DP WORLD

Annual Report and Accounts 2016

Leading the **Future**

We believe our purpose is to think ahead, to create value and to leave a positive legacy.

We provide our stakeholders with the means to make trade smarter, faster, safer and more profitable and, in so doing, help to drive world trade.

We have identified unique strategic opportunities around the world and created a global portfolio of assets, offering innovative trade solutions and enhancing the movement of resources, and generating economic and social benefits.

Contents

Highlights 2016

Financial

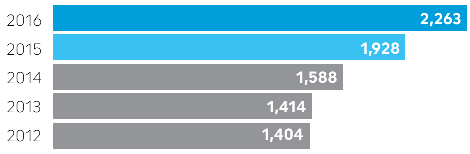
Revenue USD million

4,163m

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 80.

Adjusted EBITDA USD million

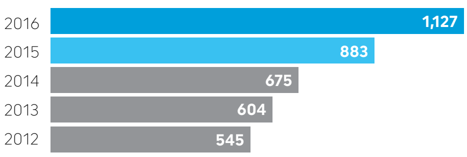
2,263m



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

1,127m



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 %

54.4%

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

Operational

- Gross capacity across our portfolio grew 6.2% to 84.6 million TEU[1] (2015: 79.6 million TEU) and is expected to increase to over 100 million TEU of gross capacity by 2020, subject to market demand.
- Continued to invest throughout 2016, with $1.298 billion in capital expenditure across the portfolio.
- Created a $3.7 billion investment platform in partnership with CDPQ, with DP World holding a 55% share and CDPQ the remaining 45%, to invest in ports and terminals globally (outside the UAE).
- Ongoing environmental improvements - energy per total terminal move down 19% and CO_2e emissions per modified TEU intensity down 15% (compared with 2011 baseline year).
- Reported injuries down 12%, compared to 2015. This contributed to a reduction in lost time injury frequency rate from 4.3 in 2015 to 3.7 in 2016.
- Significant investment in staff – over 10,000 online training modules and face to face training programmes completed by 4,600 people.
- During our third annual Global Volunteer Week, 962 employees across six continents devoted 3,824 hours to working with local schools, clubs, charities and community initiatives.

Our Purpose

Add Value

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

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Think Ahead

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

Page 24

Build a Legacy

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

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1 TEU means Twenty Foot Equivalent Units

What We Do

Trade is the life force of the global economy and DP World is at its heart.

With multiple businesses operating at key stages of the supply chain, we help our customers move cargo seamlessly and efficiently around the world.

We do this by employing smart solutions and industry best-practice, to ensure that goods travel as quickly as possible from the point of manufacture to the point of consumption.

As a global trade enabler, DP World provides a growing portfolio of facilities and services across the world: from marine and inland terminals to industrial and economic zones, logistics solutions and maritime services.

Central to this is our committed family of over 36,500 employees, who constantly challenge themselves and the status quo, to deliver excellence. Throughout DP World we encourage and foster a culture of innovation; constantly looking for new ways to do things, from simple process improvements to "game changing" inventions.

By forging strong, lasting relationships – with customers, governments, stakeholders and the communities where we operate – we are building a sustainable future to support our vision to lead the future of world trade.

Jebel Ali Free Zone and Jebel Ali Port

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

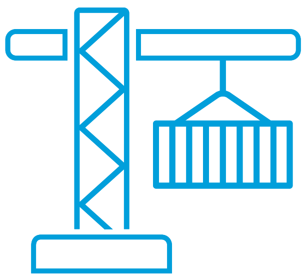
78

Our portfolio consists of 78 marine and inland terminals

with
36,500+
people

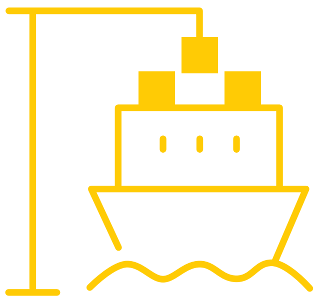
from
103
countries

handling
174,000+
TEU a day



operating more than 1,660 cranes across the world

serving around
66,000
vessels a year



that's
180
vessels a day

Our Global Footprint

Our Vision

To Lead the Future of World Trade

Saint John, Canada
DP World signed a long-term lease agreement for the expansion and operation of the multi-purpose Rodney Container Terminal at Saint John, New Brunswick, Canada.

Posorja, Ecuador
DP World won a 50-year concession for the development of a greenfield multi-purpose port project at Posorja, Ecuador, 65 kilometres from the country's main business city of Guayaquil.

Limassol, Cyprus
DP World Limassol was awarded a 25-year concession for the exclusive right to operate the multi-purpose terminal, whose activities include break-bulk, general cargo, ro-ro and the operation of the passenger terminal.

Middle East, Europe and Africa

19	countries
38	operating terminals
39m	TEU capacity

Asia Pacific and Indian Subcontinent

11	countries
26	operating terminals
35m	TEU capacity

Australia and Americas

12	countries
14	operating terminals
11m	TEU capacity

Yarimca, Turkey
DP World Yarimca was officially opened for business. As one of the biggest in the country, the new terminal can handle up to 1.3 million containers covering 460,000m², enhancing Turkey's connectivity with Europe and Asia and enabling trade from the heartland of its most industrialised region, Izmit Bay.

Jebel Ali, UAE
DP World's flagship facility continues to demonstrate its role as a gateway hub in the region and a leading enabler of world trade, while work on the expansion of container Terminal 4 remains on track.

Nhava Sheva, India
In Mumbai, DP World inaugurated the new 330m berth at Nhava Sheva (India) Gateway Terminal, at India's premier gateway port, Jawaharlal Nehru Port.

Berbera, Somaliland
DP World won a 30-year concession for the management and development of a multi-purpose port project at Berbera, Republic of Somaliland. The Port of Berbera opens a new point of access to the Red Sea.

Pusan Newport Company Limited, South Korea
DP World acquired an additional 23.94% stake in Pusan Newport Company Limited in South Korea increasing its holding in PNC to 66.03%.

Melbourne, Australia
DP World developed a new 30,000m² terminal at DP World Melbourne in Australia.

DP World
Annual Report and Accounts 2016

Strategic Report

01


CHINA SHIPPING
UASC
CMA CGM
C04
OSCO

Performing Through Challenging Times

It has been a challenging year for the container industry, with volume growth of approximately 1.3% in 2016.

Emerging markets were negatively impacted by currency volatility and lower commodity prices, while lack of demand growth remains the key issue for the developed market.

Volumes remained subdued on the key trade route of Asia-Europe due to lack-lustre demand in Europe. This prompted port operators to continue to scale back on capital expenditure which should ease capacity growth and maintain relatively high utilisation for the industry.

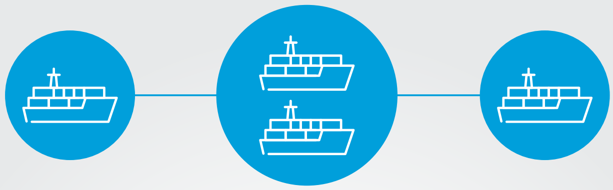
The liner shipping industry continued to be plagued by over-capacity, leading to sub-economic freight rates. Liner alliances and further consolidation are being implemented to tackle the capacity problem, which should result in a more stable freight rate environment.

Despite these significant challenges, the market continues to grow and the second half of 2016 saw an improved performance and a more stable commodity price environment.

+1.3%

Container industry growth
Retracting from an initial forecast of 3.7% at the start of 2016

2016 Developments



Liner Consolidation Continues

Following the announcement of CMA CGM's acquisition of NOL/APL towards the end of 2015, the past 12 months has seen significant movement among the major players in the liner shipping industry. Consolidation has dominated the sector over 2016. After dramatic losses over a number of years, the Chinese Government directed a merger of the two largest Chinese container carriers, COSCO and China Shipping. This triggered a broader restructuring of the major East-West Alliances, giving rise to the OCEAN Alliance, a combination of CMA CGM and COSCO Shipping, together with Evergreen and OOCL. The remaining carriers announced the formation of THE Alliance, consisting of Hapag Lloyd, Mitsui OSK Lines, NYK Line, K Line, Hanjin and Yang Ming Line.

UASC became a target for consolidation, eventually agreeing a business combination with Hapag Lloyd, giving the German-based carrier access to UASC's fleet of ULCV's and enlarging the scale of both Hapag Lloyd and THE Alliance. A further round of consolidation was announced in the fourth quarter of 2016, with the three Japanese carriers, NYK, MOL and K Line, agreeing a merger of their container shipping arms, and with Hamburg Sud agreeing to be acquired by Maersk.

Shockwaves were felt throughout the transport industry in 2016 with the largest corporate failure in modern shipping history. Difficult trading conditions, liquidity issues and debt restructuring finally led the world's seventh-largest shipping line, Hanjin Shipping, to file for bankruptcy protection.
Now there remain just seven mega carriers and three mid-sized carriers dominating shipping capacity and making up the three remaining East-West Alliances. In the Far East, with the exception of Taiwan, each major trading nation is now represented by a single container carrier. In Europe, the four surviving carriers are all in the Top 5 carriers globally.

Growth of Global Trade Volumes

Volumes continued to grow, albeit in low single digits, throughout 2016 and this trend will continue in 2017.

The diversified nature of DP World's portfolio ensures we are not overly exposed to any particular sector, we also recognise the need to invest in the latest innovations to gain efficiencies and realise cost savings across our portfolio.

Our flagship Jebel Ali facility sets the standard for productivity and the implementation of technological innovations. At DP World Brisbane, one of the most advanced semi-automated terminals in Australia, we operate 14 automated stacking cranes, improving safety, productivity and energy consumption. We are also partners in the world's most innovative container terminal in Rotterdam, which is heavily automated – an indication of the future direction of world trade.

Vessel Size Increases

The near exponential increase in vessel size has been a perpetual issue for the industry. Coupled with the expansion of the Panama Canal, this is likely to lead to further demand for ports and marine terminals that can handle new-Panamax and post-Panamax vessels.

We are investing in our operations to ensure that DP World can receive larger-and-larger vessels and handle the increased cargo they bring to our terminals. In 2016, we added approximately 5 million TEU of new gross capacity, and our early investment in deep-water facilities allows us to benefit from these trends.

Our continued focus on delivering operational excellence, as well as investing in increasing relevant capacity, ensures we remain the port of choice across geographies.

Business Model

Leading the Future of World Trade

At the core of our business model is the concept of adding value at each stage of the commercial process, to fulfil our aim of Leading the Future of World Trade. Value has to be enhanced – for customers, business partners, stakeholders and for our shareholders – in order to facilitate global trade flows in a challenging world.

1

How We Add Value

Marine and Inland Trade Infrastructure and Services
To meet the needs of dynamic 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 and export supply chains, and we implement state-of-the-art technologies across our portfolio.

DP World Brisbane (Australia)

2

How We Lead Our Business

Customer Focus and Operational Excellence
Our customers are a central focus and we pride ourselves on our strong reputation for customer service. To ensure they remain completely satisfied with our global portfolio, DP World continually strives to improve and enhance its services; this operational excellence provides industry-leading processes and systems to benefit all our customers.

For more information on our strategy implementation, see page 18

Governance and Risk Management
Corporate governance and risk management enable us to add value at all levels within DP World. We adopt the highest standards of professionalism and ethical behaviour throughout the Group. As a global organisation, the corporate governance policies followed by DP World are compatible with international best practice. Our approach to understanding, measuring and managing risk and returns from our investments helps to maintain our status as an industry leader.

For more information on our risk management approach, see pages 30 to 37

People and Culture
DP World's people are a hugely valuable asset; crucial to our future success. We invest constantly in the development of 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. We have taken steps to further embed a culture that nourishes diversity and innovation.

For more information on our people and culture, see pages 42 to 45

Sustainability
DP World believes that working in a sustainable and responsible way is essential to building a strong business for our customers, our people and our society, now and for the future. DP World has made a major long term investment, through the "Our World, Our Future" programme, to drive best practice and foster innovation in sustainability around the world. We have 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 38 to 49

Group Chairman and Chief Executive Officer's Statement

Our vision is bold – to Lead the Future of World Trade

Every day at DP World is spent working to remove inefficiencies from the global supply chain. Every day we strive to create value for every one of our stakeholders.

In 2016, our global network of 78 marine and inland cargo terminals, plus our growing portfolio of trade-enabling infrastructure and services, allowed us to move decisively towards this vision.

Indeed, it is my great pleasure to report that we have delivered another strong set of financial results. A key milestone was achieved – our earnings surpassed the $1 billion mark for the first time. Our revenue grew 4.9% to $4,163 million, while our adjusted EBITDA margin[2] reached a new high of 54.4%, reflecting the Jebel Ali Free Zone acquisition and increased contribution from higher margin locations. Encouragingly, our volumes grew ahead of the market and we continued to deliver value for our shareholders with return on capital ("ROCE")[3] increasing to 9.5% from 7.9% in 2015.

It is all the more satisfying that this robust performance came despite multiple challenges in the global macro-economic environment. International trade growth continued at the historically low levels experienced since the financial crisis, with much discussion about protectionism and increasing trade barriers. Emerging market economies were affected by reduced commodity valuations, including oil. The strength of the dollar affected some exporters, especially in dollar-pegged markets, and global economic growth overall remained sluggish. We have witnessed similar pressures affect the container industry before; volumes have continued to grow, and our expectations for 2017 are for further growth.

We would not have been able to record another strong performance without the commitment and contribution of our talented employees. On behalf of the Board, I would like to thank each and every member of the DP World family for their dedication and hard work, and for their creative thinking and continuous capacity for improvement and invention, without which our ongoing success would not be possible.

Smart Trade for a Prosperous Future

Our purpose as a business is to think ahead, to create value for all and to leave a positive legacy. We offer all our stakeholders – shareholders, customers, partners and employees – ways to make trade smarter, faster, safer and more profitable, and in the process help to drive world trade. We have identified unique strategic opportunities around the world, resulting in a global portfolio of assets offering innovative trade solutions to enhance the movement of resources globally, creating both economic and social benefits. Our purpose, coupled with our strategy of diversification across developed and emerging geographic markets, has allowed us to be successful despite these global economic challenges. Our focus on forward-planning and sustainable development, and a belief in the capacity of innovation to overcome trade barriers, has led to increased financial returns for our shareholders.

In difficult economic times, we believe it is important to constantly review our portfolio and business model to ensure that it can withstand the various challenges. Given the consistent performance of our assets, we believe that we are on the right track. Disciplined investment has been one of the keys to delivering consistent growth and in 2016 we invested $1,298 million across our portfolio in markets with strong demand and supply dynamics. Globally we added approximately 5 million TEU of new gross capacity during 2016 to take total capacity to 84.6 million TEU. By the end of 2017, we anticipate that we will have approximately 89 million TEU of capacity across our portfolio and our aim is to be operating over 100 million TEU of capacity by 2020, subject to demand. In 2017, we plan to add further capacity in a number of different locations to serve our customers better; from Jebel Ali (UAE), Prince Rupert (Canada), Berbera (Somaliland), Dakar (Senegal) to London Gateway (UK).

Over recent years we have invested in various "beyond the gate" logistic businesses, such as Jebel Ali Free Zone and inland terminals. These complementary businesses have not only delivered solid financial returns but have also improved the quality of our revenues. Our aim is to continue to add complementary or related services at both existing and new locations to further diversify and strengthen our business. London Gateway is a great example of our diversified growth strategy in action, given the recent significant win of our first Asia-Europe service, and the continued strong progress in the development of our 859,000m^2 logistics park.

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.

Strategic Partnerships and Portfolio Consolidation
We believe in the significant medium to long term growth potential of the ports and terminals sector. I believe challenging markets can be a time of opportunity. To capitalise on these growth opportunities, we formed some important partnerships during the year.

We entered into a joint venture with the Russian Direct Investment Fund, one of Russia's largest infrastructure investors, setting up DP World Russia with the aim of identifying and exploiting new terminal and port facilities in the country. We also opened up access to new capital via a $3.7 billion joint investment platform with Caisse de Dépôt et Placement du Québec ("CDPQ") of Canada, one of the largest pension funds in the world. This innovative transaction was seeded by our two Canadian assets – the terminals at Vancouver and Prince Rupert – with CDPQ acquiring a 45% stake for $640 million. The deal further strengthens our balance sheet and will give us flexibility to pursue opportunities in the ports and terminals universe.

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.

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer

In addition to forming partnerships, we also looked to create value for our shareholders through further consolidation in our portfolio, acquiring an additional 23.94% stake in Pusan Newport Company Limited ("PNC") in South Korea. This increased our shareholding to 66.03%, consolidating Pusan Port in our portfolio, where the DP World terminal has a capacity of 5.25 million twenty foot equivalent units ("TEU") in the world's sixth largest port.

A fuller analysis of our strategic objectives and key measurement criteria can be found on pages 18 to 21.

Judicious Financing Supports Growth Prospects

We always review our finances so we have the ability to take advantage of opportunities as they become available. During the course of the year, we successfully refinanced $1.1 billion of our 2017 Sukuk with a new 7-year 3.9% Sukuk, which extended our debt maturity profile while also providing new capital at significantly improved terms. This award-winning transaction was the region's largest corporate Sukuk since 2014, the first ever Sukuk tender offer and the first use of TEU containers as the underlying asset.

We also raised £650 million 20-year and 30-year multi-tranche term financing for London Gateway Port, which was placed with pension funds, insurance companies and financial institutions, and CA$ 603 million 7-year bank loan for the Canadian business. This further extends our debt maturity profile, reduces our refinancing risk and leaves us with a strong balance sheet. The strength and resilience of our business was also recognised through credit rating upgrades by Fitch and Moody's. These developments are discussed in greater detail in the report of our Group Chief Financial Officer.

A fuller analysis of our financial performance can be found in the Chief Financial Officer's Review on pages 28 to 29.

Long-term Priorities for a Better Future

Sustainability is at the heart of everything we do at DP World. We believe that a long-term outlook and responsible attitude to business are the only ways to ensure our future corporate success.

We aim to be sustainability leaders, both in and outside our industry and through our global sustainability programme, 'Our World, Our Future'. We are working to integrate sustainability into every aspect of our business. Our World, Our Future is a major long-term investment for us, promoting best practice and innovation in sustainability around the world, while measuring and reporting on our progress. We are committed to investing in our people, protecting our environment, ensuring the highest safety standards and building a vibrant, secure and resilient society. The 'Sustainability' section details the progress that we have made during 2016 in these four areas on pages 38 to 49.

Safety is paramount for us. It is our duty to make sure our employees return home safely to their families each day. It is our duty to protect all visitors to our businesses across the globe. But the cargo-handling environment can be a dangerous one. Our safety record has improved significantly in recent years and through our controls and training we had around 20% fewer injuries in 2016. But tragically we lost four people at our facilities during the year. Any loss of life on our watch is unacceptable and our mission is zero harm for all those who enter our premises around the world. We continue to invest in making our operations as safe as possible, we set policies and guidelines that reflect international best practice and we track their application across our global operations, empowering our managers to continuously promote a safety culture at DP World.

We also use our global leadership position to work together with other companies in the ports and logistics sector. As members of the United for Wildlife transport taskforce, we have taken a lead in addressing the illegal wildlife trade, which is worth $5 billion – $20 billion a year. Combatting wildlife trafficking is part of our wider commitment to leading our industry in developing innovative measures that address global security risks.

Robust Corporate Governance

Good corporate governance and good corporate performance are intrinsically linked. We have developed good corporate governance practices and integrated them into the DP World business model; this forms the blueprint to achieving our vision as a group – to Lead the Future of World Trade. The corporate governance report can be found on page 52.

Our Board is at the centre of our governance framework. During the year we reviewed our governance practices and acted to strengthen the Board by increasing the number of Independent Non-Executive Directors. The improved diversity and the new balance of skills and experience will only serve to benefit the Company.

Abdullah Ghobash was appointed as an Independent Non-Executive Director. A banker with many years' experience in finance and banking, he is a member of the Nominations and Governance Committee.

Mohamed Al Suwaidi was appointed as an Independent Non-Executive Director. He is an experienced financier and businessman who chairs the Nominations and Governance Committee and is a member of the Remuneration Committee.

Finally, I would like to extend a special welcome to the first female Board member of DP World, underlining our commitment to diversity at all levels of the Group. Nadya Kamali was appointed as an Independent Non-Executive Director. She has over 23 years' experience in information technology, IT governance, compliance and risk management. She is Chair of the Audit Committee.

Jamal Majid bin Thaniah, who has been with the Group since joining Dubai Ports in 1981, announced his retirement at the start of January 2017. Jamal made a significant contribution to the success of the Group and I would like to thank him for his years of dedication and service to the Group.

At the AGM held in April 2016, the Shareholders appointed me to the position of Group Chief Executive Officer in addition to my role as Group Chairman. Since I became Chairman in 2007, I have been proud to lead DP World, and I look forward to maintaining our drive to even greater success. I am grateful for the support and dedication of the Board, which has the correct balance of skills and expertise to drive the long term success of the Company.

Full biographies of Board members and information on their responsibilities can be found on pages 52 to 55.

Dividend

The board is recommending a final dividend of USD315.4 million or 38.0 cents per share, an increase of 26.7% ,reflecting a sustainable step- change in our earnings. Subject to Shareholder approval, the dividend will be paid on 04 May 2017 to Shareholders on the Register at close of business on 28 March 2017.

Leading the Future of World Trade

Creative thinking, new ideas, improvements, disruptions – this is what we look for in each of our employees at DP World. We are constantly striving for new and original ways to move cargo around the world, to be more productive, to bring our customers and partners efficiency gains to reduce their costs. We are investing in all forms of innovation, from our in-house ideas platform innoGate to Hyperloop One, an innovation that could potentially disrupt our sector. This reflects our willingness and enthusiasm to embrace change and welcome disruption as positive forces for transformation, in what has been described as the Fourth Industrial Revolution.

The ability to absorb new and innovative thinking, and to see it through to execution and implementation, is what distinguishes world-class companies from the mediocre. We see it as part of our legacy to infuse a philosophy of innovation throughout DP World's operations. It must be one of the keystones of our future.

This new year has started on a promising note with current trading in line with expectations. I have no doubt that 2017 will present us with ongoing challenges including macro-economic and global geo-political uncertainties. Nevertheless, I believe we are well positioned to continue to deliver growth. We will maintain our policy of flexibility, growing capacity only in line with genuine market demand. We are well placed to take advantage of investment opportunities when they arise anywhere in the world, and always have our eye on the strategic direction and purpose of our Company.

There are exciting times ahead. Our position as a leader of world trade ensures that we will be at the cutting edge of developments in global commerce. We have grown with our customers, our partners, our shareholders and employees – and look forward to doing so for many years to come. There remains a world of opportunity out there for us to travel together. Let us embark on the next stage of our journey.

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer
23 March 2017

Year in Review

A discussion with our Group Chairman and Chief Executive Officer

Q How would you summarise DP World's performance in 2016?

A 2016 was a challenging year for global trade but we once again reported volume growth and outperformed market growth, which reinstated the resilient nature of our well diversified portfolio. Financially, we benefited from our acquisitions of Jebel Ali Free Zone in UAE and Prince Rupert in Canada in 2015 and our disciplined capital allocation to show healthy increases in revenues and earnings, which grew 4.9 % and 27.6% respectively on a reported basis and 1.3% and 6.2% on a like-for-like basis after adjustments. For the first time, our earnings of $1,127 million surpassed the $1 billion mark and our return on capital employed further improved to 9.5% from 7.9% in 2015.

Q The year was one of shock and uncertainty around the world. How did this affect the macro-environment in which you operate?

A There were certainly some surprising developments in the world of politics, but as global trade enablers we have to take these challenges and find solutions. The challenges came from declining global trade and weaker growth – with some exceptions of countries like India – in the emerging markets, which are important for us as 75% of our portfolio is geared towards these economies. The US dollar continued to strengthen, while other major currencies such as the euro and British pound further weakened, which diminishes the purchasing power of importing nations with depreciating currencies as global trade is US dollar denominated. On the plus side, commodity prices stabilised, notably the price of crude oil, which is vital for our region. And new trade agreements such as the World Trade Organization's Trade Facilitation Agreement were reached. Political developments might have caused some uncertainty, but so far they have not had lasting negative effects on the global economy or financial markets. Stock markets around the world are trading near all-time highs for example, which is an important factor for business confidence and for trade.

Q What were trends in cargo and throughput in 2016?

A Our volumes remained high, delivering 63.7 million TEU (twenty-foot equivalent units) of gross volumes across our global portfolio in 2016, growing faster than the market thanks to our strategy of geographical diversification. We continued to focus on faster growing emerging or frontier markets, where around 75% of our terminals are located.

The portfolio mix was constant at around 70% origin and destination ("O&D") cargo, which is a great strength of DP World as it allows us to benefit from "sticky" cargoes and the higher prices they command.

For more information on our financial performance during 2016, see pages 28 and 29

This has an obvious benefit for our revenue, which typically grows ahead of our volume growth. The aim is to continue to attractive earnings growth and shareholder value over the long term.

Q Can you describe the performance of Economic Zones World in its first full year under DP World ownership?

A It was an excellent acquisition for us. Not only did it help to increase overall revenue growth, but it also improved the quality of our earnings and significantly enhanced our margins. This contribution is more fully described in the Chief Financial Officer's Review on pages 28 to 29.

In terms of growth, the Jebel Ali Free Zone continued to prosper, with new companies joining to bring the total to more than 7,000. We added a substantial amount of new office and industrial space, and increased the number of available on-site residential accommodation. The capacity is there for further future growth especially leading up to the EXPO 2020 and we look forward to the Free Zone continuing to provide significant strategic and financial benefit to DP World.

Q What are the advantages of having a dedicated industrial and logistics facility linked to a terminal port, like at Jebel Ali?

A We believe it makes the whole offering much more attractive to customers. Having a dedicated industrial and logistics facility on the port's doorstep means that customers do not have to haul cargo hundreds of kilometres once it is unloaded. Cargoes that require processing can be handled within hours of arriving at Jebel Ali. The port is at the centre of a sophisticated transport network, with excellent land, air and sea connections. Al Maktoum International Airport is already adding enormously to its logistical attractions, and this will only increase as the airport expands to eventually become the biggest in the world.

Q Much attention has been focused on the Hyperloop as a new transport system for passengers. What about its potential for cargo?

A We see the Hyperloop as a game changer in the business of transport logistics, and have begun studies to look at the applications of Hyperloop technology in Jebel Ali. The benefits from the fast movement of goods are obvious. Valuable dockside space would be freed up, and customers would have a dedicated container facility just minutes away from the ship. There's plenty of space for a new inland container depot, and a Hyperloop connection would make sound logistical and financial sense, allowing us to increase capacity and volumes in the port and enhancing revenue and profits. Everybody is getting excited about the potential for a 15-minute trip between Dubai and Abu Dhabi, but we are just as excited about the potential of Hyperloop for our container port business.

Q You make a point of saying that capacity targets must be flexible to take account of demand. Can you elaborate on this?

A In the ports business, time and space are equivalent to money, and it makes no sense for capacity to be under-utilised. We only want to add capacity when there is a demand for it. So, in the softer economic conditions we witnessed in 2016, we have decided to postpone some of the planned capacity additions for Terminals 3 and 4 at Jebel Ali port. We expect to deliver the 1.5 million capacity addition to Terminal 3 in 2017. It is all about employing capital sensibly and keeping the flexibility to adjust capacity growth depending on market conditions.

Q Last year the UAE committed itself to supporting the innovative strategies required to face the challenges of the 'fourth industrial revolution'. How will DP World play its part in this initiative?

A We are proud to play our part in this national strategy, which was unveiled in Dubai at the World Economic Forum Future Councils meeting last year. Innovation has always been at the heart of the DP World business, in the form of technological applications in security, safety, loading and unloading, customs inspections and cargo tracking. In many ways, our business is at the sharp end of the Fourth Industrial Revolution. People will always want physical goods, but the process by which these are shipped and delivered will change dramatically. We want to play a leading role in determining how these future trends develop.

Q Where are the key geographical and sectoral opportunities in 2017?

A Latin America remains an interesting proposition and opportunity for expansion, with a rising middle class demanding higher living standards and economic growth. Africa is still comparatively low down on the development curve, but with some of the fastest growth rates in the world but low containerisation and some wonderful opportunities. Russia, where we have our joint venture, is also a focus. There are great opportunities to improve efficiency there and it looks like the economic trends are on an up curve.

Sectorally, of course we will continue to play to our key area of expertise, maritime container ports. But we see great opportunities in inland ports, like the ones in Rwanda and Kazakhstan. We need to broaden our understanding of what a port is. Inland transport and logistics hubs and industrial zones with added complementary or related services will be very important for future growth in world trade.

Q Sustainability and safety feature prominently in DP World's mission statement. What are the key challenges for the future?

A Through the "Our World, Our Future" programme, we are placing sustainability at the heart of everything we do. By industry standards, it is an ambitious programme, but we believe it is the correct, indeed the essential, approach to modern business practice. We will continue to apply sustainable best practice in all our operations; it makes sense both ethically and in terms of our long term corporate and financial goals.

Good words are not enough in this field, however, so we have also put in place a matrix for measuring and reporting on our progress. We disclose progress to the Dow Jones Sustainability Index and the CDP, a global not-for-profit organisation that measures the environmental impact of corporate policies.

In 2016 we excelled in the CDP ratings of performance in action to tackle climate change, and in governance and strategy, risk and opportunity management, and emissions management, achieving significantly higher results than the rest of the industry and the region.

2016 FINANCIAL RESULTS

Profit
$1.1 Billion
27.6%

Adjusted EBITDA
Margin increased to
54.4%

Revenue of
$4.2 Billion
4.9%

Capital expenditure of
$1.3 Billion

Gross volumes
3.2% ahead of the market estimate of 1.3%[1]

Gross throughput (TEU '000)
63,658

Created $3.7 Billion investment platform in partnership with CDPQ[2]

[1] Drewry full year market estimate of 1.3%.
[2] Caisse de dépôt et placement du Québec (CDPQ) is one of North America's largest pension fund managers.

For more information on our key performance indicators and progress in 2016, see pages 18 to 21

Our Strategic Objectives

Our strategic aim is to lead the future of world trade and, in so doing, to create value for all our stakeholders. To achieve these aims we have to identify sustainable growth opportunities and drive innovation in our sector.

As we continue to expand our world-class portfolio of assets, we add value along the industrial chain and enhance world trade. We measure our progress towards achieving these goals through key indicators that evaluate our performance in finance, human resources, customer efficiency and operations.

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.
- Focus on origin and destination cargo.
- Develop value-adding services encompassing marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions.

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

2016 was a busy year, with a number of important developments and significant changes.

Capacity

During the year we continued to add significant capacity across our portfolio; creating additional capacity in Jebel Ali (UAE), London Gateway (UK), Yarimca (Turkey), Antwerp (Belgium) and Mumbai (India).

Sustainability

Building on our commitment to operate as a sustainable business we launched a number of initiatives with our people participating across the world. Our Global Education Programme aims to reach over 34,000 school children by 2020, building awareness and stimulating interest in ports, trade and logistics - a crucial part of the world economy. We have started our Solar Programme to install 154,000 solar panels across our Dubai operations, and aim to supply 39MW of electricity during peak hours, delivering estimated annual CO_2 savings of 48,800 tons of carbon.

Funding

We continuously review our funding plans and 2016 was no exception. We raised $1.2 billion in a new 7-year Sukuk transaction at significantly improved terms, refinancing $1.1 billion of the existing 2017 Sukuk through a tender offer and extending the debt maturity profile. We successfully raised a £650 million unsecured loan in the private placement market to refinance London Gateway Port. We also created a $3.7 billion investment platform in partnership with CDPQ to invest in ports and terminals globally outside of the UAE.

Innovations

During 2016, a range of new innovations were implemented across our operations, including drones for security, automated quay cranes and driverless trucks. To drive innovation we have introduced a Group-wide online portal “innoGate” to collect ideas from over 36,500 colleagues from around the world. We are also exploring the use of Hyperloop technology for carrying goods from an inland container terminal in Dubai to Jebel Ali port.

Beyond the Gate

Our “Beyond the Gate” initiatives continue to provide value-adding services and infrastructure to support the movement of cargo beyond our terminals. In 2016 we opened the first smart logistics centre in Peru. Based in Lurin, the centre uses optical fibres to connect with our terminal at Callao Port. It connects customers to the port and customs, enabling them to manage the movement of their cargo on their own electronic devices and smartphones. We were also granted a 25-year concession to develop and operate a new logistics centre in Kigali, Rwanda.

People

We constantly invest in our greatest asset, our people – enabling them to grow and flourish is crucial to our future success. In 2016, our DP World Institute delivered over 10,000 online modules and face-to-face training sessions. We invested in developing those employees who inspire and support our people and launched two new offerings to our global leadership programmes; Harvard Essentials of Leadership and Harvard Business Acumen. We also work to ensure the safety of our people and our programmes during the year resulted in a 11.6% reduction in reportable injuries during the year.

Portfolio

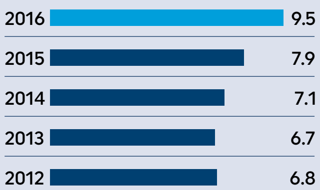
We continued to diversify our portfolio in 2016 and achieved a number of firsts. Our 50-year concession to build and manage Ecuador’s first deep-water port in Posorja will position us to capitalise on the expansion of the Panama Canal. We worked to complement our existing portfolio servicing the Atlantic trade routes and entered into an agreement to operate the New Brunswick container depot in Saint John; Eastern Canada’s largest port by tonnage and our first port on the east coast of North America. We also extended our commitment to emerging trade routes by entering into a 30-year concession to manage and develop a multi-purpose cargo complex in Berbera, Somaliland. Our investment in modernising the deep-water port will attract shipping lines to Eastern Africa and act as a catalyst for the regional economy. It also affords us access into developing sea trade with landlocked Ethiopia, the region’s largest economy.

Measuring Our Progress

Financial
Driving sustained long term shareholder value

Return on Capital Employed ("ROCE") %

9.5%

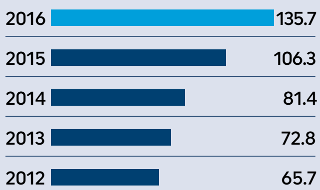


Definition
ROCE is earnings before interest and tax and before separately disclosed items ("SDI"), as a percentage of total assets less current liabilities.

Comment
For the fifth consecutive year we have seen growth in our ROCE. Our ROCE is reduced by the very low age profile of our portfolio and the consequent up-front capital investment required. We expect our ROCE to continue to increase as our portfolio matures.

Earnings Per Share (excluding SDI) ("EPS")

135.7



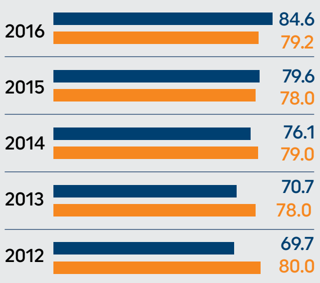
Definition
EPS is calculated by dividing the profit after tax attributable to the owners of the Company (before separately disclosed items) by the weighted average number of shares outstanding.

Comment
In 2016, our EPS grew by 27.65%. This was driven by robust revenue growth which was supported by full-year contribution of Jebel Ali Free Zone (UAE) and Prince Rupert (Canada) – and our disciplined capital allocation.

Customer
Providing a satisfied and profitable customer experience

Gross Capacity mTEU/Gross Capacity Utilisation %

84.6mTEU/79.2%



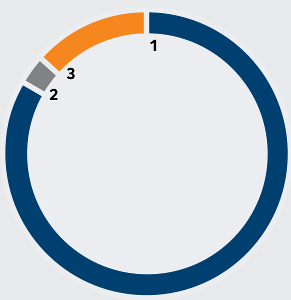
• **Gross Capacity mTEU**
• **Gross Capacity Utilisation** %

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 5 million TEU to 84.6 million TEU at the year end, reflecting our continued investment in additional capacity across the Group. Our utilisation remains high and above the industry average.

Capital Expenditure in 2016

1,298m



1 Existing Facilities 83.6%
2 New Facilities 3.3%
3 Maintenance 13.1%

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

Comment
Capital Expenditure totalled $1,298 million during the year and was predominantly related to expansion of existing facilities and their maintenance.

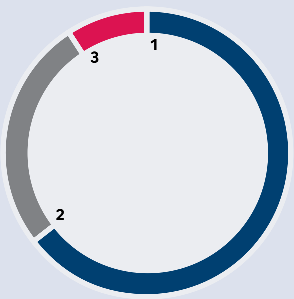
DP World identifies clear, measurable key performance indicators that assess how we are delivering on our strategy. The DP World Balanced Scorecard is structured around four core areas and allows us to measure our progress.

People

Creating a learning and growth environment that encourages innovation

DP World Institute Training Programme Participants in 2016

1,040



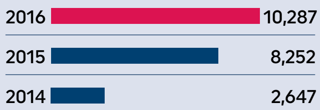
1 Middle East, Europe & Africa
Leadership – 325, Operations – 357
2 Asia Pacific & Indian Subcontinent
Leadership – 113, Operations – 155
3 Australia & Americas
Leadership – 48, Operations – 42

Definition
The number of participants who took part in face to face 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 with high levels of engagement across the Group.

DP World Institute e-Learning Module completion in 2016

10,287



Definition
The number of modules completed on the DP World e-learning platform during 2016.

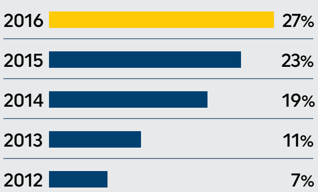
Comment
The DP World Institute continues to deliver a wide range of programmes via our e-learning platform. We expect this trend to continue as further e-learning programmes are developed and released.

Operations

Delivering high levels of productivity, efficiency and safety

Increase in Gross Berth Moves ("GMPH")

27%

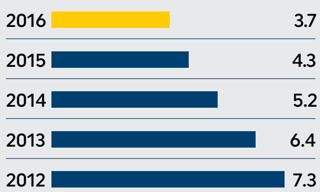


Definition
GMPH is the number of containers moved over the quay from and to a ship divided by the sum of hours in the period, for all cranes, between first and last lift.

Comment
We have calculated GMPH as an average across our portfolio and the graph shows our GMPH improvement as a percentage against our 2011 baseline.

Lost Time Injury Frequency Rate ("LTIFR")

3.7



Definition
LTIFR is the total number of lost time injuries divided by the total hours worked and then multiplied by 1 million.

Comment
We aim for zero harm to our people; ports and terminals are a dangerous environment and we constantly work to improve our processes to mitigate the inherent risks. The downwards trend in our LTIFR is evidence that our efforts to reduce harm are effective, but there are still improvements that can be made.

1. Adding Value

Investment Platform

$3.7bn

Financial vehicle established
In partnership with the giant Canadian infrastructure investor, Caisse de Depot et Placement du Quebec ("CDPQ").

In December 2016, DP World announced one of the most significant transactions in its history – the establishment of a $3.7 billion investment platform in partnership with one of the world's largest pension funds, Caisse de Dépôt et Placement du Québec ("CDPQ"), Canada, reinforcing our strategic commitment to "Lead the Future of World Trade."

The joint venture provides us with a strong partner holding a shared vision of leadership in global port and terminal infrastructure. It gives DP World greater flexibility to capitalise on investment opportunities while maintaining our strong balance sheet. CDPQ will gain access to unrivalled industry expertise in the port and terminal business and access to first-class investment opportunities.

CDPQ is one of the biggest pension fund investors in the world, with net assets of CA$271 billion in 2016, and infrastructure investment is the fastest-growing part of its portfolio.

The new vehicle will be 55% controlled by DP World, which seeded the fund with its Canadian container terminals in Vancouver and Prince Rupert, with CDPQ acquiring the remaining 45% stake for $640 million.

The platform will invest in ports and terminals globally (excluding the UAE) across the lifecycle of the asset, with a focus on investment grade countries. It will invest mostly in existing assets, but with up to 25% invested in greenfield opportunities. Through this platform, DP World will share new investment opportunities and CDPQ will have the option of co-investing alongside.

This partial monetisation of our Canadian assets boosts our balance sheet and provides new funds, complementing DP World's traditional funding in the equity markets, debt markets or via bank loans.

The opportunity landscape in the port and terminal sector remains significant. By combining our in-depth knowledge of container handling and CDPQ's expertise in infrastructure investing and long term horizon, we will continue to develop the port infrastructure industry, one of the fastest-growing asset classes globally.

2. Thinking Ahead

Solar Programme

154,000

Rooftop solar modules
Supplying 39MW during peak hours, delivering annual CO_2 savings of more than 48,800 tons of carbon.

9,300

Cars
This is the equivalent of taking more than 9,300 cars off the road for a year.

Sustainability has long been a watchword at DP World, and our commitment is reflected throughout all aspects of our operations. It is the only way forward for the next and future generations.

In 2016, we took the first steps in a project that will ultimately revolutionise the lives of thousands of people and safeguard our world, leaving a lasting and positive impact on the environment, economies and society.

DP World, in collaboration with DEWA's Shams Dubai initiative, will install renewable energy devices in 44 locations and buildings in Jebel Ali and Mina Rashid. This is the largest solar rooftop project in the Middle East.

Over 154,000 rooftop solar modules will supply 39MW energy during peak hours, delivering estimated annual CO_2 savings of more than 48,800 tons of carbon. This is the equivalent of taking more than 9,300 cars off the roads for a year.

Phase 2 will roll out the project into other buildings in the Jebel Ali Free Zone and DP World UAE region, the final phase will extend the initiative to our international portfolio.

The solar project is in support of the visionary initiatives launched by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, which combine to make Dubai a sustainable green economy: Integrated Energy Strategy 2030, which seeks to cut energy consumption by 30% over the next 13 years, and the Clean Energy Strategy 2050. The initiatives also reflect DP World's values and commitment to sustainability, and our strategy of thinking for the future and adopting innovative solutions to tackle current issues.

Sultan Ahmed Bin Sulayem, Group Chairman and Chief Executive Officer of DP World, said: "We aim to ensure that everything we do has a long-lasting positive impact on economies and society. By raising awareness of renewable energy, we are helping work towards a carbon-neutral future for the UAE."

3. Building a Legacy

Global Education Programme

Global Education Programme: impacts in numbers since launch (May 2016)

Schools

- 95% of young people said they made a connection to the material.
- 81% of young people said they developed new skills.
- 98% of schools said the programme offered something different for students.
- 95% of teachers said the course provided more than the school could have done.
- 94% of teachers said they would be likely to recommend DP World as an employer.

DP World employees

- 92% of employees involved said it improved their commitment to DP World.
- 96% said they will speak more positively of DP World.
- 85% said they improved job-related skills.
- 89% increased self-confidence.
- 93% increased job satisfaction.
- 85% said they will do their job more effectively.
- 85% gained awareness of wider social issues.

We are taking the real world to the classroom to inspire the workers of tomorrow.

A milestone in 2016 was the launch of our Global Education Programme. Piloted in seven countries and now rolled out all over the world, it embodies the philosophy of Our World Our Future: as leaders in our industry, it is our responsibility to invest in the future, to give today's young people the knowledge and skills they will need to run the operations and economies of tomorrow.

We worked with education experts EdComs to develop a unique series of learning modules for 8 to 14 year-olds, designed to be delivered by our own employee volunteers at schools in their local communities. The nine modules are available in eight languages, and are being used in classrooms from Buenos Aires to Manila.

The programme focuses on trade and logistics, and developing skills in our sector. As well as introducing students to one of the world's most important and rapidly-changing industries, lessons address topical issues from new technology to sustainable business. We aim to inspire students by bringing the real world into the classroom, showing how the maths, science and skills they learn in school make trade and logistics happen.

Results so far suggest it is an inspiring and engaging message for the workforce of tomorrow: 95% of young people have said they "made a connection" to the material. And it is rewarding for the workforce of today, too. 92% of the DP World volunteers involved have said taking part has improved their commitment to their job, and 94% have improved their skills.

We will be building on the success of the initiative next year, and by 2020 we aim to have reached 34,000 young people in the regions where we operate.

"The relationship-building within the community was a great highlight for me personally; the school, faculty and students were blown away that we visited their school from so far away."

"The children's dedication and keenness to learn more about DP World was quite fascinating. One child took to us so much that he followed us after the class saying he was ready to work with us already!"

Group Chief Financial Officer Review
Another successful year

Financially, 2016 has been another successful year for DP World and we have delivered a strong set of results, with profit attributable to owners of the Company growing 27.6% to $1,127 million. Adjusted EBITDA[4] was $2,263 million, while adjusted EBITDA margins reached a new high of 54.4%, beating our medium-term target of 50%+ adjusted EBITDA margins. Reported revenue grew by 4.9% to $4,163 million.

On a like-for-like basis, 2016 revenues grew 1.3%, driven by 2.3% growth in containerised revenue. Non-container revenue declined 1.1% on a like-for-like basis following a strong performance in 2015. This resulted in like-for-like adjusted EBITDA growth of 6.6%; like-for-like adjusted EBITDA margin of 52.6% and like-for-like EPS growth of 6.2%.

Revenue growth continues to outperform volume growth which illustrates that our portfolio continues to deliver pricing power even in challenging markets.

Middle East, Europe and Africa

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)[5]	**21,279**	21,556	(1.3%)	(1.9%)
Revenue	**3,071**	2,911	5.5%	1.9%
Share of profit from equity-accounted investees	**18**	10	86.1%	37.4%
Adjusted EBITDA	**1,791**	1,612	11.2%	5.6%
Adjusted EBITDA margin	**58.3%**	55.4%	–	57.7%[6]

4 EBITDA means Earnings Before Interest, Taxation, Depreciation and Amortisation.
5 Consolidated throughput is throughput from all terminals where we have control under IFRS.
6 Like-for-like adjusted EBITDA margin.

Market conditions in the Middle East, Europe and Africa ("MEEA") region were mixed. Portfolio growth (outside of the UAE) was strong; Europe continued to outperform, mainly driven by the ramp up at London Gateway. Volumes in UAE were down 5.3% at 14.8 million TEU in 2016, reflecting a reduction in lower-margin cargo, which decelerated in the fourth quarter with volumes marginally down 0.7% year-on-year. Overall, revenue in the region grew 5.5% to $3,071 million on a reported basis, aided by the acquisition of Jebel Ali Free Zone, which is performing in line with expectations despite challenging markets.. Like-for-like containerised revenue per TEU was up by 4.5% and total revenue per TEU was up by 3.9%.

Adjusted EBITDA was $1,791 million, 11.2% ahead of the same period last year, mostly due to the full-year contribution of the Jebel Ali Free Zone, while adjusted EBITDA margin rose to 58.3%. Like-for-like revenue and adjusted EBITDA growth on 2015 at constant currency was 1.9% and 5.6% respectively. Like-for-like adjusted EBITDA margins stood at 57.7%.

We invested $1,058 million in the region during the year. Investment was focused across the Middle East and Europe, including Jebel Ali (UAE), Jebel Ali Free Zone (UAE), London Gateway (UK) and Yarimca (Turkey).

Asia Pacific and Indian Subcontinent

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**4,957**	4,870	1.8%	1.8%
Revenue	**433**	414	4.6%	8.3%
Share of profit from equity-accounted investees	**125**	111	12.7%	17.7%
Adjusted EBITDA	**317**	281	12.6%	17.2%
Adjusted EBITDA margin	**73.0%**	67.8%	–	73.7%[7]

7 Like-for-like adjusted EBITDA margin.

Markets conditions in the Asia Pacific and Indian Subcontinent region were generally positive. Volume growth of 1.8% was driven by the Indian Subcontinent terminals as the region benefited from new capacity in Mumbai (India) and a favourable trading environment.

Revenue growth of 4.6% to $433 million on a reported basis and 8.3% on a like-for-like basis was stronger than volume growth due to an improvement in containerised revenue per TEU, which grew 9.6% on a like-for-like basis. Our share of profit from equity-accounted investees rose 12.7% to $125 million mainly due to strong performance in China and South Korea.

Adjusted EBITDA of $317 million was 12.6% higher than the same period last year, while the adjusted EBITDA margin increased to 73.0%. Like-for-like growth was stronger at 17.2% as currency fluctuations adversely impacted top-line growth.

Capital expenditure in this region and Indian Subcontinent during the year was $81 million, mainly focused on capacity expansion in Mumbai (India).

Australia and Americas

Results before separately disclosed items	2016	2015	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	**3,003**	2,684	11.9%	(6.0%)
Revenue	**659**	642	2.6%	(6.1%)
Share of profit from equity-accounted investees	**6.4**	(68.0)	109.4%	31.7%
Adjusted EBITDA	**293**	190	54.5%	6.0%
Adjusted EBITDA margin	**44.5%**	29.5%	–	41.4% [8]

8 Like-for-like adjusted EBITDA margin.

Market conditions in the Australia and Americas region has been challenging in 2016. Volatile currency and weaker commodity prices led to softer economic growth in this region. Reported volumes grew by 11.9%, benefiting from the full-year contribution of Prince Rupert (Canada). Revenues grew 2.6% to $659 million. Profit from equity-accounted investees was $6.4 million, with year-on-year improvement driven by foreign exchange gains in Brazil.

Adjusted EBITDA was $293 million, 54.5% ahead of the prior year mainly due to the acquisition of Prince Rupert, foreign exchange gains in Brazil and improved performance in equity-accounted investees. Like-for-like throughput volumes were down by 6.0%, like-for-like total revenue growth at constant currency was down 6.1%, but like-for-like adjusted EBITDA improved 6.0% on the prior period, reflecting strong cost controls. We invested $156 million capital expenditure in our terminals across this region during the year, mainly focused in Prince Rupert (Canada).

Cash Flow and Balance Sheet

It has been a busy year for refinancing as we successfully refinanced $1.1 billion of our 2017 Sukuk with a new seven-year 3.908% Sukuk, which extended our debt maturity profile while also providing new capital at significantly improved terms. Furthermore, we raised £650 million 20 and 30-year multi-tranche term financing for London Gateway Port, which was placed with pension funds, insurance companies and financial institutions, and CA$603 million seven-year bank loan for the Canadian business. This further extends the debt maturity profile and reduces the refinancing risk of DP World. The credit agencies Fitch and Moody's also recognised the strength and resilience of our business and upgraded our long term issuer rating to BBB from BBB- and Baa2 from Baa3 respectively with stable outlook.

Cash generation remained strong with cash from operations standing at $2,002 million for 2016. Our capital expenditure reached $1,298 million as we delivered new capacity in Jebel Ali (UAE), London Gateway (UK), Yarimca (Turkey), Antwerp (Belgium) and Mumbai (India). Gross debt fell slightly to $7,618 million in 2016 from $7,670 million at 31 December 2015. Net debt was slightly higher at $6,319 million in 2016 compared to $6,234 million in 2015 as the cash on the balance sheet at 31 December 2016 of $1,299 million was lower due to capital expenditure. Our year-end balance sheet shows leverage (net debt to adjusted EBITDA) decreased to 2.8 times from 3.2 times at 31 December 2015. 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 2016 was $1,298 million, with maintenance capital expenditure of $170 million. The total spend was in line with our guidance of $1,200 – 1,400 million as we maintain our disciplined approach to deploying capital and postponed Terminal 3 expansion at Jebel Ali (UAE). We expect 2017 capital expenditure to be around $1,200 million and we look forward to adding further capacity at Jebel Ali (UAE), Prince Rupert (Canada), Berbera (Somaliland), Dakar (Senegal) and London Gateway (UK).

Yuvraj Arayan
Group Chief Financial Officer

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 ("ERM") Framework. 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 Framework 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 18 and 19 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 reviewed and debated by the Audit Committee.

The Group Head of Risk Management works to establish and implement the ERM 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.

During 2016, we established an ERM Committee involving senior executives to provide a greater degree of oversight on the principal risks that may impact our Group.

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 and 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:

DP World Board/Audit Committee

Group CEO, COO, CFO

Oversight

First line of defence:
Risk ownership and control

Business unit and regional management procedures

Internal controls

Controls and Risk Self-Certification

Second line of defence:
Risk monitoring and compliance

Head Office Finance – Financial controls

Global Operations – safety/security/asset management/operations

Company Secretariat/Legal

Risk Management

Third line of defence:
Independent assurance

Group Internal Audit

Reporting

Reporting

First Line of Defence

Businesses across the Group perform day-to-day risk management activities, with regular 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 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 2016, 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 33 to 37.

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 • Safety risk	• Legal and Regulatory • Macroeconomic Instability • Industry Capacity • Customer Consolidation	• Geopolitical
Stable	• Major Projects – development and planning • Labour unrest • Environmental – climate change • Business Ethics		
Reducing	• Employee attraction and retention		• Financial Risks

Macroeconomic Instability

Risk Description and Impact	How We Manage our Risk
Container handling correlates with GDP growth of the global economy. This correlation was historically higher at a rate of 2 to 1, but today this rate is closer to 1 to 1. 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.	• 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. • 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 and 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. 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 2.8 times in 2016 and the only major refinancing due in 2019. • During the year a new Sukuk was issued for $1.2 billion, which was used to refinance the majority of the Sukuk falling due during the year. • The Group entered into an agreement with CDPQ for a $3.7 billion investment platform, with two of the Group's Canadian terminals used as the seed investment. This provides the Group with access to funds for further expansion in the future (refer to Note 34). • The Group refinanced the project finance debt in London Gateway, for £650 million, with a new debt, at a lower cost, for 30 years, with an average life of 20 years, pushing out the repayment and hence, having more cash available for investing into the Group. • The Group has a committed revolver credit facility of $2 billion of which none has been drawn to date. • Our tariffs are predominantly USD 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 and Impact	How We Manage our Risk
The utilisation of our operations is influenced by any available capacity to handle container volumes. In some jurisdictions port authorities tender many projects simultaneously and create capacity beyond medium-term demand, which 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. • Our focus on gateway locations means we are usually the terminal of choice. • We bring on capacity in line with demand with a view to avoiding overcapacity. • The Group's investment in deep-sea capacity allows us to handle ultra-large vessels and offers a competitive advantage. • 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.

Our Principal Risks continued

Major Projects – Development and Planning

Risk Description and 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 due to their nature, are exposed to geopolitical events, forces of nature, unforeseen site conditions, technology development and equipment deliveries, amongst other external factors which can result in delays or cost overruns. Failure to deliver these major projects can expose the Group to the risk of reduced profitability and potential losses.	• Our Pre-qualification criteria and process continues to be enhanced, with comprehensive information being collected and managed to make sure our contractor list is solid and companies are categorised according to their actual skills and recent performance on other contracts. Relationships with top-tier vendors are constantly developed and managed, securing top management commitment from Contractors to our projects. Procurement processes in place make sure contracts are rigorously negotiated to mitigate any identified project risks. Project risks are constantly assessed, mitigated and managed by the Project Management Department ("PMD") during the project planning and execution stage. • Several levels of approval are in place for the large-scale contracts up to the level of our Board. • In addition to the involvement of highly skilled project management individuals on each project, more attention is being placed to the planning stage of projects, to avoid and address eventual project liabilities, following PMD procedures and best practices of project management standards. • 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. • 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 and 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. We also actively maintain a mix between investing in emerging markets and developed markets to balance our risk return profile. • Our focus on the more resilient origin and destination cargo also lowers the risk of volatility. • 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. • 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 and Impact

Our business and operations are increasingly dependent on information technology to drive the efficiencies of its operations, ensure integrity in information and business workflows, integration to stakeholders including customers and government authorities, ensuring that port operations and its machinery operate continuously. As a logistics company, the use of IT applications is core to our competitive advantage.

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.

How We Manage our Risk

- We regularly review and evaluate all software, applications, systems, infrastructure and security tools to ensure that the best available software and systems are installed and used by our Group.
- All software and systems are upgraded or patched regularly to ensure that we minimised our vulnerabilities.
- Each of our business units has an IT disaster recovery plan.
- Our security policies and Infrastructure tools are updated regularly or replaced regularly to keep pace of changing and growing computer threats.
- We have online training courses for our employees for training on the proper use of our computer systems and computer security.
- Our security Infrastructure is updated regularly and connectivity to our partners' systems is monitored and logged.

Customer Consolidation

Risk Description and Impact

Our major and middle-tier customers are expected to continue to form alliances and may change their strategy on preferred ports and hubs which could also lead to downward pressure on tariffs.

How We Manage our Risk

- We focus on high levels of customer service and develop sustainable, high-value and trusted customer relationships throughout our portfolio.
- We have a customer contact engagement strategy in place. Senior executive sponsors are in constant dialogue with our customers and we maintain a watching brief on all markets.
- We operate customer engagement projects to improve and extend supply chain relationships.
- We remain focused on origin and destination cargo, which is less affected by competition than transhipment cargo.

Safety Risks

Risk Description and Impact

The industry we operate in has a great interaction between people and heavy equipment/loads, which expose us to a range of health and safety hazards. The potential impacts could include harm to our people, regulatory action, legal liability, increased costs and damage to our reputation. Our ultimate goal is zero harm to our employees, third parties and communities near our operations.

How We Manage our Risk

- Our Board of Directors is fully committed to creating a safety culture throughout the Group. We 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.
- We continue to record and report on all safety impacts at business units to the Board and senior management. This includes collecting, analysing, reporting and monitoring data on a monthly basis in order to measure the safety performance of our business units.
- We investigate all incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.
- 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.
- A Vendor Code of Conduct has been established to ensure contractors selection criteria is aligned with our safety policies prior to commencing work on our terminals.

Our Principal Risks continued

Legal and Regulatory

Risk Description and Impact	How We Manage our Risk
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. We are expanding geographically and therefore we are exposed to more and more laws and regulations when operating our businesses. New legislation and other evolving practices could impact our operations and increase the cost of compliance. For example, the UK Bribery Act applies to all our operations worldwide. We need to constantly monitor compliance on our existing operations and business development opportunities. Another example is competition law and merger control rules which are applicable in almost all jurisdictions. We must ensure that we operate in compliance with these rules. This is even more critical in our industry that has few players, few competitors, and few customers. Regulators across the world exchange data and scrutinise companies on a global level. Failure to comply with legislation could lead to substantial financial penalties, disruption to business, personal and corporate liability and loss of reputation.	• 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. • Ongoing dialogue with our external lawyers to maintain knowledge of relevant legal developments in the markets where we operate. • Ongoing dialogue with our Regions to proactively be aware of changes in the way business/operations are conducted and be in a position to advise accordingly.

Business Ethics

Risk Description and 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. We comply with a wide range of local and international laws, e.g. anti-corruption and bribery laws and the Modern Slavery Act. As our business spreads geographically, we are increasingly operating in countries identified as having a higher risk of exposure to these laws. 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 Anti-Bribery Policy in place, with a zero tolerance approach to bribery and fraud and has developed online training and fraud risk awareness workshops across the Group to raise awareness and promote compliance. • 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. • We have a whistleblowing hotline for reporting any concerns. These are investigated and reported to the Audit Committee on a quarterly basis. • We provide new starters and existing employees with training on anti-bribery and corruption as part of the induction process. • We have a vendor code of conduct to ensure vendors comply with these laws and a gift and hospitality policy for all employees.

Employee Attraction and Retention

Risk Description and Impact	How We Manage our Risk
Our people are fundamental to the long term success and growth of our Group. 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 could result in increased costs to the Group and affect our business continuity and productivity levels.	• 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. • We partner with some of the most reputable learning institutions, such as London Business School and Harvard, for the development of our leaders. • We have entered into agreements with the leading recruitment and search firms to support us as and when needed. • Effective performance management remains a high priority and is regularly monitored across the Group. • We have in place a succession planning strategy for critical roles in the business, which forms part of our Talent Management process. • Staff turnover rates are monitored and are currently stable.

Labour Unrest

Risk Description and Impact	How We Manage our Risk
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.	• 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, nationally, and internationally. • 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 every two years, with a formal process for following up on employee concerns. • We continue to develop a response capability to address and offset the impact of work stoppages as a result of labour disputes within the local regulatory and legal framework we operate under.

Environmental – Climate Change

Risk Description and Impact	How We Manage our Risk
Our operational activities are driven by the consumption of fossil fuels and electricity which, in turn, emit pollutants including greenhouse gases. DP World's activities and operations are a crucial link in the supply chain of goods and we recognise that our Group has a responsibility to reduce emissions. Currently, there are numerous national and regional regulations and laws governing environmental protection issues 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 and which actively engages with policymakers and governments to assist in managing and mitigating any risks associated with regulatory changes. • Operational terminals, executives, managers and technical leaders play an important role in developing strategies and actions to combat the adverse potential effects of climate change through planning, modification of infrastructure and retrofitting, etc. • We continue to monitor and report our carbon emissions to the Board and senior management and globally to stockholders. • Further information on our environmental initiatives and performance is in the sustainability section of this report commencing on page 38.

Our World, Our Future

Working in a sustainable and responsible way is essential: it is how we build a strong business for our customers, our people and our society, now and for the future. In 2016 we took our commitment to sustainability to a new level.

When we started, sustainability was an aspirational idea. We knew it made sense ethically and for our long term corporate growth. But we also knew it would take effort and resources to transform good intentions into practical action.

Sustainability needed to become a strategic priority for DP World. In 2016, this approach has shown results across all our operations: aspiration has become reality, and we are proud to be leading the way in our industry.

In February 2016, we launched Our World, Our Future – an ambitious programme that embeds sustainability at the heart of everything we do, across our network.

Our World, Our Future is a major long term investment to drive best practice and foster innovation in sustainability around the world, while measuring and reporting on our progress. It focuses on four core commitments which cut across the entirety of our business:

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

Each of these commitments includes specific aims, and we measure our progress against each one. Our World, Our Future is a dynamic programme: we always seek to go further and do more. The results are becoming clear in many aspects of our operations. We continue to disclose our progress to the Dow Jones Sustainability Index and CDP, a global not-for-profit company that measures and manages corporate environmental impacts. On climate change, our CDP score has dramatically improved, from a C in 2013 (demonstrating knowledge or "awareness" of climate change issues) to a "leadership" score of A- in 2016 (demonstrating we are actively shaping best practice in our sector). We excelled in other CDP categories such as governance and strategy, risk and opportunity management and emissions management, achieving numbers much higher than sector and region averages. We will continue to engage with CDP in the year to come. At any given moment, we are working towards all of our sustainability commitments, all over the world.

Our World, Our Future has been a catalyst for improving our performance around the world since its launch in February, 2016. Every region has been involved in running individual initiatives, and we have coordinated several high-profile global programmes, reflecting the collective commitment to sustainability at the core of DP World.

Notable milestones this year include:

- **Global Education Programme** – DP World volunteers have embarked on an initiative to bring the trade and logistics sector into classrooms around the world, inspiring students, developing skills and giving something back to our local communities. We have successfully worked with more than 2,000 8 to 14 year-olds since the scheme launched and we aim to reach 34,000 by 2020. Our volunteers are getting a lot out of the experience too (see page 26).
- **United for Wildlife** – The illegal wildlife trade is a huge threat to many of the world's best-loved species, as well as having huge social and economic costs. As leaders in the logistics sector we can play an important role in combatting it. We have joined up with United for Wildlife, a global alliance of wildlife charities committed to fighting the trade, as a member of its "Transport Taskforce". The Taskforce promotes 'zero tolerance of transport of illegal wildlife parts across borders', and we are working with others in our industry to do everything we can to help stamp out this international crime.
- **World Water Day** – Everyone's job at DP World is affected by access to freshwater – and water scarcity is one of the most serious issues in the world today. We have a responsibility to do what we can to use water more effectively, and World Water Day was a focus for our efforts in 2016. We provided staff with tools and ideas for actions they could take at our sites around the world, and supported them as they put them into practice. This year, we've achieved almost 40 million litres of reduced water consumption across our worldwide operations.
- **Vendor Code of Conduct** – Our commitment to sustainability is not simply an in-house concern: it also means influencing others and working with those who share our values. In July 2016 we launched a global Procurement Code of Conduct to consolidate this aim. It is based on a new Vendor Relationship Management programme which helps our people organise, select and manage vendors who share our passion, and who we know will support the standards of sustainability and responsibility we expect. We expect our vendors to comply with all applicable safety and environmental legislation, adhere to our sustainability principles and commitments, and work to continuously improve their approach to sustainability..

> “As leaders in our sector, we have a particular responsibility to show that it's possible to operate effectively on a global scale in a way which benefits society, protects the environment and gives our children a future to look forward to. This year's launch of Our World, Our Future embodies our commitment to do exactly that. Thanks to the hard work of our people around the world, our efforts are bringing real results – we're sharing what we're learning about sustainability across our industry and through supply chains, and playing an important role in raising standards globally.”
>
> **Sultan Ahmed Bin Sulayem**
> Group Chairman and Chief Executive Officer

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
bring sustainability into all areas of our work to ensure a long-lasting impact on economies and society

Preventing **pollution**

We have
identified potential sources of pollution

We are
minimising our emissions

We will
reduce emissions in the global supply chain by being as efficient as possible in our operations and 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
collaborate with other stakeholders in the supply chain on climate change and sustainability issues in the port sector

Our Performance

Emissions Intensity KgCO2e/Mod TEU9

15.4

2016	15.4
2015	15.8
2014	15.8
2013	16.4
2012	17.5

Over the last five years, we reduced our emissions intensity, measuring 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). Our efforts have resulted in a steady decline of emissions, with a 14% reduction achieved against our 2011 baseline.

Energy Use MU Energy/TTM

63.8

2016	63.8
2015	68.1
2014	70.3
2013	72.3
2012	75.7

In 2016, we again reduced our energy use, which we measure as mega joules of energy used per total business unit move (MJ Energy/TTM). Over the past five years, we have reduced our energy use by 19% when compared to our 2011 baseline.

DP World Callao (Peru)

Across all our activities, we are committed to protecting the environment that sustains us. We monitor and report on our environmental impact and are constantly looking to improve our environmental performance – from reducing carbon emissions, to using water, energy and raw materials more efficiently.

We aim to be a role model in our sector, taking a lead on environmental issues: for example, our rooftop solar project in Dubai is one of the largest in the Middle East and will save an estimated 48,800 tonnes of carbon annually see page 24.

Our business units regularly run initiatives to benefit their local environment and promote environmental awareness. In September, we held our third annual Go Green week, which was the biggest ever: more than 3,000 DP World volunteers in 29 countries took part in activities ranging from beach clean-ups and planting of native trees, to cycling to work and visiting schools to educate local children on environmental issues. During the week, they planted 2,241 trees and collected more than 200 tonnes of litter off local beaches.

Objectives	Progress
Continue our efforts to reduce our carbon emissions and energy use through different programmes and initiatives	We have continued to make our services and systems as eco-friendly and efficient as possible through engineering technologies, operational efficiencies and human awareness. Examples include reducing the time a vessel spends in the business unit and monitoring external truck mileage. These efforts help to improve the efficiency of the global supply chain and reduce the emissions generated through a product's life cycle.
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 business units	We are encouraging all business units to measure their water footprint, and have provided tools to help them do so. This will enable us to more accurately measure our water footprint. In a survey this year, business units recorded water savings of almost 40 million litres through innovations such as rainwater harvesting, water recycling and water-efficient taps and toilets. As part of our work on water conservation, many DP World business units ran events for World Water Day in March. This year's theme was "Water and Jobs": activities ranged from a workshop for more than 500 children in Callao, Peru, to working in partnership with a local research institution and an NGO to develop a strategic approach to water access in Doraleh, Djibouti. Business units continue to find innovative ways to recycle or reuse waste materials. DP World London Gateway won a "Trash to Treasure" award for using 200 tonnes of waste wood to create habitat for reptiles, including protected European adders.
Support awareness raising and education on environmental issues	We continued to support the Carbon Ambassadors Programme, a Dubai Carbon Centre of Excellence initiative in partnership with the United Nations Development Programme. By engaging and training university students, it aims to create the next generation of sustainability leaders and experts in the UAE. This year, as part of the programme, eight young Emirati women employed by DP World transformed unused shipping containers into classrooms for refugee camps. The unique mobile classrooms include recycled materials and are powered by rooftop solar panels – a great example of how creative thinking can deliver social benefits in a cost-effective, resource-efficient way.

9 $KgCO_2e$/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.

Our World, Our Future

Investing in Our People

Actively encouraging **diversity** and **inclusion**

We have committed to embracing an inclusive culture, which recognises and values diversity

We are supporting this approach across the business by sharing guidelines and giving practical support

We will continue to actively create a workforce which reflects diversity across our whole business

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

We have provided the tools our managers need to start identifying potential in our talent and expanded the number of leadership development opportunities available across our organisation

We are developing the ability of our leaders to objectively and accurately assess performance and potential for their teams; and identifying and supporting new and existing learning interventions that go beyond the classroom

We will continue to evaluate and review the programmes and opportunities we offer to ensure our people have the development they need to reach their full potential

Following through on our employees' feedback and **achieving our commitments**

We have put in place a number of programmes and initiatives to enhance and improve areas identified

We are sharing stories of the impact of actions and programmes on our employees across the globe

We will continue to engage our people and solicit their feedback to ensure that we are continually aligned to their needs

DP World Dakar (Senegal)

We have over 36,000 hugely valuable assets worldwide: investing in our people and enabling them to flourish and grow is crucial to our future success.

During 2016, a total of 4,600 people improved their capabilities by taking part in face to face or e-learning training programmes delivered though the DP World Institute. In particular, we have focused on investing in developing those who inspire and support our people: our current and future leaders, and our Human Capital ("HC") staff themselves.

We have also started to work on an exciting initiative to develop and define our "employer brand" and "employee value proposition" ("EVP"), in collaboration with global professional services advisors Willis Towers Watson. This provides a compelling statement of all that DP World offers to its employees, and what we expect from them in return. It is an important part of our updated HC strategy – and we will be using it to identify areas where we are excelling and where we could do better.

"We are proud to constantly invest in our people – it's their commitment and engagement that makes the difference."

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer

Objectives	Progress
Put a programme in place to further develop and enhance the skills and competencies of our global HC community	The DP World Corporate HC function sponsored a capability building exercise to further raise professional standards across our global HC community. The aim is to have recognised international standards which sets a consistent level for great HC service to support the business today and prepare it for the future. The first cohort of learners completed the programme in 2016. 14 members of our global HC community, based in the UAE, UK, Peru, Brazil, Belgium, Germany, Romania, Algeria, India and Pakistan, joined together to complete the programme as a team.
Provide global leadership programmes tailored to suit the needs of senior managers, managers and supervisors	We added two new offerings to our global leadership programmes: Harvard Essentials of Leadership and Harvard Business Acumen. Both courses can be tailored to regional needs and delivered in English, Spanish, Portuguese or Chinese. A third programme, Harvard Advanced Leadership with Business Acumen, has completed the design phase and is ready for launch in 2017. These new offerings are delivered through Harvard's Online Learning platform in order to maximise participation and reduce the environmental impact associated with corporate travel.
Deliver a global solution to help managers identify DP World leadership talent	We introduced "potential" ratings in our performance management process, encouraging line managers to think about our employees' potential – their ability to do jobs at a higher level, aspiration to rise to more senior positions and engagement with DP World. Including multiple perspectives gives us a better understanding of our shared talent pool, helping us find the best people for leadership positions, now and in the future.
Conduct research to identify and define key aspects of the EVP and employer brand	Following an organisation-wide consultation process, we are close to launching our EVP and employer brand, which will help us attract, engage and retain talent aligned with our culture and values. We set up an "EVP taskforce" which collected inputs from My World employee surveys, focus groups, workshops with recruiters and interviews with leadership and Human Capital staff. Ideas were piloted at Head Office and the UAE and Americas regions, then further tested and refined by employees from all regions. In total, around 650 people across six continents had an input through 57 focus groups and interviews.
Roll out our global diversity and inclusion agenda and further embed it within the business	November 2016 was dedicated to our diversity and inclusion campaign, with awareness-raising posters and videos on display in business units globally, and a photo competition about what diversity and inclusion means to DP World. We introduced a global mentoring programme, connecting people across regions, cultures and job functions. We conducted a thorough review of our business and hiring practices to ensure we continue to support and encourage applications from people with disabilities. Diversity and inclusion are now included as modules within our global Leadership Programmes, and we developed and launched an e-learning module on the topic, which had been accessed more than 800 times.

Outcome
The number of DP World employees with access to our extensive catalogue of e-learning modules grew by more than 50% to over 11,000. In 2016 we added new modules on sustainability and IT awareness, as well as diversity and inclusion. We once again delivered face-to-face learning workshops across all DP World regions, including for the first time Qingdao, China and Aktau, Kazakhstan.

Investing in Our People continued

Our Team

Region

Asia Pacific and Indian Subcontinent	27%
Australia and Americas	14%
Middle East, Europe and Africa	59%

The regional spread of our workforce reflects our business focus on growing markets. With 38 operating business units across our Middle East, Europe and Africa region, compared with 26 in the Asia Pacific and Indian Subcontinent region and 14 in the Australia and Americas region, this metric reflects the shape of our portfolio.

Years of Service

0 to 5 years	33%
6 to 10 years	29%
11 to 20 years	29%
Above 20 years	9%

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 both the 6 to 10 years' and 11 to 20 years' service categories as compared with our 2015 figures.

Job Level

Executive Management	3%
Middle Management	15%
Operational and Support Staff	82%

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	17%
31 years to 50 years	68%
51 years and above	15%

We continue to have a well-diversified age profile across our Group, which remains consistent with our 2015 figures.

Gender Diversity

Male	93%
Female	7%

This metric shows the gender diversity of our team as at 31 December 2016.

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 a result of this initiative, 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 2017 and beyond.

At DP World, our people are our greatest asset.

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

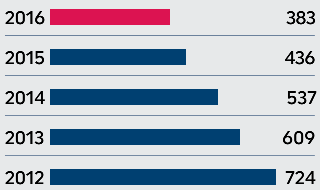
We are
setting industry standards for maintaining our equipment

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

Our Performance

Lost Time Injuries

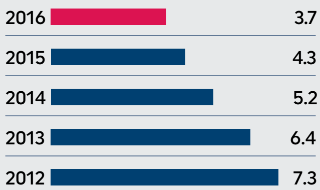
383



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

3.7



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.

Ports can be a dangerous environment. Our safety record has improved markedly in recent years, and this year we had 11.6% fewer injuries. But it is not yet perfect. Tragically, we had four fatalities at our business units in 2016. We know this is unacceptable. And we are more committed than ever to ensuring that people who enter our premises return home safely every day.

Our goal is to cause zero harm to our people, and we continue to invest in making our operations as safe as possible. At a global level, we set policies and guidelines to promote best practice, and we carry out regular audits and spot-checks to ensure they are being applied in every one of our business units. We go beyond legislative health and safety requirements, and comply with OHSAS 18001, the internationally recognised occupational health and safety performance standard. We actively engage with our people about the risks they face and how we can minimise them.

We look to our managers and frontline supervisors to ensure our controls are effective. They are empowered to continuously promote a safety culture and to ensure that everyone who sets foot in our workplace remains aware and alert to risks at all times, understands all the safety procedures, and consciously observes them.

Our Performance

We record and report on all safety impacts at business units in our Group where we have operational control for the full calendar year[10]. This includes collecting, analysing, reporting and monitoring data on a monthly basis in order to measure the safety performance of our business units. We investigate all incidents and have a working group in place to highlight trends, reduce risk factors and identify and implement measures aimed at eliminating future incidents.

Despite a further increase in containers handled by our team in 2016, we significantly reduced our lost time injuries, which fell by nearly 12% compared to 2015. This contributed to a reduction in the lost time injury frequency rate from 4.3 in 2015 to 3.7 in 2016.

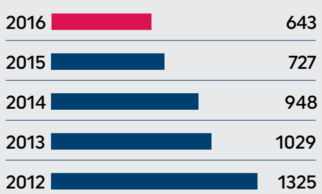
10 We have operational control over a terminal in our Group if we have the full authority to introduce and implement our operating policies at the terminal.

Objectives	Progress
Enhancing our reporting through our critical incident reporting system	Building on our existing system of postcard "snapshots", we have introduced a mobile app to flag safety and environmental issues. The easy-to-use app enables head office staff, senior managers and other visitors to identify hazards, raise opportunities for improvement, or highlight positive interactions. They can add comments, upload pictures, video and audio recordings, and recommend follow-up actions if necessary. Safety and environmental managers receive an instant notification when a snapshot relating to their business unit is received.
Continuing to reduce risk through engagement programmes and developing our risk control capabilities as our operational profile changes	We introduced 15 new engagement programmes aimed at managing safety risks in 2016. To ensure safety procedures are being followed, we carried out 16 due diligence audits during the year.
Focus on raising the competency of our safety and environment team by providing industry-specific training programmes	We launched the first module in our new Safety & Environment Competence Programme, which aims to enhance and improve the skills we need to achieve and sustain our goal of zero harm. The programme will include modules on investigation management, risk, emergencies, environmental management and enterprise skills. It aims to provide skills and techniques to support the day-to-day safety and environmental issues that arise within our business units.

Reportable injuries were 12% lower than 2015, leading to a reportable injury frequency rate of 6.3 in 2016, compared with 7.2 in 2015. We are encouraged that the implementation of our safety initiatives and the dedication of our Board, senior management and business unit teams has further improved our safety performance in 2016. We remain committed to achieving our goal of zero harm.

Reportable Injuries [11]

643

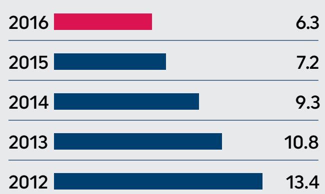


Reportable injuries were 12% lower than 2015, leading to a reportable injury frequency rate of 6.3 in 2016, compared with 7.2 in 2015. We are encouraged that the implementation of our safety initiatives and the dedication of our Board, senior management and business unit teams has further improved our safety performance in 2016. We remain committed to achieving our goal of zero harm.

11 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

6.3



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

Our World, Our Future

Building a Vibrant, Secure and Resilient Society

Strengthening our **social impact**

We have
developed a Vendor Code of Conduct that incorporates our sustainability expectations, and shared it with our vendors as part of a revised global general pre-qualification process

We are
addressing the new UK Modern Slavery Act 2015 and reviewing the measures we have in place to avoid modern slavery and human trafficking in our business and supply chains

We will
undertake impact studies to determine the true value of DP World's investment to communities, including environmental, fiscal and socio-economic contributions

Strategic **community investment**

We have
joined the London Benchmarking Group, used their framework to measure the impact of our community investment, and had our data independently assured by them

We are
rolling out our Global Education Programme globally. Translations are already available in French, Arabic, Spanish, Korean, Mandarin and Indonesian, with more languages planned in 2017. The programme aims to reach 34,000 young people (8 to 14 year olds) by 2020, with a target of 70% of participants reporting a positive impact

We will
train and develop our Sustainability Champions on impact measurement for global flagship projects

Strategically partnering with organisations on issues of importance to the industry

We have
issued a "zero-tolerance" statement on the illegal trade of wildlife and wildlife products and signed a series of eleven commitments to shape future efforts to tackle this global threat

We are
preparing to team up with the Logistics Emergency Teams to support the humanitarian community to respond to major disasters

We will
Join the United Nations Impact 2030 as a Collaborating Partner to mobilise our people globally to advance the Sustainable Development Goals through corporate volunteering

From the communities where our business units are located, to the sectors, the societies and the global community we are part of, our success cannot be separated from the state of the wider world. Building a vibrant, secure and resilient society is integral to DP World's long term prospects. To contribute to this, we invest in community projects in areas relevant to us – particularly education, health, marine conservation and social welfare – and multiply our impact through globally-coordinated programmes and local action.

Education is an especially important focus, and we have been delighted by the initial success of our innovative Global Education Programme launched in 2016 (see page 26). We hope to inspire 34,000 young people over the next five years.

DP World volunteers are key to the success of the Global Education Programme, and we continue to foster a volunteering culture within our business. We encourage our people to volunteer during work time – knowing that it benefits the community, their own personal and professional development, and our business. During our third annual Global Volunteer Week, 962 employees across six continents devoted 3,824 hours to working with local schools, clubs, charities and community initiatives. Activities included offering free medical consultations, arranging educational business unit visits for local school children and running road safety awareness classes.

We aim to have a positive influence on the people we come into contact with. For example, in India, we have launched a project to improve the health of truck drivers. We educated over 7,500 drivers on the effects of tobacco and an additional 6,800 drivers attended medical camps.

We also use our global leadership position to work together with other companies in the ports and logistics sector. As members of the United for Wildlife transport taskforce, we have taken a lead in addressing the illegal wildlife trade, which is worth $5 – $20 billion a year. DP World has issued a "zero-tolerance" statement on the illegal trade of wildlife and wildlife products and signed a series of eleven commitments to shape future efforts to tackle this global threat.

Combatting wildlife trafficking is part our wider commitment to leading our industry in developing innovative measures that address global security risks. We represent our community's security interests in government and industry forums, both domestic and international. We also chair the security group for the Global Port Group, which brings together all major port operators to exchange ideas and expertise. As part of our commitment to enhancing security, we aim to certify all our business units to the ISO28000 standard. To date, 39 of our terminals have achieved certification.

Objectives	Progress
Build global programmes that enable us to increase our collective positive impact on society	We have developed a series of global initiatives, including the Global Education Programme, Global Volunteer Week and our commitment to combatting illegal wildlife trade. By coordinating these programmes centrally, and providing marketing and communications resources, we make it easier for our business units to organise their own events. This is making our efforts more efficient and effective and increasing our reach.
Increase measurement and reporting of our impact	Measuring the impact of our community investments helps us ensure that what we do is as effective as possible. We are also committed to increasing accountability and transparency through our public reporting. For the second year, we were assessed by the Dow Jones Sustainability Index, and were identified as a sustainability leader on its Emerging Markets Index. Our community data received third-party assurance from the London Benchmarking Group ("LBG"), the global standard for measuring corporate community investment. We continue to work with other businesses in the LBG network to improve the way we measure and monitor our impact. Measuring and reporting our impact is also important when it comes to bidding for public tenders. Governments are increasingly looking for providers to demonstrate their sustainability credentials and track record.
Enhance support for sustainability at a regional level	Our World, Our Future – our global programme to bring sustainability into every aspect of our work – has been enthusiastically adopted across our regions. We have developed new learning materials to teach our people about sustainability and what it means at DP World, including training, webinars and an online introductory module for completion by employees as part of their induction. We also held a conference for Sustainability Champions in February, involving 30 people from ten countries, and regional conferences in Europe and the Americas.
Update our global Vendor Relationship Management programme to incorporate our commitment to sustainability	We launched our updated programme in July. It aims to create awareness and pre-qualify our vendors against DP World's sustainability principles and commitments, as well as promote internal collaboration. The programme includes a systematic approach to evaluating the vendor's sustainability practices and encouraging continuous improvement. This helps increase transparency and availability of information before the vendor selection process. As the programme evolves, we aim to effectively measure the performance of our vendors against DP World's sustainability criteria, using both qualitative and quantitative information.

Corporate Governance

02

Board of Directors

	Sultan Ahmed Bin Sulayem Group Chairman and Chief Executive Officer	**Jamal Majid Bin Thaniah** Non-Executive Director and Vice Chairman
Date of appointment	Appointed to the Board as Chairman on 30 May 2007. 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. Retired as a Vice Chairman and Director on 4 January 2017.
Skills and experience	With a career spanning three decades across a wide range of industries, Sultan Ahmed Bin Sulayem brings a wealth of leadership experience to the Boardroom. In his previous role as Chairman of Dubai World he established and led diverse businesses, including Nakheel, a real estate and tourism property development firm; and Istithmar World, a major global private equity investment house. He oversaw the rapid development of the Jebel Ali Free Zone into an unrivalled business park of more than 7,000 companies and pioneered the Dubai Multi Commodities Centre. As Chairman of DP World he has been at the forefront of 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.	Having joined Dubai Ports in 1981, Jamal Majid Bin Thaniah led Dubai Ports Authority from 2001. He brought extensive experience of global port operations to the Boardroom and has previously served as a Director of Etihad Rail and Port & Free Zone World FZE. He was one of the two representatives of DP World's majority shareholder on the Board of DP World.
Key external appointments	Board member of the Dubai Executive Council, the Dubai Economic Council, a Non-Executive Director of Asteco LLC, Noor Bank and Hyperloop One.	Independent Non-Executive Director of Emaar Properties PJSC.
Committee membership	Member of the Nominations and Governance Committee.	Member of the Audit Committee.

Deepak Parekh
Senior Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director on 22 March 2011.

Mr Parekh has an extensive and highly-commended executive career, including 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.

Non-Executive Chairman of HDFC Ltd, GlaxoSmithkline Pharmaceuticals Ltd, Siemens India, BAE Systems India (Services) Private Limited. Non-Executive Director of Vedanta Resources PLC, Mahindra and Mahindra and the Indian Hotels Co Ltd.

Chairman of the Remuneration Committee. Member of the Audit Committee.

Abdulla Ghobash
Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director on 28 April 2016.

Mr Ghobash has over 30 years of experience in the international finance and banking industry. He has previously served on various Boards in the region, including Etisalat, Borse Dubai, Nasdaq Dubai and Emaar. He holds a bachelor's degree from UAE University, Executive Management Program from Wharton Business School and banking diploma from Citibank NA in Athens, Greece.

Board member of Noor Bank and DIFC

Member of the Nominations and Governance Committee.

Mohamed Al Suwaidi
Independent Non-Executive Director

Appointed to the Board as an Independent Non-Executive Director on 28 April 2016.

Mr Al Suwaidi has extensive experience working across a diverse range of industries, including agriculture, banking and construction. He holds a number of Executive and Non-Executive positions across the United Arab Emirates. Mr. Al Suwaidi holds a BSc in Business Administration from California Baptist University.

Director General of Abu Dhabi Fund for Development, Chairman of Al Ain Farms for Livestock Production, Vice Chairman of Arab Bank for Investment and Foreign Trade, Board member of CEPSA, First Gulf Bank, Raysut Cement (SAOG), UAE Red Crescent, Center of Food Security of Abu Dhabi, Al Jazira Sport & Cultural Club and Aghtia Group.

Chair of the Nominations and Governance Committee and member of the Remuneration Committee.

Board of Directors continued

	Nadya Kamali Independent Non-Executive Director	**Mark Russell** Independent Non-Executive Director
Date of appointment	Appointed to the Board as an Independent Non-Executive Director on 28 April 2016.	Appointed to the Board as an Independent Non-Executive Director on 11 August 2014.
Skills and experience	Mrs Kamali has over 23 years of experience in information technology, IT governance, compliance and risk management. She has held senior executive positions at Dubai Aluminium Company and Dubai Customs. Mrs. Kamali holds an MBA from American University of Sharjah, a BS degree in Computer Science from Michigan State University and is a Certified Fraud Examiner. She is also an Alumna of INSEAD Business School.	Following an extensive career in corporate finance, including being a 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, Mr Russell joined the Shareholder Executive of the UK Government. He was also formerly a Non-Executive Director of Eurostar International Limited.
Key external appointments		Chief Executive of UK Government Investments, Senior Independent Non-Executive Director of London Continental Railways Limited.
Committee membership	Chair of the Audit Committee.	Member of the Audit Committee, member of the Remuneration Committee.

Robert Woods
Independent Non-Executive Director

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

Mr Woods has over 40 years' experience in the shipping and port industry. He was formerly the Chief Executive of The Peninsular and Oriental Steam Navigation Company, and a Non-Executive Director of Cathay Pacific Airways, 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 is a Director of Scorpion Offshore.

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

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.

Mr Narayan has an extensive senior executive career with more than 23 years of experience in the ports and international banking sectors. Prior to joining DP World he held executive positions with ANZ Group, as Head of Corporate and Project Finance for South Asia, and Salalah Port Services in Oman, as Chief Financial Officer. He previously served as Non-Executive Director of Istithmar World PJSC and IDFC Securities Limited. As Group Chief Financial Officer of DP World he has been instrumental in ensuring the success of a number of initiatives, including the Group's IPO in 2007. He is a qualified Chartered Accountant.

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

Report of the Directors

Ritva Kassis
Group Company Secretary

The Directors present their report and accounts for the year ended 31 December 2016.

The Corporate Governance section, commencing on page 52, and the Audit Committee Report, commencing on page 69, form part of this Directors' Report. Disclosures elsewhere in the Annual Report and Accounts are cross-referenced where appropriate. Taken together, they fulfil disclosure requirements as discussed in the Corporate Governance section, commencing on page 52.

The Strategic Report, commencing on page 8, describes the principal activities, operations, performance and financial position of DP World Limited (the "Company") and its subsidiaries (collectively, the "Group"). The results of the Group are set out in detail in the Consolidated Financial Statements and accompanying notes, commencing on page 80.

The principal subsidiaries, joint ventures and associates are listed on pages 116 to 117.

Directors

The Directors of the Company as at 31 December 2016 are detailed on pages 52 to 55. These pages contain their biographical details along with the details of their Board Committee memberships.

The Corporate Governance Report, which commences on page 52, includes details of the Board and Committee membership changes that occurred during the financial year ending 31 December 2016.

In accordance with the Company's Articles of Association, all Directors offer themselves annually for re-election at the Annual General Meeting ("AGM"). The Corporate Governance section of this report contains details of the Directors' remuneration and their interests in the Company's shares; this information can be found on page 74.

Financial Instruments

Details regarding the use of financial instruments and financial risk management are included in the Notes to the Consolidated Financial Statements commencing on page 89.

Results

The Group's Consolidated Financial Statements for the year ending 31 December 2016 are shown on pages 82 to 87.

Dividend

The Directors recommend a final dividend in respect of the year ended 31 December 2016 of 38.0 US cents per share, up from 30 US cents in the prior year. Subject to approval by shareholders, the dividend will be paid on 04 May 2017 to shareholders on the Register at close of business on 28 March 2017.

Events After the Reporting Period

The Group has set up an investment platform by entering into a partnership with Caisse de dépôt et placement du Québec ("CDPQ"), one of North America's largest pension fund managers to invest in ports and terminals globally (excluding the UAE). Effective 19 January 2017, the investment vehicle is seeded with two of the Group's Canadian container terminals, located on the Pacific coast in Vancouver and Prince Rupert, with CDPQ acquiring a 45% stake of the combined assets for $640 million. The Group will continue to consolidate the results of these two terminals as the control remains with the Group (see note 34 to the 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 38. 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 Diversity Policy was developed for the Board, which recognises that 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 considered its diversity as part of the annual evaluation of the performance and effectiveness of the Board, Board Committees and individual Directors. In 2016, DP World welcomed Nadya Kamali as the Company's first female Director and Audit Committee Chair.

The Nominations and Governance 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.

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 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 69 to 76.

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 28 April 2016, 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 2016. Shareholders will be asked to approve the renewal of a similar authority at the Company's AGM to be held on 27 April 2017.

Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office. A resolution to reappoint them as auditors will be proposed at the AGM to be held on 27 April 2017.

Share Capital

As at 31 December 2016, the Company's issued share capital was $1,660,000,000 – comprising 830,000,000 ordinary shares of $2.00 each.

Annual General Meeting

The Company's AGM will be held on 27 April 2017 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
23 March 2017

Chairman's Introduction

Sultan Ahmed Bin Sulayem
Group Chairman and Chief Executive Officer

Good governance and risk management are core to our business achieving its objectives. The DP World business model integrates best practice in these areas and is the blueprint to achieving our vision as a Group: to lead the future of world trade. The implementation of good governance practices adds value to our performance, improves our strategic thinking, and allows us to run our business more effectively and better monitor the risks we face. The Corporate Governance Report has been structured to align with the principles set out in the Corporate Governance Best Practice Standards as detailed in the Dubai Financial Services Authority (the "DFSA") Markets Rules. It sets out the actions that we have taken in 2016 to implement these practices.

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 in the Corporate Governance section on pages 61 to 65. The membership and work of the principal Board Committees are included on pages 69 to 73.

During 2016, and in early 2017, there were some changes to the Board and its Committees. In January 2016, after 23 years with the Group, Mohammed Sharaf retired from the DP World Board. At the Company's AGM held on the 28th April 2016, the shareholders approved my appointment as Group Chief Executive Officer in addition to my role as Chairman.

After 35 years with the Group, nine of which were as Vice Chairman, Jamal Majid Bin Thaniah retired from the DP World Board effective 4 January 2017. I would like to thank him for his years of dedication and service to the Group. He was an invaluable part of the success we have achieved and I wish him well in his future endeavours.

During 2016, we welcomed three new Independent Non-Executive Directors to the Board. Nadya Kamali, Mohamed Al Suwaidi and Abdulla Ghobash all bring valuable knowledge and skills from their diverse executive careers.

Nadya Kamali is DP World's first female Director. She has held a number of executive positions at Dubai Customs and has over 23 years of experience in information technology, IT governance, compliance and risk management. In addition to her role on the Board, Nadya Kamali succeeded Deepak Parekh as Chair of the Audit Committee.

Mohamed Al Suwaidi joins the Board and has taken up the Chairmanship of the Nominations and Governance Committee and is also a member of the Remuneration Committee.

Abdulla Ghobash brings over 30 years of experience of the international finance and banking industry to the Board at DP World. He is a member of the Nominations and Governance Committee.

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. The changes in 2016 have strengthened the balance of skills and expertise on our Board, and will allow us to continue creating value as we expand our horizons and lead the future of world trade.

Accountability

Our corporate governance practices lay down the framework for creating long term trust between us and all of our stakeholders - 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 2016 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 66 to 67 on the Strategic Report and an outline of our internal controls and compliance procedures is contained on pages 66 to 67 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 74 to 76 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
23 March 2017

Corporate Governance

Overview

DP World Limited (the "Company") is incorporated in the Dubai International Financial Centre (the "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: the Board and its committees must have an appropriate balance of knowledge, experience and adequate resources.

To read more about our Board's Leadership see page 60

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 66 to 67

To read more about our shareholder engagement, see page 68

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 77

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 73

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 69 for the Audit Committee report

See page 72 for the Nomination and Governance Committee report

See page 73 for the Remuneration Committee report

Corporate Governance continued

Leadership

2017 DP World Global Leadership Meeting

The Company's Board of Directors ensures that the business of the Company and its subsidiaries (collectively "the Group") is managed prudently and soundly. 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 66.

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 reappointment. Details of the Directors of the Company are given on pages 52 to 55.

Roles and Responsibilities of the Directors and Officers of the Company

Group Chairman and Chief Executive Officer	The roles of Group Chairman and Chief Executive Officer are held by the same individual. The Group Chairman and Chief Executive is responsible for the leadership of the Board, in conjunction with the Senior Independent Director (the "SID"). As leader of the Executive team, he is also responsible for the day-to-day management of the Group and the execution of its strategy as approved by the Board. When acting as Chairman of the Board the Group Chairman and Chief Executive Officer ensures, with the support of the Senior Independent Director and the Group Company Secretary, 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. He is Chairman of the Executive Committee and is responsible for the day-to-day management of the Group and the execution of its strategy as set by the Board. He facilitates the flow of information to and from the Board and the 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. 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 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. 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. 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. 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. The Board increased the number of Independent Non-Executive Directors during the year and 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.
Group Company Secretary	The Group Company Secretary advises the Board, through the Group Chairman and Chief Executive Officer and Senior Independent Director, on all governance matters affecting the Company. She is responsible for supporting the Group Chairman and Chief Executive Officer with the setting of the Board's agenda and facilitating the flow of information to and from the Board. She is also 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 Group Company Secretary and independent professional advice at the Company's expense, if required.

Corporate Governance continued

Corporate Governance Framework
The Board is at the centre of our Corporate Governance Framework. It 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 principal Board 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 Group 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.

Board · Non-Board · Other

Board of Directors

Group Chairman & CEO

Disclosure Panel
Assists the Board in reviewing its disclosure obligations with regards to Inside Information and providing recommendations on announcements when required.

Remuneration Committee
Assists the Board in determining the framework and broad policy for the remuneration of the Executive Directors and other members of senior management.

Committee Report ➔ **Page 73**

Owners/Shareholders
Provide oversight by electing the Board of Directors to oversee the management of the Company and approving major transactions in accordance with the NASDAQ Dubai Rules.

Innovation Committee
Assists the Board in fulfilling its oversight responsibilities in relation to the Company's innovation strategy, policy and programmes and empowerment of the Company's innovators through fostering, managing and implementing new ideas.

Nominations and Governance Committee
Assists the Board in discharging its responsibilities relating to the size and composition of the Board, reviewing the Board's structure and identifying candidate Directors when the need arises.

Committee Report ➔ **Page 72**

Sustainability Advisory
Assists the Board in fulfilling its oversight responsibilities in relation to the Company's sustainability strategy, policies, programmes and performance.

Audit Committee
Assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits, internal controls and risk management.

Committee Report ➔ **Page 69**

Enterprise Risk Management Committee
Assists the Board in fulfilling its oversight responsibilities in relation to the Principal Risks faced by the Group.

Executive Committee
Primarily responsible for the day-to-day management of DP World's operations and strategic policy implementation, such policies being established and approved by the Board.

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 seven 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.

Director	Board	Audit	Nominations and Governance	Remuneration
Sultan Ahmed Bin Sulayem	6(7)	–	2(2)	–
Jamal Majid Bin Thaniah (retired 4 January 2017)	6(7)	3(4)	1(1)	–
Yuvraj Narayan	7(7)	–	–	–
Deepak Parekh	5(7)	3(4)	1(1)	2(2)
Robert Woods	7(7)	–	2(2)	2(2)
Mark Russell	7(7)	4(4)	1(1)	2(2)
Nadya Kamali (appointed 28 April 2016)	5(5)	2(2)	–	–
Mohamed Al Suwaidi (appointed 28 April 2016)	5(5)	–	1(1)	1(1)
Abdulla Ghobash (appointed 28 April 2016)	3(5)	–	0(1)	–
Mohammed Sharaf (retired 27 January 2016)	0(0)	–	–	–

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

2016 Board Activities

Matters Considered at all Board Meetings

- Report on safety and environment performance and developments.
- Report on strategic and business developments from the Group Chairman and 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 its Committees. • Reviewed and approved changes to the fees paid to Non-Executive Directors.	• Reviewed and approved the appointment of three new Independent Non-Executive Directors. • Approved new Group Chairman and Chief Executive Officer.
Financial Reporting and Controls	• Considered results and declared dividends. • Approved Group Budget. • Considered and approved major capital projects including new concessions and increases in the Company's holdings. The new concessions included Limassol (Cyprus), Posorja (Ecuador) and Berbera (Somaliland). The Company increased its holding in Pusan Newport Company Limited (South Korea).	• Reviewed funding plans and approved an update to the $500 million GMTN programme, the establishment of a new $1.2 billion Sukuk programme and the establishment of a $3.7 billion investment platform to invest in ports and terminals globally – outside of the UAE.

Corporate Governance continued

Matters Considered During the Year continued

Strategy and Management	• Received detailed regional presentations on performance against strategic objectives and key performance indicators. • Considered and approved a major solar energy project to reduce the Group's impact on the environment by generating clean and renewable electricity.	• Received reports outlining projects under current consideration of the Group.
Risk Management	• Received the risk reviews and updated ERM Policy and Framework, as considered by the Audit Committee. • Monitored the status of legal claims.	• Received updates on insurance matters and approved the renewal of the Directors' and Officers' Insurance.
Corporate Governance	• Considered and approved a Director level programme, aimed at developing skills and talent for a strong succession plan, creating a generation of future leaders.	• Reviewed and approved changes to the Terms of Reference for the Sustainability Advisory Committee.
Shareholders	• Reviewed and approved throughput announcements released during the year. • Reviewed and approved preliminary, full and half-year results announcements. • Approved the Company's Annual Report and Accounts.	• 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 ended 31 December 2016, the Board evaluation was facilitated internally by the Group 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; and
- 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 2015 and the action plan that was subsequently developed, the Company reviewed the Board composition to ensure that it included the optimum balance of skills, experience and diversity and reviewed the succession planning and Board training programme. The table below illustrates the findings from the December 2015 performance review, the actions taken by the Board and principal Committees during 2016 and the actions identified for 2017 as a result of the December 2016 performance review.

The DP World Limited Board – Performance Evaluation Cycle

December 2015 findings	The following were identified during the review as areas for potential improvement: • Review the Board composition to ensure the Board has the optimum balance of skills, experience and diversity. • Review the Company's succession planning and improve the Board's interaction with members of senior management. • Continue to focus on communication with institutional investors.
Progress in 2016	• Board composition reviewed during the year and three new Non-Executive Directors were appointed at the AGM on 28 April 2016. • Board members attended the Global Leadership meeting in February 2016 and the location of the Board meetings were rotated to give Board members the opportunity to visit DP World's global operations and meet with local senior management. • The Company has an ongoing commitment to open communications with institutional investors and shareholders – see the "Relations with Shareholders" section starting on page 68.
Actions for 2017	• Continue to optimise the Board's exposure to, and familiarity with, Senior Management. • Enhance the succession planning and talent development to build a generation of future leaders and directors. • Optimise the strategic and market review to gain further competitive advantage.

Audit Committee	**Nominations and Governance Committee**	**Remuneration Committee**
During the year, and as part of the performance evaluation cycle, the composition of each of the Board's main sub-Committees was reviewed. The membership of each of the Committee's was enhanced by the appointment of at least one new independent Non-Executive Director. A new Chair was appointed to both the Audit Committee and the Nominations and Governance Committee. For further details about the membership and activities of each sub-Committee please refer to the Committees' report.		
For the report of the Audit Committee please see page 69.	For the report of the Nominations and Governance Committee please see page 72.	For the report of the Remuneration Committee please see page 73.

Corporate Governance continued

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 misstatement or loss.

Risk Management Framework

Risk Management is the responsibility of the Board and is integral to the achievement of our strategic objectives. The Board is responsible for establishing the system of risk management, setting the risk appetite of the Group and for maintaining a sound internal control system. Certain elements of this responsibility are overseen on behalf of the Board by the Executive Committee, the Audit Committee and the Enterprise Risk Management 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 the Enterprise Risk Management Committee met a number of times to provide a greater degree of oversight on the principal risks that may impact our Group. Recommendations arising from these meetings are presented to the Audit Committee for their review and consideration. 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 30 to 37.

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.
Whistleblowing Policy	A whistleblowing 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. Other assurance functions include Safety, Operations, Legal and Company Secretariat.

Guidelines Regarding Insider Trading
The Group 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 the Company's shares. The Group 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.

Anti-Fraud
DP World has an Anti-Fraud Policy and has introduced a comprehensive fraud management framework which includes a Fraud Supervisory Panel, 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 various business units 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 all reported allegations. The Audit Committee has reviewed the Group's "whistleblowing" procedures to ensure that arrangements are in place to enable employees to confidentially raise concerns about possible improprieties.

Anti-Bribery and Corruption
DP World 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 Group promotes and expects from its team the highest standards of personal and professional ethical behaviour.

To strengthen the Group's zero tolerance to fraud, bribery and corrupt practices, an online anti-bribery and corruption training course is rolled out to targeted employees, Directors and new joiners. The course provides an overview of the Group's anti-corruption policies and procedures, the importance of having an anti-bribery culture and its place in the Group'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. DP World will continue to review its policies, processes and procedures and is networking with other international businesses to share best practice in this area.

Modern Slavery Act
DP World does not tolerate modern slavery or human trafficking in any part of our business. The Board has approved a Modern Slavery Act Transparency Statement in compliance with section 54 of the United Kingdom's Modern Slavery Act 2015, which is available to view on the Company's website, www.dpworld.com

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. During the Financial Year 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 2016, the Company complied with the provisions of the Nasdaq Dubai Rules other than:

- paragraph 16 of App 4 to the Nasdaq Dubai Rules ("App 4") – the roles of Chairman and of Chief Executive Officer were held by the same individual. The appointment of the Chairman, Sultan Ahmed Bin Sulayem, as Chief Executive Officer was approved by the shareholders at the Company's Annual General Meeting in April 2016. Furthermore, in accordance with paragraph 17 of App 4, the Board has established measures to ensure that it can properly discharge its function of providing effective oversight of the management of the Company:
  - In April 2016, three Independent Non-Executive Directors were appointed to the Board and the membership and chairmanship of Board sub-committees was reviewed. Following the appointments the majority of the Board comprises of Independent Non-Executive Directors.
  - The Executive Directors and senior managers have objectives and their performance against these objectives are reviewed by the Remuneration Committee, which is comprised entirely of Independent Non-Executive Directors.
- paragraph 31 of App 4 – at the time of his appointment as Chairman, Sultan Ahmed Bin Sulayem did not meet the independence criteria set out in the Nasdaq Dubai Rules. He 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 the only representative of Port & Free Zone World FZE on the DP World Board.

Corporate Governance continued

Relations with Shareholders

Shareholder Engagement Calendar for 2016

JANUARY TO MARCH

- Full Year 2015 throughput conference call
- J.P Morgan 7th Annual Global Emerging Markets Corporate Conference (New York, USA)
- EFG Hermes One on One Conference 2016 (Dubai, UAE)
- Full-year 2016 results conference call
- Roadshow in the US and UK following full-year 2015 results

APRIL TO JUNE

- Annual Investment Meeting (Dubai, UAE)
- Bonds, Loans & Sukuk Middle East (Dubai, UAE)
- HSBC MENAT and LATAM Equity Investor Forum (Dubai, UAE)
- DFM International Investor Roadshow in collaboration with Goldman Sachs (London, UK)

JULY TO SEPTEMBER

- 2016 half year throughput conference call
- 2016 half year results conference call
- Roadshow in the US and UK following half year 2016 results
- EFG Hermes 6th London Mena Conference (London, UK)
- The 3rd Annual Arqaam Capital MENA Investors Conference 2016 (Dubai, UAE)

OCTOBER TO DECEMBER

- DFM International Investor Roadshow 2016 (New York, USA)
- 2016 nine months throughput conference call
- Bank of America Merrill Lynch MENA Conference 2016 (Dubai, 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 2016 we held over 300 meetings and met over 200 institutions. Attended two local roadshows and two international roadshows, participated at six local conferences and four international conferences and organised over 45 port tours for investors at Jebel Ali.

We are pleased that our efforts to engage with our investors during the year were recognised, with 6 awards, including "Leading Corporate for Investor Relations in the Middle East" at the 2016 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 Group Chairman and Chief Executive Officer and Group Chief Financial Officer as well as reports from the Company's corporate brokers and Investor Relations team. In 2016, 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 Group Chairman and 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, Director – Investor Relations
Email: Investor.Relations@dpworld.com
Phone: +971 (0)4 881 1110

Share and dividend enquiries
Link Market Services (EMEA) Limited
Email: dpworld@linkmarketservices.com
Phone: +971 (0)4 401 9983

Audit Committee

Members

Nadya Kamali (Committee Chair)
Deepak Parekh
Jamal Majid Bin Thaniah (retired 4 January 2017)
Mark Russell

During 2016, the Board reviewed the membership and composition of the Committee and Nadya Kamali was appointed by the Board as Committee Chair.

During 2016 the Committee was comprised of four members, three Independent Non-Executive Directors and one Non-Executive Director. Following the retirement of Jamal Majid Bin Thaniah the Committee is solely comprised of Independent Non-Executive Directors. 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 63.

Role of the 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 auditors, 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; and
- 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.

Corporate Governance continued

Significant Issues

We identified the issues below as significant in the context of the 2016 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 (see note 15 to the financial statements) An impairment review is carried out annually by management to identify cash-generating units (CGU – operating port or group of ports) where 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. 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. We also considered CGU specific and external market factors to assess reasonableness of management assumptions. 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. The review did not result in any impairment during the year.
Acquisition Accounting The Group has acquired an additional stake in Pusan Newport Company Limited ("PNC") during the year, resulting in PNC being controlled by the Group, and therefore consolidated in the Group's financial statements from the date that control was acquired. The acquisition accounting involves estimating the fair value of assets and liabilities acquired on the date of acquisition, including the identification and valuation of intangible assets and goodwill. Significant judgement is involved in relation to the assumptions used in the valuation and purchase price allocation process.	We considered the judgements made by the management in concluding the classification of PNC as a subsidiary of the Group. We reviewed the management's assumptions in relation to the valuation and allocation of purchase price on the acquisition of PNC based on a report by an independent valuation specialist and were satisfied with the assumptions, judgements and conclusions reached. The acquisition resulted in the recognition of goodwill and a charge to the income statement (taking into account impact of exchange) which has been appropriately disclosed in the financial statements.
Contingencies The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes.	We focused on the potential liabilities arising from litigation claims. 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. 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 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. 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) 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 separately disclosed Items ("SDI") 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
The scope of activity of Internal Audit is monitored and reviewed at each Audit Committee meeting.

An annual plan was agreed by the Committee in December 2015 which covers the activities during the year ended 31 December 2016.

During the year, the Chief Internal Auditor attended each Committee meeting where internal control update reports were reviewed and discussed in detail. The Committee considered the matters raised and the adequacy of management's response to them, including the time taken to resolve any such matters.

Risk Management
Risk management reports, prepared by the Group Head of Risk, were submitted to the Committee in March 2016, August 2016 and December 2016. These reports summarise submissions from all areas of the business which have been reviewed by the Enterprise Risk Management Committee with input from the Executive Committee and senior management.

They identified the principal risks to the Group, the adequacy of internal controls in place, consideration of risk appetite and in depth reviews of specific risks. In December 2016, the Audit Committee reviewed the effectiveness of the Company's overall Enterprise Risk Management ("ERM") Policy and Framework, including the generic procedures for risk identification, assessment, mitigation, monitoring and reporting for the year ended 31 December 2016.

Internal Controls
During the year, the Committee monitored and reviewed the effectiveness of the Group's internal control systems, accounting policies and practices, standards of risk management and risk management procedures and compliance controls, as well as the Company's statements on internal controls, before they were agreed by the Board for this Annual Report.

The Group's internal control systems are designed to manage rather than eliminate business risk. They provide reasonable but not absolute assurance against material misstatement or loss. Such systems are necessary to safeguard shareholders' investment and the Company's assets and depend on regular evaluation of the extent of the risks to which the Company is exposed.

The Committee can confirm that the Company's systems and their effectiveness have been in place for the full financial year and up to the date on which the financial statements were approved, and are regularly reviewed by the Board.

The Committee is of the view that the Company has a well-designed system of internal control.

The Chairperson of the Committee reports any matters arising from the Committee's review to the Board following each meeting. This update covers the way in which the risk management and internal control processes are applied and on any breakdowns in, or exceptions to, these processes. There were no significant failings or weaknesses identified. These processes have been in place throughout the year ended 31 December 2016 and have continued to the date of this report.

Full details of how the business implements its risk management and controls on a Group-wide basis are set out in the section on principal risks and their management on pages x to x.

Whistleblowing and Fraud
DP World's Whistleblowing Policy, which supports the Group-wide Code of Conduct, is monitored by the Committee. A copy of the Group's Code of Conduct is available on the DP World website www.dpworld.com.

The Committee received reports at each Committee meeting providing details of matters reported through the Group's international confidential telephone reporting lines which are operated internally. All matters reported are investigated and, where appropriate, reported to the Committee, together with details of any corrective action taken. The Committee also received reports at each Committee meeting providing details of fraud losses in each quarter.

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 Chairperson 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 recommends to the shareholders that they support the reappointment of the Auditors at the AGM on 27 April 2017.

Nominations and Governance Committee

Members

- Mohamed Al Suwaidi (Committee Chairman)
- Robert Woods
- Abdulla Ghobash
- Sultan Ahmed Bin Sulayem

During 2016, the Board reviewed the membership and composition of the Committee and the following Independent Non-Executive Directors were appointed; Mohamed Al Suwaidi was appointed by the Board as Committee Chairman; and Abdulla Ghobash was appointed by the Board to be a member of the Nominations and Governance Committee.

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

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 63.

2016 Activities

During the year, the Committee:

- considered the composition of the Board and recommended the appointed of three Independent Non-Executive Directors, and;
- reviewed the succession planning for the Group's executive and other senior management.

Role of the 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 (Committee Chairman)

Mark Russell

Robert Woods

Mohamed Al Suwaidi

During 2016, the Board reviewed the membership and composition of the Committee and Mohamed Al Suwaidi was appointed by the Board to be a member of the Remuneration Committee.

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

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 63.

2016 Activities

During the year, the Committee:

- reviewed the cash allowances, salary structures and total remuneration competitiveness of DP World's Executive Directors and senior management;
- reviewed the Company's Performance Delivery Plan and Long term Incentive Plan design and rules; and
- reviewed the performance against objectives of Executive Directors and senior managers.

Role of the 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.

Corporate Governance continued

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.
- 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	2016 Implementation
Performance Delivery Plan ("PDP")	Cash-based incentive plan to motivate, drive and reward performance over an operating cycle of one year. 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. 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. 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 PDP for the financial year ended 2016 (award to be paid in 2017) and 2015 (award paid in 2016) 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. The financial component is based on performance assessed against a budgeted Profit After Tax 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. The personal component is based on performance assessed against Specific, Measurable, Achievable, Relevant and Timebound ("SMART") objectives. The objectives are particular to each individual role and can include financial based objectives and more qualitative ones.

	Description of Plan	2016 Implementation
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. 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. 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. 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 2014 – 2016 (award to be paid in 2017), 2015 – 2017 (award to be paid in 2018) and 2016 – 2018 (award to be paid in 2019) 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. 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 2016

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.

Sultan Ahmed Bin Sulayem
Sultan Ahmed Bin Sulayem'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.

Sultan Ahmed Bin Sulayem is entitled to receive a base salary and certain other benefits under his service agreement.

His total remuneration for the year ended 31 December 2016 (which includes his base salary and these other benefits) was $1,515,326.

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 2015 financial year and a Long term Incentive Plan award of 99.57% (out of a maximum of 100%) for performance linked to the 2013 – 2015 cycle.

His total remuneration for the year ended 31 December 2016 (which includes his base salary and these other benefits) was $1,632,664.

Post Retirement Benefits
Sultan Ahmed Bin Sulayem 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.

Corporate Governance continued

Remuneration continued

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 reappointment by the shareholders at each AGM. It can be terminated on six months' notice by either party.

For the year ended 31 December 2016, 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 $214,746.00[12]
- Robert Woods received a Non-Executive Director fee of $131,047.00
- Mark Russell received a Non-Executive Director fee of $131,047.00[13]
- Abdulla Ghobash received a Non-Executive Director fee of $103,258.00
- Nadya Kamali received a Non-Executive Director fee of $132,482.00
- Mohamed Al Suwaidi received a Non-Executive Director fee of $122,935.00

During the financial year ending 31 December 2106, Non-Executive Vice Chairman, Jamal Majid Bin Thaniah, was 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 2016	$2.00 ordinary shares held as at 31 December 2016	Change
Mohammed Sharaf (retired 27 January 2016)	**28,221**	28,221[14]	–
Yuvraj Narayan	**13,864**	13,864	–
Mohammed Al Muallem	**4,712**	4,712	–
Robert Woods	**2,700**	2,700	–

12 This figure includes a fee for serving on the Board of Economic Zones World FZE, a DP World Limited subsidiary company.
13 Mark Russell has waived the fees due to him for the period 1 April 2016 to 31 December 2016 in full. An amount equivalent to these fees will be donated to the Cardinal Hume Centre, UK registered charity number 1090836.
14 As at 27 January 2016.

Statement of Directors' Responsibilities

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 present fairly 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 and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009. 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
23 March 2017

Financial Statements

03

Independent Auditors' Report
To the Shareholders of DP World Limited

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of DP World Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the Companies Law pursuant to DIFC Law No.2 of 2009.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Center, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter
Carrying Value of Goodwill and Port Concession Rights
Refer to notes 3 and 15 of the consolidated financial statements.

The Group has significant goodwill and port concession rights arising from the acquisition of businesses. The Group's annual impairment testing on goodwill and port concession rights with indefinite useful lives requires the Group to identify Cash Generating Units (CGUs) in accordance with the requirements of IAS 36 – Impairment of Assets. Impairment testing is then performed using free cash flow projections based on three year financial budgets approved by the Board and five year future forecasts estimated by the Group. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability, along with the judgemental aspects of the assessment of appropriate CGUs, these are the key areas that our audit concentrated on.

Our Response to Address the Key Audit Matter
Our procedures included:

In respect of the assessment of CGUs: We challenged the assessment of CGUs and considered the operating and management structure with reference to our understanding of the business.

In respect of the cash flows: We considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and corroborated the forecasts with reference to publicly available information and other evidence that has been made available during the course of the audit. We conducted our own assessments to challenge other key inputs, such as the projected growth rate and perpetuity rate.

In respect of the discount rates: We compared the Group's assumptions to externally-derived data (for example, bond yields and inflation statistics) where appropriate. We used our own valuation specialists to assist us in assessing the adequacy of the significant assumptions used in arriving at the discount rates.

In respect of the sensitivity to key assumptions: We performed sensitivity analysis of discount rates and forecast cash flows as well as break-even analysis on the valuations of the CGUs' recoverable amounts. We also considered CGU specific and external market factors to assess reasonableness of management assumptions.

We assessed the adequacy of the Group's disclosure in these respects.

Key Audit Matter
Acquisition Accounting
Refer to notes 3 and 23 of the consolidated financial statements.

The Group has acquired an additional stake in Pusan Newport Company Limited during the year. The accounting involves estimating the fair value of the assets and liabilities at acquisition date and the identification and valuation of port concession rights and goodwill.

Significant judgement is involved in relation to the assumptions used in the valuation and purchase price allocation process.

Due to the inherent uncertainty involved in discounting future cash flows, there is a risk that these assumptions are inappropriate. Furthermore, an assessment is required to be made for an appropriate classification of an investment as a subsidiary, joint venture or associate based on whether the Group has determined to have control, joint control or significant influence respectively.

Our Response to Address the Key Audit Matter
Our audit procedures included:
Inspection of the key terms in the share purchase agreement to assess the appropriate control classification of the investment as per IFRS 10 – Consolidated Financial Statements. We assessed the accounting entries used to record the acquisition, the assets and liabilities at the acquisition date of the acquired entity and the fair value adjustments made thereto. We also challenged the Group's critical assumptions in relation to the identification and recognition of those assets and liabilities and the associated fair values by involving our valuation specialists to assess the reasonableness of the key assumptions used in the fair value and purchase price allocation as determined by the Group. We reviewed the resulting adjustments for reasonableness and assessed the appropriateness of the disclosures made.

Key Audit Matter
Litigation and Claims
Refer to notes 3 and 33 of the consolidated financial statements.

The Group enters into individually significant contracts which may extend to many years and are often directly or indirectly associated with governments. As a result, the Group is subject to a number of material ongoing litigation actions and claims, therefore, the recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigation and claims requires significant judgement and accordingly is a key area of focus in our audit.

Our Response to Address the Key Audit Matter
Our procedures included:
Evaluation of the Group's policies, procedures and controls in relation to litigations, claims and provision assessments. Furthermore, we obtained representations from the Group's legal counsel, made independent enquiries and obtained confirmations from external lawyers to understand the legal positions and exposure to the Group.

The outcome of our evaluation was used as a basis to determine the adequacy of the level of provisioning and disclosure in the consolidated financial statements.

Key Audit Matter
Taxation Provisions
Refer to notes 3 and 8 of the consolidated financial statements.

The Group operates in a number of tax jurisdictions whereby the Group has to estimate the tax effect of applying local legislation which can be complex and involve cross border transactions, including transfer pricing arrangements.

Where the precise nature of the tax legislation is unclear, the Group has to make reasonable estimates of the likely tax charge that will arise.

Some of the Group's uncertain tax positions are at various stages of resolution, from preliminary discussions with tax authorities through to tax tribunal or court proceedings where the matters can take a number of years to resolve. Tax provisions have been estimated by the Group with respect to the tax exposures identified but there is the potential risk that the eventual resolution of a matter with tax authorities is at an amount materially different to the provision recognised.

Our Response to Address the Key Audit Matter
Our procedures included:
We, together with our tax specialists, considered any large or unusual items affecting the effective tax rate and whether or not any current year items would result in an increased or reduced provision.

In considering the judgements and estimates of tax provisions, we used our tax specialists to assess the Group's tax positions including assessing correspondence with the relevant tax authorities. We challenged the positions taken by the Group based on our knowledge and experience of the industry in which the Group operates specifically relating to the adequacy of provisions and disclosure within the consolidated financial statements.

Key Audit Matter
Pensions
Refer to notes 3 and 20 of the consolidated financial statements.

The Group operates a number of defined benefit pension schemes. The valuation of the pension deficit requires significant levels of judgement and technical expertise in choosing the appropriate assumptions. Changes in a number of the key assumptions including salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the pension position. As a result of the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions involved in the valuation of the pension benefit obligations, we considered this to be an area of focus.

Independent Auditors' Report continued
To the Shareholders of DP World Limited

Our Response to Address the Key Audit Matter

Our procedures included:
The Group engages an independent actuary to assist them in calculating the appropriate pension scheme position. We obtained the actuary's report and with the assistance of our pension specialists assessed the discount and inflation rates used in calculating the pension deficit to our internally developed benchmarks, which are based on externally available data to assess whether these assumptions were within our expected range. We compared the mortality assumption to national and industry averages to assess that these were reasonable.

We also compared the assumptions with those used in previous years, to assess that the methodology used in arriving at the assumptions year on year was consistent.

We agreed the material assets of the scheme to third party confirmations and where applicable, recalculated asset valuations based on the quoted prices.

We assessed the adequacy of the disclosures in this area.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therin, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No.2 of 2009 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the planning and performance of audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

20 March 2017

Consolidated statement of profit or loss
for the year ended 31 December 2016

	Note	Year ended 31 December 2016 Before separately disclosed items USD'000	Year ended 31 December 2016 Separately disclosed items (Note 9) USD'000	Year ended 31 December 2016 Total USD'000	Year ended 31 December 2015 Before separately disclosed items USD'000	Year ended 31 December 2015 Separately disclosed items (Note 9) USD'000	Year ended 31 December 2015 Total USD'000
Revenue	5	**4,163,325**	**68,243**	**4,231,568**	3,967,739	75,171	4,042,910
Cost of sales		**(2,010,490)**	**(68,243)**	**(2,078,733)**	(2,009,145)	(75,171)	(2,084,316)
Gross profit		**2,152,835**	**–**	**2,152,835**	1,958,594	–	1,958,594
General and administrative expenses		**(628,411)**	**(776)**	**(629,187)**	(590,284)	(653)	(590,937)
Other income		**49,301**	**3,878**	**53,179**	26,979	16,867	43,846
Loss on disposal and change in ownership of business	9	**(2,966)**	**(12,524)**	**(15,490)**	–	(610)	(610)
Share of profit/ (loss) from equity-accounted investees (net of tax)	16	**149,435**	**(2,957)**	**146,478**	52,702	–	52,702
Results from operating activities		**1,720,194**	**(12,379)**	**1,707,815**	1,447,991	15,604	1,463,595
Finance income	7	**100,247**	**47,462**	**147,709**	104,969	9,705	114,674
Finance costs	7	**(438,357)**	**(139,521)**	**(577,878)**	(492,087)	(23,352)	(515,439)
Net finance costs		**(338,110)**	**(92,059)**	**(430,169)**	(387,118)	(13,647)	(400,765)
Profit before tax		**1,382,084**	**(104,438)**	**1,277,646**	1,060,873	1,957	1,062,830
Income tax expense	8	**(122,579)**	**–**	**(122,579)**	(90,988)	–	(90,988)
Profit for the year	6	**1,259,505**	**(104,438)**	**1,155,067**	969,885	1,957	971,842
Profit attributable to:							
Owners of the Company		**1,126,554**	**(102,300)**	**1,024,254**	882,576	355	882,931
Non-controlling interests		**132,951**	**(2,138)**	**130,813**	87,309	1,602	88,911
		1,259,505	**(104,438)**	**1,155,067**	969,885	1,957	971,842
Earnings per share							
Basic earnings per share – US cents	11	**135.73**		**123.40**	106.33		106.38
Diluted earnings per share – US cents	11	**132.11**		**117.16**	103.96		105.87

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income
for the year ended 31 December 2016

	Note	2016 USD'000	2015 USD'000
Profit for the year		**1,155,067**	971,842
Other comprehensive income (OCI)			
Items that are or may be reclassified to profit or loss:			
Foreign exchange translation differences – foreign operations*		**(586,792)**	(541,752)
Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control		**48,913**	–
Net change in fair value of available-for-sale financial assets		**5,176**	(283)
Share of other comprehensive income of equity-accounted investees	16	**3,416**	(211)
Cash flow hedges – effective portion of changes in fair value		**(21,178)**	13,532
Related tax on fair value of cash flow hedges		**3,170**	(4,646)
Items that will never be reclassified to profit or loss:			
Re-measurements of post-employment benefit obligations**	20	**(204,987)**	(5,990)
Related tax		**5,699**	(1,030)
Other comprehensive income for the year, net of tax		**(746,583)**	(540,380)
Total comprehensive income for the year		**408,484**	431,462
Total comprehensive income attributable to:			
Owners of the Company		**282,472**	348,162
Non-controlling interests		**126,012**	83,300

* 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.

** This includes reapportionment of pension fund deficit contribution from a related party and increase in pension actuarial loss on account of the decrease in discount rate at the reporting date.

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
as at 31 December 2016

	Note	**31 December 2016 USD'000**	31 December 2015 USD'000
Assets			
Non-current assets			
Property, plant and equipment	12	**7,522,077**	6,969,126
Investment properties	13	**1,280,325**	1,177,229
Intangible assets and goodwill	14	**7,289,138**	7,134,917
Investment in equity-accounted investees	16	**1,951,658**	2,408,321
Other investments		**60,644**	68,736
Accounts receivable and prepayments	17	**428,627**	249,056
Total non-current assets		**18,532,469**	18,007,385
Current assets			
Inventories		**79,124**	61,520
Accounts receivable and prepayments	17	**793,345**	753,627
Cash and cash equivalents	18	**1,299,391**	1,436,595
Total current assets		**2,171,860**	2,251,742
Total assets		**20,704,329**	20,259,127
Equity			
Share capital	27	**1,660,000**	1,660,000
Share premium		**2,472,655**	2,472,655
Shareholder reserve		**2,000,000**	2,000,000
Retained earnings		**5,495,181**	4,722,382
Translation reserve		**(2,124,021)**	(1,593,342)
Other reserves	28	**(705,964)**	(494,861)
Total equity attributable to equity holders of the Company		**8,797,851**	8,766,834
Non-controlling interests	22	**721,834**	367,764
Total equity		**9,519,685**	9,134,598
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	29	**6,874,777**	7,527,231
Accounts payable and accruals	21	**392,127**	463,057
Deferred tax liabilities	8	**945,257**	940,636
Employees' end of service benefits	19	**112,594**	97,762
Pension and post-employment benefits	20	**314,691**	180,887
Total non-current liabilities		**8,639,446**	9,209,573
Current liabilities			
Interest bearing loans and borrowings	29	**743,482**	143,047
Accounts payable and accruals	21	**1,663,809**	1,614,580
Income tax liabilities	8	**129,722**	147,320
Pension and post-employment benefits	20	**8,185**	10,009
Total current liabilities		**2,545,198**	1,914,956
Total liabilities		**11,184,644**	11,124,529
Total equity and liabilities		**20,704,329**	20,259,127

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements. The consolidated financial statements were authorised for issue on 20 March 2017.

Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

Yuvraj Narayan
Chief Financial Officer

Consolidated statement of changes in equity
for the year ended 31 December 2016

	Attributable to equity holders of the Company							
	Share capital and premium USD'000	Shareholders reserve USD'000	Retained Earnings USD'000	Translation reserve USD'000	Other reserves USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance as at 1 January 2015	4,132,655	2,000,000	3,918,177	(1,061,117)	(492,317)	8,497,398	529,262	9,026,660
Profit for the period	–	–	882,931	–	–	882,931	88,911	971,842
Other comprehensive income, net of tax	–	–	–	(532,225)	(2,544)	(534,769)	(5,611)	(540,380)
Transactions with owners, recognised directly in equity								
Dividends paid (refer to note 10)	–	–	(195,050)	–	–	(195,050)	–	(195,050)
Changes in ownership interests in subsidiaries without change of control								
Acquisition of non-controlling interests without change in control	–	–	116,324	–	–	116,324	(241,903)	(125,579)
Transactions with non-controlling interests, recognised directly in equity								
Dividends paid	–	–	–	–	–	–	(11,845)	(11,845)
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	8,950	8,950
Balance as at 31 December 2015	**4,132,655**	**2,000,000**	**4,722,382**	**(1,593,342)**	**(494,861)**	**8,766,834**	**367,764**	**9,134,598**
Profit for the period	**–**	**–**	**1,024,254**	**–**	**–**	**1,024,254**	**130,813**	**1,155,067**
Other comprehensive income, net of tax	**–**	**–**	**–**	**(530,679)**	**(211,103)**	**(741,782)**	**(4,801)**	**(746,583)**
Transactions with owners, recognised directly in equity								
Dividends paid (refer to note 10)	**–**	**–**	**(249,000)**	**–**	**–**	**(249,000)**	**–**	**(249,000)**
Changes in ownership interests in subsidiaries without change of control								
Acquisition of non-controlling interests without change in control	**–**	**–**	**(2,455)**	**–**	**–**	**(2,455)**	**722**	**(1,733)**
Transactions with non-controlling interests, recognised directly in equity								
Contributions by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**2,000**	**2,000**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(25,222)**	**(25,222)**
Acquisition of subsidiary with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**250,558**	**250,558**
Balance as at 31 December 2016	**4,132,655**	**2,000,000**	**5,495,181**	**(2,124,021)**	**(705,964)**	**8,797,851**	**721,834**	**9,519,685**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2016

	Note	2016 USD'000	2015 USD'000
Cash flows provided by operating activities			
Gross cash flows from operations	18	**2,115,609**	1,875,187
Changes in:			
Inventories		**(11,192)**	(2,985)
Accounts receivable and prepayments		**(62,671)**	44,739
Accounts payable and accruals		**52,784**	119,121
Provisions, pensions and post-employment benefits		**(92,907)**	(107,843)
Cash provided by operating activities		**2,001,623**	1,928,219
Income taxes paid		**(157,086)**	(147,472)
Net cash provided by operating activities		**1,844,537**	1,780,747
Cash flows provided by investing activities			
Additions to property, plant and equipment	12	**(1,073,725)**	(1,167,395)
Additions to investment properties	13	**(136,901)**	(108,307)
Additions to port concession rights	14	**(87,502)**	(113,419)
Additions to/ advance towards other investments		**(23,305)**	–
Proceeds from disposal of property, plant and equipment and port concession rights		**7,414**	73,505
Proceeds from disposal of other investments		**21,554**	–
Proceeds from disposal of a subsidiary		**6,965**	–
Cash outflow on acquisition of subsidiaries (net of cash acquired)		**(142,950)**	(2,586,846)
Net cash outflow on acquisition of non-controlling interests without change in control		**(1,733)**	(125,579)
Interest received		**32,140**	34,399
Dividends received from equity-accounted investees		**151,146**	74,748
Additional investment in equity-accounted investees		**(13,071)**	(57,385)
Net loan from/ (advanced to) equity-accounted investees		**1,091**	(48,293)
Net cash used in investing activities		**(1,258,877)**	(4,024,572)
Cash flows provided by financing activities			
Repayment of interest bearing loans and borrowings		**(1,287,412)**	(714,417)
Drawdown of interest bearing loans and borrowings		**1,262,089**	1,282,644
Proceeds from issue of 2023 Sukuk		**1,200,000**	–
Redemption of 2017 Sukuk		**(1,174,455)**	–
Transaction cost paid on issuance of 2023 Sukuk		**(10,505)**	–
Interest paid		**(418,769)**	(373,117)
Dividend paid to the owners of the Company		**(249,000)**	(195,050)
Contribution by non-controlling interests		**2,000**	–
Dividend paid to non-controlling interests		**(25,222)**	(11,845)
Net cash used in financing activities		**(701,274)**	(11,785)
Net decrease in cash and cash equivalents		**(115,614)**	(2,255,610)
Cash and cash equivalents as at 1 January		**1,436,595**	3,723,073
Effect of exchange rate fluctuations on cash held		**(21,590)**	(30,868)
Cash and cash equivalents as at 31 December	18	**1,299,391**	1,436,595

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
(forming part of the financial statements)

1. Corporate information

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 for the year ended 31 December 2016 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 and inland terminal operations, maritime services, industrial parks and economic zones, logistics and ancillary services to technology-driven trade solutions.

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 of the consolidated financial statements

The consolidated financial statements have been prepared on going concern basis in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the Companies Law pursuant to DIFC Law No.2 of 2009.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, investment at fair value through profit or loss and available-for-sale financial assets which are measured at fair value.

a) Use of estimates and judgements

The management makes estimates and judgements affecting the application of accounting policies and reported numbers in the consolidated financial statements. The significant estimates and judgements are listed below:

i. Estimate of useful lives of property, plant and equipment and port concession rights with finite lives.
ii. Estimate of expected future cash flows and discount rate for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
iii. Judgement on recognition of an identifiable intangible asset separate from goodwill in case of business combination at its estimated fair value. This is based on information available and management's expectations on the date of acquisition.
iv. Estimate of collectible amount of accounts receivables where the collection of full amount is not probable.
v. Estimate of fair value of derivatives for which an active market is not available is computed using various generally accepted valuation techniques. Such techniques require inputs from observable markets and judgements on market risk and credit risk.
vi. Judgements by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
vii. Estimate of level of probability of a contingent liability becoming an actual liability and resulting cash outflow based on the information available on the reporting date.
viii. Consolidation of entities in which the Group holds less than 50% shareholding and non-consolidation of entities in which the Group holds more than 50% shareholding (refer to note 24).
ix. Significant judgement is required in determining the worldwide provision for income taxes.
x. Significant 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.

The actual results may differ from the estimates and judgements made by the management in the above matters. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

b) 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 2016, 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.

i. IFRS 9 Financial Instruments (effective from 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new expected credit loss model. The new guidance has also substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on financial instruments that the Group holds and economic conditions at that time as well as the elections and judgements it will make in the future.

Notes to the consolidated financial statements continued (forming part of the financial statements)

2. Basis for preparation of the consolidated financial statements (continued)

b) New standards and interpretations not yet effective (continued)

ii. IFRS 15 Revenue from contracts with customers (effective from 1 January 2018)

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard provides a single principles-based five-step model to be applied to all contracts with customers. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

iii. IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating lease incentives and SIC -27 Evaluating the substance of transaction involving the legal form of lease.

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 31. 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 charge 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.

iv. Amendment to IAS 7, Statement of cash flows (effective from 1 January 2017)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

v. Amendments to IAS 12, Income taxes (effective from 1 January 2017)

The amendments clarify the accounting for deferred tax assets for Unrealised losses on debt instruments measured at fair value. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

3. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of these consolidated financial statement throughout the Group to all the years presented, unless otherwise stated.

a) Basis of consolidation

i. 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 acquisition method of accounting is used to account for business combinations by the Group on the date of acquisition.

ii. 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.

iii. Disposal of subsidiaries (loss of control)

On the loss of control, the Group derecognises the subsidiary and recognises any surplus or deficit arising on the loss of control in the consolidated statement of profit or loss. Any retained interest is re-measured at fair value on the date control is lost and accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv. 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 at the date of acquisition.

v. Structured entities

The Group has established DP World Sukuk Limited and DP World Crescent 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.

3. Significant accounting policies (continued)

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.

The Group consolidates the above SE's based on an evaluation of the substance of its relationship with the Group. This relationship results in the majority of the benefits related to the SE's operations and net assets being received by the Group. It also exposes the Group 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.

vi. Investments in associates and joint ventures (equity-accounted investees)

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. An associate is an entity over which the Group has significant influence. 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.

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.

vii. 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 functional currency of each entity at the foreign exchange rate ruling on the date of the transaction. Foreign exchange gains and losses arising on transactions are recognised in the income statement. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of each entity at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further remeasurement in future.

iii. Foreign operations

For the preparation of consolidated financial statements, the differences arising on translation of financial statements of foreign operations into USD are recognised in other comprehensive income and accumulated in the translation reserve except to the extent of share of non-controlling interests in such differences. Accumulated translation differences are re-cycled to profit or loss on de-recognition of foreign operations as part of the gain or loss on such derecognition. In case of partial derecognition, accumulated differences proportionate to the stake derecognised are re-cycled.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

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.

c) Financial instruments

i. Non-derivative financial assets

Initial recognition and subsequent 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'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.

The subsequent measurement of non-derivative financial assets depends on their classification.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

3. Significant accounting policies (continued)
c) Financial instruments (continued)
i. Non-derivative financial assets (continued)
Derecognition
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.

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. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

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 are carried at their amortised cost using the effective interest method.

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 non-derivative financial liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial derivative liability, represents the value of the option that bond holders can convert into ordinary shares. The Group has not recorded the embedded derivative within equity due to the existence of cash settlement terms with the Company.

Derecognition
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 cash flows exposed to risk of fluctuations in foreign currencies and interest rates.

Initial recognition
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 objectives 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

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. 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 measurement
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.

Derecognition
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.

3. Significant accounting policies (continued)

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 3(j) (i)).

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. 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.

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.

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. 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.

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. Leased assets are depreciated on straight-line basis over their estimated useful lives or lease term whichever is shorter.

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.

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

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.

e) Investment properties

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.

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

Notes to the consolidated financial statements continued (forming part of the financial statements)

3. Significant accounting policies (continued)

e) Investment properties (continued)

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.

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 and equity-accounted investees. 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.

Goodwill is measured at cost less accumulated impairment losses (refer to note 3(j) (i)). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed.

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 equity-accounted investees). 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:

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.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 3(j)(i)). 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 or when the impairment indicator exists, 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.

3. Significant accounting policies (continued)

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 (government or port authorities) 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 derecognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to equity-accounted investees).

i) 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. 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.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease.

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

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. Accordingly, these are accounted as operating leases. 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.

j) Impairment

i. 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.

For impairment testing, the assets are grouped together into smallest group of assets (cash generating unit or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's.

Goodwill and port concession rights with infinite useful lives, as part of their respective cash-generating units, are also reviewed for impairment at each reporting date or at least once in a year regardless of any indicators of impairment. 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.

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.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

3. Significant accounting policies (continued)

j) Impairment (continued)

i. Non-financial assets (continued)

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.

ii. Financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

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.

Available-for-sale financial assets

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.

k) 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 consolidated 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 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.

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.

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. 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.

l) 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.

3. Significant accounting policies (continued)

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.

m) 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:

i. 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.

ii. 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.

iii. 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 consolidated statement of financial position. Revenue from administrative service, license, registration and consultancy is recognised as the service is provided.

n) Finance income and costs

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 costs also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 3(b) (ii)).

o) 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.

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. 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.

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.

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

Notes to the consolidated financial statements continued
(forming part of the financial statements)

3. Significant accounting policies (continued)

p) 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 11).

q) 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 Company's Board of Directors ('Chief Operating Decision Maker') to assess performance.

r) 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.

4. Segment information

The Group has identified the following geographic areas as its basis of segmentation.

- 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 reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment

The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and port concession rights other than goodwill. 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	
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000
Revenue	**501,496**	489,374	**659,020**	642,137	**3,071,052**	2,911,399	**–**	–	**–**	–	**4,231,568**	4,042,910
Adjusted for separately disclosed items	**(68,243)**	(75,171)	**–**	–	**–**	–	**–**	–	**–**	–	**(68,243)**	(75,171)
Revenue before separately disclosed items	**433,253**	414,203	**659,020**	642,137	**3,071,052**	2,911,399	**–**	–	**–**	–	**4,163,325**	3,967,739
Adjusted EBITDA	**316,476**	280,963	**293,052**	189,619	**1,791,269**	1,611,506	**(137,720)**	(153,972)	**–**	–	**2,263,077**	1,928,116
Finance income	**–**	–	**–**	–	**–**	–	**100,247**	104,969	**–**	–	**100,247**	104,969
Finance costs	**–**	–	**–**	–	**–**	–	**(438,357)**	(492,087)	**–**	–	**(438,357)**	(492,087)
Tax expense	**–**	–	**–**	–	**–**	–	**(122,579)**	(90,988)	**–**	–	**(122,579)**	(90,988)
Depreciation and amortisation	**(67,260)**	(68,423)	**(77,389)**	(68,683)	**(391,184)**	(335,228)	**(7,050)**	(7,791)	**–**	–	**(542,883)**	(480,125)
Adjusted net profit/ (loss) for the year before separately disclosed items	**249,216**	212,540	**215,663**	120,936	**1,400,085**	1,276,278	**(605,459)**	(639,869)	**–**	–	**1,259,505**	969,885
Adjusted for separately disclosed items	**(6,284)**	–	**2,076**	–	**(8,171)**	15,604	**(92,059)**	(13,647)	**–**	–	**(104,438)**	1,957
Profit/ (loss) for the year	**242,932**	212,540	**217,739**	120,936	**1,391,914**	1,291,882	**(697,518)**	(653,516)	**–**	–	**1,155,067**	971,842

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office.

4. Segment information (continued)

	Asia pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000
Segment assets	**4,350,319**	3,798,105	**2,092,970**	1,992,483	**15,333,720**	14,922,804	**9,205,350**	9,823,975	**(10,278,030)**	(10,278,240)	**20,704,329**	20,259,127
Segment liabilities	**605,616**	344,585	**379,373**	569,667	**3,455,870**	3,433,642	**8,524,199**	8,935,589	**(2,855,393)**	(3,246,910)	**10,109,665**	10,036,573
Tax liabilities*	**–**	–	**–**	–	**–**	–	**1,074,979**	1,087,956	**–**	–	**1,074,979**	1,087,956
Total liabilities	**605,616**	344,585	**379,373**	569,667	**3,455,870**	3,433,642	**9,599,178**	10,023,545	**(2,855,393)**	(3,246,910)	**11,184,644**	11,124,529
Capital expenditure	**81,068**	81,705	**156,457**	74,052	**1,057,844**	1,230,470	**2,759**	2,894	**–**	–	**1,298,128**	1,389,121
Depreciation	**22,801**	24,941	**55,527**	53,422	**310,077**	269,776	**7,050**	7,791	**–**	–	**395,455**	355,930
Amortisation/ impairment	**44,459**	43,482	**21,862**	15,261	**81,883**	66,105	**–**	–	**–**	–	**148,204**	124,848
Share of profit/ (loss) of equity-accounted investees before separately disclosed items	**125,215**	111,113	**6,418**	(67,978)	**17,802**	9,567	**–**	–	**–**	–	**149,435**	52,702
Tax expense	**–**	–	**–**	–	**–**	–	**122,579**	90,988	**–**	–	**122,579**	90,988

* Tax liabilities and tax expenses from various geographical locations have been grouped under head office.

5. Revenue

	2016 USD'000	2015 USD'000
Revenue consists of:		
Containerized stevedoring revenue	**1,535,059**	1,506,735
Containerized other revenue	**1,315,186**	1,239,744
Non-containerized revenue	**759,516**	802,314
Service concession revenue (refer to note 9)	**68,243**	75,171
Lease rentals and related services	**553,564**	418,946
Total	**4,231,568**	4,042,910

6. Profit for the year

	2016 USD'000	2015 USD'000
Profit for the year is stated after charging the following costs:		
Staff costs	**826,947**	818,203
Depreciation and amortization	**542,883**	480,125
Operating lease rentals	**364,365**	375,743
Impairment loss (refer to note 9)	**776**	653

Notes to the consolidated financial statements continued (forming part of the financial statements)

7. Finance income and costs

	2016 USD'000	2015 USD'000
Finance income		
Interest income	**56,420**	53,469
Exchange gains	**43,827**	51,500
Finance income before separately disclosed items	**100,247**	104,969
Separately disclosed items (refer to note 9)	**47,462**	9,705
Finance income after separately disclosed items	**147,709**	114,674
Finance costs		
Interest expense	**(375,065)**	(381,951)
Exchange losses	**(57,672)**	(103,356)
Other net financing expense in respect of pension plans	**(5,620)**	(6,780)
Finance costs before separately disclosed items	**(438,357)**	(492,087)
Separately disclosed items (refer to note 9)	**(139,521)**	(23,352)
Finance costs after separately disclosed items	**(577,878)**	(515,439)
Net finance costs after separately disclosed items	**(430,169)**	(400,765)

8. Income tax

The major components of income tax expense for the year ended 31 December:

	2016 USD'000	2015 USD'000
Current tax on profits for the year	**175,195**	146,162
Adjustments for current tax of prior periods	**(39,193)**	(15,445)
	136,002	130,717
Deferred tax credit	**(13,423)**	(39,729)
Income tax expense	**122,579**	90,988
Share of income tax of equity-accounted investees	**47,130**	54,014
Total tax expense	**169,709**	145,002
Income tax balances included in the consolidated statement of financial position:		
Current income tax receivable (included within accounts receivable and prepayments)	**32,318**	24,731
Current income tax liabilities	**129,722**	147,320

8. Income tax (continued)

The relationship between the total tax expense and the accounting profit can be explained as follows:

		2016 USD'000	2015 USD'000
Net profit before tax		**1,277,646**	1,062,830
Tax at the Company's domestic rate of 0% (2015: 0%)		**–**	–
Income tax on foreign earnings		**121,342**	124,289
Net current year tax losses (utilised)/ incurred, on which deferred tax is not recognised		**27,189**	7,874
Tax charge on equity-accounted investees		**47,130**	54,014
Effect of rate change		**(11,035)**	(34,341)
Deferred tax in respect of fair value adjustments		**(11,436)**	(6,696)
Others		**37,226**	15,675
Tax expense before prior year adjustments		**210,416**	160,815
Tax over provided in prior periods:			
- current tax		**(39,193)**	(15,445)
- deferred tax		**(1,514)**	(368)
Total tax expense from operations before separately disclosed items	(A)	**169,709**	145,002
Separately disclosed items		**–**	–
Total tax expense		**169,709**	145,002
Net profit before tax		**1,277,646**	1,062,830
Separately disclosed items		**104,438**	(1,957)
Share of income tax of equity-accounted investees		**47,130**	54,014
Adjusted profit before tax and before separately disclosed items	(B)	**1,429,214**	1,114,887
Effective tax rate before separately disclosed items	(A/B)	**11.87%**	13.01%

Unrecognised deferred tax assets

Deferred tax assets are not recognised on trading losses of USD 656,449 thousand (2015: USD 649,508 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. Under current legislation, USD 420,692 thousand (2015: USD 446,958 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax assets are also not recognised on capital and other losses of USD 221,394 thousand (2015: USD 271,638 thousand) as their utilisation is uncertain.

Group tax rates

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 34.6%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 34.0%

Notes to the consolidated financial statements continued (forming part of the financial statements)

8. Income tax (continued)

Movement in temporary differences during the year:

	1 January 2016 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 2016 USD'000
Deferred tax liabilities					
Property, plant and equipment	**106,667**	**256**	**10,580**	**(24,904)**	**92,599**
Investment in equity-accounted investees	**40,158**	**6,218**	**–**	**1,082**	**47,458**
Fair value of acquired intangibles	**425,169**	**(21,390)**	**54,850**	**(17,214)**	**441,415**
Others	**425,366**	**(1,513)**	**(139)**	**(12,946)**	**410,768**
Total before set off	**997,360**	**(16,429)**	**65,291**	**(53,982)**	**992,240**
Set off of tax	**(56,724)**	**–**	**–**	**–**	**(46,983)**
Net deferred tax liabilities	**940,636**	**–**	**–**	**–**	**945,257**
Deferred tax assets					
Pension and post-employment benefits	**7,185**	**594**	**677**	**4,619**	**13,075**
Financial instruments	**13,644**	**(1,791)**	**–**	**(3,487)**	**8,366**
Provisions	**2,839**	**398**	**881**	**(206)**	**3,912**
Tax value of losses carried forward recognised	**33,148**	**(2,671)**	**–**	**(8,847)**	**21,630**
Total before set off	**56,816**	**(3,470)**	**1,558**	**(7,921)**	**46,983**
Set off of tax	**(56,724)**	**–**	**–**	**–**	**(46,983)**
Net deferred tax assets (included within non-current account receivables and prepayments)	**92**	**–**	**–**	**–**	**–**

9. Separately disclosed items

	2016 USD'000	2015 USD'000
Revenue		
Construction contract revenue relating to service concessions	**68,243**	75,171
Cost of sales		
Construction contract costs relating to service concessions	**(68,243)**	(75,171)
General and administrative expenses		
Impairment of property, plant and equipment	**(776)**	(653)
Other income	**3,878**	16,867
Loss on disposal and change in ownership of business	**(12,524)**	(610)
Share of loss from equity-accounted investees	**(2,957)**	–
Finance income		
Change in fair value of convertible bond option	**47,462**	–
Net gain on restructuring of loan	**–**	9,705
Finance costs		
Finance costs related to convertible bond	**(20,110)**	(16,175)
Sukuk redemption costs	**(61,755)**	–
Transaction costs	**(54,224)**	(7,177)
Hedge costs	**(3,432)**	–
Total	**(104,438)**	1,957

Construction contract revenue and costs: In accordance with IFRIC 12 'Service Concession Arrangements', the Group has recorded revenue 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 property, plant and equipment relates to a subsidiary in the 'Middle East, Europe and Africa' region.

Other income represents the gain on sale of other investments in the 'Asia Pacific and Indian subcontinent' region and in the 'Middle East, Europe and Africa' region. (2015 represents gain on sale of land in a subsidiary in the 'Middle East, Europe and Africa' region).

9. Separately disclosed items (continued)

Loss on disposal and change in ownership of business relates to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region and loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region. (2015 relates to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region).

Share of loss from equity-accounted investees represents the non-recurring expenses incurred in the 'Middle East, Europe and Africa' region.

Change in fair value of convertible bond option relates to the movement based on re-measured fair value of the embedded derivative liability of the convertible bonds.

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 a loan in a subsidiary in the 'Asia Pacific and Indian subcontinent' region.

Finance costs related to convertible bond represents the accretion of liability component as at the reporting date to the amount that will be payable on redemption of the convertible bond.

Sukuk redemption costs represents the redemption premium paid on an early redemption of sukuk bond liability.

Transaction costs relates to costs on restructuring and termination of loans in subsidiaries in the 'Middle East, Europe and Africa' region.

Hedge costs relates to the loss on termination of interest rate swap in a subsidiary in the 'Australia and Americas' region and an ineffective element of a cash flow hedge in a subsidiary in the 'Middle East, Europe and Africa' region.

10. Dividends

	2016 USD'000	2015 USD'000
Declared and paid during the year:		
Final dividend: 30 US cents per share/ 23.5 US cents per share	**249,000**	195,050
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
Final dividend: 38 US cents per share/ 30 US cents per share	**315,400**	249,000

11. 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.

	2016 Before separately disclosed items USD'000	**2016 Adjusted for separately disclosed items USD'000**	2015 Before separately disclosed items USD'000	2015 Adjusted for separately disclosed items USD'000
Profit attributable to the ordinary shareholders of the Company (a)	**1,126,554**	**1,024,254**	882,576	882,931
Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion	**18,666**	**(8,686)**	18,599	34,774
Profit attributable to the ordinary shareholders of the Company after conversion (b)	**1,145,220**	**1,015,568**	901,175	917,705
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**	36,846,510	36,846,510
Total weighted average number of ordinary share (diluted) outstanding – (d)	**866,846,510**	**866,846,510**	866,846,510	866,846,510
Basic earnings per share US cents – (a/c)	**135.73**	**123.40**	106.33	106.38
Diluted earnings per share US cents – (b/d)	**132.11**	**117.16**	103.96	105.87

Notes to the consolidated financial statements continued
(forming part of the financial statements)

12. 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
As at 1 January 2016	**3,884,675**	**3,927,182**	**279,549**	**1,056,958**	**9,148,364**
Acquired through business combination	**14,964**	**327,868**	**–**	**1,649**	**344,481**
Additions during the year	**11,324**	**62,225**	**2,960**	**997,216**	**1,073,725**
Transfers from capital work-in-progress	**381,421**	**282,300**	**2,013**	**(665,734)**	**–**
Transfer (to)/ from investment properties	**–**	**270**	**–**	**–**	**270**
Disposals	**(30,296)**	**(48,649)**	**(2,455)**	**–**	**(81,400)**
Translation adjustment	**(90,513)**	**(285,415)**	**(3,817)**	**(64,484)**	**(444,229)**
As at 31 December 2016	**4,171,575**	**4,265,781**	**278,250**	**1,325,605**	**10,041,211**
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)
On disposals	(963)	(42,709)	(15,693)	–	(59,365)
Translation adjustment	(16,803)	(39,663)	(5,793)	–	(62,259)
As at 31 December 2015	869,521	1,251,777	57,940	–	2,179,238
As at 1 January 2016	**869,521**	**1,251,777**	**57,940**	**–**	**2,179,238**
Acquired through business combination	**1,289**	**125,875**	**–**	**–**	**127,164**
Charge for the year	**130,858**	**212,027**	**19,392**	**–**	**362,277**
Impairment loss	**4**	**772**	**–**	**–**	**776**
On disposals	**(21,966)**	**(44,699)**	**(1,370)**	**–**	**(68,035)**
Translation adjustment	**(10,479)**	**(70,089)**	**(1,718)**	**–**	**(82,286)**
As at 31 December 2016	**969,227**	**1,475,663**	**74,244**	**–**	**2,519,134**
Net book value					
At 31 December 2015	3,015,154	2,675,405	221,609	1,056,958	6,969,126
At 31 December 2016	**3,202,348**	**2,790,118**	**204,006**	**1,325,605**	**7,522,077**

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 2016, cranes with aggregate net book value amounting to USD 225,756 thousand (2015: USD 241,494 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.

At 31 December 2016, property, plant and equipment with a carrying amount of USD 2,180,671 thousand (2015: USD 2,315,238 thousand) are pledged to bank loans (refer to note 29).

Borrowing costs capitalised to property, plant and equipment amounted to USD 20,510 thousand (2015: USD 20,299 thousand) with a capitalisation rate in the range of 2.27% to 3.84% per annum (2015: 2.94% to 5.13% per annum).

13. Investment properties

	Land USD'000	Buildings and infra-structure USD'000	Under develop-ment 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
As at 1 January 2016	**30,378**	**970,094**	**205,016**	**1,205,488**
Additions during the year	**3,491**	**88,801**	**44,609**	**136,901**
Transfers	**–**	**11,716**	**(11,716)**	**–**
Transfer from/ (to) property, plant and equipment	**–**	**–**	**(270)**	**(270)**
Disposals	**–**	**–**	**–**	**–**
Translation adjustment	**(260)**	**–**	**(97)**	**(357)**
As at 31 December 2016	**33,609**	**1,070,611**	**237,542**	**1,341,762**
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
As at 1 January 2016	**–**	**28,259**	**–**	**28,259**
Depreciation charge for the year	**–**	**33,178**	**–**	**33,178**
As at 31 December 2016	**–**	**61,437**	**–**	**61,437**
Net book value:				
As at 31 December 2015	30,378	941,835	205,016	1,177,229
As at 31 December 2016	**33,609**	**1,009,174**	**237,542**	**1,280,325**

Land:
At 31 December 2016, the fair value of land was estimated to be USD 65,941 thousand (2015: USD 65,069 thousand) compared to the carrying value of USD 33,609 thousand (2015: USD 30,378 thousand).

Building and infrastructure:
At 31 December 2016, the fair value of buildings and infrastructure was USD 2,107,291 thousand (2015: USD 1,942,275 thousand) compared to the carrying value of USD 1,009,174 thousand (2015: 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.

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 fair value cannot be reliably determined as the properties are currently under development.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

13. Investment properties (continued)

Key assumptions used in determination of the fair value of investment properties

On an annual basis, the Group engages external, independent and qualified valuers who have 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 and the Group considers the current use of these properties as their highest and best use.

14. Intangible assets and goodwill

	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
As at 1 January 2016	**2,677,717**	**1,460,386**	**4,042,167**	**8,180,270**
Acquired through business combinations	**–**	**61,519**	**498,400**	**559,919**
Additions	**–**	**–**	**87,502**	**87,502**
Translation adjustment	**–**	**(166,122)**	**(194,357)**	**(360,479)**
As at 31 December 2016	**2,677,717**	**1,355,783**	**4,433,712**	**8,467,212**
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
As at 1 January 2016	**23,096**	**–**	**1,022,257**	**1,045,353**
Charge for the year	**29,212**	**–**	**118,216**	**147,428**
Translation adjustment	**–**	**–**	**(14,707)**	**(14,707)**
As at 31 December 2016	**52,308**	**–**	**1,125,766**	**1,178,074**
Net book value:				
As at 31 December 2015	2,654,621	1,460,386	3,019,910	7,134,917
As at 31 December 2016	**2,625,409**	**1,355,783**	**3,307,946**	**7,289,138**

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.

At 31 December 2016, port concession rights with a carrying amount of USD 11,790 thousand (2015: USD 146,535 thousand) are pledged to bank loans (refer to note 29).

15. Impairment testing

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units, for the purpose of impairment testing.

Impairment testing is done at an 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			
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000	**Discount rates**	**Perpetuity growth rate**
Cash-generating units aggregated by operating segment						
Asia Pacific and Indian subcontinent	**219,919**	161,427	**–**	–	7.50% - 13.00%	2.50%
Australia and Americas	**320,926**	314,325	**–**	–	6.50% - 17.50%	2.50%
Middle East, Europe and Africa	**814,938**	984,634	**776,919**	923,392	6.00% - 17.50%	2.50% -2.60%
Total	**1,355,783**	1,460,386	**776,919**	923,392		

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 risks associated with the cash flows of the CGU being valued. The Group uses the post-tax Weighted Average Cost of Capital that represents a market participant discount rate.

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. Similarly, an increase of 0.25% in discount rate and decrease of 0.25% in perpetuity growth rate would not result in impairment.

Notes to the consolidated financial statements continued (forming part of the financial statements)

16. 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 the 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	
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000	**2016 USD'000**	2015 USD'000
Cash and cash equivalents	**432,726**	376,482	**147,176**	102,991	**203,733**	204,006	**783,635**	683,479
Other current assets	**232,754**	226,405	**111,735**	97,990	**186,858**	150,528	**531,347**	474,923
Non-current assets	**6,167,755**	7,092,949	**2,146,178**	2,078,861	**2,459,574**	2,440,019	**10,773,507**	11,611,829
Total assets	**6,833,235**	7,695,836	**2,405,089**	2,279,842	**2,850,165**	2,794,553	**12,088,489**	12,770,231
Current financial liabilities	**–**	10,780	**595,272**	84,154	**37,734**	36,187	**633,006**	131,121
Other current liabilities	**317,386**	350,156	**170,598**	200,634	**249,081**	199,323	**737,065**	750,113
Non-current financial liabilities	**1,092,416**	1,098,965	**1,009,024**	1,434,621	**534,625**	543,778	**2,636,065**	3,077,364
Other non-current liabilities	**466,819**	529,622	**137,061**	77,751	**520,062**	510,608	**1,123,942**	1,117,981
Total liabilities	**1,876,621**	1,989,523	**1,911,955**	1,797,160	**1,341,502**	1,289,896	**5,130,078**	5,076,579
Net assets (100%)	**4,956,614**	5,706,313	**493,134**	482,682	**1,508,663**	1,504,657	**6,958,411**	7,693,652
Group's share of net assets							**1,951,658**	2,408,321
Revenue	**1,489,325**	1,424,458	**599,720**	594,147	**587,559**	533,198	**2,676,604**	2,551,803
Depreciation and amortisation	**(292,542)**	(300,714)	**(107,201)**	(120,351)	**(93,828)**	(67,130)	**(493,571)**	(488,195)
Other expenses	**(605,441)**	(582,931)	**(410,974)**	(416,822)	**(448,606)**	(408,382)	**(1,465,021)**	(1,408,135)
Interest expense	**(70,090)**	(89,844)	**(241,971)**	(305,295)	**(42,015)**	(23,688)	**(354,076)**	(418,827)
Other finance income	**19,860**	27,003	**149,040**	10,846	**1,753**	3,842	**170,653**	41,691
Income tax expense	**(146,669)**	(118,342)	**(3,295)**	802	**25,503**	(20,319)	**(124,461)**	(137,859)
Net profit/ (loss) (100%)	**394,443**	359,630	**(14,681)**	(236,673)	**30,366**	17,521	**410,128**	140,478
Group's share of profit/ (loss) (before separately disclosed items)	**125,215**	111,113	**6,418**	(67,978)	**17,802**	9,567	**149,435**	52,702
Dividends received	**144,886**	47,153	**–**	14,124	**6,260**	13,471	**151,146**	74,748
Group's share of other comprehensive income							**3,416**	(211)

17. Accounts receivable and prepayments

	2016 Non-current USD'000	**2016 Current USD'000**	2015 Non-current USD'000	2015 Current USD'000
Trade receivables (net)	**–**	**410,334**	–	359,009
Advances paid to suppliers	**–**	**81,966**	–	62,010
Other receivables and prepayments	**137,789**	**220,515**	56,496	252,778
Employee benefits assets (refer to note 20)	**–**	**–**	60	–
Due from related parties (refer to note 25)	**290,838**	**80,530**	192,500	79,830
Total	**428,627**	**793,345**	249,056	753,627

The Group's exposure to credit and currency risks are disclosed in note 26.

18. Cash and cash equivalents

	2016 USD'000	2015 USD'000
Cash at banks and in hand	**619,251**	334,447
Short-term deposits	**614,618**	1,033,771
Deposits under lien	**65,522**	68,377
Cash and cash equivalents for consolidated statement of cash flows	**1,299,391**	1,436,595

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.

18. Cash and cash equivalents (continued)

The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries.

Cash flow information

	Note	2016 USD'000	2015 USD'000
Cash flows from operating activities			
Profit for the year		**1,155,067**	971,842
Adjustments for:			
Depreciation and amortization	6	**542,883**	480,125
Impairment loss	6	**776**	653
Share of profit from equity-accounted investees (net of tax)	16	**(146,478)**	(52,702)
Finance costs	7	**577,878**	515,439
Gain on disposal of other investments		**(3,878)**	–
Gain on sale of property, plant and equipment and port concession rights		**(999)**	(17,094)
Loss on disposal and change in ownership of business		**15,490**	610
Finance income	7	**(147,709)**	(114,674)
Income tax expense	8	**122,579**	90,988
Gross cash flows from operations		**2,115,609**	1,875,187

19. Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2016 USD'000	2015 USD'000
As at 1 January	**97,762**	74,127
Acquired through business combinations	**8,422**	7,892
Provision made during the year *	**17,647**	25,897
Amounts paid during the year	**(11,237)**	(10,154)
As at 31 December	**112,594**	97,762

* 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.

20. Pension and post-employment benefits

The Group participates in a number of pension schemes throughout the world.

a) P&O UK Scheme

This 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 and to future accrual on 31 December 2015. 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.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the latest regular valuation report for the scheme being at 31 March 2016, using the projected unit credit method. The Group's deficit contributions arising from this valuation totalled USD 112,330 thousand. P&O is currently negotiating with the Trustees to agree to a monthly deficit payment plan.

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.

b) Merchant Navy Officers' Pension Fund ("MNOPF")

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.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

20. Pension and post-employment benefits (continued)

b) Merchant Navy Officers' Pension Fund ("MNOPF") (continued)
It 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 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 Section.

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 3,703 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. The New Section closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers have agreed contributions, 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: 2017 to 2020 USD 5,126 thousand per annum and 2021 to 2023 USD 961 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 2016 is estimated at 5.44%.

During the year, Group has accounted for an additional defined benefit obligation in regards to reapportionment of deficit contribution from a related party.

c) 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.

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 was not overturned.

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 34,934 thousand (equating to 7.0% share of the net deficit). The contributions due to the Scheme will be paid over the period to 31 October 2022. Deficit contributions of USD 13,500 thousand were paid into the Scheme in 2016. The Group's aggregated outstanding contributions from these valuations are payable as follows: 2017 to 2022 USD 4,378 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.

d) Others
The Group also operates a number of smaller defined benefit and defined contribution schemes.

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.

20. Pension and post-employment benefits (continued)

Reconciliation of assets and liabilities recognised in the consolidated statement of financial position:

	2016 USD'000	2015 USD'000
Non-current		
Defined benefit schemes net liabilities	**313,980**	179,136
Liability in respect of long service leave	**406**	475
Liability for other non-current deferred compensation	**305**	1,216
	314,691	180,827
Current		
Liability for current deferred compensation	**8,185**	10,009
Net liabilities	**322,876**	190,836
Net liabilities		
Reflected in the consolidated statement of financial position as follows:		
Employee benefits assets (included within non-current receivables)	**–**	(60)
Employee benefits liabilities: Non-current	**314,691**	180,887
Employee benefits liabilities: Current	**8,185**	10,009

Long term employee benefit expense recognised in consolidated statement of profit and loss consist of following:

	2016 USD'000	2015 USD'000
Defined benefit schemes	**6,617**	8,200
Defined contribution schemes	**10,215**	11,500
Other employee benefits	**11,623**	14,758
Total	**28,455**	34,458

The re-measurements of the net defined benefit liability gross of tax recognised in the consolidated statement of other comprehensive income is as follows:

	2016 USD'000	2015 USD'000
Actuarial gain/ (loss) recognised in the year	**368,269**	(81,210)
Return on plan assets lesser/ (greater) than the discount rate	**(150,722)**	59,900
Change in share in multi-employer scheme	**(270)**	(1,400)
Movement in minimum funding liability	**(12,290)**	28,700
Total	**204,987**	5,990

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2016 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 2016	MNOPF scheme 2016	Other schemes 2016	P&O 2015	MNOPF scheme 2015	Other schemes 2015
Discount rates	**2.50%**	**2.50%**	**2.70%**	3.70%	3.70%	3.90%
Discount rates bulk annuity asset	**2.40%**	**–**	**–**	3.50%	–	–
Expected rates of salary increases	**–***	**–***	**3.00%**	–	–	3.20%
Pension increases: deferment	**3.00%**	**2.50%**	**3.20%**	2.80%	2.20%	3.00%
payment	**3.00%**	**3.40%**	**3.20%**	2.80%	3.10%	3.00%
Inflation	**3.50%**	**3.50%**	**3.30%**	3.20%	3.20%	3.20%

* The P&O UK Scheme and MNOPF were closed to future accrual as at 31 December 2016, so future pay increases is not relevant.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

20. Pension and post-employment benefits (continued)

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**
2016				
P&O UK scheme	22.3	24.5	24.3	26.6
MNOPF scheme	23.0	25.9	26.4	29.2
2015				
P&O UK scheme	23.4	26.5	25.8	28.9
MNOPF scheme	22.7	25.6	26.3	29.3

At 31 December 2016 the weighted average duration of the defined benefit obligation was 17.3 years (2015: 15.8 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 2016 by the amounts shown below:

	USD'000
0.1% reduction in discount rate	**21,200**
0.1% increase in inflation assumption and related assumptions	**12,800**
0.25% p.a. increase in the long term rate of mortality improvement	**17,800**

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**
2016				
Equities	**443,643**	**51,721**	**79,866**	**575,230**
Bonds	**188,987**	**74,928**	**144,424**	**408,339**
Other	**27,404**	**–**	**19,504**	**46,908**
Value of insured pensioner liability	**984,557**	**–**	**–**	**984,557**
Total	**1,644,591**	**126,649**	**243,794**	**2,015,034**
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
Total	1,794,483	220,374	243,296	2,258,153

20. Pension and post-employment benefits (continued)

With the exception of the insured pensioner liability all material investments have quoted prices in active markets.

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2016 and 31 December 2015:

	P&O UK scheme 2016 USD'000	MNOPF scheme 2016 USD'000	Other scheme 2016 USD'000	Total group scheme 2016 USD'000	P&O UK scheme 2015 USD'000	MNOPF scheme 2015 USD'000	Other scheme 2015 USD'000	Total group scheme 2015 USD'000
Present value of obligation at 1 January	**(1,871,200)**	**(220,700)**	**(304,389)**	**(2,396,289)**	(2,070,600)	(246,300)	(327,758)	(2,644,658)
Employer's interest cost	**(61,450)**	**(7,293)**	**(10,345)**	**(79,088)**	(71,200)	(8,600)	(11,722)	(91,522)
Employer's current service cost	**–**	**–**	**(2,836)**	**(2,836)**	(500)	–	(4,100)	(4,600)
Gain due to settlements	**–**	**–**	**–**	**–**	13,500	–	–	13,500
Contributions by scheme participants	**–**	**–**	**(1,215)**	**(1,215)**	–	–	(1,100)	(1,100)
Effect of movement in exchange rates	**331,852**	**40,661**	**61,238**	**433,751**	98,800	11,700	15,981	126,481
Benefits paid	**91,298**	**9,994**	**11,210**	**112,502**	97,800	10,900	10,400	119,100
Experience gains/(losses) on scheme liabilities	**29,577**	**135**	**810**	**30,522**	35,600	9,000	5,000	49,600
Change in share in multi-employer scheme	**–**	**(3,376)**	**–**	**(3,376)**	–	–	5,300	5,300
Actuarial gain/(loss) on scheme liabilities due to change in demographic assumptions	**70,046**	**1,891**	**–**	**71,937**	–	–	1,910	1,910
Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions	**(353,710)**	**(45,109)**	**(71,909)**	**(470,728)**	25,400	2,600	1,700	29,700
Present value of obligation at 31 December	**(1,763,587)**	**(223,797)**	**(317,436)**	**(2,304,820)**	(1,871,200)	(220,700)	(304,389)	(2,396,289)

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2016 and 31 December 2015:

	P&O UK scheme 2016 USD'000	MNOPF scheme 2016 USD'000	Other scheme 2016 USD'000	Total group scheme 2016 USD'000	P&O UK scheme 2015 USD'000	MNOPF scheme 2015 USD'000	Other scheme 2015 USD'000	Total group scheme 2015 USD'000
Fair value of scheme assets at 1 January	**1,794,483**	**220,374**	**243,296**	**2,258,153**	1,987,492	215,900	246,500	2,449,892
Interest income on assets	**59,019**	**7,293**	**8,508**	**74,820**	68,500	7,600	9,100	85,200
Return on plan assets (lesser)/ greater than the discount rate	**187,457**	**(68,338)**	**31,603**	**150,722**	(66,700)	8,600	(1,800)	(59,900)
Loss due to settlements	**–**	**–**	**–**	**–**	(12,800)	–	–	(12,800)
Contributions by employer	**11,345**	**5,672**	**19,853**	**36,870**	13,200	10,900	16,200	40,300
Contributions by scheme participants	**–**	**–**	**1,215**	**1,215**	–	–	1,100	1,100
Effect of movement in exchange rates	**(314,254)**	**(31,464)**	**(48,391)**	**(394,109)**	(94,809)	(11,026)	(12,504)	(118,339)
Benefits paid	**(91,298)**	**(9,994)**	**(11,210)**	**(112,502)**	(97,800)	(10,900)	(10,400)	(119,100)
Change in share in multi-employer scheme	**–**	**3,646**	**–**	**3,646**	–	–	(3,900)	(3,900)
Administration costs incurred during the year	**(2,161)**	**(540)**	**(1,080)**	**(3,781)**	(2,600)	(700)	(1,000)	(4,300)
Fair value of scheme assets at 31 December	**1,644,591**	**126,649**	**243,794**	**2,015,034**	1,794,483	220,374	243,296	2,258,153
Defined benefit schemes net liabilities	**(118,996)**	**(97,148)**	**(73,642)**	**(289,786)**	(76,717)	(326)	(61,093)	(138,136)
Minimum funding liability	**–**	**(14,936)**	**(9,258)**	**(24,194)**	–	(30,500)	(10,500)	(41,000)
Net liability recognised in the consolidated statement of financial position at 31 December	**(118,996)**	**(112,084)***	**(82,900)**	**(313,980)**	(76,717)	(30,826)	(71,593)	(179,136)

* This includes reapportionment of pension fund deficit contribution from a related party at the reporting date.

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.

Notes to the consolidated financial statements continued (forming part of the financial statements)

20. Pension and post-employment benefits (continued)

The below table shows the movement in minimum funding liability:-

	2016 USD'000	2015 USD'000
Minimum funding liability as on 1 January	**(41,000)**	(13,400)
Employer's interest cost	**(1,350)**	(458)
Actuarial gain/ (loss) during the year	**12,290**	(28,700)
Effect of movement in exchange rates	**5,866**	1,558
Minimum funding liability as on 31 December	**(24,194)**	(41,000)

It is anticipated that the Group will make the following contributions to the pension schemes in 2017:

	P&O UK scheme USD'000	**MNOPF scheme USD'000**	**Other schemes USD'000**	**Total group schemes USD'000**
Pension scheme contributions	**10,369**	**5,678**	**11,233**	**27,280**

21. Accounts payable and accruals

	2016 Non-current USD'000	**2016 Current USD'000**	2015 Non-current USD'000	2015 Current USD'000
Trade payables	**–**	**170,181**	–	186,872
Other payables and accruals	**112,047**	**1,420,813**	161,791	1,288,002
Provisions*	**1,313**	**56,767**	1,086	95,195
Fair value of derivative financial instruments	**278,767**	**6,144**	300,180	6,224
Amounts due to related parties (refer to note 25)	**–**	**9,904**	–	38,287
As at 31 December	**392,127**	**1,663,809**	463,057	1,614,580

* During the current year, additional provision of USD 43,269 thousand was made (2015: USD 41,303 thousand) and an amount of USD 81,452 thousand was utilised (2015: USD 38,703 thousand).

22. Non-controlling interests ('NCI')

The following table summarises the financial information for the material NCI of the Group:

	2016 Middle East, Europe and Africa region USD'000	**2016 Asia pacific and Indian sub-continent USD'000**	**2016 Other individually immaterial subsidiaries* USD'000**	**2016 Total USD'000**	2015 Middle East, Europe and Africa region USD'000	2015 Asia pacific and Indian sub-continent USD'000	2015 Other individually immaterial subsidiaries* USD'000	2015 Total USD'000
Balance sheet information:								
Non-current assets	**302,327**	**472,361**			313,730	–		
Current assets	**320,003**	**113,765**			222,454	–		
Non-current liabilities	**(18,058)**	**(13,259)**			(40,807)	–		
Current liabilities	**(48,773)**	**(21,761)**			(73,058)	–		
Net assets (100%)	**555,499**	**551,106**			422,319	–		
Carrying amount of fair value adjustments excluding goodwill	**–**	**186,545**			–	–		
Total	**555,499**	**737,651**			422,319	–		
Carrying amount of NCI as at 31 December	**370,597**	**250,580**	**100,657**	**721,834**	281,795	–	85,969	367,764
Statement of profit or loss information:								
Revenue	**233,524**	**–**			366,272	–		
Profit after tax	**130,174**	**–**			115,953	–		
Other comprehensive income, net of tax	**2,994**	**–**			5,385	–		
Total comprehensive income (100%), net of tax	**133,168**	**–**			121,338	–		
Profit allocated to NCI	**86,798**	**–**	**44,015**	**130,813**	74,183	–	14,728	88,911
Other comprehensive income allocated to NCI	**1,996**	**–**	**(6,797)**	**(4,801)**	3,487	–	(9,098)	(5,611)
Total comprehensive income attributable to NCI	**88,794**	**–**	**37,218**	**126,012**	77,670	–	5,630	83,300
Cash flow statement information:								
Cash flows from operating activities	**149,437**	**–**			119,645	–		
Cash flows from investing activities	**(7,143)**	**–**			(2,803)	–		
Cash flows from financing activities	**(50,877)**	**–**			(53,123)	–		
Dividends paid to NCI	**–**	**–**			–	–		

* There are no material subsidiaries with NCI in the other operating segments of the Group.

23. Business combinations

Acquisitions of new subsidiaries

On 29 December 2016, DP World Group acquired an additional 23.94% stake in Pusan Newport Company Limited ("PNC") in South Korea from Samsung Corporation & Subsidiaries, increasing the shareholding in PNC to 66.03%.

	Acquiree's carrying amount USD'000	**Fair value recognised on acquisition USD'000**
Assets		
Property, plant and equipment	**217,317**	**217,317**
Port concession rights	**252,297**	**498,400**
Available-for-sale investments	**1,110**	**1,110**
Accounts receivables and prepayments	**38,027**	**38,027**
Inventory	**7,456**	**7,456**
Cash and cash equivalents	**69,918**	**69,918**
Liabilities		
Employees' end of service benefits	**(8,422)**	**(8,422)**
Income tax liabilities	**(6,276)**	**(6,276)**
Deferred tax liabilities	**(4,071)**	**(63,628)**
Accounts payable and accruals	**(16,251)**	**(16,251)**
Net assets	**551,105**	**737,651**
Goodwill arising on acquisition		**61,519**
Total		**799,170**

If the acquisition had taken place at the beginning of the year, the profit of the Group would have increased by USD 21,828 thousand and revenue would have increased by USD 190,714 thousand.

Notes to the consolidated financial statements continued (forming part of the financial statements)

24. Significant group entities

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees 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	Development and management of international marine and inland terminal operations
Thunder FZE	100%	United Arab Emirates	Holding company
The Peninsular and Oriental Steam Navigation Company Limited	100%	United Kingdom	Management and operation of international marine terminal operations
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 Holdings 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

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 (Canada) Inc. (refer to note 34)	100%	Canada	Container terminal operations
DP World Prince Rupert Inc. (refer to note 34)	100%	Canada	Container terminal operations
DP World Saint John, Inc.	100%	Canada	Container terminal operations
DP World Sokhna SAE	100%	Egypt	Container terminal operations
Chennai Container Terminal Pvt. Limited	100%	India	Container terminal operations
India Gateway Terminal Private Limited	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 Pvt. Limited	100%	India	Container terminal operations
Dubai Ports World - Middle East LLC	100%	Kingdom of Saudi Arabia	Container terminal operations
DP World Maputo S.A.	60%	Mozambique	Container terminal operations
Qasim International Container Terminal Pakistan Limited	75%	Pakistan	Container terminal operations
DP World Callao S.R.L.	100%	Peru	Container terminal operations
Doraleh Container Terminal S.A.	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 SA	90%	Senegal	Container terminal operations
Pusan Newport Co., Ltd (refer to note 23)	66.03%	South Korea	Container terminal operations
DP World Tarragona SA	60%	Spain	Container terminal operations
DP World Yarımca Liman İşletmeleri AS	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

24. 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 DjenDjen Spa	50%	Algeria	Container terminal operations
DP World Australia (Holding) Pty Limited	25%	Australia	Container terminal operations
Antwerp Gateway N.V	60%**	Belgium	Container terminal operations
Caucedo Investments Inc.	50%	British Virgin Islands	Container terminal operations
Empresa Brasileira de Terminais Portuarious S.A.	33.33%	Brazil	Container terminal operations
Eurofos SARL	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
Visakha Container Terminals Private Limited	26%	India	Container terminal operations
PT Terminal Petikemas Surabaya	49%	Indonesia	Container terminal operations
Rotterdam World Gateway B.V.	30%	Netherlands	Container terminal operations
Qingdao Qianwan Container Terminal Co., Limited	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 Limited	12.50%	People's Republic of China	Container terminal operations
Asian Terminals Inc	50.54%***	Philippines	Container terminal operations
Laem Chabang International Terminal Co. Limited	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
DP World Antwerp Terminals N.V.	100%	Belgium	Ancillary container services
DP World Germersheim GmbH and Co. KG	100%	Germany	Inland container terminal operations
DP World Germany B.V.	100%	Germany	Inland container terminal operations
Container Rail Road Services Pvt 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 industrial parks

* 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 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 control to the Group.

Notes to the consolidated financial statements continued (forming part of the financial statements)

25. Related party transactions

Business combinations under common control

On 16 March 2015, the Group acquired 100% ownership of EZW from its Parent Company. This business combination was accounted using acquisition method as prescribed under IFRS 3 – Business combinations.

Other related party transactions

Transactions with related parties included in the consolidated financial statements are as follows:

	Ultimate Parent Company USD'000	Equity-accounted investees USD'000	Other related parties USD'000	2016 Total USD'000	Ultimate Parent Company USD'000	Equity-accounted investees USD'000	Other related parties USD'000	2015 Total USD'000
Expenses charged:								
Concession fee	–	–	47,292	47,292	–	–	50,925	50,925
Shared services	–	–	931	931	–	–	699	699
Other services	–	–	18,864	18,864	–	–	44,621	44,621
Revenue earned:								
Management fee income	–	25,855	27,540	53,395	–	24,328	29,032	53,360
Interest income	–	24,276	–	24,276	–	19,244	–	19,244

Balances with related parties included in the consolidated statement of financial position are as follows:

	Due from related parties		Due to related parties	
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000
Ultimate Parent Company	**2,220**	2,222	**361**	210
Parent Company	**18,972**	19,868	**194**	312
Equity-accounted investees	**336,722**	226,937	**2,168**	27,218
Other related parties	**13,454**	23,303	**7,181**	10,547
Total	**371,368**	272,330	**9,904**	38,287

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 33(a).

Compensation of key management personnel

The remuneration of directors and other key members of the management during the year were as follows:

	2016 USD'000	2015 USD'000
Short-term benefits and bonus	**13,521**	10,621
Post-retirement benefits	**1,411**	831
Total	**14,932**	11,452

26. 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.

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.

26. Financial risk management (continued)

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.

The Group has exposure to the following risks arising from financial instruments:

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.

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 equity-accounted investees 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.

i. Exposure to credit risk	**2016 USD'000**	2015 USD'000
The carrying amount of financial assets represents the maximum credit exposure as at 31 December:		
Other investments	**60,644**	68,736
Derivative assets	**–**	408
Trade and other receivables	**1,095,895**	861,112
Cash and cash equivalents	**1,299,391**	1,436,595
Total	**2,455,930**	2,366,851
The maximum exposure to credit risk for trade receivables (net) at the reporting date by operating segments are as follows:		
Asia Pacific and Indian subcontinent	**50,169**	16,423
Australia and Americas	**62,303**	52,904
Middle East, Europe and Africa	**297,862**	289,682
Total	**410,334**	359,009
The ageing of trade receivables (net) at the reporting date was:		
Neither past due nor impaired on the reporting date:	**221,685**	204,134
Past due on the reporting date		
Past due 0-30 days	**107,788**	97,878
Past due 31-60 days	**42,957**	34,510
Past due 61-90 days	**22,880**	13,084
Past due > 90 days	**15,024**	9,403
Total	**410,334**	359,009

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.

Notes to the consolidated financial statements continued
(forming part of the financial statements)

26. Financial risk management (continued)

Movement in the allowance for impairment in respect of trade receivables during the year was:

	2016 USD'000	2015 USD'000
As at 1 January	**67,032**	44,370
Acquired through business combinations	**340**	18,590
Provision recognized during the year	**41,063**	4,072
As at 31 December	**108,435**	67,032

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% (2015: 59%) of the trade receivables.

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.

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						2015
Issued bonds	4,468,329	(7,370,790)	(276,009)	(1,729,655)	(1,624,421)	(3,740,705)
Convertible bonds	781,799	(1,149,479)	(17,500)	(17,500)	(52,500)	(1,061,979)
Bank loans	2,391,873	(2,929,914)	(280,687)	(742,450)	(951,800)	(954,977)
Finance lease liabilities	28,277	(37,489)	(9,242)	(4,052)	(16,207)	(7,988)
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)
Non derivative financial liabilities						**2016**
Issued bonds	**4,524,844**	**(7,551,859)**	**(642,102)**	**(230,727)**	**(1,703,519)**	**(4,975,511)**
Convertible bonds	**803,075**	**(1,131,250)**	**(17,500)**	**(17,500)**	**(52,500)**	**(1,043,750)**
Bank loans	**2,268,791**	**(3,199,621)**	**(465,295)**	**(397,504)**	**(648,790)**	**(1,688,032)**
Finance lease liabilities	**21,549**	**(28,728)**	**(8,551)**	**(6,227)**	**(4,311)**	**(9,639)**
Trade and other payables	**1,587,252**	**(1,587,543)**	**(1,495,597)**	**(55,064)**	**(22,562)**	**(14,320)**
Financial guarantees and letters of credit*	**–**	**(307,432)**	**–**	**–**	**–**	**–**
Derivative financial liabilities						
Interest rate swaps used for hedging	**111,431**	**(152,685)**	**(27,804)**	**(27,400)**	**(69,377)**	**(28,104)**
Embedded derivative option	**173,480**	**–**	**–**	**–**	**–**	**–**
Total	**9,490,422**	**(13,959,118)**	**(2,656,849)**	**(734,422)**	**(2,501,059)**	**(7,759,356)**

* Refer to note 33 for further details.

26. Financial risk management (continued)

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 63.5% (2015: 64%) 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.

Exposure to currency risk

The Group's financial instruments in different currencies were as follows:

	USD'000							
	2016							
	USD *	GBP	EUR	AUD	INR	CAD	Others	Total
Cash and cash equivalents	855,526	122,232	114,908	14,059	49,519	33,589	109,558	1,299,391
Trade receivables	226,038	39,131	46,093	4,960	14,248	42,025	37,839	410,334
Secured bank loans and debenture stock	(228,192)	(791,195)	(34,802)	–	–	(337,626)	(48,041)	(1,439,856)
Unsecured bank loans and loan stock	(736,391)	–	(11,149)	–	(81,395)	–	–	(828,935)
Unsecured Bonds	(5,327,919)	–	–	–	–	–	–	(5,327,919)
Finance lease liabilities	–	(2,022)	(9,735)	(5,076)	–	(3,487)	(1,229)	(21,549)
Trade payables	(81,987)	(15,716)	(27,799)	(2,439)	(19,434)	(4,774)	(18,032)	(170,181)
Net consolidated statement of financial position exposures	**(5,292,925)**	**(647,570)**	**77,516**	**11,504**	**(37,062)**	**(270,273)**	**80,095**	**(6,078,715)**

	USD'000							
	2015							
	USD *	GBP	EUR	AUD	INR	CAD	Others	Total
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 mortgage 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)
Unsecured bonds	(5,250,128)							(5,250,128)
Finance Lease Liabilities		(2,022)	(9,735)	(5,076)	–	(3,487)	(7,957)	(28,277)
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	(5,486,516)	(604,022)	40,402	67,501	(40,257)	(31,487)	(7,167)	(6,061,546)

* 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 the consolidated financial statements continued
(forming part of the financial statements)

26. Financial risk management (continued)

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	
	2016 USD'000	2015 USD'000	**2016 USD'000**	2015 USD'000
GBP	**3,745**	3,900	**(71,952)**	(76,254)
EUR	**46**	214	**8,614**	5,571
AUD	**(5)**	(5)	**1,278**	8,064
INR	**195**	174	**4,118**	(4,473)
CAD	**489**	407	**(30,030)**	(3,111)

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.

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 2016, after taking into account the effect of interest rate swaps, approximately 94% (2015: 90%) of the Group's borrowings are at a fixed rate of interest.

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amounts	
	2016 USD'000	2015 USD'000
Fixed rate instruments		
Financial assets	**–**	8,198
Financial liabilities (loans and borrowings)	**(5,570,832)**	(5,345,426)
Interest rate swaps hedging floating rate debt	**(1,611,585)**	(1,550,076)
Total	**(7,182,417)**	(6,887,304)
Variable rate instruments		
Financial assets (short term deposits)	**680,140**	1,102,148
Financial liabilities (loans and borrowings)	**(2,047,427)**	(2,324,852)
Interest rate swaps	**1,611,585**	1,550,076
Total	**244,298**	327,372

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.

26. Financial risk management (continued)

	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
2016				
Variable rate instruments	**2,443**	**(2,443)**	**–**	**–**
Interest rate swaps	**–**	**–**	**16,116**	**(16,116)**
Cash flow sensitivity (net)	**2,443**	**(2,443)**	**16,116**	**(16,116)**
2015				
Variable rate instruments	3,273	(3,273)	–	–
Interest rate swaps	2,942	(2,942)	15,501	(15,501)
Cash flow sensitivity (net)	6,215	(6,215)	15,501	(15,501)

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:

	Fair value hierarchy	2016 Carrying amount USD'000	2016 Fair value USD'000	2015 Carrying amount USD'000	2015 Fair value USD'000
Assets carried at fair value					
Available-for-sale financial assets	**1**	**–**	**–**	9,202	9,202
Available-for-sale financial assets	**2**	**57,339**	**57,339**	51,336	51,336
Financial assets at fair value through profit or loss	**2**	**3,305**	**3,305**	–	–
Forward foreign currency contracts	**2**	**–**	**–**	408	408
Assets carried at amortised cost					
Held to maturity investments	**2**	**–**	**–**	8,198	8,137
Trade and other receivables *		**1,095,895**	**–**	861,112	–
Cash and cash equivalents *		**1,299,391**	**–**	1,436,595	–
Liabilities carried at fair value					
Interest rate swaps used for hedging	**2**	**(111,431)**	**(111,431)**	(85,463)	(85,463)
Embedded derivative option	**2**	**(173,480)**	**(173,480)**	(220,941)	(220,941)
Liabilities carried at amortised cost					
Issued bonds	**1**	**(4,524,844)**	**(4,783,315)**	(4,468,329)	(4,624,106)
Convertible bonds	**2**	**(803,075)**	**(814,013)**	(781,799)	(813,764)
Bank loans *		**(2,268,791)**	**–**	(2,391,873)	–
Finance lease liabilities *		**(21,549)**	**–**	(28,277)	–
Trade and other payables *		**(1,587,252)**	**–**	(1,542,219)	–

Fair value hierarchy

The table above analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements.

- 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)

* These financial assets and liabilities carry a variable rate of interest and hence, the fair values reported approximate carrying values.

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.

The fair value of trade and other receivable and trade and other payables approximates to their carrying values.

Embedded derivative option liability of convertible bond is fair valued based on a valuation model with market assumptions. The fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of the embedded derivative option liability from the stock exchange quoted closing bid price of convertible bond as at the reporting date.

The 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.

Notes to the consolidated financial statements continued (forming part of the financial statements)

27. Share capital

The share capital of the Company as at 31 December was as follows:

	2016 USD'000	2015 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

28. 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.

Other reserves

The following table shows a breakdown of 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Hedging and other reserves USD'000	Actuarial reserve USD'000	Total other reserves USD'000
Balance as at 1 January 2015	(88,245)	(404,072)	(492,317)
Other comprehensive income, net of tax	4,925	(7,469)	(2,544)
Balance as at 31 December 2015	(83,320)	(411,541)	(494,861)
Balance as at 1 January 2016	**(83,320)**	**(411,541)**	**(494,861)**
Other comprehensive income, net of tax	**(11,815)**	**(199,288)**	**(211,103)**
Balance as at 31 December 2016	**(95,135)**	**(610,829)**	**(705,964)**

Hedging and other reserves

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.

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 the 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 the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

29. Interest bearing loans and borrowings

	2016 USD'000	2015 USD'000
Issued bonds	**4,524,844**	4,468,329
Convertible bonds	**803,075**	781,799
Bank loans	**2,268,791**	2,391,873
Finance lease liabilities	**21,549**	28,277
	7,618,259	7,670,278
of which:		
Classified as non-current	**6,874,777**	7,527,231
Classified as current	**743,482**	143,047
of which:		
Secured interest bearing loans and borrowings	**1,461,405**	1,255,929
Unsecured interest bearing loans and borrowings	**6,156,854**	6,414,349

In March 2016, loans amounting to USD 812 million (GBP 568 million) relating to London Gateway Port with an original repayment schedule of 2019-2024, were refinanced for a tenure of 30 years, with a revised repayment schedule of 2026-2045.

In May 2016, the Group issued new USD 1,200,000 thousand 7-year Sukuk (listed on NASDAQ Dubai) and the proceeds were used for an early redemption of USD 1,112,700 thousand of the existing USD 1,500,000 thousand 2017 Sukuk.

The issued bonds includes 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 12 and note 14). The deposits under lien amounting to USD 65,522 thousand (2015: USD 68,377 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 18).

At 31 December 2016, the undrawn committed borrowing facilities of USD 2,101,827 thousand (2015: USD 2,861,930 thousand) were available to the Group, in respect of which all conditions precedent had been met.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 26.

30. 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:

	2016 USD'000	2015 USD'000
Total interest bearing loans and borrowings (refer to note 29)	**7,618,259**	7,670,278
Less: cash and cash equivalents (refer to note 18)	**(1,299,391)**	(1,436,595)
Total net debt	**6,318,868**	6,233,683
Total equity	**9,519,685**	9,134,598
Adjusted EBITDA (refer to note 4)	**2,263,077**	1,928,116
Net finance cost before separately disclosed items	**338,110**	387,118
Net debt/ equity	**0.66**	0.68
Net debt/ adjusted EBITDA	**2.79**	3.23
Interest cover before separately disclosed items (Adjusted EBITDA/ Net finance cost before separately disclosed items)	**6.69**	5.00

Notes to the consolidated financial statements continued (forming part of the financial statements)

31. 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:

	2016 USD'000	2015 USD'000
Within one year	**305,993**	311,551
Between one to five years	**1,168,634**	1,226,541
Between five to ten years	**1,218,846**	1,341,951
Between ten to twenty years	**1,746,874**	1,960,524
Between twenty to thirty years	**1,294,886**	1,446,799
Between thirty to fifty years	**1,143,660**	1,238,454
Between fifty to seventy years	**1,027,867**	1,034,857
More than seventy years	**846,290**	892,035
Total	**8,753,050**	9,452,712

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 included above.

Operating lease commitments – Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2016 USD'000	2015 USD'000
Within one year	**335,327**	334,035
Between one to five years	**696,737**	632,029
More than five years	**791,775**	643,717
Total	**1,823,839**	1,609,781

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.

32. Capital commitments

	2016 USD'000	2015 USD'000
Estimated capital expenditure contracted for as at 31 December	**732,378**	671,637

33. Contingencies

a) The Group has the following contingent liabilities arising in the ordinary course of business at 31 December:

	2016 USD'000	2015 USD'000
Payment guarantees	**158,497**	37,367
Performance guarantees	**106,529**	126,658
Letters of credit	**2,395**	749
Guarantees issued on behalf of equity-accounted investees	**40,011**	52,455
Total	**307,432**	217,229

The Group has entered into certain agreements with landlords and port authorities which may contain specific volume or payment commitments that could result in minimum concession/lease fees being payable on failure to meet these targets.

33. Contingencies (continued)

b) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 17,609 thousand (2015: USD 18,059 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 9,408 thousand (2015: USD 9,648 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.

34. Subsequent events

The Group has set up an investment platform by entering into a partnership with Caisse de dépôt et placement du Québec (CDPQ), one of North America's largest pension fund managers to invest in ports and terminals globally (excluding the UAE). Effective 19 January 2017, the investment vehicle is seeded with two of the Group's Canadian container terminals, located on the Pacific Coast in Vancouver and Prince Rupert, with CDPQ acquiring a 45% stake of the combined assets for US$ 640 million. The Group will continue to consolidate the results of these two terminals as the control remains with the Group.

Notes

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