DP WORLD ANNOUNCES ROBUST FINANCIAL RESULTS
Reported revenue growth of 20% in 2018

Dubai, United Arab Emirates, 14 March 2019. Global trade enabler DP World today announces strong financial results for the year ended 31 December 2018. On a reported basis, revenue grew 19.8% and adjusted EBITDA increased 13.7% with adjusted EBITDA margin of 49.7%, delivering profit attributable to owners of the Company, before separately disclosed items[1], of $1,270 million, up 5.1%, and EPS of 153.0 US cents. On a like-for-like basis, revenue grew 4.2%, adjusted EBITDA increased by 6.6% with adjusted EBITDA margin of 54.1%, and earnings attributable to owners of the Company increased 7.6%.

Results before separately disclosed items unless otherwise stated	**2018**	**2017**	**As Reported % change**	**Like-for-like at constant currency % change[2]**
USD million				
Gross throughput[3] (TEU '000)	71,419	70,079	1.9%	2.9%
Consolidated throughput[4] (TEU '000)	36,760	36,476	0.8%	1.4%
Revenue	5,646	4,715	19.8%	4.2%
Share of profit from equity-accounted investees	165	124	33.6%	17.3%
Adjusted EBITDA[5]	2,808	2,469	13.7%	6.6%
Adjusted EBITDA margin[6]	49.7%	52.4%	-	54.1%[7]
Profit for the period	1,333	1,363	-2.2%	1.8%
Profit for the period attributable to owners of the Company before separately disclosed items	1,270	1,209	5.1%	7.6%
Profit for the period attributable to owners of the Company after separately disclosed items	1,297	1,177	10.2%	-
Basic earnings per share attributable to owners of the Company (US cents)	153.0	145.6	5.1%	7.6%
Ordinary dividend per share (US Cents)	43.0	41.0	4.9%	-

Results Highlights

- **Revenue of $5,646 million**

- Revenue growth of 19.8% driven by acquisition of Drydocks World, Dubai Maritime City (DMC), Cosmos Agencia Maritima, Continental Warehousing Corporation (CWC) and Santos consolidation
- Like-for-like revenue increased by 4.2% driven by a 6.3% increase in total containerized revenue.

[1] Before separately disclosed items (BSDI) primarily excludes non-recurring items. DP World reported separately disclosed items of a gain of $24.8 million.

[2] Like-for-like at constant currency is without the new additions at Berbera (Somaliland), Limassol (Cyprus), Drydocks World (UAE), Dubai Maritime City (UAE), CWC (India), Mina Rashid Marina (UAE), Kigali (Rwanda), Cosmos Agencia Marítima (Peru), Reyser (Spain), Unifeeder (Denmark); the discontinuation of Doraleh (Djibouti), Saigon (Vietnam), ; and normalizes for the consolidation of DP World Santos (Brazil).

[3] Gross throughput is throughput from all consolidated terminals plus equity-accounted investees.

[4] Consolidated throughput is throughput from all terminals where the group has control as per IFRS.

[5] Adjusted EBITDA is Earnings before Interest, Tax, Depreciation & Amortisation but including share of profit from equity-accounted investees before separately disclosed items.

[6] The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

[7][7] Like-for-like adjusted EBITDA margin.

➢ **Adjusted EBITDA of $2,808 million and adjusted EBITDA margin of 49.7%**

- Adjusted EBITDA grew 13.7% and achieved an EBITDA margin for the full year of 49.7%. Like-for-like adjusted EBITDA margin was at 54.1%.

➢ **Profit for the period attributable to owners of the Company of $1,270 million**

- Strong adjusted EBITDA growth resulted in a 5.1% increase in profit attributable to owners of the Company before separately disclosed items on a reported basis and 7.6% growth on a like-for-like basis at constant currency.

➢ **Strong cash generation and robust balance sheet**

- Cash from operating activities was $2,161 million.
- Free cash flow (post cash tax maintenance capital expenditure and pre-dividends) amounted to $1,811 million.
- Leverage (Net Debt to adjusted EBITDA) at 2.8 times.

➢ **Total dividend per share increased by 4.9% to 43 US cents**

- Ordinary dividend increased by 4.9% to 43 US cents to reflect earnings growth in 2018.

➢ **Disciplined investment in high quality long-term assets to drive long-term profitable growth, and create long-term value for shareholders**

- Capital expenditure of $908 million invested across the portfolio during the year, below the Group's guidance of approximately $1,400 million in 2018.
- In 2018, gross global capacity was at 90.8 million TEU. Consolidated capacity was at 49.7 million TEU
- The acquisitions of Drydocks, DMC, CWC, Cosmos Agencia and Unifeeder are performing in line with expectations and we have seen increased contribution to our revenue line.
- We expect capital expenditure in 2019 to be up to $1.4 billion with investment planned mainly into UAE, Posorja (Ecuador), Berbera (Somaliland), Dakar (Senegal) and Sokhna (Egypt).

➢ **Continued investment in Ports and Logistics**

- DP World continued to invest in solution providers and acquired the integrated multimodal logistics player Continental Warehousing Corporation (CWC) in India, Cosmos Agencia Marítima in Peru, and the Unifeeder Group in Denmark, which operates the largest container common user feeder and growing shortsea network in Europe. We have also announced the acquisition of the pan-European logistics business, P&O Ferries.[8]
- Aside from our investments in solution providers, we won a 30-year concession for the management and development of a greenfield port project at Banana in the Democratic Republic of the Congo. We announced the acquisition of two ports in Chile[8], which will allow us to serve cargo owners at five major gateway terminals in the west coast of South America. We have also consolidated our position once again in Australia[8], where there is an opportunity to expand beyond the ports into logistics.

[8] Announced in 2019

- **Global trade to grow but outlook remains uncertain**
- Global trade continued to grow despite trade dispute and geopolitical challenges.
- We continue to focus on maintaining our disciplined approach to investment to ensure we remain the trade partner of choice as well as strengthening our product offering to play a wider role in the global supply chain as a trade enabler.
- Looking ahead into 2019, we expect to continue to deliver growth and see increased contributions from our new investments.

DP World Group Chairman and CEO, Sultan Ahmed Bin Sulayem, commented:

"DP World is pleased to report like-for-like earnings growth of 7.6% in 2018 and attributable earnings of $1,270 million. Adjusted EBITDA grew 13.7% to $2,808 million with margins at 49.7% on a reported basis and 54.1% on a like-for-like basis. This robust performance has been delivered in an uncertain trade environment, once again highlighting the resilience of our portfolio.

We have made good progress in delivering on our strategy of strengthening our portfolio to become a global solution provider and trade enabler with approximately $2.5[9] billion worth of acquisitions announced in the year. These acquisitions offer strong growth opportunities and enhance DP World's presence in the global supply chain as we continue to diversify our revenue base and look at opportunities to connect directly with the owners of cargo and aggregators of demand.

Going forward, we aim to integrate our new acquisitions and drive synergies across the portfolio with the objective of removing inefficiencies in global trade, improving the quality of our earnings and driving returns.

The Board of DP World recommends increasing the dividend by 5% to $ 365.9 million at 43 US cents per share, which is in line with past policy of maintaining a payout ratio of approximately 30%. The Board is confident of the Company's ability to continue to generate cash and support our future growth whilst maintaining a consistent dividend payout.

Current year has started with trading in line with expectations and whilst the near-term outlook remains uncertain with the trade war and geopolitical headwinds, we expect our portfolio to remain resilient and see increased contributions from our recent acquisitions and investments."

– END –

[9] Enterprise value

Investor Enquiries

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14th March 2019, 12pm UAE, 8am UK Conference Call

1) Conference call for analysts and investors hosted by Redwan Ahmed.

2) A playback of the call will be available after the 12pm conference call concludes. For the dial in details and playback details please contact investor.relations@dpworld.com.

The presentation accompanying these conference calls will be available on DP World's website within the investor centre. www.dpworld.com from approximately 9am UAE time this morning.

Forward-Looking Statements

This document contains certain "forward-looking" statements reflecting, among other things, current views on our markets, activities and prospects. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur and which may be beyond DP World's ability to control or predict (such as changing political, economic or market circumstances). Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of DP World speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Except to the extent required by law, DP World does not undertake to update or revise forward-looking statements to reflect any changes in DP World's expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based.

Group Chairman and CEO Statement

Solid Financial Performance and Global Trade to Remain Resilient

We are pleased to report a solid set of financial results with revenue growth of 20% driven by acquisitions, and adjusted EBITDA of $2,808 million. Attributable net income was up 5.1% to $1,270 million, which once again demonstrates the resilient nature of our portfolio.

This robust financial performance was delivered despite the challenging macroeconomic backdrop with trade tensions between US and China dominating the headlines. Interestingly, despite all the noise, global trade grew at over 4% in volume terms in 2018 and is expected to deliver growth of between 3-4% in 2019 which illustrates the resilient nature of global trade.

In 2018, DP World's reported volume growth of 3%, was against a tough comparable following 10% volume growth in 2017. Furthermore, geopolitical headwinds and loss of low margin cargo resulted in volume softness in UAE. Looking forward, we expect our portfolio to continue to deliver growth and we see increased contribution from our new investments.

2018 Year of Strategic Progress

In 2018, we have undertaken strategic acquisitions that offer solutions to cargo owners, and we believe these assets not only provide growth opportunities but importantly add stickiness to some of our existing port volumes. These new businesses either perform a critical role in cargo connectivity that allows shipping lines to be operationally efficient and/or remove inefficiencies in the supply chain for the cargo owner, which enables trade to grow faster.

In recent times, we have made investments in the maritime sector with Drydocks World (DDW) being the most significant. We are pleased to report that we have made good progress at DDW with double digit growth in revenue and net income. Some difficult decisions were undertaken to optimise the workforce and we have worked tirelessly to bring a positive culture change. We are now bearing the fruits of these changes and we look forward to further progress in the coming years.

In India, we have partnered with the National Investment and Infrastructure Fund (NIIF) to acquire Continental Warehousing Corporation (CWC), which is a leading integrated multimodal logistics provider of Warehousing, Container Freight Stations (CFS), Inland Container Depots (ICD), Private Freight Terminals (PFT) and integrated logistics solutions. This asset combined with additional planned investment such as the already announced Free Trade Zone in Mumbai (India), will make DP World a significant operator of inland logistics in a fast-growing sizeable market.

In Europe, our strategy is to provide efficient connectivity from hubs to end markets and vice versa. We acquired Unifeeder which provides Lo-Lo (lift-on lift-off) short sea connectivity and recently announced the acquisition of P&O Ferries, which offers pan-European Ro-Ro (roll-on roll-off) short sea connectivity. These assets are highly complementary and combined with our significant port assets, they provide a platform to offer a compelling product to end cargo owners.

In addition to these investments, we continue to invest in our core business of marine container port terminals including the winning of the 30-year concession for the management and development of the greenfield port project at Banana in Democratic Republic of the Congo (DRC), which will be the first deep-sea port in the country despite being Africa's third-most populous country. Furthermore, we announced a major entry into Chile, Latin America's most developed economy, with the acquisition of two terminals in Puerto Central (San Antonio) and Puerto Lirquen (Region VIII). We have also consolidated our position once again in Australia by taking a majority stake, where we believe there is an opportunity to expand beyond ports into logistics.

In terms of capital expenditure, we invested $908 million, below the guidance of $1,400 million as we curtailed spending given the uncertain trade environment. Our investment focused on UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt), and London Gateway (UK).

Capacity

Globally we added approximately 2.6 million TEU of new gross capacity in 2018 to take our total gross capacity to 91 million TEU. Consolidated capacity remained flat at 50 million TEU. By the end of 2019, we anticipate that we will have approximately 91.2 million TEU of capacity across our portfolio and we expect to add capacity in line with demand. In 2019, we look forward to adding further capacity in Posorja (Ecuador).

Group Chief Financial Officer's Review

DP World delivered a robust set of financial results in 2018 and continued strong cash generation with profit attributable to owners of the Company at $1,270 million. Our adjusted EBITDA was $2,808 million, while our adjusted EBITDA margin was diluted to 49.7% due to a mix change effect as lower margin businesses have now been consolidated into our portfolio. We expect this trend to continue as we add more asset-light logistics businesses. Reported revenue grew by 19.8% to $5,646 million, aided by acquisitions and steady like-for-like revenue growth.

It is worth noting that our 2018 financials are impacted by the acquisitions we have made during the year with Drydocks World (UAE) being of significance in addition to the consolidation of DP World Santos (Brazil), which was previously treated as an equity-accounted investee and the deconsolidation of Doraleh (Djibouti). As always, we provide a like-for-like analysis which is a truer reflection of the underlying business performance. Under a like-for-like basis, revenues grew by 4.2% while consolidated volumes grew by 1.4%, resulting in a like-for-like adjusted EBITDA growth of 6.6% with like-for-like margins of 54.1% and a 7.6% increase in profit attributable to owners of the Company before separately disclosed items.

Regional Review

Middle East, Europe and Africa

Results before separately disclosed items	**2018**	**2017**	**% change**	**Like-for-like at constant currency % change**
USD million				
Consolidated throughput (TEU '000)	22,585	22,889	-1.3%	2.1%
Revenue	3,852	3,284	17.3%	1.2%
Share of profit from equity-accounted investees	33	21	57.6%	60.2%[7]
Adjusted EBITDA	2,014	1,918	5.0%	-0.9%
Adjusted EBITDA margin	52.3%	58.4%	-	56.5%

Market conditions in the Middle East, Europe and Africa (EMEA) region, excluding UAE, were strong with double digit like-for-like volume growth driven by Europe and Africa. London Gateway (UK) and Yarimca (Turkey) continued to ramp up while Dakar (Senegal) and Sokhna (Egypt) delivered a strong performance due to robust regional economic growth. Performance in the UAE was soft due to the loss of lower margin throughput, with our main focus on profitable cargo.

Overall, revenue in the region grew 17.3% to $3,852 million on a reported basis, benefitting from the acquisition of Drydocks World and Dubai Maritime City. Adjusted EBITDA was $2,014 million, up 5.0% compared to 2017. On a like-for-like basis, revenue grew 1.2%, adjusted EBITDA was down marginally reflecting the challenging market conditions in the UAE.

In 2018, we invested $566 million of capital expenditure in the region, which was mainly focused on Jebel Ali port (UAE), Jebel Ali Free Zone (UAE), Drydocks World (UAE), London Gateway (UK) and Sokhna (Egypt).

Asia Pacific and Indian Subcontinent

Results before separately disclosed items	2018	2017	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	10,019	10,020	0.0%	0.5%
Revenue	833	668	24.7%	21.6%
Share of profit from equity-accounted investees	129	117	9.7%	8.6%
Adjusted EBITDA	592	435	36.1%	38.4%[7]
Adjusted EBITDA margin	71.0%	65.1%	-	76.3%

Asia Pacific and Indian Subcontinent region market conditions were broadly positive. Strong performance in Asia Pacific was partially offset by more moderate growth in India due to our high levels of utilisation at key locations. Overall, container volume growth was flat.

Reported revenue growth of 24.7% to $833 million was due to the acquisition of Continental Warehousing Corporation (CWC). Our share of profit from equity-accounted investees (joint ventures) increased 9.7% from $117 million in 2017 to $129 million in 2018 due to a stronger performance in Manila (Philippines) and Surabaya (Indonesia).

On a like-for-like basis, adjusted EBITDA grew 38.4% while the adjusted EBITDA margin stood at 76.3%. Capital expenditure in this region during the year was $42 million, which was invested in capacity expansions at Pusan (South Korea), and Karachi (Pakistan).

Australia and Americas

Reported results before separately disclosed items	2018	2017	% change	Like-for-like at constant currency % change
USD million				
Consolidated throughput (TEU '000)	4,157	3,567	16.5%	-0.1%
Revenue	961	762	26.1%	1.7%
Share of profit from equity-accounted investees	3.0	(15)	120.0%	585.5%
Adjusted EBITDA	340	292	16.7%	-8.7%
Adjusted EBITDA margin	35.4%	38.2%	-	40.5%[7]

Market conditions in the Australia and Americas region were mixed, with strong volume growth in Prince Rupert (Canada), Callao (Peru) and Santos consolidation offset by weakness in Buenos Aires (Argentina). Volumes in Australia were broadly stable during the year.

Revenue rose 26.1% to $961 million and adjusted EBITDA increased by 16.7% to $340 million due to the consolidation of Santos (Brazil). On a like-for-like basis, revenue rose 1.7% and adjusted EBITDA decreased 8.7% year on year due to weakness in Argentina.

Profit from equity-accounted investees, which recorded a gain of $3 million compared to a loss of $15 million in 2017, was due to the consolidation of Santos (Brazil). We invested $257 million of capital expenditure in the region, mainly in our terminal in Posorja (Ecuador) and Prince Rupert (Canada).

Cash Flow and Balance Sheet

In 2018, we successfully executed a multi-tranche bond transaction and liability management exercise and raised approximately $3.3bn of new long-term finances at attractive rates. This resulted in gross debt increasing to $10,553 million compared to $7,739 million at the end of 2017. Net debt was $7,938 million compared to $6,255 million in 2017 as the cash on the balance sheet stood at $2,615 million due to the fund raising. Cash generation from operations remains strong at $2,161 million.

Our leverage (net debt to adjusted EBITDA) remains well within the range of our guidance (ceiling of approximately 4x) at 2.8 times in 2018 compared to 2.5 times at 31 December 2017. Overall, the balance sheet remains strong with robust and consistent cash generation and our partnerships with Caisse de dépôt et placement du Québec (CDPQ), and the National Investment and Infrastructure Fund (NIIF) of India give us further financial flexibility.

Capital Expenditure

In 2018, our capital expenditure reached $908 million across the portfolio as we invested in our assets in the UAE, Posorja (Ecuador), Sokhna (Egypt) and London Gateway amongst others. Maintenance capital expenditure stood at $140 million.

The capital expenditure in 2018 was below our guidance of $1.4 billion as we maintain a disciplined approach to deploying capital. We expect 2019 capital expenditure to be up to $1.4billion with investment planned mainly into UAE, Banana (DRC) Posorja (Ecuador), Sokhna (Egypt) and Berbera (Somaliland).

Sultan Bin Sulayem **Group Chairman and Chief Executive Officer**	**Yuvraj Narayan** **Group Chief Financial Officer**

DP World PLC
(formerly DP World Limited)
and its subsidiaries

Consolidated financial statements
31 December 2018

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated financial statements

31 December 2018

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Independent Auditors' Report

To the Shareholders of DP World PLC (formerly DP World Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of DP World PLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements 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 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Centre ("DIFC"), 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 Matters (continued)

Impairment assessment of carrying value of goodwill, port concession rights and other intangible assets

Refer to notes 3 and 16 of the consolidated financial statements.

The Group has significant goodwill, port concession rights and other intangible assets arising from the acquisition of businesses. The Group's annual impairment testing on goodwill, port concession rights and other intangible assets 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 a further five year future forecasts estimated by the Group's management. 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 identification of CGUs by reference to the Group's operating and management structure, our understanding of the business and requirements of IAS 36 - Impairment of Assets.

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 mathematical accuracy. To challenge the reasonableness of those cash flow estimates, we assessed the historical accuracy of the Group's forecasting activities 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 terminal value growth 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 valuation specialists to assist us in assessing the reasonableness of the significant assumptions used in arriving at the discount rates.

In respect of the sensitivity to key assumptions: We assessed the impact to the calculated recoverable amount of the CGUs by changing discount rates and forecast future cash flows.

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

Key Audit Matters (continued)

Accounting for business acquisitions

Refer to notes 3 and 24 of the consolidated financial statements.

During the year, the Group has acquired 100% stake in Drydocks World LLC, Dubai Maritime City LLC, Cosmos Agencia Marítima S.A.C., Unifeeder Group, an effective stake of 58.5% in Continental Warehousing Corporation Ltd and a 51% stake in LBS B.V.

For the acquisitions, in accordance with IFRS 3 – Business Combinations, the accounting involves estimating the fair value of the assets and liabilities at the acquisition date, the identification and valuation of intangible assets and recognition of goodwill. Significant judgement is involved in relation to the assumptions used in the valuation (using discounted future cash flows) and the 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 as to the 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 procedures included:

For the acquisitions, we challenged the Group's critical assumptions in relation to the identification and recognition of the assets and liabilities acquired 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 process as determined by the Group. We reviewed the resulting adjustments for reasonableness.

We inspected the key terms in the share purchase agreements to assess the control classification of the investments as per IFRS 10 – Consolidated Financial Statements. We agreed the consideration paid by comparing relevant amounts to bank records and considered the appropriateness of costs associated with the purchase.

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

Key Audit Matters (continued)

Provisions in respect of litigation and claims

Refer to notes 3 and 25 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 potentially 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 written 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.

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, uncertain 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.

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 the tax authorities is at an amount materially different to the provision recognised.

Key Audit Matters (continued)

Our response to address the key audit matter

Our procedures included:

We have 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. We have assessed the Group's deferred tax position and ensured that any change in tax rates enacted as at the reporting date have been appropriately considered.

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 jurisdiction in which the Group operates specifically relating to the adequacy of provisions and disclosure within the consolidated financial statements.

Pensions

Refer to notes 3 and 21 of the consolidated financial statements.

The Group operates a number of defined benefit pension schemes. In accordance with IAS 19 – Employee Benefits, 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 estimated salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the net pension position. Due to the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions used in the valuation of the pension benefit obligations, we considered this to be an area of focus.

Our response to address the key audit matter

Our procedures included:

The Group engages independent external actuaries 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 whether the methodology used in arriving at the assumptions year on year was consistent.

Key Audit Matters (continued)

Our response to address the key audit matter (continued)

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 therein, 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 the 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. 5 of 2018 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 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 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.

Report on Other Legal and Regulatory Requirements

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

Date: 14 March 2019

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated statement of profit or loss

		Year ended 31 December 2018			Year ended 31 December 2017		
	Note	**Before separately disclosed items**	**Separately disclosed items (Note 9)**	**Total**	Before separately disclosed items	Separately disclosed items (Note 9)	Total
		USD'000	**USD'000**	**USD'000**	USD'000	USD'000	USD'000
Revenue	*5*	**5,646,280**	**-**	**5,646,280**	4,714,733	14,053	4,728,786
Cost of sales		**(3,138,749)**	**-**	**(3,138,749)**	(2,359,467)	(14,053)	(2,373,520)
Gross profit		**2,507,531**	**-**	**2,507,531**	2,355,266	-	2,355,266
General and administrative expenses		**(738,233)**	**(56,264)**	**(794,497)**	(693,878)	(14,699)	(708,577)
Other income		**56,595**	**-**	**56,595**	51,844	3,433	55,277
Loss on disposal and change in ownership of business	*9*	**-**	**(3,591)**	**(3,591)**	-	(28,234)	(28,234)
Share of profit/ (loss) from equity-accounted investees (net of tax)	*17*	**165,067**	**(9,578)**	**155,489**	123,592	4,172	127,764
Results from operating activities		**1,990,960**	**(69,433)**	**1,921,527**	1,836,824	(35,328)	1,801,496
Finance income	*7*	**141,328**	**127,916**	**269,244**	95,540	550	96,090
Finance costs	*7*	**(575,891)**	**(33,656)**	**(609,547)**	(425,410)	(98,100)	(523,510)
Net finance costs		**(434,563)**	**94,260**	**(340,303)**	(329,870)	(97,550)	(427,420)
Profit before tax		**1,556,397**	**24,827**	**1,581,224**	1,506,954	(132,878)	1,374,076
Income tax expense	*8*	**(223,607)**	**-**	**(223,607)**	(144,406)	101,076	(43,330)
Profit for the year	*6*	**1,332,790**	**24,827**	**1,357,617**	1,362,548	(31,802)	1,330,746
Profit attributable to:							
Owners of the Company		**1,270,116**	**26,365**	**1,296,481**	1,208,517	(31,802)	1,176,715
Non-controlling interests		**62,674**	**(1,538)**	**61,136**	154,031	-	154,031
		1,332,790	**24,827**	**1,357,617**	1,362,548	(31,802)	1,330,746
Earnings per share							
Basic earnings per share – US cents	*11*	**153.03**		**156.20**	145.60		141.77
Diluted earnings per share – US cents	*11*	**148.59**		**140.63**	141.58		141.77

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated statement of other comprehensive income

		2018	2017
	Note	**USD'000**	USD'000
Profit for the year		**1,357,617**	1,330,746
Other comprehensive income (OCI)			
Items that are or may be reclassified to profit or loss:			
Foreign exchange translation differences – foreign operations*		**(500,834)**	616,653
Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control		**-**	46,949
Available for sale financial assets - net change in fair value		**-**	(779)
Share of other comprehensive income of equity-accounted investees	*17*	**843**	3,988
Cash flow hedges – effective portion of changes in fair value		**11,307**	49,255
Related tax on changes in fair value of cash flow hedges		**(3,478)**	(6,262)
Items that will never be reclassified to profit or loss:			
Net change in equity instruments at fair value through OCI		**(21,885)**	-
Re-measurements of post-employment benefit obligations		**28,959**	131
Related tax		**(2,657)**	(1,026)
Other comprehensive income for the year, net of tax		**(487,745)**	708,909
Total comprehensive income for the year		**869,872**	2,039,655
Total comprehensive income attributable to:			
Owners of the Company		**840,101**	1,837,558
Non-controlling interests		**29,771**	202,097

* 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.

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated statement of financial position

		2018	2017
	Note	**USD'000**	USD'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	**8,960,782**	8,697,371
Investment properties	*13*	**1,622,130**	1,323,179
Intangible assets and goodwill	*14*	**8,833,151**	7,920,654
Investment in equity-accounted investees	*17*	**2,101,425**	2,172,683
Other investments		**51,078**	72,759
Accounts receivable and prepayments	*18*	**574,570**	481,741
Total non-current assets		**22,143,136**	20,668,387
Current assets			
Inventories		**115,590**	90,282
Properties held for development and sale	*15*	**261,724**	-
Accounts receivable and prepayments	*18*	**1,378,179**	871,542
Cash and cash equivalents	*19*	**2,614,710**	1,483,679
Total current assets		**4,370,203**	2,445,503
Total assets		**26,513,339**	23,113,890
Equity			
Share capital	*28*	**1,660,000**	1,660,000
Share premium		**2,472,655**	2,472,655
Shareholders' reserve		**2,000,000**	2,000,000
Retained earnings		**7,712,784**	6,759,367
Translation reserve		**(1,976,051)**	(1,503,980)
Other reserves		**(558,190)**	(573,881)
Equity attributable to owners of the Company		**11,311,198**	10,814,161
Non-controlling interests	*23*	**687,720**	811,201
Total equity		**11,998,918**	11,625,362
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	*30*	**10,065,388**	7,287,136
Loans from non-controlling shareholders		**132,236**	150,134
Accounts payable and accruals	*22*	**345,467**	482,218
Deferred tax liabilities	*8*	**886,173**	907,860
Employees' end of service benefits	*20*	**159,233**	122,230
Pension and post-employment benefits	*21*	**157,082**	187,570
Total non-current liabilities		**11,745,579**	9,137,148
Current liabilities			
Interest bearing loans and borrowings	*30*	**354,375**	300,708
Loans from non-controlling shareholders		**1,000**	1,000
Accounts payable and accruals	*22*	**2,305,727**	1,947,781
Income tax liabilities	*8*	**100,674**	94,567
Pension and post-employment benefits	*21*	**7,066**	7,324
Total current liabilities		**2,768,842**	2,351,380
Total liabilities		**14,514,421**	11,488,528
Total equity and liabilities		**26,513,339**	23,113,890

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

The consolidated financial statements were authorised for issue on 14 March 2019.

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Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

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Yuvraj Narayan
Chief Financial Officer

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated statement of changes in equity

	Attributable to equity holders of the Company							
	Share capital and premium	Shareholders' reserve	Retained earnings	Translation reserve	Other reserves	Total	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at 1 January 2017	4,132,655	2,000,000	5,495,181	(2,124,021)	(705,964)	8,797,851	721,834	9,519,685
Profit for the period	-	-	1,176,715	-	-	1,176,715	154,031	1,330,746
Other comprehensive income, net of tax	-	-	-	620,041	40,802	660,843	48,066	708,909
Transactions with owners, recognised directly in equity								
Change in ownership interests without change in control of subsidiaries	-	-	403,497	-	-	403,497	119,890	523,387
Pension obligation borne by Parent Company	-	-	-	-	91,281	91,281	-	91,281
Dividends paid (refer to note 10)	-	-	(315,400)	-	-	(315,400)	-	(315,400)
Acquisition of non-controlling interests without change in control	-	-	(626)	-	-	(626)	(4,191)	(4,817)
Transactions with non-controlling interests, recognised directly in equity								
Contributions by non-controlling interests	-	-	-	-	-	-	21,880	21,880
Dividends paid	-	-	-	-	-	-	(253,697)	(253,697)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	3,388	3,388
Balance as at 31 December 2017	**4,132,655**	**2,000,000**	**6,759,367**	**(1,503,980)**	**(573,881)**	**10,814,161**	**811,201**	**11,625,362**
Profit for the period	**-**	**-**	**1,296,481**	**-**	**-**	**1,296,481**	**61,136**	**1,357,617**
Other comprehensive income, net of tax	**-**	**-**	**-**	**(472,071)**	**15,691**	**(456,380)**	**(31,365)**	**(487,745)**
Transactions with owners, recognised directly in equity								
Dividends paid (refer to note 10)	**-**	**-**	**(340,300)**	**-**	**-**	**(340,300)**	**-**	**(340,300)**
Acquisition of non-controlling interests without change in control	**-**	**-**	**(2,764)**	**-**	**-**	**(2,764)**	**2,764**	**-**
Transactions with non-controlling interests, recognised directly in equity								
Contributions by non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**110,625**	**110,625**
Acquisition of subsidiary with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**35,651**	**35,651**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(35,699)**	**(35,699)**
Non-controlling interests derecognised on deconsolidation of subsidiaries (refer to note 25)	**-**	**-**	**-**	**-**	**-**	**-**	**(266,593)**	**(266,593)**
Balance as at 31 December 2018	**4,132,655**	**2,000,000**	**7,712,784**	**(1,976,051)**	**(558,190)**	**11,311,198**	**687,720**	**11,998,918**

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

DP World PLC (formerly DP World Limited) and its subsidiaries

Consolidated statement of cash flows

		2018	2017
	Note	**USD'000**	USD'000
Cash flows from operating activities			
Gross cash flows from operations	*19*	**2,586,262**	2,332,606
Changes in:			
Inventories		**(4,142)**	(3,844)
Accounts receivable and prepayments		**47,941**	71,583
Accounts payable and accruals		**(371,405)**	127,555
Properties held for development and sale		**(50,386)**	-
Provisions, pensions and post-employment benefits		**(47,751)**	(115,452)
Cash provided by operating activities		**2,160,519**	2,412,448
Income taxes paid		**(209,029)**	(204,575)
Net cash provided by operating activities		**1,951,490**	2,207,873
Cash flows from investing activities			
Additions to property, plant and equipment	*12*	**(810,303)**	(945,201)
Additions to investment properties	*13*	**(83,452)**	(98,884)
Additions to port concession rights		**(14,470)**	(45,566)
Additions to other investments		**(60,000)**	(28,026)
Proceeds from disposal of property, plant and equipment and port concession rights		**37,158**	42,579
Proceeds from disposal of a subsidiary		**400**	-
Cash outflow on acquisition of subsidiaries (net of cash acquired)		**(1,326,595)**	(179,114)
Cash outflow on deconsolidation of a subsidiary		**(112,500)**	-
Cash inflow on monetisation of stake in subsidiaries without change in control		**-**	523,387
Net cash outflow on acquisition of non-controlling interests without change in control		**-**	(4,817)
Interest received		**50,527**	38,030
Dividends received from equity-accounted investees	*17*	**207,752**	114,695
Additional investment in equity-accounted investees		**(1,460)**	(4,415)
Net loan from equity-accounted investees		**5,880**	1,347
Net cash used in investing activities		**(2,107,063)**	(585,985)
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		**(2,382,237)**	(504,809)
Drawdown of interest bearing loans and borrowings		**4,879,004**	290,361
Redemption of sukuk		**(431,571)**	(387,300)
Interest paid		**(472,963)**	(332,420)
Dividend paid to the owners of the Company		**(340,300)**	(315,400)
Contribution by non-controlling interests		**110,625**	21,880
Dividend paid to non-controlling interests		**(35,699)**	(253,697)
Net cash from/ (used in) financing activities		**1,326,859**	(1,481,385)
Net increase in cash and cash equivalents		**1,171,286**	140,503
Cash and cash equivalents as at 1 January		**1,483,679**	1,299,391
Effect of exchange rate fluctuations on cash held		**(40,255)**	43,785
Cash and cash equivalents as at 31 December	*19*	**2,614,710**	1,483,679

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Corporate information

DP World PLC ("the Company") formerly known as DP World Limited, 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 DIFC Companies Law. The consolidated financial statements for the year ended 31 December 2018 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, maritime transport, 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 DIFC Companies Law.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments 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 rates for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
iii. 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.
iv. Estimates of cost to complete the projects for the purpose of valuation of the properties held for development and sale and investment properties under construction.
v. 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
vi. Judgement is required for recognition of revenue under the new accounting standard.
vii. Judgement is required 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.
viii. Judgements required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
ix. Judgement is required for 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 25).
x. Judgement is required in determining the worldwide provision for income taxes.
xi. 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.
xii. Judgement is required for measurement of expected credit losses for financial assets.

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 2018, 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.

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

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

***i. IFRS 16 Leases** (effective from 1 January 2019)*

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The new standard requires the lessee to recognise the operating lease commitment on the balance sheet. The standard requires 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 will 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 replaced by an amortisation charge and finance expense. The Group has reviewed all the leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting of the Group's operating leases.

The Group will apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

As at the reporting date, the Group has non-cancellable operating lease commitments of USD 7.8 billion (refer to note 32). These are mainly terminal operating leases which are long term in nature, arising out of the concession arrangements. The Group expects to recognise right-of-use assets of approximately USD 1.5 billion on 1 January 2019 and lease liabilities of USD 1.9 billion. The Group expects that net profit after tax will decrease by approximately USD 49 million for 2019 as a result of adopting the new rules. Adjusted EBITDA is expected to increase by approximately USD 120 million, as the operating lease payments were included in EBITDA earlier, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure now. This change will have no overall impact on Group's cash flows, except that operating cash flows will increase and financing cash flows will decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements.

c) New standards, amendments and interpretations adopted by the Group

The Group has initially applied IFRS 9 and IFRS 15 from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

IFRS 9

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

IFRS 9 did not have a significant impact on the Group's financial statements.

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is recognised to the extent that it is probable that the Group will collect the consideration to which it is entitled. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

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

c) New standards, amendments and interpretations adopted by the Group (continued)

IFRS 15 (continued)

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated.

The Group's revenue mainly consists of revenue from ports and terminals, lease rentals and services from economic zones, Drydocking services and Logistics services. The Group's current practises for recognising revenue have shown to comply in all material aspects with the concepts and principles encompassed by the new standard. Therefore, IFRS 15 did not have a significant impact on the Group's accounting for revenue recognition.

3. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of these consolidated financial statements 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 including common control transactions by the Group on the date of acquisition.

ii. Business combination achieved in stages

On business combination achieved in stages, the acquirer's previously held interest in the acquiree is remeasured to fair value at the date of acquisition with any resulting gain or loss recognised in the consolidated statement of profit or loss.

iii. Change in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in a subsidiary that does 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 or received and relevant shares acquired or disposed off in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

iv. Disposal of subsidiaries (loss of control)

On the loss of control, the Group derecognises the 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 is subsequently accounted as an equity-accounted investee or as a FVOCI-equity instrument depending on the level of influence retained.

v. Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

vi. Structured entities

The Group established 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.

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.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

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

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.

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

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

The functional currency of the Company is UAE Dirhams. 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). These consolidated financial statements are presented in USD, which is the Group's presentation currency.

ii. Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss.

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 re-measurement 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 recycled 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 recycled.

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 the consolidated statement of other comprehensive income 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.

3. Significant accounting policies (continued)

c) Financial instruments

i. Non-derivative financial assets

Classification and subsequent measurement of financial assets (policy applicable under IAS 39 until 31 December 2017)

Until 31 December 2017, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss (FVPL),
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Subsequent measurement

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss.
- for available-for-sale financial assets, changes in the carrying amount were recognised in other comprehensive income

Classification of financial assets (Policy applicable under IFRS 9 from 1 January 2018)

IFRS 9 eliminates the previous IAS 39 categories for financial assets such as held to maturity, loans and receivables, fair value through profit or loss and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair value through other comprehensive income (‘FVOCI’) - debt instrument;
- FVOCI - equity instrument; or
- Fair value through profit or loss (‘FVTPL’).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and also on the basis of the contractual cash flows characteristics of the financial instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

i. Non-derivative financial assets (continued)

Classification of financial assets (Policy applicable under IFRS 9 from 1 January 2018) (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derivatives embedded in contracts where the host is a financial asset in the scope of the IFRS 9 is never separated. Instead, the hybrid financial instrument as a whole is classified and measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Initial recognition of financial assets

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement of financial assets

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
FVOCI – debt instrument	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
FVOCI – equity instrument	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

i. Non-derivative financial assets (continued)

Subsequent measurement of financial assets (continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39
			USD'000
Equity securities*	Available-for-sale financial assets	FVOCI - equity investment	69,935
Convertible debt instrument**	Loans and receivables	Financial assets at FVTPL	30,000
Equity securities	Financial assets at FVTPL	Financial assets at FVTPL	2,824
Derivative instruments for hedging	Fair value - hedging instruments	Fair value - hedging instruments	8,952
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	1,188,037
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	1,483,679

The new classification above did not result in any significant change in measurement of values under IFRS 9.

* These equity securities represent investments that the Group intends to hold for the long-term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value movement related to these investments will never be reclassified to profit or loss.

** Convertible debt instrument has been reclassified as financial asset at FVTPL due to its exposure to equity price risk.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

ii. Impairment of non-derivative financial assets (Policy applicable under IFRS 9 from 1 January 2018)

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

ii. Impairment of non-derivative financial assets (Policy applicable under IFRS 9 from 1 January 2018) (continued)

The Group assumes that the credit risk on a financial asset increases significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any are held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The application of IFRS 9's impairment requirements at 1 January 2018 did not result in any significant additional impairment allowance.

iii. Non-derivative financial liabilities

Classification, initial recognition and measurement

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities at amortised cost or FVTPL.

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.

The subsequent measurement of non-derivative financial liabilities are carried at their amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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.

iv. Derivative financial instruments and hedge accounting - (Policy applicable under IFRS 9 from 1 January 2018)

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.

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

3. Significant accounting policies (continued)

c) Financial instruments (continued)

iv. Derivative financial instruments and hedge accounting - (Policy applicable under IFRS 9 from 1 January 2018) (continued)

Initial recognition

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognised in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation

On initial designation of the derivatives as the hedging instrument, the Group formally documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedging instrument and hedged item, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other together with the methods that will be used to assess the effectiveness of the hedging relationship.

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.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

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.

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 the consolidated statement of profit or loss.

The policies applied for initial recognition and subsequent measurement in the comparative information presented for 2017 is similar to that applied for 2018.

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 capitalised 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.

3. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

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.

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 methods 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 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:

3. Significant accounting policies (continued)

h) Port concession rights (continued)

i. Port concession rights arising on business combinations

The cost of port concession rights acquired in a business combination is the fair value as at the date of acquisition.

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

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.

3. Significant accounting policies (continued)

i) Leases (continued)

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.

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 by management at each reporting date to determine whether there is objective evidence of impairment.

3. Significant accounting policies (continued)

j) Impairment (continued)

ii. Financial assets (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost 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 employee 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.

3. Significant accounting policies (continued)

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.

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 from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue mainly consists of port related services (containerised stevedoring, break bulk and general cargo), service concession revenue, lease rentals, drydocking and logistic services revenue.

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

i. Rendering of port related services

Revenue from providing containerised stevedoring, other containerised services and non-containerised services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

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. The Group recognises revenue and costs relating to construction services over a period of time by reference to the stage of completion of the contract using the input method.

iii. Lease rentals and services from economic zones

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 and registration is recognised at the point in time when the services are rendered to the customer.

iv. Revenue from drydocking services

Revenue from drydocking services includes revenue from ship repair services, conversions, ship building, ship lifting, docking and undocking services.

Revenue from ship repair services, conversions and ship building is recognised over a period of time by reference to the stage of completion of the contract using the surveys of work performed and cost-to-cost method. Provisions for foreseeable losses are made in full, as soon as they are anticipated. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Advances received are included in contract liabilities.

Revenue from ship lifting, docking and undocking of vessels is recognised at the point in time when the services are rendered to the customer.

v. Revenue from logistics services

Revenue from logistics services is recognised at the point in time when the services are rendered to the customer.

3. Significant accounting policies (continued)

n) Properties held for development and sale

Properties acquired, constructed or in the course of construction for sale are classified as properties held for development and sale. Properties held for development and sale are stated at the lower of cost or net realisable value.

Cost includes the cost of right to reclaim the land, cost of infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities, that are necessary to enable the assets to be ready for the intended use are in progress. Net realisable value represents the estimated selling price in the ordinary course of business, based on market prices at the reporting date discounted for the time value of money, if material, less costs to complete and costs to be incurred in selling the property.

The Group reviews the carrying values of the properties held for development and sale at each reporting date for any impairment.

Revenue from these properties is recognised when the control is transferred to the buyer. Control generally transfers when the customer has an ability to direct its use and obtains substantially all of its economic benefits.

o) Finance income and costs

Finance income comprises interest income on cash and cash equivalents 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 discount on provisions, impairment losses recognised on financial assets, losses on hedging instruments and fair value changes of debt 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)).

p) 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 utilised.

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

q) 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 (refer to note 11).

3. Significant accounting policies (continued)

r) 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 for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors ('Chief Operating Decision Maker') to assess performance.

s) 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, investment property, and port concession rights other than goodwill.

Information regarding the results of each reportable segment is included below.

4. Segment information (continued)

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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	**USD'000**	**USD'000**	USD'000	**USD'000**	USD'000
Revenue	**833,409**	682,272	**961,146**	762,151	**3,851,725**	3,284,363	**-**	-	**-**	-	**5,646,280**	4,728,786
Adjusted for separately disclosed items	**-**	(14,053)	**-**	-	-	-	**-**	-	**-**	-	**-**	(14,053)
Revenue before separately disclosed items	**833,409**	668,219	**961,146**	762,151	**3,851,725**	3,284,363	**-**	-	**-**	-	**5,646,280**	4,714,733
Adjusted EBITDA	**591,956**	434,989	**340,151**	291,485	**2,013,863**	1,917,640	**(137,975)**	(175,080)	**-**	-	**2,807,995**	2,469,034
Finance income	**-**	-	**-**	-	**-**	-	**141,328**	95,540	**-**	-	**141,328**	95,540
Finance costs	**-**	-	**-**	-	**-**	-	**(575,891)**	(425,410)	**-**	-	**(575,891)**	(425,410)
Tax expense	**-**	-	**-**	-	**-**	-	**(223,607)**	(144,406)	**-**	-	**(223,607)**	(144,406)
Depreciation and amortisation	**(105,960)**	(101,760)	**(117,225)**	(94,046)	**(585,387)**	(427,169)	**(8,463)**	(9,235)	**-**	-	**(817,035)**	(632,210)
Adjusted net profit/ (loss) before separately disclosed items	**485,996**	333,229	**222,926**	197,439	**1,428,476**	1,490,471	**(804,608)**	(658,591)	**-**	-	**1,332,790**	1,362,548
Adjusted for separately disclosed items	**(10,743)**	(13,313)	**(2,800)**	(32,384)	**(29,480)**	10,369	**67,850**	3,526	**-**	-	**24,827**	(31,802)
Profit/ (loss) for the year	**475,253**	319,916	**220,126**	165,055	**1,398,996**	1,500,840	**(736,758)**	(655,065)	**-**	-	**1,357,617**	1,330,746

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

In the previous years, a deferred revenue provision was recognised in the 'Asia Pacific and Indian subcontinent' region in relation to the difference in revenue between the billed rates and the rates specified by the Tariff Authority order. Due to change in tariff regulatory environment, management has decided to reverse this provision in the current year.

DP World PLC (formerly DP World Limited) and its subsidiaries

Notes to consolidated financial statements *(continued)*

4. Segment information (continued)

	Asia Pacific and Indian subcontinent		Australia and Americas		Middle East, Europe and Africa		Head office		Inter-segment		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000
Segment assets	**4,564,835**	4,576,571	**2,935,015**	3,103,562	**19,227,147**	18,062,307	**14,063,935**	9,345,615	**(14,277,593)**	(11,974,165)	**26,513,339**	23,113,890
Segment liabilities	**479,486**	661,767	**725,366**	643,515	**6,381,328**	4,042,232	**11,345,791**	8,693,264	**(5,404,397)**	(3,554,677)	**13,527,574**	10,486,101
Tax liabilities*	**-**	-	**-**	-	**-**	-	**986,847**	1,002,427	**-**	-	**986,847**	1,002,427
Total liabilities	**479,486**	661,767	**725,366**	643,515	**6,381,328**	4,042,232	**12,332,638**	9,695,691	**(5,404,397)**	(3,554,677)	**14,514,421**	11,488,528
Capital expenditure	**41,807**	87,670	**257,353**	163,999	**565,946**	835,695	**43,119**	2,287	**-**	-	**908,225**	1,089,651
Depreciation	**45,624**	43,022	**88,634**	64,801	**478,383**	339,645	**8,464**	9,234	**-**	-	**621,105**	456,702
Amortisation/ impairment	**60,336**	58,738	**28,591**	29,245	**116,303**	91,127	**-**	-	**-**	-	**205,230**	179,110
Share of profit/(loss) of equity-accounted investees before separately disclosed items	**128,797**	117,365	**2,986**	(14,894)	**33,284**	21,121	**-**	-	**-**	-	**165,067**	123,592
Tax expense	**-**	-	**-**	-	**-**	-	**223,607**	43,330	**-**	-	**223,607**	43,330
Revenue consists of:												
Revenue from ports and terminals	**783,001**	668,219	**881,856**	762,151	**2,631,093**	2,698,297	**-**	-	**-**	-	**4,295,950**	4,128,667
Service concessions revenue	**-**	14,053	**-**	-	**-**	-	**-**	-	**-**	-	**-**	14,053
Lease rentals and services from economic zones	**-**	-	**-**	-	**726,234**	586,066	**-**	-	**-**	-	**726,234**	586,066
Drydocking and logistics services	**50,408**	-	**79,290**	-	**494,398**	-	**-**	-	**-**	-	**624,096**	-
Total revenue	**833,409**	682,272	**961,146**	762,151	**3,851,725**	3,284,363	**-**	-	**-**	-	**5,646,280**	4,728,786

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

5. Revenue

	2018	2017
	USD'000	USD'000
Revenue consists of:		
Revenue from ports and terminals	**4,295,950**	4,128,667
Service concessions revenue	**-**	14,053
Lease rentals and services from economic zones	**726,234**	586,066
Drydocking and logistics services	**624,096**	-
Total	**5,646,280**	4,728,786

The above revenue includes revenue from contracts with customers under IFRS 15 amounting to USD 5,170,658 thousand (2017: USD 4,262,109 thousand).

6. Profit for the year

	2018	2017
	USD'000	USD'000
Profit for the year is stated after charging the following costs:		
Staff costs	**1,200,628**	933,712
Depreciation and amortization	**817,035**	632,210
Operating lease rentals	**410,624**	399,968
Impairment loss (refer to note 9)	**9,300**	3,602

7. Finance income and costs

	2018	2017
	USD'000	USD'000
Finance income		
Interest income	**84,547**	66,400
Exchange gains	**56,781**	29,140
Finance income before separately disclosed items	**141,328**	95,540
Separately disclosed items (refer to note 9)	**127,916**	550
Finance income after separately disclosed items	**269,244**	96,090
Finance costs		
Interest expense	**(480,807)**	(372,950)
Exchange losses	**(90,584)**	(46,550)
Other net financing expense in respect of pension plans	**(4,500)**	(5,910)
Finance costs before separately disclosed items	**(575,891)**	(425,410)
Separately disclosed items (refer to note 9)	**(33,656)**	(98,100)
Finance costs after separately disclosed items	**(609,547)**	(523,510)
Net finance costs after separately disclosed items	**(340,303)**	(427,420)

8. Income tax

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

	2018	2017
	USD'000	USD'000
Current tax expense		
Current year	**220,007**	193,987
Change in estimates related to prior years	**26,440**	(24,506)
	246,447	169,481
Deferred tax credit	**(22,840)**	(126,151)
Income tax expense	**223,607**	43,330
Share of income tax of equity-accounted investees	**59,610**	48,963
Total tax expense	**283,217**	92,293
Tax recognised in statement of other comprehensive income		
Current tax	**914**	-
Deferred tax	**(7,049)**	(7,288)
Total	**(6,135)**	(7,288)
Income tax balances included in the consolidated statement of financial position:		
Income tax receivable (included within accounts receivable and prepayments)	**4,972**	31,551
Income tax liabilities	**100,674**	94,567

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

		2018	2017
		USD'000	USD'000
Net profit before tax		**1,581,224**	1,374,076
Tax at the Company's domestic rate of 0% (2017: 0%)		**-**	-
Effect of tax rates in foreign jurisdictions		**163,556**	139,118
Net current year tax losses incurred, on which deferred tax is not recognised		**25,866**	15,699
Tax charge of equity-accounted investees		**59,610**	48,963
Effect of tax rate changes on deferred tax		**(6,004)**	2,188
Deferred tax in respect of fair value adjustments		**(17,848)**	(15,198)
Others		**36,057**	20,970
Tax expense before prior year adjustments		**261,237**	211,740
Change in estimates related to prior years:			
- current tax		**26,440**	(24,506)
- deferred tax		**(4,460)**	6,135
Total tax expense from operations before separately disclosed items	**(A)**	**283,217**	193,369
Adjustment for separately disclosed items		**-**	(101,076)
Total tax expense	**(B)**	**283,217**	92,293
Net profit before tax		**1,581,224**	1,374,076
Adjustment for share of income tax of equity-accounted investees		**59,610**	48,963
Adjusted profit before tax	**(C)**	**1,640,834**	1,423,039
Adjustment for separately disclosed items		**(24,827)**	132,878
Adjusted profit before tax and before separately disclosed items	**(D)**	**1,616,007**	1,555,917
Effective tax rate	**(B/C)**	**17.26%**	6.49%
Effective tax rate before separately disclosed items	**(A/D)**	**17.53%**	12.43%

8. Income tax

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	10% to 34.9%
Australia and Americas	0% to 36.0%
Middle East, Europe and Africa	0% to 34.0%

Movement in temporary differences during the year:

	1 January 2018	Recognised in consolidated statement of profit or loss	Acquisitions in the period	Translation and other movements	31 December 2018
	USD'000	USD'000	USD'000	USD'000	USD'000
Deferred tax liabilities					
Property, plant and equipment	104,580	4,080	40,036	(10,212)	**138,484**
Investment in equity-accounted investees	22,979	1,701	-	(1,514)	**23,166**
Fair value of acquired intangibles	518,803	(22,888)	4,220	(35,908)	**464,227**
Others	305,885	(4,306)	888	(773)	**301,694**
Total before set off	**952,247**	**(21,413)**	**45,144**	**(48,407)**	**927,571**
Set off of deferred tax asset against liabilities	(44,387)				**(41,398)**
Net deferred tax liabilities	**907,860**				**886,173**
Deferred tax assets					
Pension and post-employment benefits	11,517	1,479	193	(4,264)	**8,925**
Financial instruments	6,682	657	-	(4,723)	**2,616**
Provisions	2,367	260	1,153	(126)	**3,654**
Tax value of losses carried forward recognised	23,821	(1,471)	5,394	(1,541)	**26,203**
Total before set off	**44,387**	**925**	**6,740**	**(10,654)**	**41,398**
Set off of deferred tax asset against liabilities	(44,387)				**(41,398)**
Net deferred tax assets	**-**				**-**

Deferred tax liabilities have been offset if certain criteria are met.

Deferred tax assets have not been recognised by some of the subsidiaries on their trading losses where utilisation is uncertain, either because they have not been agreed with tax authorities, or because they are not likely to generate taxable income in the foreseeable future to offset against these losses, or because of the impact of tax holidays. The Group will continuously review/monitor these unrecognised tax losses and will consider recognising them as deferred tax asset in future if there are any significant changes to these assumptions.

	2018			2017		
	Gross amount	**Tax effect**		Gross amount	Tax effect	
	USD'000	**USD'000**	**Expiry date**	USD'000	USD'000	Expiry date
Trading losses - expire	**157,054**	**38,588**	**2019-2038**	187,907	40,856	2018-2037
Trading losses - never expire	**996,239**	**270,425**	**-**	994,802	283,074	-
Capital losses - never expire	**215,819**	**36,689**	**-**	208,342	40,106	-

9. Separately disclosed items

	2018	2017
	USD'000	USD'000
Revenue		
Construction contract revenue relating to service concessions	**-**	14,053
Cost of sales		
Construction contract costs relating to service concessions	**-**	(14,053)
General and administrative expenses		
- Acquisition costs, restructuring and other provisions	**(28,520)**	(14,699)
- Guaranteed minimum pension costs	**(27,744)**	-
Other income	**-**	3,433
Loss on disposal and change in ownership of business	**(3,591)**	(28,234)
Share of (loss)/ profit from equity-accounted investees	**(9,578)**	4,172
Finance income	**127,916**	550
Finance costs	**(33,656)**	(98,100)
Income tax	**-**	101,076
Total	**24,827**	(31,802)

Construction contract revenue and costs: In 2017, the Group has recorded revenue on the construction of a port in the 'Asia Pacific and Indian subcontinent' region in accordance with IFRIC 12 '*Service Concession Arrangements'*. 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.

Acquisition costs, restructuring and other provisions represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and other restructuring provisions. (2017 represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and reversal of excess restructuring provisions in a subsidiary in the 'Middle East, Europe and Africa' region).

Guaranteed minimum pension costs relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment confirming that UK pension schemes are required to equalise male and female members' benefits for the effect of unequal GMPs.

Other income represents non-recurring income for subsidiaries in the 'Middle East, Europe and Africa' region in 2017.

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. (2017 relates to the 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 'Australia and Americas' region).

Share of (loss)/ profit from equity-accounted investees relates to transaction costs written off on extinguishment of debt and impairment of property, plant and equipment in equity-accounted investees in the 'Middle East, Europe and Africa' region and loss on termination of hedge in an equity-accounted investee in the 'Middle East, Europe and Africa' region. (2017 relates to release of deferred tax liability due to tax rate change in an equity-accounted investee in the 'Middle East, Europe and Africa' region offset by impairment of goodwill in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region).

Finance income comprises:

a) USD 117,474 thousand change in fair value of convertible bond option relates to the movement based on the re-measured fair value of the embedded derivative liability of the convertible bonds.
b) USD 869 thousand (2017: USD 550 thousand) ineffective elements of hedges in subsidiaries in the 'Middle East, Europe and Africa' region and 'Asia Pacific and Indian subcontinent' region.
c) USD 9,573 thousand gain on early settlement of loans in a subsidiary in the 'Middle East, Europe and Africa' region.

9. Separately disclosed items (continued)

Finance costs comprises:

a) USD 22,068 thousand interest accretion on convertible bond represents the accretion of the liability component as at the reporting date to the amount that will be payable on redemption of the convertible bond. (2017: USD 21,066 thousand interest accretion on convertible bond and USD 77,034 thousand change in fair value of convertible bond option based on the re-measured fair value of the embedded derivative liability of the convertible bonds).
b) USD 5,885 thousand deferred transaction costs written off on early settlement and restructuring of loans in the 'Middle East, Europe and Africa' region.
c) USD 1,432 thousand ineffective elements of hedges in subsidiaries in the 'Middle East, Europe and Africa' region
d) USD 4,271 thousand impairment loss recognised on present valuation of receivables in a subsidiary in the 'Middle East, Europe and Africa' region.

Income tax credit relates to the release of deferred tax liability on account of a tax rate change in 2017.

10. Dividends

	2018	2017
	USD'000	USD'000
Declared and paid during the year:		
Final dividend: 41 US cents per share/ 38 US cents per share	**340,300**	315,400
Proposed for approval at the annual general meeting		
(not recognised as a liability as at 31 December):		
Final dividend: 43 US cents per share/ 41 US cents per share	**356,900**	340,300

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.

	2018	**2018**	2017	2017
	Before separately disclosed items	**Adjusted for separately disclosed items**	Before separately disclosed items	Adjusted for separately disclosed items
	USD'000	**USD'000**	USD'000	USD'000
Profit attributable to the ordinary shareholders of the Company (a)	**1,270,116**	**1,296,481**	1,208,517	1,176,715
Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion	**18,885**	**(76,521)**	18,772	116,872
Profit attributable to the ordinary shareholders of the Company after conversion (b)	**1,289,001**	**1,219,960**	1,227,289	1,293,587
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 **	**37,475,985**	**37,475,985**	36,846,510	36,846,510
Total weighted average number of ordinary shares (diluted) outstanding – (d)	**867,475,985**	**867,475,985**	866,846,510	866,846,510
Basic earnings per share US cents – (a/c)	**153.03**	**156.20**	145.60	141.77
Diluted earnings per share US cents – (b/d)	**148.59**	**140.63**	141.58	141.77*
Anti-diluted earnings per share US cents – (b/d)	**-**	**-**	-	149.23

* Diluted earnings per share (adjusted for separately disclosed items) for the year ended 31 December 2017 is equal to basic earnings per share (adjusted for separately disclosed items) as it is antidilutive.

** Effective 26 March 2018, the weighted average numbers of shares due to conversion of convertible bond has increased due to the reduction of conversion price from USD 27.1396 per share to USD 26.6837 on account of increase in dividend to USD 0.41 per share.

12. Property, plant and equipment

	Land and buildings	Plant and equipment	Vessels	Capital work-in-progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Cost					
As at 1 January 2017	4,171,575	4,265,781	278,250	1,325,605	10,041,211
Acquired through business combination	8,579	544,824	93,962	-	647,365
Additions during the year	33,332	65,452	20,267	826,150	945,201
Transfers from capital work-in-progress	346,474	573,461	42,404	(962,339)	-
Transfer from investment properties (refer to note 13)	-	892	-	-	892
Disposals	(14,897)	(79,407)	(7,494)	-	(101,798)
Translation adjustment	85,339	187,437	21,345	41,298	335,419
As at 31 December 2017	4,630,402	5,558,440	448,734	1,230,714	11,868,290
As at 1 January 2018	**4,630,402**	**5,558,440**	**448,734**	**1,230,714**	**11,868,290**
Acquired through business combination	**496,257**	**391,171**	**-**	**31,228**	**918,656**
Additions during the year	**49,205**	**111,202**	**48,128**	**601,768**	**810,303**
Transfers from capital work-in-progress	**139,016**	**165,036**	**760**	**(304,812)**	**-**
Transfer (to)/from investment properties (refer to note 13)	**(7,361)**	**225**	**-**	**-**	**(7,136)**
Derecognition due to loss of control (refer to note 24)	**(302,399)**	**(168,862)**	**-**	**(3,740)**	**(475,001)**
Disposals	**(25,584)**	**(65,651)**	**(29,131)**	**(1,417)**	**(121,783)**
Translation adjustment	**(102,673)**	**(182,506)**	**(16,945)**	**(20,077)**	**(322,201)**
As at 31 December 2018	**4,876,863**	**5,809,055**	**451,546**	**1,533,664**	**12,671,128**
Depreciation and impairment					
As at 1 January 2017	969,227	1,475,663	74,244	-	2,519,134
Acquired through business combination	2,037	153,652	53,255	-	208,944
Charge for the year	144,389	252,720	21,826	-	418,935
Impairment loss	-	1,515	-	-	1,515
On disposals	(7,485)	(49,412)	(7,494)	-	(64,391)
Translation adjustment	20,160	56,008	10,614	-	86,782
As at 31 December 2017	1,128,328	1,890,146	152,445	-	3,170,919
As at 1 January 2018	**1,128,328**	**1,890,146**	**152,445**	**-**	**3,170,919**
Acquired through business combination	**130,833**	**236,715**	**-**	**-**	**367,548**
Charge for the year	**157,976**	**293,036**	**28,621**	**-**	**479,633**
Derecognition due to loss of control (refer to note 24)	**(84,167)**	**(77,362)**	**-**	**-**	**(161,529)**
On disposals	**(19,710)**	**(62,994)**	**(11,623)**	**-**	**(94,327)**
Translation adjustment	**(14,128)**	**(30,726)**	**(7,044)**	**-**	**(51,898)**
As at 31 December 2018	**1,299,132**	**2,248,815**	**162,399**	**-**	**3,710,346**
Net book value					
At 31 December 2017	3,502,074	3,668,294	296,289	1,230,714	8,697,371
At 31 December 2018	**3,577,731**	**3,560,240**	**289,147**	**1,533,664**	**8,960,782**

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 2018, cranes with aggregate net book value amounting to USD 193,410 thousand (2017: USD 210,017 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.

12. Property, plant and equipment (continued)

At 31 December 2018, property, plant and equipment with a carrying amount of USD 1,919,484 thousand (2017: USD 1,917,423 thousand) are pledged to bank loans (refer to note 30).

Borrowing costs capitalised to property, plant and equipment amounted to USD 3,515 thousand (2017: USD 5,121 thousand).

The fair value of property, plant and equipment recognised as a result of business combination was determined using the market approach model.

13. Investment properties

	Land	Buildings and infrastructure	Under development	Total
	USD'000	USD'000	USD'000	USD'000
Cost				
As at 1 January 2017	33,609	1,070,611	237,542	1,341,762
Additions during the year	2,450	-	96,434	98,884
Transfers	-	92,736	(92,736)	-
Transfer to property, plant and equipment (refer to note 12)	-	-	(892)	(892)
Disposals	(251)	(15,500)	(1,196)	(16,947)
Translation adjustment	1,609	-	(287)	1,322
As at 31 December 2017	37,417	1,147,847	238,865	1,424,129
As at 1 January 2018	**37,417**	**1,147,847**	**238,865**	**1,424,129**
Additions during the year	**19,851**	**-**	**63,601**	**83,452**
Acquired through business combination	**175,113**	**456,596**	**17**	**631,726**
Transfers	**873**	**214,881**	**(215,754)**	**-**
Transfer from/ (to) property, plant and equipment (refer to note 12)	**-**	**7,361**	**(225)**	**7,136**
Disposals	**-**	**(4,372)**	**-**	**(4,372)**
Translation adjustment	**(2,451)**	**-**	**(334)**	**(2,785)**
As at 31 December 2018	**230,803**	**1,822,313**	**86,170**	**2,139,286**
Depreciation and impairment				
As at 1 January 2017	-	61,437	-	61,437
Depreciation charge for the year	-	37,767	-	37,767
Impairment charge for the year	-	1,746	-	1,746
As at 31 December 2017	-	100,950	-	100,950
As at 1 January 2018	**-**	**100,950**	**-**	**100,950**
Depreciation charge for the year	**-**	**47,471**	**-**	**47,471**
Acquired through business combination		**359,435**	**-**	**359,435**
Impairment charge for the year	**1,492**	**7,808**	**-**	**9,300**
As at 31 December 2018	**1,492**	**515,664**	**-**	**517,156**
Net book value:				
As at 31 December 2017	37,417	1,046,897	238,865	1,323,179
As at 31 December 2018	**229,311**	**1,306,649**	**86,170**	**1,622,130**

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 488,439 thousand (2017: USD 466,677 thousand) while associated costs related to these investment properties amounted to USD 67,673 thousand (2017: USD 114,478 thousand).

Land:

At 31 December 2018, the fair value of land was estimated to be USD 266,729 thousand (2017: USD 76,900 thousand) compared to the carrying value of USD 229,311 thousand (2017: USD 37,417 thousand).

13. Investment properties (continued)

Buildings and infrastructure:

At 31 December 2018, the fair value of buildings and infrastructure was USD 2,180,462 thousand (2017: USD 2,271,513 thousand) compared to the carrying value of USD 1,306,649 thousand (2017: USD 1,046,897 thousand).

Investment properties under development:

Investment properties under development mainly include infrastructure development, staff accommodation and office building in Jebel Ali Free Zone and Port Rashid, UAE. Based on management's assessment, the fair value of investment properties under development approximates their carrying value as at the reporting date.

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 has 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 of fair value hierarchy and the Group considers the current use of these properties as their highest and best use.

Sensitivity to changes in assumptions

Significant increases/ (decreases) in net operating income would result in a significantly higher/ (lower) fair value measurement. Significant increases/ (decreases) in yield rate would result in a significantly lower/ (higher) fair value measurement.

14. Intangible assets and goodwill

	Land use rights	Goodwill	Port concession rights and other intangible assets	Total
	USD'000	USD'000	USD'000	USD'000
Cost				
As at 1 January 2017	2,677,717	1,355,783	4,433,712	8,467,212
Acquired through business combinations	-	-	365,287	365,287
Additions	-	-	87,662	87,662
Translation adjustment	-	114,598	331,731	446,329
As at 31 December 2017	2,677,717	1,470,381	5,218,392	9,366,490
As at 1 January 2018	**2,677,717**	**1,470,381**	**5,218,392**	**9,366,490**
Acquired through business combinations	**-**	**663,824**	**739,723**	**1,403,547**
Additions	**-**	**-**	**14,470**	**14,470**
Translation adjustment	**-**	**(83,197)**	**(341,948)**	**(425,145)**
As at 31 December 2018	**2,677,717**	**2,051,008**	**5,630,637**	**10,359,362**
Amortisation and impairment				
As at 1 January 2017	52,308	-	1,125,766	1,178,074
Charge for the year	29,200	-	146,308	175,508
Translation adjustment	-	-	92,254	92,254
As at 31 December 2017	81,508	-	1,364,328	1,445,836
As at 1 January 2018	**81,508**	**-**	**1,364,328**	**1,445,836**
Charge for the year	**29,200**	**-**	**166,730**	**195,930**
Translation adjustment	**-**	**-**	**(115,555)**	**(115,555)**
As at 31 December 2018	**110,708**	**-**	**1,415,503**	**1,526,211**
Net book value:				
As at 31 December 2017	2,596,209	1,470,381	3,854,064	7,920,654
As at 31 December 2018	**2,567,009**	**2,051,008**	**4,215,134**	**8,833,151**

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.

15. Properties held for development and sale

	2018
	USD'000
Balance at 1 January	-
Acquired through business combination	**305,339**
Additions during the year	**64,427**
Charge to income statement	**(108,042)**
As at 31 December	**261,724**

Properties held for development and sale consist of cost of land and related improvements comprising of certain plots of land in the commercial precinct located within the Dubai Maritime City. These properties were acquired through business combinations (refer to note 24).

The Group has future commitments towards infrastructure development of USD 198,721 thousand to be incurred over a period of 14 years in relation to these properties.

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience for the purpose of estimating the net realisable value of properties held for development and sale. The value of these properties have been determined by using the discounted cash flow model using 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 fair value of these properties are categorised under level 3 of fair value hierarchy.

16. 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		Discount rates	Terminal value growth rate
	2018	2017	**2018**	2017		
	USD'000	USD'000	**USD'000**	USD'000		
Cash-generating units aggregated by operating segment						
Asia Pacific and Indian subcontinent	**317,021**	233,570	**-**	-	6.50% - 11.50%	2.50%
Australia and Americas	**362,564**	342,650	**-**	-	6.00% - 13.50%	2.50%
Middle East, Europe and Africa	**1,371,423**	894,161	**803,606**	848,880	6.00% - 16.50%	2.50%
Total	**2,051,008**	1,470,381	**803,606**	848,880		

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.

Terminal value growth rate – In management's view, the terminal value 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 significant impairment. Similarly, an increase of 0.25% in discount rate and decrease of 0.25% in terminal value growth rate would not result in significant impairment.

17. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments (using income approach model) at acquisition together with 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**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	USD'000	USD'000	**USD'000**	USD'000	**USD'000**	USD'000	**USD'000**	USD'000
Cash and cash equivalents	**528,727**	619,948	**172,335**	138,293	**308,196**	239,142	**1,009,258**	997,383
Other current assets	**283,398**	186,374	**142,351**	106,289	**256,118**	265,891	**681,867**	558,554
Non-current assets	**6,006,312**	6,396,749	**1,798,701**	1,586,116	**2,710,080**	2,813,120	**10,515,093**	10,795,985
Total assets	**6,818,437**	7,203,071	**2,113,387**	1,830,698	**3,274,394**	3,318,153	**12,206,218**	12,351,922
Current financial liabilities	**30,912**	25,951	**2,016**	17,027	**33,438**	61,144	**66,366**	104,122
Other current liabilities	**469,995**	434,519	**191,520**	181,136	**316,002**	293,921	**977,517**	909,576
Non-current financial liabilities	**731,162**	973,497	**1,485,084**	1,282,768	**742,111**	579,555	**2,958,357**	2,835,820
Other non-current liabilities	**571,602**	430,311	**43,289**	17,105	**400,004**	583,467	**1,014,895**	1,030,883
Total liabilities	**1,803,671**	1,864,278	**1,721,909**	1,498,036	**1,491,555**	1,518,087	**5,017,135**	4,880,401
Net assets (100%)	**5,014,766**	5,338,793	**391,478**	332,662	**1,782,839**	1,800,066	**7,189,083**	7,471,521
Group's share of net assets in equity-accounted investees							**2,101,425**	2,172,683
Revenue	**1,451,106**	1,375,504	**622,280**	656,529	**832,827**	746,085	**2,906,213**	2,778,118
Depreciation and amortisation	**(280,241)**	(263,768)	**(73,543)**	(92,531)	**(119,954)**	(107,066)	**(473,738)**	(463,365)
Other expenses	**(578,578)**	(566,946)	**(452,781)**	(458,788)	**(580,194)**	(526,943)	**(1,611,553)**	(1,552,677)
Interest expense	**(74,136)**	(70,211)	**(154,283)**	(223,476)	**(61,689)**	(46,505)	**(290,108)**	(340,192)
Other finance income	**19,676**	21,225	**4,238**	51,386	**1,049**	(646)	**24,963**	71,965
Income tax expense	**(138,848)**	(138,080)	**(500)**	(26,530)	**(16,016)**	(17,487)	**(155,364)**	(182,097)
Net profit/ (loss) (100%)	**398,979**	357,724	**(54,589)**	(93,410)	**56,023**	47,438	**400,413**	311,752
Group's share of profit (before separately disclosed items)							**165,067**	123,592
Group's share of dividends received							**207,752**	114,695
Group's share of other comprehensive income							**843**	3,988

18. Accounts receivable and prepayments

	2018	2018	2017	2017
	Non-current	**Current**	Non-current	Current
	USD'000	**USD'000**	USD'000	USD'000
Trade receivables (net)	**-**	**659,383**	-	454,052
Advances paid to suppliers	**-**	**108,858**	-	69,776
Other receivables and prepayments	**231,720**	**549,782**	167,886	298,160
Due from related parties (refer to note 26)	**342,850**	**60,156**	313,855	49,554
Total	**574,570**	**1,378,179**	481,741	871,542

The Group's exposure to credit and currency risks are disclosed in note 27.

19. Cash and cash equivalents

	2018	2017
	USD'000	USD'000
Cash at banks and in hand	**713,083**	651,675
Short-term deposits	**1,862,758**	815,854
Deposits under lien	**38,869**	16,150
Cash and cash equivalents for consolidated statement of cash flows	**2,614,710**	1,483,679

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.

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

Cash flow information

		2018	2017
	Note	**USD'000**	USD'000
Cash flows from operating activities			
Profit for the year		**1,357,617**	1,330,746
Adjustments for:			
Depreciation and amortization	*6*	**817,035**	632,210
Impairment loss	*6*	**9,300**	3,602
Share of profit from equity-accounted investees (net of tax)		**(155,489)**	(127,764)
Finance costs	*7*	**609,547**	523,510
Gain on sale of property, plant and equipment		**(9,702)**	(5,172)
Loss on disposal and change in ownership of business	*9*	**3,591**	28,234
Finance income	*7*	**(269,244)**	(96,090)
Income tax expense	*8*	**223,607**	43,330
Gross cash flows from operations		**2,586,262**	2,332,606

20. Employees' end of service benefits

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

	2018	2017
	USD'000	USD'000
As at 1 January	**122,230**	112,594
Transferred on acquisition of entities under common control	**35,612**	-
Provision made during the year	**35,446**	20,560
Amounts paid during the year	**(31,659)**	(12,607)
Actuarial loss on defined benefit plan	**2,048**	-
Translation	**(4,444)**	1,683
As at 31 December	**159,233**	122,230

20. Employees' end of service benefits (continued)

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2018 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 3.50% and a discount rate of 3.75% per annum. The present values of the defined benefit obligations at 31 December 2018 were computed using the actuarial assumptions set out above.

In addition to the above, the Group contributes 15% of the 'contribution calculation salary' in case 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.

21. Pension and post-employment benefits

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

a) P&O Pension 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 most recent valuation was at 31 March 2016 using the projected unit credit method. The deficit on a statutory funding objectives basis was USD 116,362 thousand. The Group agreed with the Trustee to a new monthly deficit payment plan effective from 1 April 2016 of USD 11,508 thousand until 31 March 2020, then increasing to a total of USD 13,107 thousand until 31 March 2024 and then increasing to USD 15,344 thousand a year until 30 November 2026.

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.

In 2017, the Group entered into a Flexible Apportionment Arrangement which enabled a related party to withdraw as an employer from the P&O Pension Scheme, following which all current and future deficit liabilities of the Scheme were taken over by the Group with an additional cash contribution of USD 17,583 thousand.

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

The Group participates in various industry multi-employer schemes, the most significant of which is the New Section of 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.

It is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

The most recent formal actuarial valuation of the New Section of MNOPF Scheme was carried out as at 31 March 2015. This resulted in a deficit of USD 4,058 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 of the MNOPF Scheme closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. In September 2017, the Trustee offered a settlement sum of USD 18,839 thousand to the Group which would clear the outstanding contributions (due payable bi-annually to September 2023) and save the Group USD 2,653 thousand in future interest payments. The Group agreed and settled the payment on 28 September 2017. There are no outstanding contributions due by the Group in 2019.

21. Pension and post-employment benefits (continued)

The triennial actuarial valuation as at 31 March 2018 is yet to be finalised. The initial indications given by the Trustee Board is that, there is an immaterial deficit.

In 2016, Group has accounted for an amount of USD 91,281 thousand as an additional defined benefit obligation with regards to reapportionment of deficit contribution from a related party. In April 2017, this liability was borne and paid by the Parent Company.

The Group's share of the net deficit of the MNOPF Scheme at 31 December 2018 is estimated at 5.36%.

c) Merchant Navy Ratings' Pension Fund ("MNRPF Scheme")

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 from 2001.

Certain Group companies, which are no longer current employers in the MNRPF Scheme 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 Trustee 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 Group's deficit contributions arising from the 31 March 2014 valuation totalled USD 36,187 thousand. The most recent formal actuarial valuation was carried out as at 31 March 2017. The Group's deficit contributions arising from this valuation totalled USD 9,874 thousand. The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 October 2023. The combined total annual deficit contributions arising from the 2014 and 2017 actuarial valuations to be paid in 2019 of USD 5,862 thousand, in 2020 to 2022 of USD 5,716 thousand per annum and USD 1,181 thousand in 2023.

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 2018 is estimated at 7.38%.

d) Others

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

The board of a pension scheme 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 schemes 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.

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

	2018	2017
	USD'000	USD'000
Non-current		
Defined benefit schemes net liabilities	**156,762**	187,037
Liability in respect of long service leave	**167**	331
Liability for other non-current deferred compensation	**153**	202
	157,082	187,570
Current		
Liability for current deferred compensation	**7,066**	7,324
Net liabilities	**164,148**	194,894
Reflected in the consolidated statement of financial position as follows:		
Employee benefits assets (included within non-current receivables)	**-**	-
Employee benefits liabilities: Non-current	**157,082**	187,570
Employee benefits liabilities: Current	**7,066**	7,324

21. Pension and post-employment benefits (continued)

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

	2018	2017
	USD'000	USD'000
Defined benefit schemes *	**36,281**	7,722
Defined contribution schemes	**12,500**	11,664
Other employee benefits	**988**	1,545
Total	**49,769**	20,931

* This includes USD 27,744 thousand additional costs arising in 2018 in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9).

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

	2018	2017
	USD'000	USD'000
Actuarial gain recognised in the year	**(124,982)**	(51,610)
Return on plan assets greater/ (lesser) than the discount rate	**120,786**	(58,045)
Change in share in multi-employer scheme	**133**	643
Movement in minimum funding liability	**(26,944)**	108,881
Total	**(31,007)**	(131)

Actuarial valuations and assumptions

The latest valuations of the defined benefit schemes have been updated to 31 December 2018 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	**MNOPF scheme**	**Other schemes**	P&O UK scheme	MNOPF scheme	Other schemes
	2018	**2018**	**2018**	2017	2017	2017
Discount rates	**2.85%**	**2.85%**	**3.00%**	2.50%	2.50%	2.50%
Discount rates bulk annuity asset	**2.65%**	**-**	**-**	2.30%	-	-
Expected rates of salary increases	**-***	**-***	**2.4%**	-*	-*	2.4%
Pension increases:						
deferment	**3.00%**	**2.55%**	**2.80%**	3.00%	2.45%	2.80%
payment	**3.00%**	**3.45%**	**3.20%**	3.00%	3.35%	3.10%
Inflation	**3.55%**	**3.55%**	**3.30%**	3.45%	3.45%	3.30%

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

21. Pension and post-employment benefits (continued)

The assumptions for pensioner longevity under both the P&O UK Scheme and the New Section of 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**
2018				
P&O UK scheme	**21.6**	**23.2**	**23.5**	**25.3**
MNOPF scheme	**23.2**	**26.1**	**26.6**	**29.4**
2017				
P&O UK scheme	21.9	23.7	23.8	25.6
MNOPF scheme	23.0	26.0	26.4	29.3

At 31 December 2018, the weighted average duration of the defined benefit obligation was 14.0 years (2017: 15.6 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 2018 by the amounts shown below:

	USD'000
0.1% reduction in discount rate	**4,500**
0.1% increase in inflation assumption and related assumptions	**1,800**
0.25% p.a. increase in the long term rate of mortality improvement	**2,000**

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	**MNOPF scheme**	**Other schemes**	**Total group schemes fair value**
	USD'000	**USD'000**	**USD'000**	**USD'000**
2018				
Equities	**199,733**	**65,214**	**58,053**	**323,000**
Bonds	**248,068**	**150,759**	**173,134**	**571,961**
Other	**270,317**	**-**	**36,443**	**306,760**
Value of insured pensioner liability	**901,228**	**-**	**2,430**	**903,658**
Total	**1,619,346**	**215,973**	**270,060**	**2,105,379**
2017				
Equities	260,221	89,400	66,002	415,623
Bonds	349,486	164,735	184,887	699,108
Other	190,432	-	38,005	228,437
Value of insured pensioner liability	1,033,581	-	2,840	1,036,421
Total	1,833,720	254,135	291,734	2,379,589

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

21. Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2018 and 31 December 2017:

	P&O UK scheme	**MNOPF scheme**	**Other schemes**	**Total group schemes**	P&O UK scheme	MNOPF scheme	Other schemes	Total group schemes
	2018	**2018**	**2018**	**2018**	2017	2017	2017	2017
	USD'000	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000
Present value of obligation at 1 January	**(1,842,376)**	**(227,085)**	**(355,558)**	**(2,425,019)**	(1,763,587)	(223,797)	(317,436)	(2,304,820)
Employer's interest cost	**(44,284)**	**(5,469)**	**(8,720)**	**(58,473)**	(45,046)	(5,663)	(8,668)	(59,377)
Employer's current service cost	**-**	**-**	**(4,002)**	**(4,002)**	-	-	(4,118)	(4,118)
Employer's past service cost*	**(23,743)**	**(1,067)**	**(2,934)**	**(27,744)**	-	-	-	-
Contributions by scheme participants	**-**	**-**	**(1,200)**	**(1,200)**	-	-	(1,158)	(1,158)
Effect of movement in exchange rates	**95,931**	**11,806**	**18,228**	**125,965**	(164,505)	(20,534)	(30,484)	(215,523)
Benefits paid	**93,504**	**12,672**	**14,539**	**120,715**	92,022	10,811	10,167	113,000
Experience (losses)/ gains on scheme liabilities	**-**	**(1,734)**	**133**	**(1,601)**	9,653	8,366	(1,287)	16,732
Change in share in multi-employer scheme	**-**	**-**	**(5,869)**	**(5,869)**	(7,979)	3,346	-	(4,633)
Actuarial gain on scheme liabilities due to change in demographic assumptions	**9,737**	**-**	**7,470**	**17,207**	33,977	-	2,574	36,551
Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions	**76,030**	**9,737**	**23,609**	**109,376**	3,089	386	(5,148)	(1,673)
Present value of obligation at 31 December	**(1,635,201)**	**(201,140)**	**(314,304)**	**(2,150,645)**	(1,842,376)	(227,085)	(355,558)	(2,425,019)

* This relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9)

21. Pension and post-employment benefits (continued)

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2018 and 31 December 2017:

	P&O UK scheme	**MNOPF scheme**	**Other schemes**	**Total group schemes**	P&O UK scheme	MNOPF scheme	Other schemes	Total group schemes
	2018	**2018**	**2018**	**2018**	2017	2017	2017	2017
	USD'000	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000
Fair value of scheme assets at 1 January	**1,833,720**	**254,135**	**291,734**	**2,379,589**	1,644,591	126,649	243,794	2,015,034
Interest income on assets	**44,151**	**6,136**	**7,154**	**57,441**	42,214	5,148	6,821	54,183
Return on plan assets (lesser) / greater than the discount rate	**(78,698)**	**(18,407)**	**(23,681)**	**(120,786)**	45,432	3,346	9,267	58,045
Contributions by employer	**12,005**	**-**	**18,674**	**30,679**	28,958	116,217	17,375	162,550
Contributions by scheme participants	**-**	**-**	**1,200**	**1,200**	-	-	1,158	1,158
Effect of movement in exchange rates	**(95,127)**	**(12,819)**	**(15,284)**	**(123,230)**	159,013	17,704	24,516	201,233
Benefits paid	**(93,504)**	**(12,672)**	**(14,539)**	**(120,715)**	(92,022)	(10,811)	(10,167)	(113,000)
Change in share in multi-employer scheme	**-**	**-**	**5,736**	**5,736**	7,722	(3,732)	-	3,990
Administration costs incurred during the year	**(3,201)**	**(400)**	**(934)**	**(4,535)**	(2,188)	(386)	(1,030)	(3,604)
Fair value of scheme assets at 31 December	**1,619,346**	**215,973**	**270,060**	**2,105,379**	1,833,720	254,135	291,734	2,379,589
Defined benefit schemes net liabilities	**(15,855)**	**14,833**	**(44,244)**	**(45,266)**	(8,656)	27,050	(63,824)	(45,430)
Minimum funding liability	**(80,174)**	**(14,833)**	**(16,489)**	**(111,496)**	(103,872)	(27,050)	(10,685)	(141,607)
Net liability recognised in the consolidated statement of financial position at 31 December	**(96,029)**	**-**	**(60,733)**	**(156,762)**	(112,528)	-	(74,509)	(187,037)

21. Pension and post-employment benefits (continued)

A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

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

	2018	2017
	USD'000	USD'000
Minimum funding liability as on 1 January	**(141,607)**	(24,194)
Employer's interest cost	**(3,468)**	(643)
Actuarial gain/ (loss) during the year	**26,944**	(108,881)
Effect of movement in exchange rates	**6,635**	(7,889)
Minimum funding liability as on 31 December	**(111,496)**	(141,607)

It is anticipated that the Group will make the following contributions to the pension schemes in 2019:

	P&O UK scheme	**MNOPF scheme**	**Other schemes**	**Total group schemes**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Pension scheme contributions	**11,508**	**-**	**12,403**	**23,911**

22. Accounts payable and accruals

	2018	**2018**	2017	2017
	Non-current	**Current**	Non-current	Current
	USD'000	**USD'000**	USD'000	USD'000
Trade payables	**-**	**324,185**	-	197,946
Other payables and accruals	**151,593**	**1,914,885**	141,363	1,698,238
Provisions*	**586**	**49,984**	889	39,355
Fair value of derivative financial instruments	**193,288**	**773**	339,966	-
Amounts due to related parties (refer to note 26)	**-**	**15,900**	-	12,242
As at 31 December	**345,467**	**2,305,727**	482,218	1,947,781

* During the current year, additional provision of USD 45,224 thousand was made (2017: USD 21,227 thousand) and an amount of USD 34,898 thousand was utilised (2017: USD 39,063 thousand).

23. Non-controlling interests ('NCI')

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

	Middle East, Europe and Africa region	**Asia Pacific and Indian subcontinent**	**Australia and Americas**	**Other subsidiaries***	**Total**	Middle East, Europe and Africa region	Asia Pacific and Indian subcontinent	Australia and Americas	Other subsidiaries*	Total
	2018	**2018**	**2018**	**2018**	**2018**	2017	2017	2017	2017	2017
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000	USD'000
Balance sheet information:										
Non-current assets	**-**	**937,532**	**1,045,943**			292,405	531,769	939,020		
Current assets	**-**	**220,275**	**467,645**			117,453	155,497	393,979		
Non-current liabilities	**-**	**(82,979)**	**(847,466)**			(912)	(20,163)	(851,750)		
Current liabilities	**-**	**(69,426)**	**(348,080)**			(19,565)	(31,056)	(325,951)		
Net assets (100%)	**-**	**1,005,402**	**318,042**			389,381	636,047	155,298		
Carrying amount of fair value adjustments excluding goodwill	-	**194,982**	**155,702**			-	205,144	170,147		
Total	**-**	**1,200,384**	**473,744**			389,381	841,191	325,445		
Carrying amount of NCI as at 31 December	**-**	**381,621**	**182,582**	**123,517**	**687,720**	259,837	285,727	146,450	119,187	811,201
Statement of profit or loss information:										
Revenue	**-**	**282,679**	**351,423**			237,235	224,141	310,274		
Profit after tax	**-**	**56,936**	**37,091**			130,309	63,569	30,233		
Other comprehensive income, net of tax	**-**	**(48,871)**	**(28,340)**			546	95,976	32,318		
Total comprehensive income (100%), net of tax	**-**	**8,065**	**8,751**			130,855	159,545	62,551		
Profit allocated to NCI	**-**	**19,019**	**16,691**	**25,426**	**61,136**	86,903	21,594	13,605	31,929	154,031
Other comprehensive income attributable to NCI	**-**	**(17,344)**	**(12,753)**	**(1,268)**	**(31,365)**	364	32,603	14,543	556	48,066
Total comprehensive income attributable to NCI	**-**	**1,675**	**3,938**	**24,158**	**29,771**	87,267	54,197	28,148	32,485	202,097
Cash flow statement information:										
Cash flows from operating activities	**-**	**86,315**	**124,247**			(30,806)	105,407	49,291		
Cash flows from investing activities	**-**	**(27,915)**	**(167,984)**			(10,072)	(64,858)	(99,666)		
Cash flows from financing activities	**-**	**(69,563)**	**79,573**			(151,995)	(50,425)	55,902		
Dividends paid to NCI	**-**	**23,760**	**-**			198,375	17,332	-		

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

24. Business combinations

Acquisition of new subsidiaries

(a) On 11 January 2018, the Group acquired 100% stake in Drydocks World LLC ('DDW') from its Ultimate Parent Company by means of a capital injection of USD 225,000 thousand. The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	193,148	193,148
Concession rights (intangible assets)	-	480,315
Inventories	19,035	19,035
Accounts receivables and prepayments	299,920	299,920
Bank balances and cash	87,628	87,628
Liabilities		
Interest bearing loans and borrowings	(638,190)	(638,190)
Accounts payable and accruals	(181,481)	(181,481)
Employees' end of service benefits	(35,375)	(35,375)
Net assets acquired	(255,315)	225,000
For cash flow statement:		
Cash injected on acquisition		(225,000)
Cash acquired on acquisition		87,628
Net cash paid on acquisition		(137,372)

(b) On 11 January 2018, the Group acquired 100% stake in Dubai Maritime City ('DMC') from its Ultimate Parent Company for a purchase consideration of USD 180,000 thousand. The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	1,239	1,239
Investment properties	272,291	272,291
Properties held for development and sale	38,214	305,339
Accounts receivables and prepayments	2,439	2,439
Bank balances and cash	10,375	10,375
Liabilities		
Employees' end of service benefits	(237)	(237)
Accounts payable and accruals	(411,446)	(411,446)
Net assets acquired	(87,125)	180,000
For cash flow statement:		
Cash paid on acquisition		(180,000)
Cash acquired on acquisition		10,375
Net cash paid on acquisition		(169,625)

24. Business combinations (continued)

(c) On 31 January 2018, the Group through its subsidiary P&O Maritime B.V acquired 51% stake in LBS B.V. ("LBS Group") which holds 100% ownership in Ukrainian Marine Operating Company (LB Shipping LLC) for a purchase consideration of USD 20,258 thousand. This acquisition has resulted in recognition of intangible assets amounting to USD 47,758 thousand, deferred tax liabilities of USD 8,597 thousand and non-controlling interests of USD 19,464 thousand.

(d) On 25 May 2018, the Group acquired 100% stake in Cosmos Agencia Marítima S.A.C. (CAM) in Peru for a purchase consideration of USD 224,225 thousand. The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	**164,322**	**149,019**
Investment in equity-accounted investees	**47,462**	**76,708**
Accounts receivables and prepayments	**37,937**	**37,937**
Inventories	**3,036**	**3,036**
Bank balances and cash	**2,148**	**2,148**
Liabilities		
Interest bearing loans and borrowings	**(11,423)**	**(11,423)**
Deferred tax liabilities	**(35,920)**	**(31,405)**
Accounts payable and accruals	**(47,211)**	**(47,211)**
Net assets acquired	**160,351**	**178,809**
Goodwill arising on acquisition		**45,416**
Total consideration paid		**224,225**
For cash flow statement:		
Cash paid on acquisition		**(224,225)**
Cash acquired on acquisition		**2,148**
Net cash paid on acquisition		**(222,077)**

(e) On 17 July 2018, the Group acquired 90% stake in Continental Warehousing Corporation (Nhava Seva) Ltd (CWCNSL) in India through its subsidiary Hindustan Infralog Private Limited (HIPL), a joint venture between the Group and National Investment and Infrastructure Fund (NIIF) for a purchase consideration of USD 247,845 thousand. The Group's effective ownership in CWCNSL is 58.50%. The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

24. Business combinations (continued)

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	**165,893**	**202,811**
Accounts receivables and prepayments	**50,438**	**50,438**
Bank balances and cash	**926**	**926**
Liabilities		
Interest bearing loans and borrowings	**(77,658)**	**(77,658)**
Accounts payable and accruals	**(14,643)**	**(14,643)**
Net assets acquired	**124,956**	**161,874**
Less: NCI created on acquisition		**(16,187)**
Net assets acquired by owners		**145,687**
Goodwill arising on acquisition		**102,158**
Total consideration paid		**247,845**
For cash flow statement:		
Cash paid on acquisition		**(247,845)**
Cash acquired on acquisition		**926**
Net cash paid on acquisition		**(246,919)**

(f) On 6 December 2018, the Group acquired 100% stake in Unifeeder Group ("Unifeeder"), for a purchase consideration of USD 600,106 thousand. The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

	Acquiree's carrying amount	Fair value recognised on acquisition
	USD'000	USD'000
Assets		
Property, plant and equipment	**4,802**	**4,802**
Intangible assets	**-**	**211,647**
Accounts receivables and prepayments	**69,398**	**69,398**
Inventories	**7,578**	**7,578**
Bank balances and cash	**69,333**	**69,333**
Liabilities		
Interest bearing loans and borrowings	**(204,869)**	**(204,869)**
Accounts payable and accruals	**(74,033)**	**(74,033)**
Net assets acquired	**(127,791)**	**83,856**
Goodwill arising on acquisition		**516,250**
Total consideration paid		**600,106**
For cash flow statement:		
Cash paid on acquisition		**(600,106)**
Cash acquired on acquisition		**69,333**
Net cash paid on acquisition		**(530,773)**

From the date of acquisition, these new business entities have contributed a profit of USD 65,377 thousand and a revenue of USD 811,530 thousand to the Group.

25. 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
DPI Terminals Asia (BVI) Limited	100%	British Virgin Islands	Holding company
Hindustan Infralog Private Limited	65%	India	Holding company
Hindustan Ports Private Limited	100%	India	Holding company
DP World Ports Cooperatieve U.A.	100%	Netherlands	Holding company
DP World Maritime Cooperatieve U.A.	100%	Netherlands	Holding company

25. Significant group entities (continued)

b) Significant subsidiaries – Ports

Legal Name	Ownership interest	Country of incorporation	Principal activities
Terminales Rio de la Plata SA	55.62%	Argentina	Container terminal operations
Empresa Brasileira de Terminais Portuarious S.A.	100%	Brazil	Container terminal operations
DP World (Canada) Inc.	55%	Canada	Container terminal operations
DP World Prince Rupert Inc.	55%	Canada	Container terminal operations
DP World Saint John, Inc.	100%	Canada	Container terminal operations
DP World Limassol Limited	75%	Cyprus	Multi-purpose and general cargo terminal operations
DP World Sokhna SAE	100%	Egypt	Container terminal operations
DPWorld Posorja S.A.	78%	Ecuador	Container terminal operations
Chennai Container Terminal Private Limited	100%	India	Container terminal operations
India Gateway Terminal Private Ltd	81.63%	India	Container terminal operations
Mundra International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva International Container Terminal Private Limited	100%	India	Container terminal operations
Nhava Sheva (India) Gateway Terminal Private Limited	100%	India	Container terminal operations
DP World Middle East Limited	100%	Kingdom of Saudi Arabia	Container terminal operations
DP World Maputo S.A.	60%	Mozambique	Container terminal operations
Qasim International Container Terminal Pakistan Ltd	75%	Pakistan	Container terminal operations
DP World Callao S.R.L.	100%	Peru	Container terminal operations
Doraleh Container Terminal S.A. #	33.34%**	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
DP World Berbera	65%	Somaliland	Container terminal operations
Pusan Newport Co., Ltd	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
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

25. 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 Ltd	25%	Australia	Container terminal operations
Antwerp Gateway N.V	60%*	Belgium	Container terminal operations
Caucedo Investments Inc.	50%	British Virgin Islands	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., Ltd	29%	People's Republic of China	Container terminal operations
Tianjin Orient Container Terminals Co., Ltd	24.50%	People's Republic of China	Container terminal operations
Yantai International Container Terminals Ltd	12.50%	People's Republic of China	Container terminal operations
Terminales Portuarios Euroandinos Paita S.A.	50%	Peru	Container terminal operations
Asian Terminals Inc	50.54%*	Philippines	Container terminal operations
Laem Chabang International Terminal Co. Ltd	34.50%	Thailand	Container terminal operations

25. Significant group entities (continued)

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
Unifeeder A/S	100%	Denmark	Maritime transport and logistics
Unimed Feeder Services A/S	100%	Denmark	Maritime transport and logistics
DP World Germersheim GmbH and Co. KG	100%	Germany	Inland container terminal operations
DP World Germany B.V.	100%	Netherlands	Inland container terminal operations
Container Rail Road Services Pvt Limited	100%	India	Container rail freight operations
Continental Warehousing Corporation (Nhava Seva) Limited	58.50%	India	Logistics, warehousing and transportation services
Nhava Sheva Business Park Private Limited	65.00%	India	Free trade warehousing zone
Empresa de Dragagem do Porto de Maputo, SA	25.50%	Mozambique	Dredging services
Maputo Intermodal Container Depot, SA	50.00%	Mozambique	Inland container depot and warehousing
Sociedade de Desenvolvimento do Porto de Maputo, S.A.	24.74%	Mozambique	Port management and cargo handling
DP World Peru S.R.L.	100%	Peru	Terminal related activities
Cosmos Agencia Maritima S.A.C.	100%	Peru	Logistics, maritime and warehousing services
Neptunia S.A.	100%	Peru	Logistics and warehousing services
Triton Transports S.A.	100%	Peru	Logistics services
Port Secure FZCO#	40%	Republic of Djibouti	Port security services
Remolcadores de Puerto y Altura, S.A.	57.01%	Spain	Maritime services
Remolques y Servicios Marítimos, S.L.	93%	Spain	Maritime services
Dubai International Djibouti FZE	100%	United Arab Emirates	Port management and operation
Drydocks World LLC	100%	United Arab Emirates	Ship building, repairs and docking services
Dubai Trade FZE	100%	United Arab Emirates	Trade facilitation through integrated electronic services
Maritime World LLC	100%	United Arab Emirates	Property development and leasing
P&O Maritime FZE	100%	United Arab Emirates	Maritime services
P&O Marinas FZE	100%	United Arab Emirates	Operating marinas and property leasing
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
P&O Maritime Yuzhny FZCO	51%	Ukraine	Maritime services
LG Park Freehold Limited	100%	United Kingdom	Management and operation of industrial parks

* Although the Group has more than 50% effective ownership interest in these entities, they are not treated as subsidiaries, but instead treated as equity-accounted investees. The underlying shareholder agreements does not provide control to the Group.

** Although the Group only has a 33.34% effective ownership interest in this entity, it was treated as a subsidiary until 22 February 2018, as the Group was able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.

\# On 22 February 2018, the Government of Djibouti illegally seized control of Djibouti operations and hence the Group has stopped consolidating this entity's operating results. The Group commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation. In August 2018, the London Court of International Arbitration ruled that Djibouti government's seizure of control of the terminal from the Group as illegal. The Group will continue to pursue all legal means to defend its rights as a shareholder.

26. Related party transactions

Other related party transactions

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

	Ultimate Parent Company	**Equity-accounted investees**	**Other related parties**	**Total**	Ultimate Parent Company	Equity-accounted investees	Other related parties	Total
	2018	**2018**	**2018**	**2018**	2017	2017	2017	2017
	USD'000	**USD'000**	**USD'000**	**USD'000**	USD'000	USD'000	USD'000	USD'000
Expenses charged:								
Concession fee	**-**	**-**	**50,338**	**50,338**	-	-	49,517	49,517
Shared services	**-**	**-**	**529**	**529**	-	-	736	736
Other services	**-**	**-**	**21,366**	**21,366**	-	-	19,923	19,923
Interest expense	**1,904**	**-**	**-**	**1,904**	-	-	-	-
Revenue earned:								
Revenue	**-**	**-**	**12,875**	**12,875**	-	-	12,483	12,483
Management fee	**-**	**16,238**	**18,085**	**34,323**	-	19,366	18,176	37,542
Interest income	**2,703**	**31,321**	**-**	**34,024**	-	28,368	-	28,368

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

	Due from related parties		**Due to related parties**	
	2018	2017	**2018**	2017
	USD'000	USD'000	**USD'000**	USD'000
Ultimate Parent Company	**2,383**	2,217	**1,605**	219
Parent Company	**-**	902	**565**	5
Equity-accounted investees	**375,751**	347,289	**2,067**	3,107
Other related parties	**24,872**	13,001	**11,663**	8,911
Total	**403,006**	363,409	**15,900**	12,242

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 34.

Business combinations under common control

On 11 Jan 2018, the Group acquired 100% stake in Drydocks World LLC ('DDW') and Dubai Maritime City ('DMC) from its Ultimate Parent Company Dubai World (refer to note 24 (a) and (b)).

26. Related party transactions (continued)

Compensation of key management personnel

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

	2018	2017
	USD'000	USD'000
Short-term benefits and bonus	**14,366**	13,658
Post-retirement benefits	**335**	451
Total	**14,701**	14,109

27. 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.

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 applies IFRS 9 simplified approach to measure expected credit losses (ECLs) which uses a life time expected loss allowance for all trade receivables and contract assets. The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a very large number of small balances. These historical loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Thus, expected credit loss rates are based on the payment profile of sales over a period of 36 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. These historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group identified gross domestic product (GDP), global supply/ demand index of container market, global freight rate index of container market, oil prices in international markets and consumer price index (CPI) to be the most relevant factors for performing macro level adjustments in expected credit loss financial model.

27. Financial risk management (continued)

a) Credit risk (continued)

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 for the Group's share of obligation. The provision of guarantees always requires the approval of senior management.

i. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure as at 31 December:

	2018	2017
	USD'000	USD'000
FVOCI – equity instruments	**48,050**	69,935
FVTPL – equity instruments	**3,028**	2,824
Derivative assets	**8,735**	8,952
Trade and other receivables excluding prepayments	**1,727,101**	1,218,037
Cash and cash equivalents	**2,614,710**	1,483,679
Total	**4,401,624**	2,783,427

The maximum exposure to credit risk for trade receivables (net) at the reporting date by operating segments are as follows:

	2018	2017
	USD'000	USD'000
Asia Pacific and Indian subcontinent	**81,335**	45,369
Australia and Americas	**122,828**	97,593
Middle East, Europe and Africa	**455,220**	311,090
Total	**659,383**	454,052

27. Financial risk management (continued)

a) Credit risk (continued)

i. Exposure to credit risk (continued)

The ageing of trade receivables (net) at the reporting date was:

	2018	2017
	USD'000	USD'000
Neither past due nor impaired on the reporting date:	**376,486**	247,923
Past due on the reporting date		
Past due 0-30 days	**161,656**	135,340
Past due 31-60 days	**46,692**	44,286
Past due 61-90 days	**26,597**	13,430
Past due > 90 days	**47,952**	13,073
Total	**659,383**	454,052

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on the historic collection trends.

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

	2018	2017
	USD'000	USD'000
As at 1 January	**106,685**	108,435
Acquired through business combinations	**19,471**	976
Provision recognised/ (reversed) during the year	**3,824**	(2,726)
As at 31 December	**129,980**	106,685

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 39% (2017: 54%) 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.

27. Financial risk management (continued)

b) Liquidity risk (continued)

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 year	1 – 2 years	2 – 5 years	More than 5 years
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Non derivative financial liabilities						2017
Issued bonds	4,119,001	(6,903,324)	(230,552)	(857,756)	(1,014,968)	(4,800,048)
Convertible bonds	825,412	(1,113,750)	(17,500)	(17,500)	(52,500)	(1,026,250)
Bank loans	2,609,656	(3,977,590)	(400,133)	(198,386)	(645,307)	(2,733,764)
Loans from non-controlling shareholders	151,134	(201,952)	(1,000)	(11,970)	(51,119)	(137,863)
Finance lease liabilities	33,775	(41,794)	(11,437)	(7,344)	(15,441)	(7,572)
Trade and other payables	1,706,464	(1,711,148)	(1,589,903)	(26,387)	(30,119)	(64,739)
Financial guarantees and letters of credit*	-	(152,315)	-	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	89,453	(124,302)	(26,180)	(25,528)	(60,886)	(11,708)
Embedded derivative option	250,513	-	-	-	-	-
Total	9,785,408	(14,226,175)	(2,276,705)	(1,144,871)	(1,870,340)	(8,781,944)

Non derivative financial liabilities						**2018**
Issued bonds	**6,937,592**	**(12,149,956)**	**(570,850)**	**(823,503)**	**(2,119,742)**	**(8,635,861)**
Convertible bonds	**848,865**	**(1,096,250)**	**(17,500)**	**(17,500)**	**(52,500)**	**(1,008,750)**
Bank loans	**2,610,099**	**(3,725,203)**	**(208,898)**	**(177,171)**	**(1,100,230)**	**(2,238,904)**
Loans from non-controlling shareholders	**133,236**	**(174,905)**	**(1,000)**	**(10,904)**	**(45,070)**	**(117,931)**
Finance lease liabilities	**23,207**	**(29,657)**	**(7,031)**	**(9,525)**	**(6,350)**	**(6,751)**
Trade and other payables	**1,964,732**	**(1,965,388)**	**(1,851,740)**	**(49,187)**	**(27,471)**	**(36,990)**
Financial guarantees and letters of credit*	**-**	**(199,358)**	**-**	**-**	**-**	**-**
Derivative financial liabilities						
Interest rate swaps used for hedging	**61,021**	**(86,593)**	**(22,555)**	**(21,564)**	**(40,520)**	**(1,954)**
Embedded derivative option	**133,040**	**-**	**-**	**-**	**-**	**-**
Total	**12,711,792**	**(19,427,310)**	**(2,679,574)**	**(1,109,354)**	**(3,391,883)**	**(12,047,141)**

*Refer to note 34 for further details.

27. 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 63.9% (2017: 64.4%) 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. 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. 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.

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 foreign currency forward exchange 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 foreign currency forward exchange contracts in order to fix the cost when converted to the functional currency. The Group classifies its foreign currency forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

27. Financial risk management (continued)

c) Market risk (continued)

i. Currency risk (continued)

Exposure to currency risk

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

									2017
	USD*	GBP	EUR	AUD	INR	CAD	KRW	Others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cash and cash equivalents	881,314	129,348	139,926	16,949	57,143	86,869	112,753	59,377	1,483,679
Trade receivables	207,503	49,201	72,528	4,589	13,635	61,282	27,629	17,685	454,052
Bank loans	(872,866)	(867,370)	(28,672)	(0)	(98,791)	(436,840)	(0)	(305,117)	(2,609,656)
Loan from non-controlling shareholders	(1,491)	-	(21,399)	-	-	(128,244)	-	-	(151,134)
Unsecured bonds	(4,944,413)	-	-	-	-	-	-	-	(4,944,413)
Finance lease liabilities	(19,335)	(1,213)	(8,109)	(1,568)	-	(3,550)	-	-	(33,775)
Trade payables	(68,794)	(15,558)	(45,308)	(5,203)	(14,600)	(7,413)	(13,519)	(27,551)	(197,946)
Net consolidated statement of financial position exposures	(4,818,082)	(705,592)	108,966	14,767	(42,613)	(427,896)	126,863	(255,606)	(5,999,193)

									2018
	USD*	**GBP**	**EUR**	**AUD**	**INR**	**CAD**	**KRW**	**Others**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cash and cash equivalents	**1,462,826**	**572,471**	**186,388**	**26,777**	**89,567**	**134,160**	**103,057**	**39,464**	**2,614,710**
Trade receivables	**301,894**	**47,006**	**123,354**	**10,068**	**46,335**	**50,059**	**27,703**	**52,964**	**659,383**
Bank loans	**(878,073)**	**(820,503)**	**(23,259)**	**(0)**	**(144,736)**	**(435,311)**	**(0)**	**(308,217)**	**(2,610,099)**
Loan from non-controlling shareholders	**(7,778)**	**-**	**(20,734)**	**-**	**(547)**	**(104,177)**	**-**	**-**	**(133,236)**
Unsecured bonds	**(6,497,198)**	**(440,941)**	**(848,318)**	**-**	**-**	**-**	**-**	**-**	**(7,786,457)**
Finance lease liabilities	**(15,247)**	**(167)**	**(4,706)**	**-**	**-**	**(3,087)**	**-**	**-**	**(23,207)**
Trade payables	**(103,932)**	**(15,477)**	**(105,627)**	**(7,907)**	**(13,594)**	**(6,247)**	**(12,539)**	**(58,862)**	**(324,185)**
Net consolidated statement of financial position exposures	**(5,737,508)**	**(657,611)**	**(692,902)**	**28,938**	**(22,975)**	**(364,603)**	**118,221**	**(274,651)**	**(7,603,091)**

* 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.

27. Financial risk management (continued)

c) Market risk (continued)

i. Currency risk (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 has 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**	
	2018	2017	**2018**	2017
	USD'000	USD'000	**USD'000**	USD'000
GBP	**(5,173)**	4,657	**(73,068)**	(78,399)
EUR	**(83)**	7	**(76,989)**	12,107
AUD	**(3)**	(2)	**(3,215)**	1,641
INR	**(379)**	644	**(2,553)**	(4,735)
CAD	**(1,554)**	1,396	**(40,511)**	(47,544)
KRW	**(204)**	(139)	**(13,136)**	14,096

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 2018, after taking into account the effect of interest rate swaps, approximately 91% (2017: 91%) 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	
	2018	2017
	USD'000	USD'000
Fixed rate instruments		
Financial liabilities (loans and borrowings)	**(8,097,155)**	(5,410,891)
Interest rate swaps hedging floating rate debt	**(1,537,475)**	(1,612,491)
Total	**(9,634,630)**	(7,023,382)
Variable rate instruments		
Financial assets (short term deposits)	**1,901,627**	832,004
Financial liabilities (loans and borrowings)	**(2,455,844)**	(2,328,087)
Interest rate swaps hedging floating rate debt	**1,537,475**	1,612,491
Total	**983,258**	116,408

27. Financial risk management (continued)

c) Market risk (continued)

***ii. Interest rate risk* (continued)**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/ (decreased) consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Consolidated statement of profit or loss		**Consolidated statement of other comprehensive income**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp Decrease**
	USD'000	**USD'000**	**USD'000**	**USD'000**
2018				
Variable rate instruments	**9,833**	**(9,833)**	**-**	**-**
Interest rate swaps	**(1,300)**	**1,300**	**14,075**	**(14,075)**
Cash flow sensitivity (net)	**8,533**	**(8,533)**	**14,075**	**(14,075)**
2017				
Variable rate instruments	1,164	(1,164)	-	-
Interest rate swaps	(1,300)	1,300	14,825	(14,825)
Cash flow sensitivity (net)	(136)	136	14,825	(14,825)

27. Financial risk management (continued)

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	2018 Carrying amount	2018 Fair value	2017 Carrying amount	2017 Fair value
		USD'000	**USD'000**	USD'000	USD'000
FVOCI – equity instruments	**2**	**48,050**	**48,050**	69,935	69,935
Financial assets at FVTPL					
Equity securities	**3**	**3,028**	**3,028**	2,824	2,824
Convertible debt instrument	**2**	**90,000**	**90,000**	30,000	30,000
Derivative instruments for hedging	**2**	**8,735**	**8,735**	8,952	8,952
Financials assets carried at amortised cost					
Trade and other receivables**		**1,637,101**	**-**	1,188,037	-
Cash and cash equivalents*		**2,614,710**	**-**	1,483,679	-
Financial liabilities carried at fair value					
Interest rate swaps used for hedging	**2**	**(61,021)**	**(61,021)**	(89,453)	(89,453)
Embedded derivative option	**2**	**(133,040)**	**(133,040)**	(250,513)	(250,513)
Financial liabilities carried at amortised cost					
Issued bonds	**1**	**(6,937,592)**	**(7,185,042)**	(4,119,001)	(4,618,701)
Convertible bonds	**2**	**(848,865)**	**(821,910)**	(825,412)	(796,170)
Bank loans*		**(2,610,099)**	**-**	(2,609,656)	-
Loans from non-controlling shareholders*		**(133,236)**	**-**	(151,134)	-
Finance lease liabilities*		**(23,207)**	**-**	(33,775)	-
Trade and other payables**		**(1,964,732)**	**-**	(1,706,464)	-

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.

** These financial assets and liabilities have short term maturity and thus, the fair values reported approximate carrying values.

The fair value of foreign currency 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 receivables 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 the convertible bond as at the reporting date.

27. Financial risk management (continued)

d) Fair value (continued)

Fair value hierarchy (continued)

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.

28. Share capital

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

	2018	2017
	USD'000	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

29. 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	**Actuarial reserve**	**Total other reserves**
	USD'000	**USD'000**	**USD'000**
Balance as at 1 January 2017	(95,135)	(610,829)	(705,964)
Other comprehensive income, net of tax	41,697	(895)	40,802
Pension obligation borne by Parent Company	91,281	-	91,281
Balance as at 31 December 2017	37,843	(611,724)	(573,881)
Balance as at 1 January 2018	**37,843**	**(611,724)**	**(573,881)**
Other comprehensive income, net of tax	**(10,371)**	**26,062**	**15,691**
Balance as at 31 December 2018	**27,472**	**(585,662)**	**(558,190)**

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 FVOCI financial instruments.

29. Reserves (continued)

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.

30. Interest bearing loans and borrowings

	2018	2017
	USD'000	USD'000
Issued bonds*	**6,937,592**	4,119,001
Convertible bonds**	**848,865**	825,412
Bank loans	**2,610,099**	2,609,656
Finance lease liabilities	**23,207**	33,775
	10,419,763	7,587,844
of which:		
Classified as non-current	**10,065,388**	7,287,136
Classified as current	**354,375**	300,708
of which:		
Secured interest bearing loans and borrowings	**2,078,666**	2,068,490
Unsecured interest bearing loans and borrowings	**8,341,097**	5,519,354

The below table provides movement of interest bearing loans and borrowings:

	2018	2017
	USD'000	USD'000
Balance at 1 January	**7,587,844**	7,605,027
Cash flow items		
Acquired through business combinations	**932,140**	484,918
Additional borrowings during the year	**1,590,940**	283,402
Proceeds from issue of bonds (net of transaction cost paid) *	**3,263,326**	-
Redemption of sukuk	**(431,571)**	(387,300)
Repayment of borrowings during the year	**(2,382,237)**	(504,809)
Other non-cash items		
Interest accretion on convertible bonds	**22,068**	21,066
Transaction cost written off/ amortised during the year	**(23,819)**	(17,272)
Translation adjustments	**(138,928)**	102,812
Balance at 31 December	**10,419,763**	7,587,844

* On 25 September 2018, the Group issued multi-currency bonds and sukuk under the USD 5 billion GMTN Programme and USD 3 billion Trust Certificate Issuance Programme respectively, of which USD 440,000 thousand was used to repurchase and cancel JAFZ sukuk certificates and accrued interest on 26 September 2018 as part of the liability management exercise.

30. Interest bearing loans and borrowings (continued)

** These 10 year USD 1 billion unsecured convertible bonds have an option of converting into 37.48 million ordinary shares of DP World PLC. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include an investor put option which can be exercised at par 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 initial 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). The deposits under lien amounting to USD 38,869 thousand (2017: USD 16,150 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 19).

At 31 December 2018, the undrawn committed borrowing facilities of USD 2,000,000 thousand (2017: USD 2,055,686 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 27.

31. 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 strategy 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:

	2018	2017
	USD'000	USD'000
Total interest-bearing loans and borrowings	**10,552,999**	7,738,978
Less: loans from non-controlling shareholders	**(133,236)**	(151,134)
Less: cash and cash equivalents (refer to note 19)	**(2,614,710)**	(1,483,679)
Total adjusted net debt	**7,805,053**	6,104,165
Total equity	**11,998,918**	11,625,362
Adjusted EBITDA (refer to note 4)	**2,807,995**	2,469,034
Net finance cost before separately disclosed items	**434,563**	329,870
Adjusted net debt/ equity	**0.65**	0.53
Adjusted net debt/ adjusted EBITDA	**2.78**	2.47
Interest cover before separately disclosed items (Adjusted EBITDA/ net finance cost before separately disclosed items)	**6.46**	7.48

*Loans from non-controlling shareholders are excluded as they are unsecured and subordinated to external debt as per the terms of the shareholder agreements and shareholder loan notes.

32. Operating leases

Operating lease commitments – Group as a lessee

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

	2018	2017
	USD'000	USD'000
Within one year	**308,574**	326,223
Between one to five years	**894,337**	1,273,277
Between five to ten years	**861,275**	1,195,744
Between ten to twenty years	**1,585,474**	1,833,876
Between twenty to thirty years	**1,260,988**	1,396,953
Between thirty to fifty years	**1,056,831**	1,134,517
Between fifty to seventy years	**1,060,964**	914,908
More than seventy years	**788,099**	800,551
Total	**7,816,542**	8,876,049

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:

	2018	2017
	USD'000	USD'000
Within one year	**361,105**	360,983
Between one to five years	**854,514**	816,391
More than five years	**1,010,247**	950,846
Total	**2,225,866**	2,128,220

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 at rental rates based on negotiations or prevailing market rates.

33. Capital commitments

	2018	2017
	USD'000	USD'000
Estimated capital expenditure contracted for as at 31 December	**649,201**	661,305

34. Contingencies

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

	2018	2017
	USD'000	USD'000
Performance guarantees	**113,872**	86,920
Payment guarantees	**35,903**	36,533
Letters of credit	**6,821**	3,025
Guarantees issued on behalf of equity-accounted investees	**42,762**	25,837
Total	**199,358**	152,315

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 those targets.

35. Subsequent events

a) On 13 January 2019, the Group entered into an agreement to acquire 71.3% stake in Puertos y Logistica S.A. ("Putlogs"), Chile. Pulogsa is listed on the Santiago stock exchange, and the acquisition of the remaining outstanding shares of the business will be effected via a tender offer. The total consideration for 100% acquisition will be USD 502 million, subject to relevant third party consents and certain adjustments contained in the share purchase agreement. This transaction is expected to close in the first half of 2019.

b) On 23 January 2019, the Group announced the acquisition of additional controlling stake in DP World Australia (Holding) Pty Ltd (DP World Australia), valuing DP World Australia at an enterprise value of approximately USD 997 million (AUD 1.4 billion). The transaction is subject to regulatory approval and is expected to close in the first half of 2019.

c) On 20 February 2019, the Group announced the acquisition of the holding company of P&O Ferries and P&O Ferrymasters for a purchase consideration of USD 421 million (GBP 322 million). The transaction is subject to customary completion conditions and is expected to close in the first half of 2019.