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amounts of the replaced parts are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of profit or loss as incurred.

### (iii) Depreciation

Land and capital work in progress is not depreciated. Depreciation on other assets is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and is based on cost less residual value.

The estimated useful lives of assets are as follows:

| Assets | Useful life (years) |
|---|---|
| Buildings | 5 – 50 |
| Plant and equipment | 3 – 25 |
| Vessels | 10 – 30 |
| Dredging (included in Land and Buildings) | 10 – 99 |

Dredging costs are depreciated on a straight line basis based on the lives of various components of dredging.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 4 (k) (ii)).

### (iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time, the assets are substantially ready for their intended use or sale. Borrowing costs may include:

(a) interest expense calculated using the effective interest method as described in IAS 39;

(b) finance charges in respect of finance leases recognised in accordance with IAS 17; and

(c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied for own use by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

# **Notes to Consolidated Financial Statements** continued
(forming part of the financial statements)

**4 Significant accounting policies** continued
Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into profit or loss.

Investment property under construction is not depreciated until such time as the relevant assets are completed and commissioned.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives, as follows:

| Assets | Useful life (years) |
|---|---|
| Buildings | 20–35 |
| Infrastructure | 5–50 |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The fair value for disclosure purposes of the investment property is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

### (f) Land use rights
Land use rights represents the prepaid lease payments of leasehold interests in land under operating lease arrangements. These rights are amortised using the straight-line method to allocate the cost over the term of rights of 99 years.

### (g) Goodwill
Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. In an acquisition, if the purchase price is lower than the fair value of the assets acquired, the resulting gain will be recognised immediately in the statement of consolidated statement of profit or loss.

*Subsequent measurement*
Goodwill is measured at cost less accumulated impairment losses (refer to note 4(k) (ii)).

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not tested for impairment separately.

### (h) Port concession rights
The Group classifies the port concession rights as intangible assets as the Group bears demand risk over the infrastructure assets. Substantially all of the Group's terminal operations are conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 25 and 50 years (excluding the port concession rights relating to associates and joint ventures). The Group commonly starts negotiations regarding renewal of concession agreements with approximately 5–10 years remaining on the term and often obtains renewals or extensions on the concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. In addition, such negotiations may result in the re-basing of rental charges to reflect prevailing market rates. However, based on the Group's experience, incumbent operators are typically granted renewal often because it can be costly for a port owner to switch operators, both administratively and due to interruptions to port operations and reduced productivity associated with such transactions. Port concession rights consist of:

**4 Significant accounting policies** continued

**(i) Port concession rights arising on business combinations**

The cost of port concession rights acquired in a business combination is the fair value as at the date of acquisition. Other port concession rights acquired separately are measured on initial recognition at cost.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 4(k) (ii)). Internally generated port concession rights, excluding capitalised development costs, are recognised in the consolidated statement of profit or loss as incurred. The useful lives of port concession rights are assessed to be either finite or indefinite.

Port concession rights with finite lives are amortised on a straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the port concession rights may be impaired.

The amortisation period and amortisation method for port concession rights with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expenses on port concession rights with finite useful lives are recognised in the consolidated statement of profit or loss on a straight line basis.

Port concession rights with indefinite lives (arising where freehold rights are granted) are not amortised and are tested for impairment at least on an annual basis either individually or at the cash-generating unit level. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

**(ii) Port concession rights arising from Service Concession Arrangements (IFRIC 12)**

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with IFRIC 12 'Service Concession Arrangements'. These assets are amortised based on the lower of their useful lives or concession period.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is de-recognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to associates and joint ventures).

### (i) Inventories

Inventories mainly consist of spare parts and consumables. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average method and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### (j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**(i) Group as a lessee**

Assets held by the Group under leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Assets held under operating leases are not recognised in the Group's consolidated statement of financial position. Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**4 Significant accounting policies** continued

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease. On initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(ii) Group as a lessor**

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

**(iii) Leasing and sub-leasing transactions**

A series of leasing and sub-leasing transactions between the Group and third parties, which are closely interrelated, negotiated as a single transaction, and which take place concurrently or in a continuous sequence are considered linked and accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole.

These leasing and sub-leasing transactions are designed to achieve certain benefits for the third parties in overseas locations in return for a cash benefit to the Group. Such cash benefit is accounted in the consolidated statement of profit or loss based on its economic substance.

**(iv) Leases of land in port concession**

Leases of land have not been classified as finance leases as the Group believes that the substantial risks and rewards of ownership of the land have not been transferred. The existence of a significant exposure of the lessor to performance of the asset through contingent rentals is the basis of concluding that substantially all the risks and rewards of ownership have not passed.

### (k) Impairment

**(i) Financial assets**

**(a) Loans and receivables and held to maturity investments**

The Group considers evidence of impairment for loans and receivables and held to maturity investment securities at both a specific asset level and collective level. All individually significant receivables and held to maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against loans and receivables or held to maturity investments. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

**(b) Available-for-sale financial assets**

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. A significant or prolonged decline in the fair value of an equity investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20% will be considered as significant and a decline of over 9 months will be considered as prolonged.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the other reserve in equity to the consolidated statement of profit or loss. The cumulative loss that is reclassified from equity to the consolidated statement of profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in the consolidated statement of profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in consolidated statement of other comprehensive income.

**4 Significant accounting policies** continued

### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed for impairment whenever there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

For goodwill and port concession rights that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually and when circumstances indicate, the carrying value may be impaired. Goodwill acquired in a business combination is allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. An impairment loss in respect of goodwill is not reversed.

In respect of non-financial assets (other than goodwill), impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## (l) Assets held for sale

Assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the consolidated statement of profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Port concession rights and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

## (m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Any excess payment received over par value is treated as share premium.

## (n) Employee benefits

### (i) Pension and post-employment benefits

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan in which the company pays the fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of profit or loss during which the services are rendered by employees.

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

# **Notes to Consolidated Financial Statements** continued
(forming part of the financial statements)

**4 Significant accounting policies** continued
When the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Where the present value of the deficit contributions exceeds the IAS 19 deficit an additional liability is recognised.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in the consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer defined benefit schemes where it is not possible to identify the Group's share of the scheme, are charged to the consolidated statement of profit or loss as they fall due.

**(ii) Long-term service benefits**
The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

**(iii) Short-term service benefits**
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) Provisions**
Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the consolidated statement of profit or loss.

Provision for an onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**(p) Revenue**
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue mainly consists of containerized stevedoring, other containerized revenue, non- containerized revenue, service concession revenue and lease rentals. Non-containerized revenue mainly includes logistics and handling of break bulk cargo.

The following specific recognition criteria must also be met before revenue is recognised:

**4 Significant accounting policies** continued

### Rendering of services

Revenue from providing containerized stevedoring, other containerized services and non-containerized services is recognised on the delivery and completion of those services.

### Service concession arrangements (IFRIC 12)

Revenues relating to construction contracts which are entered into with government authorities for the construction of the infrastructure necessary for the provision of services are measured at the fair value of the consideration received or receivable. Revenue from service concession arrangements is recognised based on the fair value of construction work performed at the reporting date.

### Lease rentals and related services

A lease rental is recognised on a straight line basis over the lease term. Where the consideration for the lease is received for subsequent period, the attributable amount of revenue is deferred and recognised in the subsequent period. Unrecognised revenue is classified as deferred revenue under liabilities in the condensed consolidated statement of financial position. Revenue from administrative service, license, registration and consultancy is recognised as the service is provided.

### (q) Finance income and expense

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in the consolidated statement of profit or loss.

Finance income and expense also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 4(b) (ii)).

### (r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in consolidated statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. It also includes any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- the temporary differences arising on the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- the temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is not probable that they will reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset only if certain criteria are met.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**4 Significant accounting policies** continued

**(s) Discontinued operation**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

In the consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of profit or loss and disclosed in the notes to the consolidated financial statements.

**(t) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bond and other consequential changes in income or expense that would result from the assumed conversion) by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (also refer to note 25).

**(u) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors ('Chief Operating Decision Maker') to assess performance.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets (primarily Company's head office), head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and port concession rights other than goodwill.

**(v) Separately disclosed items**

The Group presents, as separately disclosed items on the face of the consolidated statement of profit or loss, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance.

**(w) New standards and interpretations not yet effective**

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- **IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)**

  IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and general hedge accounting requirements.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

- **IFRS 15 Revenue from contracts with customers**

  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

**4 Significant accounting policies** continued
The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

- **IFRS 16 Leases**
  IASB has introduced a new leases Standard, IFRS 16, which supersedes IAS 17 leases. The Group is required to apply IFRS 16 with effect from 1 January 2019.

  The new standard requires the lessee to recognise the operating lease commitment on the balance sheet. The Group, as a lessee, has substantial operating leases and commitments as disclosed in note 32. The standard would require future lease commitments to be recognised as a liability, with a corresponding right of use asset. This will impact the EBITDA and debt to equity ratios of the Group. In addition, depending on the stage of lease, there would be a different pattern of expense recognition on leases. Currently lease expenses are recognised in cost of sales, however in future the lease expense would be an amortisation and finance expense.

  The Group is in the process of collating its leases and computing the impact. The impact of this standard's application is expected to be significant.

**5 Determination of fair values**
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(i) Property, plant and equipment**
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

**(ii) Investment properties**
On an annual basis, the Group engages external, independent and qualified valuers who have got the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties have been performed using income capitalization, comparable and residual methods of valuation. The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market.

**(iii) Port concession rights**
Port concession rights acquired in a business combination are accounted at their fair values. The fair value is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

**(iv) Investments in debt securities and available-for-sale financial assets**
The fair values of equity and debt securities are determined by reference to their quoted closing bid price at the reporting date. The fair value of the unquoted infrastructure investment fund classified as available-for-sale is based on the independent valuation of the fund. The fair value of debt securities held to maturity is determined based on the discounted cash flows at a market related discount rate. The fair value of debt securities held to maturity is determined for disclosure purposes only.

**(v) Trade and other receivables/ payables**
The fair value of trade and other receivables and trade and other payables approximates to the carrying values due to the short term maturity of these instruments.

**(vi) Derivatives**
The fair value of forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

**(vii) Embedded derivative option liability of convertible bond**
The fair value of the embedded derivative option liability of convertible bond is based on a valuation model with market assumptions.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**5 Determination of fair values** continued

**(viii) Convertible bond**

The fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of embedded derivative option liability from the stock exchange quoted closing bid price of the convertible bond at the reporting date.

**(ix) Non-derivative financial liabilities**

Fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

The fair value of bank balances and cash, and bank overdrafts approximates to the carrying value due to the short term maturity of these instruments.

**6 Financial risk management**

**Overview**

The Group has exposure to the following risks from its use of financial instruments:
(a) credit risk
(b) liquidity risk
(c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements. Also refer to note 31 for further details.

**Risk management framework**

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

**Trade and other receivables**

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**Other financial assets**

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

**6 Financial risk management** continued

### Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to associates and joint ventures in very limited circumstances and always only for the Group's share of the obligation. The provision of guarantees always requires the approval of senior management.

### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase.

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

### (i) Currency risk

The proportion of the Group's net operating assets denominated in foreign currencies (i.e. other than the functional currency of the Company, UAE Dirhams) is approximately 64% (2014: 65%) with the result that the Group's USD consolidated statement of financial position, and in particular shareholder's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated and using cross currency swaps. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency of USD further reducing the risk of currency movements.

Interest on borrowings is denominated in the currency of the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

A portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using forward foreign currency contracts is undertaken to reduce the short-term effect of currency movements.

When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using forward contracts and currency swaps in order to fix the cost when converted to the functional currency. The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

### (ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/ floating interest rate and bank deposits.

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2015, after taking into account the effect of interest rate swaps, approximately 90% (2014: 93%) of the Group's borrowings are at a fixed rate of interest.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**6 Financial risk management** continued

## Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve and translation reserve. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The key performance ratios as at 31 December are as follows:

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| Total interest bearing loans and borrowings (refer to note 28) | **7,670,278** | 5,854,988 |
| Less: cash and cash equivalents (refer to note 20) | **(1,436,595)** | (3,723,073) |
| Total net debt | **6,233,683** | 2,131,915 |
| Total equity | **9,134,598** | 9,026,660 |
| Adjusted EBITDA (refer to note 7) | **1,928,116** | 1,588,150 |
| Net finance cost before separately disclosed items | **387,118** | 283,076 |
| Net debt/equity | **0.68** | 0.24 |
| Net debt/adjusted EBITDA | **3.23** | 1.34 |
| Interest cover before separately disclosed items | **5.00** | 5.61 |

**7 Segment information**

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors ('Chief Operating Decision Maker') based on the location of the Group's assets and liabilities. The Group has identified the following geographic areas as its basis of segmentation. The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

- Asia Pacific and Indian subcontinent
- Australia and Americas
- Middle East, Europe and Africa

Each of these operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker.

In addition to the above reportable segments, the Group also reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment.

Information regarding the results of each reportable segment is included below.

The following table presents certain results, assets and liabilities information regarding the Group's segments as at the reporting date

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| **(Including separately disclosed items)** | | | | | | | | | | | | |
| Revenue | **489,374** | 448,990 | **642,137** | 628,312 | **2,911,399** | 2,386,049 | **–** | – | **–** | – | **4,042,910** | 3,463,351 |
| Segment results from operations* | **212,540** | 185,924 | **120,936** | 144,518 | **1,291,882** | 975,819 | **(252,751)** | (238,515) | **–** | – | **1,372,607** | 1,067,746 |
| Finance income | **–** | – | **–** | – | **–** | – | **114,674** | 91,347 | **–** | – | **114,674** | 91,347 |
| Finance costs | **–** | – | **–** | – | **–** | – | **(515,439)** | (376,963) | **–** | – | **(515,439)** | (376,963) |
| Profit/(loss) for the year | **212,540** | 185,924 | **120,936** | 144,518 | **1,291,882** | 975,819 | **(653,516)** | (524,131) | **–** | – | **971,842** | 782,130 |

* Segment results from operations comprise profit for the year before net finance cost.

## 7 Segment information continued

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office.

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| Segment assets | **3,798,105** | 3,859,205 | **1,992,483** | 1,606,160 | **14,922,804** | 10,244,279 | **9,823,975** | 11,934,822 | **(10,278,240)** | (9,739,725) | **20,259,127** | 17,904,741 |
| Segment liabilities | **344,585** | 303,648 | **569,667** | 228,742 | **3,433,642** | 2,966,587 | **8,935,589** | 7,134,174 | **(3,246,910)** | (2,814,943) | **10,036,573** | 7,818,208 |
| Tax liabilities* | **–** | – | **–** | – | **–** | – | **1,087,956** | 1,059,873 | **–** | – | **1,087,956** | 1,059,873 |
| Total liabilities | **344,585** | 303,648 | **569,667** | 228,742 | **3,433,642** | 2,966,587 | **10,023,545** | 8,194,047 | **(3,246,910)** | (2,814,943) | **11,124,529** | 8,878,081 |
| Capital expenditure | **81,705** | 46,106 | **74,052** | 62,310 | **1,230,470** | 663,432 | **2,894** | 35,181 | **–** | – | **1,389,121** | 807,029 |
| Depreciation | **24,941** | 25,672 | **53,422** | 56,550 | **269,776** | 224,366 | **7,791** | 5,642 | **–** | – | **355,930** | 312,230 |
| Amortisation/ impairment | **43,482** | 44,893 | **15,261** | 12,083 | **66,105** | 51,779 | **–** | – | **–** | – | **124,848** | 108,755 |
| Share of profit/(loss) of equity-accounted investees before separately disclosed items | **111,113** | 97,433 | **(67,978)** | (37,518) | **9,567** | 18,046 | **–** | – | **–** | – | **52,702** | 77,961 |
| Tax expense | **–** | – | **–** | – | **–** | – | **90,988** | 87,418 | **–** | – | **90,988** | 87,418 |

* Tax liabilities and tax expenses from various geographical locations have been grouped under head office.

### Earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA")

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| Revenue before separately disclosed items | **414,203** | 396,653 | **642,137** | 628,312 | **2,911,399** | 2,386,049 | **–** | – | **–** | – | **3,967,739** | 3,411,014 |
| **Adjusted EBITDA** | **280,963** | 256,489 | **189,619** | 217,250 | **1,611,506** | 1,259,866 | **(153,972)** | (145,455) | **–** | – | **1,928,116** | 1,588,150 |
| Finance income | **–** | – | **–** | – | **–** | – | **104,969** | 89,765 | **–** | – | **104,969** | 89,765 |
| Finance costs | **–** | – | **–** | – | **–** | – | **(492,087)** | (372,841) | **–** | – | **(492,087)** | (372,841) |
| Tax expense | **–** | – | **–** | – | **–** | – | **(90,988)** | (127,418) | **–** | – | **(90,988)** | (127,418) |
| Depreciation and amortisation | **(68,423)** | (70,565) | **(68,683)** | (68,633) | **(335,228)** | (276,145) | **(7,791)** | (5,642) | **–** | – | **(480,125)** | (420,985) |
| Adjusted net profit/ (loss) for the year before separately disclosed items | **212,540** | 185,924 | **120,936** | 148,617 | **1,276,278** | 983,721 | **(639,869)** | (561,591) | **–** | – | **969,885** | 756,671 |
| Adjusted for separately disclosed items | **–** | – | **–** | (4,099) | **15,604** | (7,902) | **(13,647)** | 37,460 | **–** | – | **1,957** | 25,459 |
| **Profit/(loss) for the year** | **212,540** | 185,924 | **120,936** | 144,518 | **1,291,882** | 975,819 | **(653,516)** | (524,131) | **–** | – | **971,842** | 782,130 |

## 8 Revenue

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| *Revenue consists of:* | | |
| Containerized stevedoring revenue | **1,506,735** | 1,502,990 |
| Containerized other revenue | **1,239,744** | 1,166,079 |
| Non-containerized revenue | **802,314** | 741,945 |
| Service concession revenue (refer to note 12) | **75,171** | 52,337 |
| Lease rentals and related services | **418,946** | – |
| | **4,042,910** | 3,463,351 |

The Group does not have any customer which contributes more than 10 per cent of the Group's total revenue.

# **Notes to Consolidated Financial Statements** continued
(forming part of the financial statements)

## 9 Profit for the year

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| *Profit for the year is stated after charging the following costs:* | | |
| Staff costs | **818,203** | 701,566 |
| Depreciation and amortisation | **480,125** | 420,985 |
| Operating lease rentals | **375,743** | 363,787 |
| Impairment loss (refer to note 12) | **653** | – |

## 10 Finance income and costs

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| **Finance income** | | |
| Interest income | **53,469** | 59,110 |
| Exchange gains | **51,500** | 30,655 |
| **Finance income before separately disclosed items** | **104,969** | 89,765 |
| Separately disclosed items (refer to note 12) | **9,705** | 1,582 |
| **Finance income after separately disclosed items** | **114,674** | 91,347 |
| **Finance costs** | | |
| Interest expense | **(381,951)** | (325,059) |
| Exchange losses | **(103,356)** | (41,026) |
| Other net financing expense in respect of pension plans | **(6,780)** | (6,756) |
| **Finance costs before separately disclosed items** | **(492,087)** | (372,841) |
| Separately disclosed items (refer to note 12) | **(23,352)** | (4,122) |
| **Finance costs after separately disclosed items** | **(515,439)** | (376,963) |
| **Net finance costs after separately disclosed items** | **(400,765)** | (285,616) |

## 11 Income tax

The major components of income tax expense for the year ended 31 December:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| **Current income tax expense** | | |
| Current year | **146,162** | 93,270 |
| Adjustment for prior periods | **(15,445)** | (6,066) |
| | **130,717** | 87,204 |
| **Deferred tax (credit)/ expense** | **(39,729)** | 214 |
| | **90,988** | 87,418 |
| Income tax expense | **90,988** | 87,418 |
| Share of income tax of equity-accounted investees | **54,014** | 28,693 |
| Total tax expense | **145,002** | 116,111 |
| Income tax expense before separately disclosed items | **90,988** | 127,418 |
| Tax on separately disclosed items (refer to note 12) | **–** | (40,000) |
| Income tax expense | **90,988** | 87,418 |
| **Income tax balances included in the Consolidated Statement of Financial Position:** | | |
| Current income tax receivable (included within accounts receivable and prepayments) | **24,731** | 22,640 |
| Current income tax liabilities | **147,320** | 162,495 |

Current tax assets and liabilities have been offset if certain criteria are met.

**11 Income tax** continued

The Group is not subject to income tax on its UAE operations. The total tax expense relates to the tax payable on the profit earned by the overseas subsidiaries and equity-accounted investees as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. The applicable tax rates in the regions in which the Group operates are set out below:

| Geographical segments | Applicable corporate tax rate |
|---|---|
| Asia Pacific and Indian subcontinent | 16.5% to 34.0% |
| Australia and Americas | 1.0% to 36.0% |
| Middle East, Europe and Africa | 0% to 34.0% |

The relationship between the total tax expense and the accounting profit can be explained as follows:

| | | **2015 USD'000** | 2014 USD'000 |
|---|---|---|---|
| Net profit before tax | | **1,062,830** | 869,548 |
| Tax at the company's domestic rate of 0% (2014: 0%) | | **–** | – |
| Income tax on foreign earnings | | **124,289** | 121,655 |
| Current year losses not recognised for deferred tax asset | | **9,027** | 29,762 |
| Brought forward losses utilised | | **(1,153)** | (16,847) |
| Tax charge on equity-accounted investees | | **54,014** | 28,693 |
| Effect of rate change | | **(34,341)** | (228) |
| Deferred tax in respect of fair value adjustments | | **(6,696)** | (7,205) |
| Others | | **15,675** | 6,558 |
| **Tax expense before prior year adjustments** | | **160,815** | 162,388 |
| Tax over provided in prior periods: | | | |
| -current tax | | **(15,445)** | (6,066) |
| -deferred tax | | **(368)** | (211) |
| **Total tax expense from operations before separately disclosed items** | **(A)** | **145,002** | 156,111 |
| Adjustment for separately disclosed items | | **–** | (40,000) |
| **Total tax expense** | | **145,002** | 116,111 |
| Net profit before tax | | **1,062,830** | 869,548 |
| Adjustment for separately disclosed items | | **(1,957)** | 14,541 |
| Adjustment for share of income tax of equity-accounted investees | | **54,014** | 28,693 |
| **Adjusted profit before tax and before separately disclosed items** | **(B)** | **1,114,887** | 912,782 |
| **Effective tax rate before separately disclosed items** | **(A/B)** | **13.01%** | 17.10% |

**Unrecognised deferred tax assets**

Deferred tax assets are not recognised on trading losses of USD 649,508 thousand (2014: USD 693,469 thousand) where utilisation is uncertain, either because they have not been agreed with tax authorities, or because the likelihood of future taxable profits is not sufficiently certain, or because of the impact of tax holidays on infrastructure projects. Under current legislation, USD 446,958 thousand (2014: USD 474,982 thousand) of these trading losses can be carried forward indefinitely.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**11 Income tax** continued

Deferred tax assets are also not recognised on capital and other losses of USD 271,638 thousand (2014: USD 286,425 thousand) due to the fact that their utilisation is uncertain.

| Movement in temporary differences during the year: | 1 January 2015 USD'000 | Recognised in consolidated statement of profit or loss USD'000 | Acquisitions in the period USD'000 | Translation and other movements USD'000 | 31 December 2015 USD'000 |
|---|---|---|---|---|---|
| **Deferred tax liabilities** | | | | | |
| Property, plant and equipment | **120,511** | **(6,932)** | **3,470** | **(7,778)** | **109,271** |
| Investment in equity-accounted investees | **43,070** | **(2,647)** | **–** | **(265)** | **40,158** |
| Fair value of acquired intangibles | **377,588** | **(32,717)** | **107,513** | **(27,215)** | **425,169** |
| Others | **432,941** | **7,108** | **–** | **(1,889)** | **438,160** |
| **Total before set off** | **974,110** | **(35,188)** | **110,983** | **(37,147)** | **1,012,758** |
| **Set off of tax** | **(76,732)** | | | | **(72,122)** |
| **Net deferred tax liabilities** | **897,378** | | | | **940,636** |
| **Deferred tax assets** | | | | | |
| Property, plant and equipment | **4,965** | **(1,847)** | **–** | **(514)** | **2,604** |
| Pension and post-employment benefits | **9,250** | **(540)** | **–** | **(1,525)** | **7,185** |
| Financial instruments | **19,275** | **–** | **–** | **(5,631)** | **13,644** |
| Provisions | **4,335** | **(1,131)** | **15** | **(380)** | **2,839** |
| Tax value of losses carried forward recognised | **27,693** | **7,340** | **–** | **(1,885)** | **33,148** |
| Others | **11,383** | **719** | **93** | **599** | **12,794** |
| **Total before set off** | **76,901** | **4,541** | **108** | **(9,336)** | **72,214** |
| **Set off of tax** | **(76,732)** | | | | **(72,122)** |
| **Net deferred tax assets (included within non-current account receivables and prepayments)** | **169** | | | | **92** |

Deferred tax assets and liabilities have been offset if certain criteria are met.

**12 Separately disclosed items**

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| Revenue: | | |
| Construction contract revenue relating to service concessions | **75,171** | 52,337 |
| Cost of sales: | | |
| Construction contract costs relating to service concessions | **(75,171)** | (52,337) |
| General and administrative expenses: | | |
| Impairment of property, plant and equipment | **(653)** | – |
| Acquisition related costs | **–** | (19,400) |
| Other income: | | |
| Gain on disposal of land | **16,867** | – |
| Gain on final settlement of contingent consideration | **–** | 9,153 |
| Share of loss from equity-accounted investees | **–** | (1,754) |
| Loss on sale and termination of business | **(610)** | – |
| Finance income: | | |
| Ineffective interest rate swap gain | **390** | 1,582 |
| Net gain on restructuring of loan | **9,315** | – |
| Finance costs: | | |
| Finance costs related to convertible bond | **(16,175)** | – |
| Transaction cost written off on termination of loan | **(7,177)** | – |
| Ineffective interest rate swap loss | **–** | (4,122) |
| Income tax credit | **–** | 40,000 |
| | **1,957** | 25,459 |

**Construction contract revenue and costs:** In accordance with IFRIC 12 'Service Concession Arrangements', the Group has recorded revenue of USD 75,171 thousand (2014: USD 52,337 thousand) on the construction of a port in the 'Asia Pacific and Indian subcontinent' region. The construction revenue represents the fair value of the construction services provided in developing the port. No margin has been recognised, as in management's opinion the fair value of the construction services provided approximates the construction cost.

**Impairment of assets** relates to the impairment of property, plant and equipment in a subsidiary in the 'Middle East, Europe and Africa' region (2014: Nil).

**12 Separately disclosed items** continued
**Acquisition related costs: Nil (2014:** represents advisory, legal, accounting, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the 'Middle East, Europe and Africa' region).

**Other income** represents gain on sale of land in a subsidiary in the 'Middle East, Europe and Africa' region. (2014: related to the gain on final settlement of contingent consideration related to the acquisition of additional interest in a subsidiary during 2012 in the 'Middle East, Europe and Africa' region).

**Share of loss from equity-accounted investees:** Nil (2014: USD 655 thousand related to the share of ineffective hedge in a joint venture in the 'Middle East, Europe and Africa' region and USD 1,099 thousand related to the share of restructuring costs in a joint venture in the 'Australia and Americas' region).

**Loss on sale and termination of business** represents the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region (2014: Nil).

**Ineffective interest rate swap gain r**elates to an ineffective hedge in a subsidiary in the 'Middle East, Europe and Africa' region (2014: related to an ineffective hedge in a subsidiary in the 'Asia Pacific and Indian subcontinent' region).

**Net gain on restructuring of loan** mainly represents the fair value gain being the difference between the fair value of the loan based on market rate of interest as against the carrying value, reversal of excess interest accrual on the old loan partly offset by the transaction costs written off on the restructuring of loan in a subsidiary in the 'Asia Pacific and Indian subcontinent' region (2014: Nil).

**Finance costs related to convertible bond** represents the accretion of USD 28,466 thousand (2014: Nil) liability component as at the reporting date to the amount that will be payable on redemption of the convertible bond offset with USD 12,291 thousand (2014: Nil) of change in the fair value of convertible bond option.

**Transaction cost written off on termination of loan** relates to a subsidiary in the 'Middle East, Europe and Africa' region (2014: Nil).

**Ineffective interest rate swap loss:** Nil (2014 related to an ineffective hedge in a subsidiary in the 'Middle East, Europe and Africa' region).

**Income tax credit:** Nil (2014 related to the release of a tax provision in connection with the restructuring and sale of subsidiaries in the 'Australia and Americas' region. The provision has been released following closure of a review by the tax authorities).

**13 Property, plant and equipment**

| | Land and buildings USD'000 | Plant and equipment USD'000 | Vessels USD'000 | Capital work-in-progress USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2015 | 3,424,782 | 3,739,307 | 274,767 | 889,842 | 8,328,698 |
| Acquired through business combination | 27,809 | 27,153 | – | 12,723 | 67,685 |
| Additions during the year | 6,322 | 36,588 | 5,358 | 1,119,127 | 1,167,395 |
| Transfers from capital work-in-progress | 584,673 | 286,747 | 34,222 | (905,642) | – |
| Transfer (to)/ from investment properties | (28,327) | – | – | 82 | (28,245) |
| Disposals | (51,204) | (44,373) | (20,058) | (36) | (115,671) |
| Translation adjustment | (79,380) | (118,240) | (14,740) | (59,138) | (271,498) |
| **As at 31 December 2015** | 3,884,675 | 3,927,182 | 279,549 | 1,056,958 | 9,148,364 |
| **Depreciation and impairment** | | | | | |
| As at 1 January 2015 | 782,140 | 1,130,022 | 60,376 | – | 1,972,538 |
| Charge for the year | 109,734 | 203,474 | 19,050 | – | 332,258 |
| Impairment loss | – | 653 | – | – | 653 |
| Transfer to investment properties | (4,587) | – | – | – | (4,587) |
| Translation adjustment | (16,803) | (39,663) | (5,793) | – | (62,259) |
| On disposals | (963) | (42,709) | (15,693) | – | (59,365) |
| **As at 31 December 2015** | 869,521 | 1,251,777 | 57,940 | – | 2,179,238 |
| **Net book value as at 31 December 2015** | 3,015,154 | 2,675,405 | 221,609 | 1,056,958 | 6,969,126 |

In the prior years, the Group had entered into agreements with third parties pursuant to which the Group participated in a series of linked transactions including leasing and sub-leasing of certain cranes of the Group ("the Crane French Lease Arrangements"). At 31 December 2015, cranes with aggregate net book value amounting to USD 241,494 thousand (2014: USD 257,233 thousand) were covered by these Crane French Lease Arrangements. These cranes are accounted for as property, plant and equipment as the Group retains all the risks and rewards incidental to the ownership of the underlying assets.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**13 Property, plant and equipment** continued

At 31 December 2015, property, plant and equipment with a carrying amount of USD 2,315,238 thousand (2014: USD 2,342,980 thousand) are pledged to secure bank loans (refer to note 28). At 31 December 2015, the net carrying value of the leased plant and equipment and other assets was USD 120,306 thousand (2014: USD 150,999 thousand).

Borrowing costs capitalised to property, plant and equipment amounted to USD 20,299 thousand (2014: USD 31,390 thousand) with a capitalisation rate in the range of 2.94% to 5.13% per annum (2014: 2.94% to 5.13% per annum).

| | Land and buildings USD'000 | Plant and equipment USD'000 | Vessels USD'000 | Capital work-in-progress USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| Cost | | | | | |
| As at 1 January 2014 | 3,308,139 | 2,928,954 | 244,802 | 1,405,545 | 7,887,440 |
| Acquired through business combination | – | 3,876 | 65,580 | 2,054 | 71,510 |
| Additions during the year | 13,410 | 25,297 | 48,154 | 628,451 | 715,312 |
| Transfers from capital work-in-progress | 181,932 | 904,299 | 605 | (1,086,836) | – |
| Translation adjustment | (73,679) | (64,771) | (37,589) | (37,497) | (213,536) |
| Disposals | (5,020) | (58,348) | (46,785) | – | (110,153) |
| Transferred to equity-accounted investees as capital contribution | – | – | – | (21,875) | (21,875) |
| As at 31 December 2014 | 3,424,782 | 3,739,307 | 274,767 | 889,842 | 8,328,698 |
| Depreciation and impairment | | | | | |
| As at 1 January 2014 | 694,229 | 1,017,552 | 105,874 | – | 1,817,655 |
| Charge for the year | 107,137 | 189,282 | 15,811 | – | 312,230 |
| Translation adjustment | (16,524) | (20,413) | (14,524) | – | (51,461) |
| On disposals | (2,702) | (56,399) | (46,785) | – | (105,886) |
| As at 31 December 2014 | 782,140 | 1,130,022 | 60,376 | – | 1,972,538 |
| Net book value as at 31 December 2014 | 2,642,642 | 2,609,285 | 214,391 | 889,842 | 6,356,160 |

**14 Investment properties**

| | Land USD'000 | Buildings and infrastructure USD'000 | Under development USD'000 | Total USD'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 January 2015 | **–** | **–** | **–** | **–** |
| Acquired through business combination | **31,407** | **745,006** | **293,579** | **1,069,992** |
| Additions during the year | **–** | **108,307** | **–** | **108,307** |
| Transfers | **–** | **88,454** | **(88,454)** | **–** |
| Transfer from/ (to) property, plant and equipment | **–** | **28,327** | **(82)** | **28,245** |
| Translation adjustment | **(1,029)** | **–** | **(27)** | **(1,056)** |
| **As at 31 December 2015** | **30,378** | **970,094** | **205,016** | **1,205,488** |
| **Depreciation and impairment** | | | | |
| As at 1 January 2015 | **–** | **–** | **–** | **–** |
| Depreciation charge for the year | **–** | **23,672** | **–** | **23,672** |
| Transfer from property, plant and equipment | **–** | **4,587** | **–** | **4,587** |
| **As at 31 December 2015** | **–** | **28,259** | **–** | **28,259** |
| **Net book value:** | | | | |
| **As at 1 January 2015** | **–** | **–** | **–** | **–** |
| **As at 31 December 2015** | **30,378** | **941,835** | **205,016** | **1,177,229** |

**Land:**

At 31 December 2015, the fair value of land was estimated to be USD 65,069 thousand (2014: Nil) compared to the carrying value of USD 30,378 thousand (2014: Nil).

**Building and infrastructure:**

At 31 December 2015, the fair value of buildings and infrastructure was USD 1,942,275 thousand (2014: Nil) compared to the carrying value of USD 941,835 thousand. The buildings and infrastructure are constructed on a land for which the Economic zones and logistics park business obtained land use rights for a period of 99 years.

**14 Investment properties** continued

**Investment properties under development:**

Investment properties under development mainly include infrastructure development, staff accommodation and the convention centre complex in Jebel Ali Free Zone, UAE. These properties will be capitalised upon completion and their carrying value approximates the fair value as at reporting date.

**Key assumptions used in the determination of the fair value of investment properties**

On an annual basis, the Group engages external, independent and qualified valuers who have got the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties have been performed using income capitalization, comparable and residual methods of valuation.

The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market.

The significant unobservable inputs used in the fair value measurement are as follows:

- Market rent (per square metre per annum)
- Rent growth per annum
- Historical and estimated long term occupancy rate
- Yields, discount rates and terminal capitalization rates

The fair value of investment properties are categorised under level 3 hierarchy (refer to note 31) and the Group considers the current use of these properties as their highest and best use.

**15 Land use rights, goodwill and port concession rights**

| | Land use rights USD'000 | Goodwill USD'000 | Port concession rights and other intangible assets USD'000 | Total USD'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 January 2015 | – | 1,448,194 | 3,754,188 | 5,202,382 |
| Acquired through business combinations | 2,677,717 | 114,513 | 411,585 | 3,203,815 |
| Additions | – | – | 113,419 | 113,419 |
| Disposals | – | – | (3,838) | (3,838) |
| Translation adjustment | – | (102,321) | (233,187) | (335,508) |
| **As at 31 December 2015** | 2,677,717 | 1,460,386 | 4,042,167 | 8,180,270 |
| **Amortisation and impairment** | | | | |
| As at 1 January 2015 | – | – | 974,920 | 974,920 |
| Charge for the year | 23,096 | – | 101,099 | 124,195 |
| On disposals | – | – | (3,733) | (3,733) |
| Translation adjustment | – | – | (50,029) | (50,029) |
| **As at 31 December 2015** | 23,096 | – | 1,022,257 | 1,045,353 |
| **Net book value:** | | | | |
| **As at 31 December 2015** | 2,654,621 | 1,460,386 | 3,019,910 | 7,134,917 |

Port concession rights include concession agreements which are mainly accounted for as part of business combinations and acquisitions. These concessions were determined to have finite and indefinite useful lives based on the terms of the respective concession agreements and the income approach model was used for the purpose of determining their fair values.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**15 Land use rights, goodwill and port concession rights** continued

At 31 December 2015, port concession rights with a carrying amount of USD 146,535 thousand (2014: USD 175,131 thousand) are pledged to secure bank loans (refer to note 28).

| | Land use rights USD'000 | Goodwill USD'000 | Port concession rights and other intangible assets USD'000 | Total USD'000 |
|---|---|---|---|---|
| Cost | | | | |
| As at 1 January 2014 | – | 1,532,238 | 3,799,653 | 5,331,891 |
| Additions | – | – | 91,717 | 91,717 |
| Disposals | – | – | (9,742) | (9,742) |
| Acquired through business combinations | – | 4,297 | 31,541 | 35,838 |
| Translation adjustment | – | (88,341) | (158,981) | (247,322) |
| As at 31 December 2014 | – | 1,448,194 | 3,754,188 | 5,202,382 |
| Amortisation and impairment | | | | |
| As at 1 January 2014 | – | – | 895,172 | 895,172 |
| Charge for the year | – | – | 108,755 | 108,755 |
| On disposals | – | – | (4,362) | (4,362) |
| Translation adjustment | – | – | (24,645) | (24,645) |
| As at 31 December 2014 | – | – | 974,920 | 974,920 |
| Net book value: | | | | |
| As at 31 December 2014 | – | 1,448,194 | 2,779,268 | 4,227,462 |

**16 Impairment testing**

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units ("CGU"), which are reportable business units, for the purpose of impairment testing.

Impairment testing is done at operating port (or group of ports) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

| | **Carrying amount of goodwill** | | **Carrying amount of port concession rights with indefinite useful life** | | | |
|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | Discount rates | Perpetuity growth rate |
| **Cash-generating units aggregated by operating segment** | | | | | | |
| Asia Pacific and Indian subcontinent | **161,427** | 169,124 | **–** | – | 7.00%–12.00% | 2.50% |
| Australia and Americas | **314,325** | 235,170 | **–** | – | 6.00%–18.50% | 2.50% |
| Middle East, Europe and Africa | **984,634** | 1,043,900 | **923,392** | 979,201 | 5.50%–16.50% | 2.50% – 2.60% |
| **Total** | **1,460,386** | 1,448,194 | **923,392** | 979,201 | | |

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by management covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25–50 years.

**Key assumptions used in value in use calculations**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and port concession rights with indefinite useful lives.

*Budgeted margins* – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements, price fluctuations and manpower costs.

*Discount rates* – These represent the cost of capital adjusted for the respective location risk factors. The Group uses the post-tax industry average Weighted Average Cost of Capital which reflects the country specific risk adjusted discount rate.

**16 Impairment testing** continued

*Cost inflation* – The forecast general price index is used to determine the cost inflation during the budget year for the relevant countries where the Group is operating.

*Perpetuity growth rate* – In management's view, the perpetuity growth rate is the minimum growth rate expected to be achieved beyond the eight year period. This is based on the overall regional economic growth forecasted and the Group's existing internal capacity changes for a given region. The Group also takes into account competition and regional capacity growth to provide a comprehensive growth assumption for the entire portfolio.

The values assigned to key assumptions are consistent with the past experience of management.

### Sensitivity to changes in assumptions

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. The analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in impairment.

### 17 Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments at acquisition and reconciled to the carrying amount of Group's interest in equity-accounted investees as included in the consolidated statement of financial position:

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| Cash and cash equivalents | **386,429** | 352,234 | **102,991** | 136,146 | **204,006** | 165,784 | **693,426** | 654,164 |
| Other current assets | **226,744** | 167,963 | **97,990** | 111,017 | **150,528** | 163,159 | **475,262** | 442,139 |
| Non-current assets | **7,262,814** | 7,952,900 | **2,078,861** | 2,565,924 | **2,440,019** | 2,574,955 | **11,781,694** | 13,093,779 |
| **Total assets** | **7,875,987** | 8,473,097 | **2,279,842** | 2,813,087 | **2,794,553** | 2,903,898 | **12,950,382** | |
| Current financial liabilities | **10,780** | 20,746 | **84,154** | 89,106 | **36,187** | 48,376 | **131,121** | 158,228 |
| Other current liabilities | **357,476** | 582,136 | **200,634** | 205,465 | **199,323** | 208,253 | **757,433** | 995,854 |
| Non-current financial liabilities | **1,098,965** | 1,250,111 | **1,434,621** | 1,643,284 | **543,778** | 479,931 | **3,077,364** | 3,373,326 |
| Other non-current liabilities | **637,175** | 651,141 | **77,751** | 102,391 | **510,608** | 552,012 | **1,225,534** | 1,305,544 |
| **Total liabilities** | **2,104,396** | 2,504,134 | **1,797,160** | 2,040,246 | **1,289,896** | 1,288,572 | **5,191,452** | 5,832,952 |
| **Net assets (100%)** | **5,771,591** | 5,968,963 | **482,682** | 772,841 | **1,504,657** | 1,615,326 | **7,758,930** | 8,357,130 |
| **Group's share of net assets in equity-accounted investees** | | | | | | | **2,408,321** | 2,534,320 |

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| Revenue | **1,581,984** | 1,527,146 | **594,147** | 688,368 | **533,198** | 576,798 | **2,709,329** | 2,792,312 |
| Depreciation and amortisation | **(311,700)** | (312,266) | **(120,351)** | (155,764) | **(67,130)** | (69,103) | **(499,181)** | (537,133) |
| Other expenses | **(602,004)** | (620,175) | **(416,822)** | (513,948) | **(408,382)** | (435,961) | **(1,427,208)** | (1,570,084) |
| Interest expense | **(89,845)** | (107,316) | **(305,295)** | (239,853) | **(23,688)** | (28,213) | **(418,828)** | (375,382) |
| Other finance income | **27,004** | 44,191 | **10,846** | 10,334 | **3,842** | 1,141 | **41,692** | 55,666 |
| Income tax expense | **(139,358)** | (124,275) | **802** | 54,565 | **(20,319)** | (3,620) | **(158,875)** | (73,330) |
| **Net profit/(loss)** | **466,081** | 407,305 | **(236,673)** | (156,298) | **17,521** | 41,042 | **246,929** | 292,049 |
| **Group's share of profit/(loss) (before separately disclosed items)** | **111,113** | 97,433 | **(67,978)** | (37,517) | **9,567** | 18,045 | **52,702** | 77,961 |
| **Group's share of other comprehensive income** | | | | | | | **(211)** | (10,906) |

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

## 18 Other investments

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Debt securities held to maturity (refer to note (a) below) | **8,198** | 9,204 |
| Available-for-sale financial assets (refer to note (b) below) | **60,538** | 60,811 |
| | **68,736** | 70,015 |

(a) The movement in debt securities held to maturity mainly relates to redemption of USD 1,001 thousand (2014: USD 1,001 thousand) during the year.

(b) Available-for-sale financial assets consist of an unquoted investment in an Infrastructure Fund in UAE and a listed equity instrument in Hong Kong.

The movement schedule for available-for-sale financial assets is as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| As at 1 January | **60,811** | 52,716 |
| Additions during the year | **–** | 10,000 |
| Change in fair value recognised in consolidated statement of other comprehensive income | **(283)** | (1,895) |
| Foreign exchange movement | **10** | (10) |
| As at 31 December | **60,538** | 60,811 |

Analysis of other investments by currency is shown as follows:

| Currencies | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| HKD | **9,202** | 8,927 |
| USD | **59,501** | 61,051 |
| AUD | **33** | 37 |
| | **68,736** | 70,015 |

## 19 Accounts receivable and prepayments

| | 2015 Non-current USD'000 | 2015 Current USD'000 | 2015 Total USD'000 |
|---|---|---|---|
| Trade receivables (net) | **–** | **359,009** | **359,009** |
| Advances paid to suppliers | **–** | **62,010** | **62,010** |
| Other receivables and prepayments | **56,496** | **252,778** | **309,274** |
| Employee benefit assets (refer to note 27) | **60** | **–** | **60** |
| Due from related parties (refer to note 30) | **192,500** | **79,830** | **272,330** |
| | **249,056** | **753,627** | **1,002,683** |

| | 2014 Non-current USD'000 | 2014 Current USD'000 | 2014 Total USD'000 |
|---|---|---|---|
| Trade receivables (net) | – | 301,673 | 301,673 |
| Advances paid to suppliers | – | 30,373 | 30,373 |
| Other receivables and prepayments | 73,203 | 305,291 | 378,494 |
| Employee benefit assets (refer to note 27) | 262 | – | 262 |
| Due from related parties (refer to note 30) | 121,026 | 103,606 | 224,632 |
| | 194,491 | 740,943 | 935,434 |

The Group's exposure to credit and currency risk are disclosed in note 31.

### 20 Bank balances and cash

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Cash at banks and in hand | **334,447** | 381,173 |
| Short-term deposits | **1,033,771** | 3,281,606 |
| Deposits under lien | **68,377** | 60,294 |
| Bank balances and cash | **1,436,595** | 3,723,073 |
| **Cash and cash equivalents for consolidated statement of cash flows** | **1,436,595** | 3,723,073 |

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates. Bank overdrafts are repayable on demand.

The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries.

### 21 Share capital

The share capital of the Company as at 31 December was as follows:

| | | 2015 USD'000 | 2014 USD'000 |
|---|---|---|---|
| Authorised | 1,250,000,000 of USD 2.00 each | **2,500,000** | 2,500,000 |
| Issued and fully paid | 830,000,000 of USD 2.00 each | **1,660,000** | 1,660,000 |

### 22 Reserves

**Share premium**

Share premium represents surplus received over and above the nominal cost of the shares issued to the shareholders and forms part of the shareholder equity. The reserve is not available for distribution except in circumstances as stipulated by the law.

**Shareholders' reserve**

Shareholders' reserve forms part of the distributable reserves of the Group.

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedge transactions that have not yet occurred.

**Other reserves**

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations. This reserve also includes the unrealised fair value changes on available-for-sale investments.

**Actuarial reserve**

The actuarial reserve comprises the cumulative actuarial losses recognised in consolidated statement of other comprehensive income.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It mainly includes foreign exchange translation differences arising from translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

# Notes to Consolidated Financial Statements continued (forming part of the financial statements)

## 23 Non-controlling interests ('NCI')

The following table summarises the financial information for the material NCI of the Group:

| | 2015 USD'000 Middle East, Europe and Africa region | 2015 USD'000 Other individually immaterial subsidiaries* | 2015 USD'000 Total | 2014 USD'000 Middle East, Europe and Africa region | 2014 USD'000 Other individually immaterial subsidiaries* | 2014 USD'000 Total |
|---|---|---|---|---|---|---|
| *Balance sheet information:* | | | | | | |
| Non-current assets | **313,730** | | | 465,648 | | |
| Current assets | **222,454** | | | 247,567 | | |
| Non-current liabilities | **(40,807)** | | | (138,487) | | |
| Current liabilities | **(73,058)** | | | (119,770) | | |
| **Net assets (100%)** | **422,319** | | | 454,958 | | |
| Carrying amount of fair value adjustments | **–** | | | 284,550 | | |
| **Total** | **422,319** | | | 739,508 | | |
| **Carrying amount of NCI as at 31 December** | **281,795** | **85,969** | **367,764** | 419,004 | 110,258 | 529,262 |

| | 2015 USD'000 Middle East, Europe and Africa region | 2015 USD'000 Other individually immaterial subsidiaries* | 2015 USD'000 Total | 2014 USD'000 Middle East, Europe and Africa region | 2014 USD'000 Other individually immaterial subsidiaries* | 2014 USD'000 Total |
|---|---|---|---|---|---|---|
| *Statement of profit or loss information:* | | | | | | |
| Revenue | **366,272** | | | 386,297 | | |
| Profit after tax | **115,953** | | | 97,075 | | |
| Other comprehensive income, net of tax | **5,385** | | | (5,705) | | |
| Total comprehensive income (100%), net of tax | **121,338** | | | 91,370 | | |
| Profit allocated to NCI | **74,183** | **14,728** | **88,911** | 61,169 | 20,387 | 81,556 |
| Other comprehensive income allocated to NCI | **3,487** | **(9,098)** | **(5,611)** | (1,646) | (11,376) | (13,022) |
| Total comprehensive income attributable to NCI | **77,670** | **5,630** | **83,300** | 59,523 | 9,011 | 68,534 |
| *Cash flow statement information:* | | | | | | |
| Cash flows from operating activities | **119,645** | | | 147,214 | | |
| Cash flows from investing activities | **(2,803)** | | | (11,953) | | |
| Cash flows from financing activities | **(53,123)** | | | (54,022) | | |
| Dividends paid to NCI | **–** | | | – | | |

* There are no material subsidiaries in the other operating segments of the Group with NCI.

## 24 Dividends

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| **Declared and paid during the year:** | | |
| Final dividend: 23.5 US cents per share/ 23 US cents per share | **195,050** | 190,900 |
| **Proposed for approval at the annual general meeting** (not recognised as a liability as at 31 December): | | |
| Final dividend: 30 US cents per share/ 23.5 US cents per share | **249,000** | 195,050 |

### 25 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

| | **2015 Before separately disclosed items USD'000** | **2015 Adjusted for separately disclosed items USD'000** | 2014 Before separately disclosed items USD'000 | 2014 Adjusted for separately disclosed items USD'000 |
|---|---|---|---|---|
| Profit attributable to the ordinary shareholders of the Company (a) | **882,576** | **882,931** | 675,430 | 700,573 |
| Add: costs related to convertible bonds saved as a result of the conversion | **18,599** | **34,774** | 9,900 | 9,900 |
| **Profit attributable to the ordinary shareholders of the Company after conversion (b)** | **901,175** | **917,705** | 685,330 | 710,473 |
| Weighted average number of basic shares outstanding as at 31 December (c) | **830,000,000** | **830,000,000** | 830,000,000 | 830,000,000 |
| Weighted average numbers of shares due to conversion of convertible bond | **36,846,510** | **36,846,510** | 19,786,071 | 19,786,071 |
| **Total weighted average number of ordinary share (diluted) outstanding as at – (d)** | **866,846,510** | **866,846,510** | 849,786,071 | 849,786,071 |
| **Basic earnings per share US cents – (a/c)** | **106.33** | **106.38** | 81.38 | 84.41 |
| **Diluted earnings per share US cents – (b/d)** | **103.96** | **105.87** | 80.65 | 83.61 |

### 26 Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| As at 1 January | **74,127** | 61,740 |
| Acquired through business combinations | **7,892** | 3,721 |
| Provision made during the year * | **25,897** | 13,895 |
| Amounts paid during the year | **(10,154)** | (5,229) |
| As at 31 December | **97,762** | 74,127 |

* The provision for expatriate staff gratuities, included in Employees' end of service benefits, is calculated in accordance with the regulations of the Jebel Ali Free Zone Authority. This is based on the liability that would arise if employment of all staff were terminated at the reporting date.

The UAE government had introduced Federal Labour Law No.7 of 1999 for pension and social security. Under this Law, employers are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss as incurred.

### 27 Pension and post-employment benefits

The Group participates in a number of pension schemes throughout the world. The principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

The Group also operates a number of smaller defined benefit and defined contribution schemes. In addition, the Group participates in various industry multi-employer schemes, the most significant of which is the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme") and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

The board of a pension fund in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans if appropriate.

These defined benefit funds expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**27 Pension and post-employment benefits** continued

Reconciliation of assets and liabilities recognised in the consolidated statement of financial position

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| **Non-current** | | |
| Defined benefit schemes net liabilities | **179,136** | 208,166 |
| Liability in respect of long service leave | **475** | 588 |
| Liability for other non-current deferred compensation | **1,216** | 1,667 |
| | **180,827** | 210,421 |
| **Current** | | |
| Liability for current deferred compensation | **10,009** | 10,175 |
| **Net liabilities** | **190,836** | 220,596 |
| **Net liabilities** | | |
| *Reflected in the consolidated statement of financial position as follows:* | | |
| Employee benefits assets (included within non-current receivables (refer to note 19) | **(60)** | (262) |
| Employee benefits liabilities: Non-current | **180,887** | 210,683 |
| Employee benefits liabilities: Current | **10,009** | 10,175 |
| | **190,836** | 220,596 |

The defined benefit pension schemes net liabilities of USD 179,136 thousand (2014: USD 208,166 thousand) is in respect of the total Group schemes shown on page 121 and 122.

The current portion of employee benefits liabilities includes a liability of USD 8,053 thousand (2014: USD 7,877 thousand) in respect of annual leave, USD 457 thousand (2014: USD 829 thousand) in respect of long service leave, and USD 1,499 thousand (2014: USD 1,469 thousand) in respect of sick leave and other miscellaneous employee benefit items.

An expense of USD 34,458 thousand (2014: USD 31,952 thousand) has been recognised in the consolidated statement of profit or loss for the long term employee benefit schemes. USD 8,200 thousand (2014: USD 7,600 thousand) in respect of defined benefit schemes, USD 11,500 thousand (2014: USD 12,300 thousand) in respect of defined contribution schemes and USD 14,758 thousand (2014: USD 12,052 thousand) in respect of other employee benefits.

A net finance cost of USD 6,780 thousand (2014: USD 6,756 thousand) in respect of defined benefit funds has been recognised in the consolidated statement of profit or loss.

The re-measurements of the net defined benefit liability gross of tax recognised in the consolidated statement of other comprehensive income is as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Actuarial (gain)/ loss recognised in the year | **(81,210)** | 202,472 |
| Return on plan assets lesser/ (greater) than the discount rate | **59,900** | (171,000) |
| Change in share in multi-employer scheme | **(1,400)** | 29,745 |
| Movement in minimum funding liability | **28,700** | 8,600 |
| | **5,990** | 69,817 |

## Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2015 by qualified independent actuaries. The principal assumptions are included in the table below.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

| | P&O UK scheme 2015 | MNOPF scheme 2015 | Other schemes 2015 |
|---|---|---|---|
| Discount rates | **3.70%** | **3.70%** | **3.90%** |
| Discount rates bulk annuity asset | **3.50%** | **–** | **–** |
| Expected rates of salary increases | **–** | **–** | **3.20%** |
| Pension increases: | | | |
| deferment | **2.80%** | **2.20%** | **3.00%** |
| payment | **2.80%** | **3.10%** | **3.00%** |
| Inflation | **3.20%** | **3.20%** | **3.20%** |

## 27 Pension and post-employment benefits continued

| | P&O UK scheme 2014 | MNOPF scheme 2014 | Other schemes 2014 |
|---|---|---|---|
| Discount rates | 3.60% | 3.60% | 3.70% |
| Discount rates bulk annuity asset | 3.35% | – | – |
| Expected rates of salary increases | 2.50% | – | 3.20% |
| Pension increases: | | | |
| deferment | 2.80% | 2.15% | 3.00% |
| payment | 2.80% | 3.05% | 3.00% |
| Inflation | 3.15% | 3.15% | 3.20% |

From 1 December 2011, changes have been made to the benefits provided by the P&O UK scheme. These include a restriction to pay increases equal to the lower of Retail Price Index and 2.5% in a Scheme Year. This restriction is reflected in the pay increase assumption above and there is no allowance for promotional increases. The P&O UK Scheme was closed to future accrual on 31 December 2015, so future pay increases will no longer be relevant after this date.

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

| | Male | | Female | |
|---|---|---|---|---|
| | **Age 65 now** | **Age 65 in 20 years' time** | **Age 65 now** | **Age 65 in 20 years' time** |
| **2015** | | | | |
| P&O UK scheme | **23.4** | **26.5** | **25.8** | **28.9** |
| MNOPF scheme | **22.7** | **25.6** | **26.3** | **29.3** |
| 2014 | | | | |
| P&O UK scheme | 23.3 | 26.3 | 25.6 | 28.7 |
| MNOPF scheme | 22.6 | 25.4 | 26.2 | 29.2 |

At 31 December 2015 the weighted average duration of the defined benefit obligation was 15.8 years (2014: 16 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2015 by the amounts shown below:

| | **USD'000** |
|---|---|
| 0.1% reduction in discount rate | **18,200** |
| 0.1% increase in inflation assumption and related assumptions | **8,000** |
| 0.25% p.a. increase in the long term rate of mortality improvement | **11,700** |

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

| | **P&O UK scheme USD'000** | **MNOPF scheme USD'000** | **Other schemes USD'000** | **Group schemes fair value USD'000** |
|---|---|---|---|---|
| **2015** | | | | |
| Equities | **453,937** | **81,065** | **95,885** | **630,887** |
| Bonds | **178,658** | **139,309** | **113,621** | **431,588** |
| Other | **30,677** | **–** | **33,790** | **64,467** |
| Value of insured pensioner liability | **1,131,211** | **–** | **–** | **1,131,211** |
| | **1,794,483** | **220,374** | **243,296** | **2,258,153** |
| 2014 | | | | |
| Equities | 500,311 | 75,904 | 87,600 | 663,815 |
| Bonds | 183,136 | 139,996 | 120,200 | 443,332 |
| Other | 30,549 | – | 38,700 | 69,249 |
| Value of insured pensioner liability | 1,273,496 | – | – | 1,273,496 |
| | 1,987,492 | 215,900 | 246,500 | 2,449,892 |

With the exception of the insured pensioner liability all material investments have quoted prices in active markets.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**27 Pension and post-employment benefits** continued

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2015:

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Present value of obligation at 1 January 2015 | **(2,070,600)** | **(246,300)** | **(327,758)** | **(2,644,658)** |
| Employer's interest cost | **(71,200)** | **(8,600)** | **(11,722)** | **(91,522)** |
| Employer's current service cost | **(500)** | **–** | **(4,100)** | **(4,600)** |
| Gain due to settlements | **13,500** | **–** | **–** | **13,500** |
| Contributions by scheme participants | **–** | **–** | **(1,100)** | **(1,100)** |
| Effect of movement in exchange rates | **98,800** | **11,700** | **15,981** | **126,481** |
| Benefits paid | **97,800** | **10,900** | **10,400** | **119,100** |
| Experience gains on scheme liabilities | **35,600** | **9,000** | **5,000** | **49,600** |
| Change in share in multi-employer scheme | **–** | **–** | **5,300** | **5,300** |
| Actuarial gain on scheme liabilities due to change in demographic assumptions | **–** | **–** | **1,910** | **1,910** |
| Actuarial gains on scheme liabilities due to change in financial assumptions | **25,400** | **2,600** | **1,700** | **29,700** |
| Present value of obligation at 31 December 2015 | **(1,871,200)** | **(220,700)** | **(304,389)** | **(2,396,289)** |

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Fair value of scheme assets at 1 January 2015 | **1,987,492** | **215,900** | **246,500** | **2,449,892** |
| Interest income on assets | **68,500** | **7,600** | **9,100** | **85,200** |
| Return on plan assets (lesser)/ greater than the discount rate | **(66,700)** | **8,600** | **(1,800)** | **(59,900)** |
| Loss due to settlements | **(12,800)** | **–** | **–** | **(12,800)** |
| Contributions by employer | **13,200** | **10,900** | **16,200** | **40,300** |
| Contributions by scheme participants | **–** | **–** | **1,100** | **1,100** |
| Effect of movement in exchange rates | **(94,809)** | **(11,026)** | **(12,504)** | **(118,339)** |
| Benefits paid | **(97,800)** | **(10,900)** | **(10,400)** | **(119,100)** |
| Change in share in multi-employer scheme | **–** | **–** | **(3,900)** | **(3,900)** |
| Administration costs incurred during the year | **(2,600)** | **(700)** | **(1,000)** | **(4,300)** |
| Fair value of scheme assets at 31 December 2015 | **1,794,483** | **220,374** | **243,296** | **2,258,153** |
| Defined benefit schemes net liabilities | **(76,717)** | **(326)** | **(61,093)** | **(138,136)** |
| Minimum funding liability | **–** | **(30,500)** | **(10,500)** | **(41,000)** |
| Net liability recognised in the consolidated statement of financial position at 31 December 2015 | **(76,717)** | **(30,826)** | **(71,593)** | **(179,136)** |

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2014:

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Present value of obligation at 1 January 2014 | (2,068,600) | (216,300) | (255,900) | (2,540,800) |
| Employer's interest cost | (87,300) | (9,200) | (11,400) | (107,900) |
| Employer's current service cost | (600) | – | (3,700) | (4,300) |
| Contributions by scheme participants | – | – | (1,200) | (1,200) |
| Effect of movement in exchange rates | 125,500 | 14,800 | 18,659 | 158,959 |
| Benefits paid | 109,800 | 9,400 | 11,400 | 130,600 |
| Experience gains/(loss) on scheme liabilities | 13,900 | 300 | (24,017) | (9,817) |
| Change in share of multi-employer scheme | – | (24,037) | (53,508) | (77,545) |
| Actuarial loss on scheme liabilities due to change in demographic assumptions | (2,900) | – | – | (2,900) |
| Actuarial losses on scheme liabilities due to change in financial assumptions | (160,400) | (21,263) | (8,092) | (189,755) |
| Present value of obligation at 31 December 2014 | (2,070,600) | (246,300) | (327,758) | (2,644,658) |

### 27 Pension and post-employment benefits continued

| | P&O UK scheme USD'000 | MNOPF scheme USD'000 | Other schemes USD'000 | Total group schemes USD'000 |
|---|---|---|---|---|
| Fair value of scheme assets at 1 January 2014 | 1,995,300 | 174,600 | 208,400 | 2,378,300 |
| Interest income on assets | 84,300 | 7,600 | 9,400 | 101,300 |
| Return on plan assets greater than the discount rate | 125,500 | 29,700 | 15,800 | 171,000 |
| Contributions by employer | 14,200 | 8,500 | 8,900 | 31,600 |
| Contributions by scheme participants | – | – | 1,200 | 1,200 |
| Effect of movement in exchange rates | (120,008) | (12,900) | (14,500) | (147,408) |
| Benefits paid | (109,800) | (9,400) | (11,400) | (130,600) |
| Change in share of multi-employer scheme | – | 18,300 | 29,500 | 47,800 |
| Administration costs incurred during the year | (2,000) | (500) | (800) | (3,300) |
| Fair value of scheme assets at 31 December 2014 | 1,987,492 | 215,900 | 246,500 | 2,449,892 |
| Defined benefit schemes net liabilities | (83,108) | (30,400) | (81,258) | (194,766) |
| Minimum funding liability | – | (13,400) | – | (13,400) |
| Net liability recognised in the consolidated statement of financial position at 31 December 2014 | (83,108) | (43,800) | (81,258) | (208,166) |

Where a surplus arises on a scheme in accordance with IAS19 and IFRIC14, the surplus is recognised as an asset only if it represents an unconditional economic benefit available to the Group in the future. Any surplus in excess of this benefit is not recognised in the statement of financial position. A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

The below table shows the movement in minimum funding liability on the MNOPF Scheme:

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| Minimum funding liability as on 1 January | **(13,400)** | (5,500) |
| Employer's interest cost | **(458)** | (156) |
| Actuarial loss during the year | **(28,700)** | (8,600) |
| Effect of movement in exchange rates | **1,558** | 856 |
| Minimum funding liability as on 31 December | **(41,000)** | (13,400) |

It is anticipated that the Group will make the following contributions to the pension schemes in 2016:

| | **P&O UK scheme USD'000** | **MNOPF scheme USD'000** | **Other schemes USD'000** | **Total group schemes USD'000** |
|---|---|---|---|---|
| Pension scheme contributions | **12,406** | **7,127** | **10,907** | **30,440** |

**P&O UK Scheme**

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the latest completed regular valuation report for the scheme being at 31 March 2013, using the projected unit credit method.

As a result of the valuation P&O committed to regular monthly deficit payments from April 2013 of USD 1,087 thousand until November 2021.

In December 2007, as part of a process developed with the Group to de-risk the pension scheme, the Trustee transferred USD 1,600,000 thousand of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

**Merchant Navy Officers' Pension Fund ("MNOPF")**

The MNOPF Scheme is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

The scheme was divided into two sections, the Old Section and the New Section, both of which are closed to new members.

The Old Section has been closed to benefit accrual since 1978. The Old Scheme completed a buy-out of all its members benefit obligations in July 2014, following which the Old Section was wound up. Therefore, no further liabilities were assigned to the Group in respect of the Old Scheme. The Group could not identify its share of the underlying assets and liabilities of the Old Section on a consistent and reasonable basis and therefore accounted for contributions and payments to the Old Section under IAS19 as if it were a defined contribution scheme until the scheme was wound up during the year.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

**27 Pension and post-employment benefits** continued
The most recent formal actuarial valuation of the New Section was carried out as at 31 March 2015. This resulted in a deficit of USD 4,446 thousand. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation.

Following the valuation the Trustee and Employers have agreed contributions, in addition to those arising from the 31 March 2003, 31 March 2006 and 31 March 2009 valuations, which will be paid to the Section by participating employers over the period to 30 September 2023. These contributions include an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. The Group's aggregated outstanding contributions from these valuations are payable as follows: 2016 USD 7,127 thousand, 2017 to 2020 USD 6,154 thousand per annum and 2021 to 2023 USD 1,154 thousand per annum.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Group's share of the net deficit of the New Section at 31 December 2015 is estimated at 5.33%.

**Merchant Navy Ratings' Pension Fund ("MNRPF")**
The Merchant Navy Ratings' Pension Fund ("the MNRPF Scheme") is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual.

The most recent formal actuarial valuation was carried out as at 31 March 2014. The Group's deficit contributions arising from this valuation totalled USD 41,941 thousand (equating to 7.3% share of the net deficit). Deficit contributions of USD 7,437 thousand were paid into the Scheme in 2015. Negotiations are ongoing for a repayment period for the remaining USD 34,086 thousand deficit (on which 6% per annum interest will be charged).

Certain Group companies, which are no longer current employers in the MNRPF had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustees could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Group appealed the decision, it was not overturned.

**28 Interest bearing loans and borrowings**
This note provides information about the terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 31.

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | **1,106,519** | 982,245 |
| Mortgage debenture stock | **2,111** | 2,220 |
| Unsecured bank loans | **1,135,690** | 589,695 |
| Unsecured bond issues | **4,468,329** | 3,241,454 |
| Convertible bond | **781,799** | 752,271 |
| Unsecured loans | **11,952** | 9,870 |
| Finance lease liabilities | **20,831** | 25,903 |
| | **7,527,231** | 5,603,658 |
| **Current liabilities** | | |
| Secured bank loans | **119,022** | 227,697 |
| Unsecured bank loans | **14,179** | 14,984 |
| Unsecured loans | **2,400** | 1,200 |
| Finance lease liabilities | **7,446** | 7,449 |
| | **143,047** | 251,330 |
| **Total** | **7,670,278** | 5,854,988 |

**28 Interest bearing loans and borrowings** continued

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

| Currency | Notes | Nominal interest rate | Year of maturity | Face value USD'000 | **2015 Carrying amount USD'000** |
|---|---|---|---|---|---|
| Secured bank loans | | | | | |
| USD | | Variable | 2016–2030 | 272,352 | **272,352** |
| USD | | 3.00% | 2019 | 2,298 | **2,298** |
| USD | | 5.98%–8.00% | 2022 | 32,764 | **32,764** |
| EUR | | Variable | 2016–2022 | 51,661 | **51,661** |
| EUR | | 4.25% | 2031 | 7,977 | **7,977** |
| PKR | | Variable | 2019 | 54,288 | **54,288** |
| GBP | | Variable | 2019–2024 | 804,201 | **804,201** |
| Unsecured bank loans | | | | | |
| SAR | | Variable | 2017 | 7,124 | **7,124** |
| CAD | | Variable | 2018 | 89,619 | **89,619** |
| INR | | Variable | 2017–2020 | 92,161 | **92,161** |
| USD | | 4.14% | 2024 | 7,519 | **7,519** |
| USD | | Variable | 2017–2021 | 953,446 | **953,446** |
| Mortgage debenture stock | | | | | |
| GBP | | 3.50% | Undated | 2,111 | **2,111** |
| Unsecured loans | | | | | |
| EUR | | 2.50%–4.00% | Indefinite duration | 11,320 | **11,320** |
| USD | | 7.00%–8.00% | Payable on demand | 3,032 | **3,032** |
| Unsecured bond | | | | | |
| USD | | 7.875% | 2027 | 8,000 | **7,949** |
| Unsecured sukuk bonds | | | | | |
| USD | (a) | * | 2017 | 1,500,000 | **1,496,588** |
| USD | (b) | ** | 2019 | 650,000 | **729,460** |
| Unsecured MTNs | | | | | |
| USD | (a) | 6.85% | 2037 | 1,750,000 | **1,739,238** |
| USD | (c) | 3.25% | 2020 | 500,000 | **495,094** |
| Unsecured convertible bond | | | | | |
| USD | (d) | 1.75% | 2024 | 1,000,000 | **781,799** |
| Finance lease liabilities in various currencies | | 2.50% – 13.58% | 2017–2054 | 28,277 | **28,277** |
| | | | | 7,828,150 | **7,670,278** |

* The profit rate on this Islamic Bond is 6.25%
** The profit rate on this Islamic Bond is 7.00%

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

## 28 Interest bearing loans and borrowings continued

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

| Currency | Notes | Nominal interest rate | Year of maturity | Face value USD'000 | 2014 Carrying amount USD'000 |
|---|---|---|---|---|---|
| Secured bank loans | | | | | |
| USD | | Variable | 2015–2020 | 360,563 | 360,563 |
| USD | | 3% | 2019 | 3,046 | 3,046 |
| USD | | 5.65%–8% | 2022 | 37,000 | 37,000 |
| EUR | | Variable | 2023 | 2,726 | 2,726 |
| EUR | | Variable | 2015–2031 | 80,347 | 80,347 |
| EUR | | 6.32% | 2015 | 327 | 327 |
| PKR | | Variable | 2019 | 65,002 | 65,002 |
| ZAR | | 9.5% | 2017 | 292 | 292 |
| GBP | | Variable | 2031 | 658,805 | 658,805 |
| GBP | | 7.5% | 2017 | 1,834 | 1,834 |
| Unsecured bank loans | | | | | |
| SAR | | Variable | 2017 | 11,151 | 11,151 |
| CAD | | Variable | 2018 | 115,692 | 115,692 |
| INR | | Variable | 2017–2019 | 46,800 | 46,800 |
| USD | | 4.14% | 2024 | 8,166 | 8,166 |
| USD | | Variable | 2018–2021 | 422,870 | 422,870 |
| Mortgage debenture stock | | | | | |
| GBP | | 3.5% | Undated | 2,220 | 2,220 |
| Unsecured loans | | | | | |
| EUR | | 2.5%–4% | Indefinite duration | 9,870 | 9,870 |
| USD | | 7.5% | Payable on demand | 1,200 | 1,200 |
| Unsecured bond | | | | | |
| USD | | 7.875% | 2027 | 8,000 | 7,943 |
| Unsecured sukuk bonds | | | | | |
| USD | (a) | * | 2017 | 1,500,000 | 1,494,487 |
| Unsecured MTNs | | | | | |
| USD | (a) | 6.85% | 2037 | 1,750,000 | 1,739,024 |
| Unsecured convertible bond | | | | | |
| USD | (d) | 1.75% | 2024 | 1,000,000 | 752,271 |
| Finance lease liabilities in various currencies | | 2.62%–13.58% | 2015–2054 | 33,352 | 33,352 |
| | | | | 6,119,263 | 5,854,988 |

* The profit rate on this Islamic Bond is 6.25%.

(a) The Group has issued conventional bond of USD 1,750,000 thousand as Medium Term Note and a Sukuk (Islamic Bond) of USD 1,500,000 thousand. The Medium Term Note and Sukuk are currently listed on Nasdaq Dubai and the London Stock Exchange (LSE).

(b) The Group has acquired through business combination JAFZ Sukuk of USD 650,000 thousand which is currently listed on Nasdaq Dubai and Irish Stock Exchange.

(c) During the year, the Group has issued unsecured Global Medium Term Note ('GMTN') of USD 500,000 thousand which is currently listed on London Stock Exchange and Nasdaq Dubai.

(d) On 19 June 2014, the Group issued 10 year USD 1 billion unsecured convertible bonds convertible into 36.85 million ordinary shares of DP World Limited. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include investor put option which can be exercised at par in June 2018 (Year 4) and in June 2021 (Year 7). There is also an issuer call option which can be exercised on or after July 2017 (Year 3), subject to a 130% trigger on the conversion price of USD 27.14.

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 13 and note 15). The deposits under lien amounting to USD 68,377 thousand (2014: USD 60,294 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 20).

**28 Interest bearing loans and borrowings** continued

At 31 December 2015, the undrawn committed borrowing facilities of USD 2,861,930 thousand (2014: USD 3,627,235 thousand) were available to the Group, in respect of which all conditions precedent had been met.

### Finance lease liabilities

The Group classifies certain property, plant and equipment as finance leases where it retains all risks and rewards incidental to the ownership. The net carrying values of these assets are disclosed in note 13.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | Future minimum lease payments USD'000 | Interest USD'000 | 2015 Present value of minimum lease payments USD'000 |
|---|---|---|---|
| Less than one year | **9,242** | **(1,796)** | **7,446** |
| Between one and five years | **20,259** | **(3,121)** | **17,138** |
| More than five years | **7,988** | **(4,295)** | **3,693** |
| At 31 December | **37,489** | **(9,212)** | **28,277** |

| | USD'000 | USD'000 | 2014 USD'000 |
|---|---|---|---|
| Less than one year | 9,087 | (2,064) | 7,023 |
| Between one and five years | 26,793 | (3,955) | 22,838 |
| More than five years | 8,836 | (5,345) | 3,491 |
| At 31 December | 44,716 | (11,364) | 33,352 |

The finance leases do not contain any escalation clauses and do not provide for contingent rents.

**29 Accounts payable and accruals**

| | Non-current USD'000 | Current USD'000 | 2015 Total USD'000 |
|---|---|---|---|
| Trade payables | **–** | **186,872** | **186,872** |
| Other payables and accruals | **161,791** | **1,288,002** | **1,449,793** |
| Provisions * | **1,086** | **95,195** | **96,281** |
| Fair value of derivative financial instruments | **300,180** | **6,224** | **306,404** |
| Amounts due to related parties (refer to note 30) | **–** | **38,287** | **38,287** |
| As at 31 December | **463,057** | **1,614,580** | **2,077,637** |

| | Non-current USD'000 | Current USD'000 | 2014 Total USD'000 |
|---|---|---|---|
| Trade payables | – | 126,848 | 126,848 |
| Other payables and accruals | 205,108 | 890,879 | 1,095,987 |
| Provisions * | 1,028 | 92,653 | 93,681 |
| Fair value of derivative financial instruments | 332,078 | 11,844 | 343,922 |
| Amounts due to related parties (refer to note 30) | – | 7,797 | 7,797 |
| As at 31 December | 538,214 | 1,130,021 | 1,668,235 |

* During the current year, additional provision of USD 41,303 thousand was made (2014: USD 57,817 thousand) and an amount of USD 38,703 thousand was utilised (2014: USD 19,565 thousand).

# Notes to Consolidated Financial Statements continued
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**30 Related party transactions**
For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence i.e. part of the same Parent Group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, the Parent Company, Ultimate Parent Company and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis.

The Ultimate Parent Company operates a Shared Services Unit ("SSU") which recharges the proportionate costs of services provided to the Group.

## Business combinations under common control
On 16 March 2015, the Group acquired 100% ownership of EZW from its Parent Company (refer to note 35).

In the previous year, the Group had acquired Dubai Trade FZE and World Security FZE. These business combinations were accounted under common control acquisitions (refer to note 35).

## Other related party transactions
Transactions with related parties included in the consolidated financial statements are as follows:

| | **Equity-accounted investees USD'000** | **Other related parties USD'000** | **2015 Total USD'000** |
|---|---|---|---|
| *Expenses charged:* | | | |
| Concession fee | **–** | **50,925** | **50,925** |
| Shared services | **–** | **699** | **699** |
| Other services | **–** | **44,621** | **44,621** |
| *Revenue earned:* | | | |
| Management fee income | **24,328** | **29,032** | **53,360** |
| Interest income | **19,244** | **–** | **19,244** |
| *Liabilities settled and recharged:* | **–** | **–** | **–** |

| | Equity-accounted investees USD'000 | Other related parties USD'000 | 2014 Total USD'000 |
|---|---|---|---|
| *Expenses charged:* | | | |
| Concession fee | – | 48,169 | 48,169 |
| Shared services | – | 212 | 212 |
| Other services | – | 24,838 | 24,838 |
| *Revenue earned:* | | | |
| Management fee income | 21,437 | – | 21,437 |
| Interest income | 18,463 | – | 18,463 |
| *Liabilities settled and recharged:* | – | 5,179 | 5,179 |

Balances with related parties included in the consolidated statement of financial position are as follows:

| | **Due from related parties** | | **Due to related parties** | |
|---|---|---|---|---|
| | **2015 USD'000** | 2014 USD'000 | **2015 USD'000** | 2014 USD'000 |
| Ultimate Parent Company | **2,222** | 2,188 | **210** | 188 |
| Parent Company | **19,868** | 54,426 | **312** | – |
| Equity-accounted investees | **226,937** | 148,797 | **27,218** | 303 |
| Other related parties | **23,303** | 19,221 | **10,547** | 7,306 |
| | **272,330** | 224,632 | **38,287** | 7,797 |

Guarantees issued on behalf of equity-accounted investees are disclosed in note 34 (a).

**30 Related party transactions** continued

## Compensation of key management personnel

The remuneration of directors and other key members of the management during the year were as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Short-term benefits and bonus | **10,621** | 10,318 |
| Post-retirement benefits | **831** | 677 |
| | **11,452** | 10,995 |

## 31 Financial instruments

The Group has exposure to the following risks arising from financial instruments:

### (a) Credit risk

### (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure as at 31 December:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Available-for-sale financial assets | **60,538** | 60,811 |
| Held-to-maturity investments | **8,198** | 9,204 |
| Derivative assets | **408** | 129 |
| Loans and receivables | **861,112** | 791,617 |
| Bank balances | **1,436,595** | 3,723,073 |
| | **2,366,851** | 4,584,834 |

The maximum exposure to credit risk for trade receivables (net) at the reporting date by operating segments are as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Asia Pacific and Indian subcontinent | **16,423** | 13,895 |
| Australia and Americas | **52,904** | 40,903 |
| Middle East, Europe and Africa | **289,682** | 246,875 |
| | **359,009** | 301,673 |

The ageing of trade receivables (net) at the reporting date was:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Neither past due nor impaired on the reporting date: | **204,134** | 187,700 |
| *Past due on the reporting date* | | |
| Past due 0–30 days | **97,878** | 90,580 |
| Past due 31–60 days | **34,510** | 19,775 |
| Past due 61–90 days | **13,084** | 2,519 |
| Past due > 90 days | **9,403** | 1,099 |
| | **359,009** | 301,673 |

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on the historic collection trends.

Movement in the allowance for impairment in respect of trade receivables during the year was:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| As at 1 January | **44,370** | 47,299 |
| Acquired through business combinations | **18,590** | – |
| Provision recognised during the year | **4,072** | (6,175) |
| Provision reversed during the year | **–** | 3,246 |
| As at 31 December | **67,032** | 44,370 |

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due.

Trade receivables with the top ten customers represent 59% (2014: 58%) of the trade receivables.

# **Notes to Consolidated Financial Statements** continued
(forming part of the financial statements)

**31 Financial instruments** continued

**(b) Liquidity risk**

2015

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and the impact of netting agreements.

| | Carrying amount USD'000 | Contractual cash flows USD'000 | Less than 1 year USD'000 | 1 – 2 years USD'000 | 2 – 5 years USD'000 | More than 5 years USD'000 |
|---|---|---|---|---|---|---|
| *Non derivative financial liabilities* | | | | | | |
| Secured bank loans | **1,225,541** | **(1,659,994)** | **(189,163)** | **(166,101)** | **(443,844)** | **(860,886)** |
| Unsecured bond issues | **4,468,329** | **(7,370,790)** | **(276,009)** | **(1,729,655)** | **(1,624,421)** | **(3,740,705)** |
| Convertible Bond | **781,799** | **(1,149,479)** | **(17,500)** | **(17,500)** | **(52,500)** | **(1,061,979)** |
| Mortgage debenture stocks | **2,111** | **(3,884)** | **(74)** | **(74)** | **(222)** | **(3,514)** |
| Unsecured loans and loan stock | **14,352** | **(15,016)** | **(15,016)** | **–** | **–** | **–** |
| Finance lease liabilities | **28,277** | **(37,489)** | **(9,242)** | **(4,052)** | **(16,207)** | **(7,988)** |
| Unsecured other bank loans | **1,149,869** | **(1,251,020)** | **(76,434)** | **(576,275)** | **(507,734)** | **(90,577)** |
| Trade and other payables | **1,542,219** | **(1,544,057)** | **(1,403,426)** | **(92,936)** | **(23,647)** | **(24,048)** |
| Financial guarantees and letters of credit* | **–** | **(217,229)** | **–** | **–** | **–** | **–** |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps used for hedging | **85,463** | **(172,143)** | **(35,518)** | **(27,908)** | **(66,831)** | **(41,886)** |
| Embedded derivative option | **220,941** | **–** | **–** | **–** | **–** | **–** |
| Total | **9,518,901** | **(13,421,101)** | **(2,022,382)** | **(2,614,501)** | **(2,735,406)** | **(5,831,583)** |

* Refer to note 34 for further details.

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated statement of profit or loss.

| | Carrying amount USD'000 | Contractual cash flows USD'000 | Less than 1 year USD'000 | 1 – 2 years USD'000 | 2 – 5 years USD'000 | More than 5 years USD'000 |
|---|---|---|---|---|---|---|
| Interest rate swaps | | | | | | |
| Liabilities | **(85,463)** | **(172,143)** | **(35,518)** | **(27,908)** | **(66,831)** | **(41,886)** |
| Forward exchange contracts used for hedge | | | | | | |
| Assets | **408** | **1,260** | **1,064** | **196** | **–** | **–** |
| Embedded derivative option | | | | | | |
| Liabilities | **(220,941)** | **–** | **–** | **–** | **–** | **–** |
| Total | **(305,996)** | **(170,883)** | **(34,454)** | **(27,712)** | **(66,831)** | **(41,886)** |

2014

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and includes the impact of netting agreements.

| | Carrying amount USD'000 | Contractual cash flows USD'000 | Less than 1 year USD'000 | 1 – 2 years USD'000 | 2 – 5 years USD'000 | More than 5 years USD'000 |
|---|---|---|---|---|---|---|
| *Non derivative financial liabilities* | | | | | | |
| Secured bank loans | 1,209,942 | (1,513,949) | (186,328) | (179,947) | (448,348) | (699,326) |
| Unsecured bond issues | 3,241,454 | (6,198,631) | (214,255) | (214,255) | (1,908,911) | (3,861,210) |
| Convertible Bond | 752,271 | (1,166,979) | (17,500) | (17,500) | (52,500) | (1,079,479) |
| Mortgage debenture stocks | 2,220 | (4,162) | (78) | (78) | (233) | (3,773) |
| Unsecured loans and loan stock | 11,070 | (11,537) | (11,537) | – | – | – |
| Finance lease liabilities | 33,352 | (44,716) | (9,087) | (16,927) | (9,866) | (8,836) |
| Unsecured other bank loans | 604,679 | (733,867) | (61,523) | (85,216) | (454,663) | (132,465) |
| Trade and other payables | 1,194,827 | (1,197,812) | (1,003,342) | (124,900) | (49,777) | (19,793) |
| Financial guarantees and letters of credit* | – | (278,044) | – | – | – | – |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps used for hedging | 109,912 | (150,268) | (37,201) | (28,635) | (61,630) | (22,802) |
| Forward exchange contracts used for hedging | 778 | (3,129) | (2,116) | (1,013) | – | – |
| Embedded derivative option | 233,232 | – | – | – | – | – |
| Total | 7,393,737 | (11,303,094) | (1,542,967) | (668,471) | (2,985,928) | (5,827,684) |

* Refer to note 34 for further details.

**31 Financial instruments** continued

The following table indicates the periods in which the undiscounted cash flows associated with derivatives that are expected to occur. The timing of these cash flows are not materially different from the impact on the consolidated statement of profit or loss.

| | Carrying amount USD'000 | Contractual cash flows USD'000 | Less than 1 year USD'000 | 1 – 2 years USD'000 | 2 – 5 years USD'000 | More than 5 years USD'000 |
|---|---|---|---|---|---|---|
| Interest rate swaps | | | | | | |
| Assets | 129 | 129 | 129 | – | – | – |
| Liabilities | (109,912) | (150,268) | (37,201) | (28,635) | (61,630) | (22,802) |
| Forward exchange contracts | | | | | | |
| Liabilities | (778) | (3,129) | (2,116) | (1,013) | – | – |
| Embeddded derivative option | | | | | | |
| Liabilities | (233,232) | – | – | – | – | – |
| Total | (343,793) | (153,268) | (39,188) | (29,648) | (61,630) | (22,802) |

**(c) Market risk**

**(i) Currency risk**

*Exposure to currency risk*

The Group's financial instruments in different currencies were as follows:

| | **USD* USD'000** | **GBP USD'000** | **EUR USD'000** | **AUD USD'000** | **INR USD'000** | **CAD USD'000** | **Others USD'000** | **2015 Total USD'000** |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | **926,858** | **189,988** | **100,199** | **69,784** | **61,362** | **30,112** | **58,292** | **1,436,595** |
| Trade receivables | **218,107** | **38,913** | **45,079** | **5,024** | **10,858** | **33,456** | **7,572** | **359,009** |
| Secured bank loans and debenture stock | **(307,414)** | **(806,312)** | **(59,638)** | **–** | **–** | **–** | **(54,288)** | **(1,227,652)** |
| Unsecured bank loans and loan stock | **(963,997)** | **–** | **(11,320)** | **–** | **(92,161)** | **(89,619)** | **(7,124)** | **(1,164,221)** |
| Trade payables | **(109,942)** | **(24,589)** | **(24,183)** | **(2,231)** | **(20,316)** | **(1,949)** | **(3,662)** | **(186,872)** |
| **Net consolidated statement of financial position exposures** | **(236,388)** | **(602,000)** | **50,137** | **72,577** | **(40,257)** | **(28,000)** | **790** | **(783,141)** |

* The functional currency of the Company is UAE Dirham. UAE Dirham is pegged to USD and therefore the Group has no foreign currency risk on these balances.

The Group's financial instruments in different currencies were as follows:

| | USD* USD'000 | GBP USD'000 | EUR USD'000 | AUD USD'000 | INR USD'000 | CAD USD'000 | Others USD'000 | 2014 Total USD'000 |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 3,190,374 | 93,729 | 86,415 | 63,249 | 94,962 | 30,206 | 164,138 | 3,723,073 |
| Trade receivables | 182,570 | 34,099 | 37,721 | 6,810 | 8,503 | 16,991 | 14,979 | 301,673 |
| Secured bank loans and mortgage debenture stock | (400,609) | (662,858) | (83,400) | – | – | – | (65,295) | (1,212,162) |
| Unsecured bank loans and loan stock | (432,237) | – | (9,870) | – | (46,799) | (115,692) | (11,151) | (615,749) |
| Trade payables | (33,640) | (18,104) | (24,016) | (2,987) | (25,363) | (1,705) | (21,033) | (126,848) |
| Net consolidated statement of financial position exposures | 2,506,458 | (553,134) | 6,850 | 67,072 | 31,303 | (70,200) | 81,638 | 2,069,987 |

* The functional currency of the Company is UAE Dirham. UAE Dirham is pegged to USD and therefore the Group has no foreign currency risk on these balances.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

## 31 Financial instruments continued
The following exchange rates were applied during the year:

| Significant foreign currencies | Average rate during 2015 | Average rate during 2014 | Reporting date spot rate 2015 | Reporting date spot rate 2014 |
|---|---|---|---|---|
| GBP | **0.654** | 0.607 | **0.675** | 0.642 |
| EUR | **0.901** | 0.754 | **0.918** | 0.824 |
| AUD | **1.332** | 1.110 | **1.367** | 1.222 |
| INR | **64.122** | 61.021 | **66.189** | 63.035 |
| CAD | **1.278** | 1.104 | **1.388** | 1.160 |

### (ii) Sensitivity analysis
A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) the consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Furthermore, as each entity in the Group determines its own functional currency, the effect of translating financial assets and liabilities of the respective entity would mainly impact the consolidated statement of other comprehensive income.

| | Consolidated statement of profit or loss | | Consolidated statement of other comprehensive income | |
|---|---|---|---|---|
| | **USD'000 2015** | USD'000 2014 | **USD'000 2015** | USD'000 2014 |
| GBP | **3,900** | 3,276 | **(76,254)** | (61,459) |
| EUR | **214** | 466 | **5,571** | 761 |
| AUD | **(5)** | (3) | **8,064** | 7,452 |
| INR | **174** | 291 | **(4,473)** | 3,478 |
| CAD | **407** | 549 | **(3,111)** | (7,800) |

A 10 percent weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

| | Carrying amount 2015 USD'000 | Carrying amount 2014 USD'000 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | **8,198** | 9,204 |
| Financial liabilities (loans and borrowings) | **(5,345,426)** | (4,091,032) |
| Interest rate swaps hedging floating rate debt | **(1,550,076)** | (1,336,405) |
| | **(6,887,304)** | (5,418,233) |
| **Variable rate instruments** | | |
| Financial assets (short term deposits) | **1,033,771** | 3,281,606 |
| Financial liabilities (loans and borrowings) | **(2,324,852)** | (1,763,956) |
| Interest rate swaps | **1,550,076** | 1,336,405 |
| | **258,995** | 2,854,055 |

**31 Financial instruments** continued

### (iii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/ (decreased) consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | Consolidated statement of profit or loss | | Consolidated statement of other comprehensive income | |
|---|---|---|---|---|
| | 100 bp increase USD'000 | 100 bp decrease USD'000 | 100 bp increase USD'000 | 100 bp decrease USD'000 |
| **2015** | | | | |
| Variable rate instruments | **2,590** | **(2,590)** | **–** | **–** |
| Interest rate swaps | **2,942** | **(2,942)** | **15,501** | **(15,501)** |
| **Cash flow sensitivity (net)** | **5,532** | **(5,532)** | **15,501** | **(15,501)** |
| 2014 | | | | |
| Variable rate instruments | 28,541 | (28,541) | – | – |
| Interest rate swaps | 1,670 | (1,670) | 13,364 | (13,364) |
| Cash flow sensitivity (net) | 30,211 | (30,211) | 13,364 | (13,364) |

## (d) Fair value

### Fair value versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Carrying amount USD'000 | Fair value USD'000 | Carrying amount USD'000 | Fair value USD'000 |
| **Assets carried at fair value** | | | | |
| Available-for-sale financial assets | **60,538** | **60,538** | 60,811 | 60,811 |
| Derivative assets | **408** | **408** | 129 | 129 |
| | **60,946** | **60,946** | 60,940 | 60,940 |
| **Assets carried at amortised cost** | | | | |
| Held to maturity investments | **8,198** | **8,137** | 9,204 | 9,126 |
| Loans and receivables | **861,112** | **861,112** | 791,617 | 791,617 |
| Cash and cash equivalents | **1,436,595** | **1,436,595** | 3,723,073 | 3,723,073 |
| | **2,305,905** | **2,305,844** | 4,523,894 | 4,523,816 |
| **Liabilities carried at fair value** | | | | |
| Interest rate swaps used for hedging | **(85,463)** | **(85,463)** | (109,912) | (109,912) |
| Forward foreign currency contracts | **–** | **–** | (778) | (778) |
| Embedded derivative option | **(220,941)** | **(220,941)** | (233,232) | (262,168) |
| | **(306,404)** | **(306,404)** | (343,922) | (372,858) |
| **Liabilities carried at amortised cost** | | | | |
| Secured bank loans* | **(1,225,541)** | **(1,225,541)** | (1,209,942) | (1,209,942) |
| Mortgage debenture stocks | **(2,111)** | **(1,231)** | (2,220) | (1,295) |
| Unsecured bond issues | **(4,468,329)** | **(4,624,106)** | (3,241,454) | (3,600,996) |
| Convertible bond | **(781,799)** | **(813,764)** | (752,271) | (799,749) |
| Unsecured loan stock and other loans | **(14,352)** | **(14,352)** | (11,070) | (11,070) |
| Finance lease liabilities | **(28,277)** | **(28,277)** | (33,352) | (33,352) |
| Unsecured bank and other loans* | **(1,149,869)** | **(1,149,869)** | (604,679) | (604,679) |
| Trade and other payables | **(1,542,219)** | **(1,542,219)** | (1,194,827) | (1,194,827) |
| | **(9,212,497)** | **(9,399,359)** | (7,049,815) | (7,455,910) |

* A significant portion of these loans carry a variable rate of interest and hence, the fair values reported approximate carrying values.

# **Notes to Consolidated Financial Statements** continued
(forming part of the financial statements)

**31 Financial instruments** continued

### Fair value hierarchy

The table below analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements. It doesn't include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| | Level 1 USD'000 | Level 2 USD'000 | Level 3 USD'000 |
|---|---|---|---|
| **31 December 2015** | | | |
| Available-for-sale financial assets | **9,202** | **51,336** | **–** |
| Debt securities held to maturity | **–** | **8,137** | **–** |
| Derivative financial assets | **–** | **408** | **–** |
| Derivative financial liabilities | **–** | **(85,463)** | **–** |
| Embedded derivative in convertible bond* | **–** | **(220,941)** | **–** |
| Mortgage debenture stocks | **–** | **(1,231)** | **–** |
| Unsecured bond issues | **(4,624,106)** | **–** | **–** |
| Convertible bond | **–** | **(813,764)** | **–** |
| | **(4,614,904)** | **(1,061,518)** | **–** |
| 31 December 2014 | | | |
| Available-for-sale financial assets | 8,927 | 51,884 | – |
| Debt securities held to maturity | – | 9,126 | – |
| Derivative financial assets | – | 129 | – |
| Derivative financial liabilities | – | (110,690) | – |
| Embedded derivative in convertible bond* | – | (262,168) | – |
| Mortgage debenture stocks | – | (1,295) | – |
| Unsecured bond issues | (3,600,996) | – | – |
| Convertible bond | – | (799,749) | – |
| | (3,592,069) | (1,112,763) | – |

The fair values disclosed above is computed in line with the fair valuation accounting policy (refer to note 5).

* The fair value of the embedded derivative liability of convertible bond has been calculated using a valuation model with market assumptions.

**32 Operating leases**

### Operating lease commitments – Group as a lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

| | **2015 USD'000** | 2014 USD'000 |
|---|---|---|
| Within one year | **311,551** | 334,730 |
| Between one to five years | **1,226,541** | 1,192,415 |
| Between five to ten years | **1,341,951** | 1,351,756 |
| Between ten to twenty years | **1,960,524** | 1,730,306 |
| Between twenty to thirty years | **1,446,799** | 1,028,329 |
| Between thirty to fifty years | **1,238,454** | 1,162,777 |
| Between fifty to seventy years | **1,034,857** | 914,908 |
| More than seventy years | **892,035** | 937,781 |
| | **9,452,712** | 8,653,002 |

The above operating leases (Group as a lessee) mainly consist of terminal operating leases arising out of concession arrangements which are long term in nature. In addition, there are also leases of plant, equipment and vehicles. In respect of terminal operating leases, contingent rent is payable based on revenues/ profits earned in the future period. The majority of leases contain renewable options for additional lease periods at rental rates based on negotiations or prevailing market rates.

**32 Operating leases** continued

**Operating lease commitments – Group as a lessor**

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Within one year | **334,035** | 23,075 |
| Between one to five years | **632,029** | 49,081 |
| More than five years | **643,717** | 19,596 |
| | **1,609,781** | 91,752 |

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods and at rental rates based on negotiations or prevailing market rates.

**33 Capital commitments**

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Estimated capital expenditure contracted for as at 31 December | **671,637** | 698,258 |

**34 Contingencies**

**(a) The Group has the following contingent liabilities at 31 December:**

| | 2015 USD'000 | 2014 USD'000 |
|---|---|---|
| Payment guarantees | **37,367** | 46,067 |
| Performance guarantees | **126,658** | 194,234 |
| Letters of credit | **749** | 10,075 |
| Guarantees issued on behalf of equity-accounted investees (refer to note 30) | **52,455** | 27,668 |

The bank guarantees and letters of credit are arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

(b) The Group through its 100% owned subsidiary Mundra International Container Terminal Private Limited ("MICT") has developed and is operating the container terminal at the Mundra port in Gujarat.

In 2006, MICT received a show cause notice from Gujarat Maritime Board ("GMB") requiring MICT to demonstrate that the undertaking given by its parent company, P&O Ports (Mundra) Private Limited, with regard to its shareholding in MICT has not been breached in view of P&O Ports being taken over by the Group. GMB, MICT and Adani Ports and Special Economic Zone (APSEZ) have signed consent terms accepting an amicable settlement of all disputes between the parties. Presently steps are underway to file the signed consent terms and withdraw the court proceedings.

(c) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 18,059 thousand (2014: USD 18,962 thousand) from Chennai Container Terminal Limited ("CCTL"), a subsidiary of the Company, on the basis that CCTL had failed to fulfil its obligations in respect of non-transhipment containers for a period of four consecutive years from 1 December 2003. CCTL had subsequently paid USD 9,648 thousand (2014: USD 10,131 thousand) under dispute in 2008. CCTL had initiated arbitration proceedings against CPT in this regard. The arbitral tribunal passed its award on November 26, 2012 ruling in favour of CCTL. However, CPT appealed against this order, which was upheld by Madras High Court on 8 January 2014 and accordingly a provision has been recognised against the above receivable. CCTL lodged an appeal before the Division Bench of Madras High Court along with a stay petition on 31 January 2014. The Appeal was taken up for hearing and admitted on 3 February 2014. CPT also made a statement before the Court that no further action would be taken by CPT against CCTL. The Court has admitted the matter and is pending for final hearing and disposal before the Division Bench of Madras High Court. The Group is confident that the case will be in favour of CCTL.

(d) On 8 July 2014, the Group was notified that the Office of the Inspector General of the Republic of Djibouti is investigating the awarding of the Doraleh Container Terminal (DCT) concession and had filed for arbitration before the London Court of International Arbitration. The Group rejects all the allegations made and will vigorously defend its position during the arbitration procedure. In order to maintain the operational status quo and to mitigate disruption at the terminal, the Group will continue to manage DCT in accordance with the terms of its concession agreement pending the determination of the arbitral tribunal.

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

### 35 Acquisitions
**2015 acquisitions:**
**(i) Acquisitions of new subsidiaries**

(a) On 9 March 2015, the Group acquired 55.9% shares of Alinport (Ecuador), a company holding the rights to build and operate a deep-water port in Ecuador for a total consideration of USD 11,344 thousand (cash acquired on acquisition USD 23 thousand). This acquisition has resulted in recognition of non-controlling interest of USD 8,950 thousand.

(b) On 16 March 2015, the Group acquired 100% ownership of EZW (an entity previously owned by the Parent Company) for a total cash consideration of USD 2,715,837 thousand (cash acquired on acquisition USD 606,222 thousand). The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | Acquiree's carrying amount USD'000 | Fair value recognised on acquisition USD'000 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | 2,556 | 2,556 |
| Land use rights | 2,265,464 | 2,677,717 |
| Investment properties | 1,045,539 | 1,069,993 |
| Investment in equity-accounted investees | 11,150 | 11,150 |
| Accounts receivables and prepayments | 20,665 | 20,665 |
| Bank balances and cash | 606,222 | 606,222 |
| **Liabilities** | | |
| Employees' end of service benefits | (7,892) | (7,892) |
| Loans and borrowings | (1,195,545) | (1,301,740) |
| Income tax liabilities | (28) | (28) |
| Accounts payable and accruals | (362,806) | (362,806) |
| **Net assets** | 2,385,325 | 2,715,837 |
| **Total cost of acquisition** | | 2,715,837 |

From the date of acquisition, EZW has contributed profit of USD 231,447 thousand to the Group. If the acquisition had taken place at the beginning of the year, the profit of the Group would have increased by USD 57,900 thousand and revenue would have increased by USD 105,084 thousand.

(c) On 18 August 2015, the Group has acquired 100% ownership of Maher Terminal's Fairview Container Terminal (Fairview) in Prince Rupert (DP World Prince Rupert Inc.), British Columbia, Canada from Deutsche Bank for a total consideration of USD 451,177 thousand (cash acquired on acquisition USD 2,064 thousand). The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows :

| | Acquiree's carrying amount USD'000 | Fair value recognised on acquisition USD'000 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | 36,164 | 36,164 |
| Port concession rights | – | 397,481 |
| Accounts receivables and prepayments | 17,562 | 17,562 |
| Inventories | 1,838 | 1,838 |
| Bank balances and cash | 2,064 | 2,064 |
| **Liabilities** | | |
| Pension and post-employment benefits | (1,281) | (1,281) |
| Income tax liabilities | (1,764) | (1,764) |
| Deferred tax liabilities | (2,113) | (105,458) |
| Accounts payable and accruals | (9,942) | (9,942) |
| **Net assets** | 42,528 | 336,664 |
| **Goodwill arising on acquisition** | | 114,513 |
| **Total cost of acquisition** | | 451,177 |

From the date of acquisition, Fairview has contributed a loss of USD 2,230 thousand to the Group. If the acquisition had taken place at the beginning of the year, the profit of the Group would have increased by USD 13,015 thousand and revenue would have increased by USD 64,004 thousand.

**35 Acquisitions** continued

(d) On 30 September 2015, the Group acquired 100% ownership of inland terminals at Stuttgart and at Mannheim in Germany, for a total consideration of USD 19,558 thousand (cash acquired on acquisition USD 2,761 thousand).

**(ii) Acquisitions without change of control**

(e) On 26 August 2015, the Group completed the acquisition of the remaining 25% non-controlling interest in its subsidiary Constanta South Container Terminal SRL for a consideration of USD 66,696 thousand, resulting in a loss of USD 36,331 thousand which has been recorded in equity, as there has not been any change in control.

(f) On 30 October 2015, the Group acquired the remaining 49% of non-controlling interest in Southampton Container Terminals Limited for a consideration of USD 58,883 thousand, resulting in a gain of USD 152,655 thousand which has been recorded in equity, as there has not been any change in control.

**2014 acquisitions:**

(a) In June 2014, the Group acquired 100% interest in Dubai Trade FZE for a total consideration of USD 9,500 thousand (cash acquired on acquisition USD 7,498 thousand) from its Parent Company Port & Free Zone World FZE (refer to note 30).

(b) In September 2014, DPW Group acquired 57% stake in Remolcadores de Puerto y Altura, S.A., a Spanish operator of offshore support vessels for the energy industry for USD 12,000 thousand (cash acquired on acquisition USD 445 thousand).

(c) In October 2014, DPW Group acquired 100% stake in World Security FZE, a provider of security services for a total consideration of USD 24,045 thousand (cash acquired on acquisition USD 5,571 thousand) from Istithmar World Ventures LLC (an entity owned by the ultimate Parent Company) (refer to note 30).

**36 Significant group entities**

The extent of the Group's ownership in its various subsidiaries, associates and joint ventures and their principal activities are as follows:

### (a) Significant holding companies

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| DP World FZE | 100% | United Arab Emirates | Management and operation of seaports, airports and leasing of port equipment |
| Thunder FZE | 100% | United Arab Emirates | Holding company |
| Peninsular and Oriental Steam Navigation Company Limited | 100% | United Kingdom | Management and operation of seaports |
| Economic Zones World FZE | 100% | United Arab Emirates | Development, management and operation of free zones, economic zones, industrial zones and logistics parks |
| DP World Australia (POSN) Pty Ltd | 100% | Australia | Holding company |
| DPI Terminals Asia Holding Limited | 100% | British | |
| Virgin Islands | Holding company | | |
| DPI Terminals (BVI) Limited | 100% | British | |
| Virgin Islands | Holding company | | |
| DP World Ports Cooperative U.A. | 100% | Netherlands | Holding company |
| DP World Maritime Cooperative U.A. | 100% | Netherlands | Holding company |
| DPI Terminals Holdings C.V. | 100% | Netherlands | Holding company |

# Notes to Consolidated Financial Statements continued
(forming part of the financial statements)

### 36 Significant group entities continued
#### (b) Significant subsidiaries – Ports

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Terminales Rio de la Plata SA | 55.62% | Argentina | Container terminal operations |
| DP World Antwerp N.V. | 100% | Belgium | Multi-purpose terminal operations and ancillary container services |
| DP World (Canada) Inc. | 100% | Canada | Container terminal operations and stevedoring |
| DP World Prince Rupert Inc. | 100% | Canada | Container terminal operations and stevedoring |
| DP World Sokhna S.A.E. | 100% | Egypt | Container terminal operations |
| DP World Germersheim, GmbH and Co. KG | 100% | Germany | Container terminal operations |
| DP World Germany B.V. | 100% | Germany | Inland container terminal operations |
| Chennai Container Terminal Private Limited | 100% | India | Container terminal operations |
| India Gateway Terminal Pvt. Ltd | 81.63% | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva (India) Gateway Terminal Private Limited | 100% | India | Container terminal operations |
| Dubai Ports World Middle East LLC | 100% | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo SA | 60% | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | 75% | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | 100% | Peru | Container terminal operations |
| Doraleh Container Terminal SARL | 33.33%* | Republic of Djibouti | Container terminal operations |
| Integra Port Services N.V. | 60% | Republic of Suriname | Container terminal operations |
| Suriname Port Services N.V. | 60% | Republic of Suriname | General cargo terminal operations |
| Constanta South Container Terminal SRL | 100% | Romania | Container terminal operations |
| DP World Dakar S.A. | 90% | Senegal | Container terminal operations |
| DP World Tarragona S.A. | 60% | Spain | Container terminal operations |
| DP World Yarımca Liman İşletmeleri Anonim Şirketi | 100% | Turkey | Container terminal operations |
| DP World UAE Region FZE | 100% | United Arab Emirates | Container terminal operations |
| DP World Fujairah FZE | 100% | United Arab Emirates | Container terminal operations |
| London Gateway Port Limited | 100% | United Kingdom | Container terminal operations |
| Southampton Container Terminals Limited | 100% | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | 80% | Vietnam | Container terminal operations |

**36 Significant group entities** continued

## (c) Associates and joint ventures – Ports

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Djazair Port World Spa | 50% | Algeria | Container terminal operations |
| DP World Djen Djen Spa | 50% | Algeria | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | 25% | Australia | Container terminal operations |
| Antwerp Gateway N.V | 60%** | Belgium | Container terminal operations |
| Caucedo Investment Inc. | 50% | British Virgin Islands | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. | 33.33% | Brazil | Container terminal operations |
| Eurofos S.A.R.L | 50% | France | Container terminal operations |
| Generale de Manutention Portuaire S.A | 50% | France | Container terminal operations |
| Goodman DP World Hong Kong Limited | 25% | Hong Kong | Container terminal operations and warehouse operations |
| Vishaka Container Terminals Private Limited | 26% | India | Container terminal operations |
| PT Terminal Petikemas Surabaya | 49% | Indonesia | Container terminal operations |
| Pusan Newport Co. Ltd | 42.10% | Korea | Container terminal operations |
| Rotterdam World Gateway B.V. | 30% | Netherlands | Container terminal operations |
| Qingdao Qianwan Container Terminal Co. Ltd | 29% | People's Republic of China | Container terminal operations |
| Tianjin Orient Container Terminals Co Ltd | 24.50% | People's Republic of China | Container terminal operations |
| Yantai International Container Terminals Ltd | 12.50% | People's Republic of China | Container terminal operations |
| Asian Terminals Inc | 50.54%*** | Philippines | Container terminal operations |
| Laem Chabang International Terminal Co. Ltd | 34.50% | Thailand | Container terminal operations |

## (d) Other non-port business

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| P&O Maritime Services Pty Ltd | 100% | Australia | Maritime services |
| Container Rail Road Services Private Limited | 100% | India | Container rail freight operations |
| Empresa de Dragagem do Porto de Maputo, SA | 25.50% | Mozambique | Dredging services |
| Port Secure FZCO | 40% | Republic of Djibouti | Port security services |
| Remolcadores de Puerto y Altura, S.A. | 57.01% | Spain | Maritime services |
| Dubai International Djibouti FZE | 100% | United Arab Emirates | Port management and operation |
| Dubai Trade FZE | 100% | United Arab Emirates | Trade facilitation through integrated electronic services |
| P&O Maritime FZE | 100% | United Arab Emirates | Maritime services |
| World Security FZE | 100% | United Arab Emirates | Security services |
| Jebel Ali Free Zone FZE | 100% | United Arab Emirates | Management, operation and development of free zones, economic zones and industrial zones |
| LG Park Freehold Limited | 100% | United Kingdom | Management and operation of logistics park |

* Although the Group only has a 33.33% effective ownership interest in Doraleh Container Terminal SARL, this entity is treated as a subsidiary, as the Group is able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.

** Although the Group has more than 60% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity accounted investee. The underlying shareholder agreement does not provide significant control to the Group.

*** Although the Group has more than 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity accounted investee. The underlying shareholder agreement does not provide significant control to the Group.

# Notes

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